

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

TOUCHSTONE VARIABLE SERIES TRUST

CIK: **920547** | IRS No.: **000000000** | State of Incorporation: **MA** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **033-76566** | Film No.: **05788911**

Mailing Address

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SUITE 300
CINCINNATI OH 45202*

Business Address

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CINCINNATI OH 45202
513-362-8000*

TOUCHSTONE VARIABLE SERIES TRUST

CIK: **920547** | IRS No.: **000000000** | State of Incorporation: **MA** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **40** | File No.: **811-08416** | Film No.: **05788912**

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 /x/

Pre-Effective Amendment No. ----

Post-Effective Amendment No. 22

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 /x/

Amendment No. 23

(Check appropriate box or boxes.)

TOUCHSTONE VARIABLE SERIES TRUST FILE NOS. 811-8416 and 33-76566

(Exact name of Registrant as Specified in Charter)

221 East Fourth Street, Suite 300, Cincinnati, Ohio 45202

(Address of Principal Executive Offices) Zip Code

Registrant's Telephone Number, including Area Code (513) 362-8000

Jill T. McGruder, 221 East Fourth Street, Cincinnati, OH 45202

(Name and Address of Agent for Service)

It is proposed that this filing will become effective
(check appropriate box)

- immediately upon filing pursuant to paragraph (b)
 on May 1, 2005 pursuant to paragraph (b)
 60 days after filing pursuant to paragraph (a) (1)
 on (date) pursuant to paragraph (a) (1)
 75 days after filing pursuant to paragraph (a) (2)
 on (date) pursuant to paragraph (a) (2) of rule 485.

If appropriate, check the following box:

- This post-effective amendment designates a new effective date for a
previously filed post-effective amendment.

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TOUCHSTONE VARIABLE SERIES TRUST

PROSPECTUS

May 1, 2005

- o Touchstone Baron Small Cap Fund
- o Touchstone Emerging Growth Fund
- o Touchstone Third Avenue Value Fund
- o Touchstone Eagle Capital Appreciation Fund
- o Touchstone Enhanced Dividend 30 Fund
- o Touchstone Value Plus Fund
- o Touchstone Growth & Income Fund
- o Touchstone Balanced Fund
- o Touchstone High Yield Fund
- o Touchstone Core Bond Fund
- o Touchstone Money Market Fund
- o Touchstone Conservative ETF Fund

- o Touchstone Moderate ETF Fund
- o Touchstone Aggressive ETF Fund
- o Touchstone Enhanced ETF Fund

The Securities and Exchange Commission has not approved the Funds' shares as an investment or determined whether this Prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

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INFORMATION ABOUT THE FUNDS

TOUCHSTONE VARIABLE SERIES TRUST

Touchstone Variable Series Trust (the "Trust") is a group of 15 mutual funds: the Touchstone Baron Small Cap Fund, Touchstone Emerging Growth Fund, Touchstone Third Avenue Value Fund, Touchstone Eagle Capital Appreciation Fund, Touchstone Enhanced Dividend 30 Fund, Touchstone Value Plus Fund, Touchstone Growth & Income Fund, Touchstone Balanced Fund, Touchstone High Yield Fund, Touchstone Core Bond Fund, Touchstone Money Market Fund, Touchstone Conservative ETF Fund, Touchstone Moderate ETF Fund, Touchstone Aggressive ETF Fund and Touchstone Enhanced ETF Fund (each a "Fund," collectively, the "Funds"). Each Fund has a different investment goal and risk level. The Trust is part of the Touchstone Funds which also consists of Touchstone Investment Trust, a group of taxable bond and money market mutual funds, Touchstone Strategic Trust, a group of equity mutual funds and Touchstone Tax-Free Trust, a group of tax-free bond and

money market mutual funds.

The Funds are managed by Touchstone Advisors, Inc. ("Touchstone Advisors"). Touchstone Advisors selects the sub-advisor(s) to manage the investments held by each Fund (each a "Sub-Advisor," collectively the "Sub-Advisors").

Shares of each Fund described in this Prospectus can be purchased by insurance company separate accounts. You can invest indirectly in the Funds through your purchase of a variable annuity contract or variable life policy. When you purchase a variable annuity contract or variable life policy, you decide how to invest your purchase payments by selecting from the available investment options. The investment options may include Sub-Accounts that invest in the Funds of the Trust.

Because the Trust offers shares to both variable annuity and variable life separate accounts of insurance companies, there may be conflicts of interest between the variable annuity and variable life contract holders. The Trust's Board of Trustees monitors for the existence of any potential conflicts of interest. The Trust does not foresee any situation where a conflict of interest would occur. However, if a conflict arises between the holders of variable annuity contracts and variable life insurance policies of participating insurance companies, a participating insurance company may be required to withdraw the assets allocable to some or all of the separate accounts from the Fund. Any withdrawal could disrupt orderly portfolio management to the potential detriment of shareholders.

You should read the prospectus for the variable annuity contract or variable life policy that you want to purchase to learn about purchasing a contract and selecting your investment options. That prospectus also contains information about the contract, your investment options, the Sub-Accounts and expenses related to purchasing a variable annuity contract or variable life policy.

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TOUCHSTONE BARON SMALL CAP FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Baron Small Cap Fund seeks long-term capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

Under normal circumstances, the Fund invests primarily (at least 80% of assets) in common stocks of smaller companies with market values under \$2.5 billion. Shareholders will be provided with at least 60 days' prior notice of any change in this policy. The Sub-Advisor seeks securities that it believes have (1) favorable price to value characteristics based on the Sub-Advisor's assessment of their prospects for future growth and profitability and (2) the potential to increase in value at least 100% over four subsequent years. Securities are selected for their capital appreciation potential and investment income is not a consideration in the Sub-Advisor's stock selection process. The Fund's investments may include stocks in the technology sector.

Subject to the Fund's 80% investment policy, the Fund will add to positions in a company even though its market capitalization has increased through appreciation beyond the limits stated, if, in the Sub-Advisor's opinion, the company is still an attractive investment. The Sub-Advisor will sell securities if it believes they no longer offer the potential for 100% return over the next four years or if it uncovers inaccuracies in its stock selection process. The Sub-Advisor will also sell securities to make changes to the Fund's portfolio structure, concentration or capitalization. The Sub-Advisor will not sell positions just because their market values have increased.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o Because securities of small cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o If the market continually values the stocks in the Fund's portfolio lower than the Sub-Advisor believes they should be valued
- o Because growth oriented funds may underperform when value investing is in favor
- o If the companies in which the Fund invests do not grow as rapidly as expected

- o Because although the Fund is diversified, it may establish significant positions in companies that the Sub-Advisor has the greatest conviction. If the stock price of one or more of those companies should decrease, it could cause the Fund's net asset value to drop to a greater extent than a fund that does not have significant positions in one or more companies
- o If the Sub-Advisor's stock selection process does not accurately identify attractive investments
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors

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An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Baron Small Cap Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE BARON SMALL CAP FUND PERFORMANCE*

Year	Total Return
1995	21.11%
1996	18.54%
1997	25.08%
1998	-0.61%
1999	-2.57%
2000	1.25%
2001	6.60%
2002	-14.05%
2003	33.43%
2004	27.82%

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* Effective April 28, 2003, substantially all of the assets of the Baron Small Cap Portfolio, a series of The Legends Fund, Inc., were transferred to the Touchstone Baron Small Cap Fund, for which shareholders of the Legends Baron Small Cap Portfolio received shares of the Touchstone Baron Small Cap Fund. The performance and accounting history of the Legends Baron Small Cap Portfolio have been assumed by the Touchstone Baron Small Cap Fund and are reflected in the bar chart above and performance table shown below.

During the periods shown in the bar chart, the highest quarterly return was 19.56% (for the quarter ended 6/30/01) and the lowest quarterly return was -18.90% (for the quarter ended 9/30/98).

The table compares the Fund's average annual returns to those of the Russell 2000 Index. The Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index. (The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization). The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	10 Years
TOUCHSTONE BARON SMALL CAP FUND	27.82%	9.61%	10.65%
----- RUSSELL 2000 INDEX -----	18.33%	6.61%	11.54%

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	1.05%
OTHER EXPENSES	0.70%
TOTAL ANNUAL FUND OPERATING EXPENSES	1.75%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.10%

NET EXPENSES	1.65%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 1.65% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

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EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Baron Small Cap Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$168	\$541	\$940	\$2,054

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TOUCHSTONE EMERGING GROWTH FUND

THE FUND'S INVESTMENT GOALS

The Touchstone Emerging Growth Fund seeks to increase the value of Fund shares as a primary goal and to earn income as a secondary goal.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily (at least 65% of total assets) in emerging growth companies. Emerging growth companies can include companies that have earnings that the Sub-Advisors believe may grow faster than the U.S. economy in general due to new products, management changes at the company or economic shocks such as high inflation or sudden increases or decreases in interest rates. Emerging growth companies can also include companies that the Sub-Advisors believe are undervalued, including companies with unrecognized asset values or undervalued growth and companies undergoing a turnaround. The Fund will invest primarily in common stocks of mid cap emerging growth companies. A mid cap company has a market capitalization between \$1.5 and \$10 billion. The Fund may also invest in companies in the technology sector.

The Fund is sub-advised by two separate management teams, a growth style team and a value style team, that use different style methodologies when evaluating which stocks to buy or sell in their portfolio. In selecting securities for the Fund, both portfolio management teams evaluate companies by using fundamental analysis of the company's financial statements, interviews with management,

analysis of the company's operations and product development and consideration of the company's industry category.

The growth style management team will sell a security if the predetermined sell price is achieved, if it concludes that the original case for investment is no longer valid or if more attractive alternative investments are available. The value style management team will sell a security if it is believed to be fairly valued, if the Fund's holding in a security becomes larger than a predetermined percentage of the Fund's portfolio or if the goals for a security cannot be achieved according to its evaluation process.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o Because securities of mid cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o Because securities of emerging growth companies may have limited markets or financial resources and may have more frequent and larger price changes than securities of more established companies
- o If the companies in which the Fund invests do not grow as rapidly or increase in value as expected
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors

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- o If the methodologies used by the Sub-Advisors to select stocks do not identify attractive investments

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goals.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Emerging Growth Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE EMERGING GROWTH FUND PERFORMANCE

Year	Total Return
1995	19.57%
1996	11.16%
1997	33.67%
1998	3.28%
1999	46.75%
2000	29.62%
2001	-2.62%
2002	-22.31%
2003	47.26%
2004	12.06%

During the periods shown in the bar chart, the highest quarterly return was 27.39% (for the quarter ended 12/31/99) and the lowest quarterly return was

The table compares the Fund's average annual returns to those of the Russell Mid Cap Index and the Russell 2500 Index. On July 1, 2004, the Fund changed its comparative index from the Russell 2500 Index to the Russell Mid Cap Index because the Russell Mid Cap Index more accurately reflects the Fund's portfolio composition. The Russell Mid Cap Index measures the performance of the 800 smallest companies in the Russell 1000 Index based on total market capitalization. (The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization). The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index. The Indexes reflect no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	10 Years
TOUCHSTONE EMERGING GROWTH FUND	12.06%	10.10%	15.86%

RUSSELL MID CAP INDEX	20.22%	7.59%	14.50%

RUSSELL 2500 INDEX	18.29%	8.35%	13.75%

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.80%
OTHER EXPENSES	0.45%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.25%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.10%

NET EXPENSES	1.15%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 1.15% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Emerging Growth Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$117	\$387	\$677	\$1,502

TOUCHSTONE THIRD AVENUE VALUE FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Third Avenue Value Fund seeks long-term capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily in common stocks of well-financed companies (companies without significant debt in comparison to their cash resources) at a discount to what the Sub-Advisor believes is their intrinsic value. The Fund also seeks to acquire senior securities, such as preferred stocks and debt instruments that it believes are undervalued. Acquisitions of these senior securities will generally be limited to those providing (1) protection against the issuer taking certain actions which could reduce the value of the security and (2) above-average current yields, yields to events (e.g., acquisitions and recapitalizations), or yields to maturity. The Fund is non-diversified and may invest a significant percentage of its assets in the securities of a single company. The Fund invests in companies regardless of market capitalization. It also invests in both domestic and foreign securities. The mix of the Fund's investments at any time will depend on the industries and types of securities the Sub-Advisor believes hold the most value. The Fund's investments may include stocks in the technology sector.

The Sub-Advisor will sell securities due to acquisitions or similar transactions, if the security appreciates and becomes excessively overweighted in the portfolio, if the security becomes grossly overpriced, if the company's business conditions change, or if the Sub-Advisor believes its initial analysis was not accurate. As long as the Sub-Advisor believes a company has strong fundamentals and is not overpriced, it will continue to hold the position.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o Because securities of small cap and mid cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o Because the Fund frequently finds value in industries that appear to be temporarily depressed and the prices of securities in these industries may tend to go down more than those of companies in other industries
- o Because the Fund is not limited to investing in stocks, the Fund may own significant non-equity instruments in a rising stock market, thereby producing potentially smaller gains than a Fund invested solely in stocks
- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o If the market continually values the stocks in the Fund's portfolio lower than the Sub- Advisor believes they should be valued

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- o If the stocks in the Fund's portfolio are not undervalued as expected
- o If the companies in which the Fund invests do not grow as rapidly as expected
- o Because a non-diversified fund may hold a significant percentage of its assets in the securities of one company, it may be more sensitive to market changes than a diversified fund
- o Because value oriented funds may underperform when growth investing is in favor
- o If the Sub-Advisor's stock selection process does not identify attractive investments
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the

"Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Third Avenue Value Fund. The bar chart shows the changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE THIRD AVENUE VALUE FUND PERFORMANCE*

Year	Total Return
1995	45.65%
1996	24.51%
1997	30.42%
1998	18.41%
1999	-12.14%
2000	11.16%
2001	15.23%
2002	-17.49%
2003	40.19%
2004	25.93%

*On April 28, 2003, substantially all of the assets of the Third Avenue Value Portfolio, a series of The Legends Fund, Inc., were transferred to the Touchstone Small Cap Value Fund, for which shareholders of the Legends Third Avenue Value Portfolio received shares of the Touchstone Small Cap Value Fund. The Touchstone Small Cap Value Fund was then renamed the Touchstone Third Avenue Value Fund. Also on April 28, 2003, the Fund replaced its previous sub-advisor with Third Avenue Management LLC. The performance and accounting history of the Legends Third Avenue Value Portfolio have been assumed by the Touchstone Third Avenue Value Fund and are reflected in the bar chart above and performance table shown below.

During the periods shown in the bar chart, the highest quarterly return was 16.34% (for the quarter ended 12/31/98) and the lowest quarterly return was -22.49% (for the quarter ended 9/30/02).

The table compares the Fund's average annual returns to those of the Russell 3000 Value Index and the Russell 2500 Value Index. On May 1, 2005, the Fund changed its benchmark from the Russell 2500 Value Index to the Russell 3000 Value Index because the Russell 3000 Value Index is more representative of the multi-cap nature of the Fund. The Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. (The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization). The Russell 2500 Value Index measures the performance of those Russell 2500 Index companies with lower price-to-book ratios and lower forecasted growth values. (The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index). The Indexes reflect no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	10 Years
TOUCHSTONE THIRD AVENUE VALUE FUND	25.93%	13.29%	16.46%
----- RUSSELL 3000 VALUE INDEX	16.94%	6.10%	13.84%
----- RUSSELL 2500 VALUE INDEX	21.58%	16.05%	16.03%

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold

shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.80%
OTHER EXPENSES	0.41%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.21%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.16%

NET EXPENSES	1.05%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 1.05% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Third Avenue Value Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and other expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$107	\$368	\$650	\$1,452

TOUCHSTONE EAGLE CAPITAL APPRECIATION FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Eagle Capital Appreciation Fund seeks long-term capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund will invest in a diversified portfolio of common stocks of large cap companies. A large cap company has a market capitalization of more than \$10 billion. The Fund's investments may include companies in the technology sector.

In selecting equity securities for the Fund, the portfolio management team begins with the largest 500 stocks (by market capitalization) in the Russell 1000 Index. It immediately eliminates deeply cyclical stocks, stocks believed to be over valued, companies with unproven business models, businesses without a sustainable competitive advantage and companies whose business models they simply do not understand. The initial screening leaves about 150 stocks, which are assigned to the four co-portfolio managers based on sector.

Each portfolio manager then uses fundamental research to develop five-year earnings estimates for each company based on historical data, current comparables and a thorough understanding of each company and the relevant industry drivers. The portfolio managers generally do not rely on a company's earnings projections or consensus Wall Street estimates. Instead, they do their own research.

The portfolio managers will then assign either a premium or discount multiple to each stock based on what the multiple of that stock has been versus the S&P 500 Index historically and what it is expected to be over the next five years.

The earnings estimates and premium/discount assigned by each portfolio manager are then entered into a proprietary valuation model which ranks each stock based on the five year expected rates of return. The team will generally only invest in those stocks ranked in the top third of the valuation model's rankings. Any stock held which falls into the bottom third of the rankings will normally be sold by the Fund.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o Because large cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion
- o If the market continually values the stocks in the Fund's portfolio lower than the portfolio managers believe they should be valued
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors

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- o If the detailed fundamental analysis of companies in the stock screening process is not accurate
- o If the companies in which the Fund invests do not grow as rapidly or increase in value as expected
- o Because growth oriented funds may underperform when value investing is in favor
- o If the Sub-Advisor's stock selection process does not identify attractive investments

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Eagle Capital Appreciation Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE EAGLE CAPITAL APPRECIATION FUND PERFORMANCE*

Year	Total Return
1995	31.65%
1996	13.95%
1997	34.78%
1998	35.65%
1999	35.51%
2000	-22.45%
2001	-27.94%
2002	-30.47%
2003	32.24%
2004	14.89%

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*On November 1, 2003, the Fund replaced its previous Sub-Advisor with Eagle

During the periods shown in the bar chart, the highest quarterly return was 34.54% (for the quarter ended 12/31/98) and the lowest quarterly return was -25.67% (for the quarter ended 9/30/01).

The table compares the Fund's average annual returns to those of the S&P 500 Index. The S&P 500 Index is a widely recognized unmanaged index of common stock prices. The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	10 Years
TOUCHSTONE EAGLE CAPITAL APPRECIATION FUND	14.89%	-10.00%	8.17%
----- S&P 500 INDEX	10.88%	-2.30%	12.07%

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.75%
OTHER EXPENSES	0.53%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.28%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.23%

NET EXPENSES	1.05%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 1.05% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Eagle Capital Appreciation Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$107	\$383	\$680	\$1,525

TOUCHSTONE ENHANCED DIVIDEND 30 FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Enhanced Dividend 30 Fund seeks to achieve a total return that is higher than the total return of the Dow Jones Industrial Average.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund's portfolio is based on the 30 stocks that comprise the Dow Jones Industrial Average. The Dow Jones Industrial Average is a measurement of general market price movement for 30 widely held stocks. The Fund uses a quantitative approach to improve on the index returns, investing in all of the Dow Jones Industrial Average components, but increasing the weighting of those with the

highest dividend yield. The Fund seeks to overweight the top three yielding stocks in the Dow Jones Industrial Average by adding approximately 8% to the original weight of each, and underweight the remaining 27 stocks of the Dow that have a lower relative dividend yield. The Fund's investments may include companies in the technology sector.

The Fund is non-diversified and may invest a significant percentage of its assets in the securities of a single company.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o Because large cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion
- o If the Sub-Advisor's quantitative approach to enhanced index investing is not accurate
- o If the market continually values the stocks in the Fund's portfolio lower than the Sub-Advisor believes they should be valued
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors
- o Because a non-diversified fund may hold a significant percentage of its assets in the securities of one company, it may be more sensitive to market changes than a diversified fund

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Enhanced Dividend 30 Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE ENHANCED DIVIDEND 30 FUND PERFORMANCE

Year	Total Return
2000	-2.95%
2001	-11.45%
2002	-22.67%
2003	32.00%
2004	5.08%

During the periods shown in the bar chart, the highest quarterly return was 18.26% (for the quarter ended 6/30/03) and the lowest quarterly return was -20.30% (for the quarter ended 9/30/02).

The table compares the Fund's average annual returns to those of the Dow Jones Industrial Average. The Dow Jones Industrial Average is a measurement of general market price movement for 30 widely held stocks. The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	Since Fund Started*
TOUCHSTONE ENHANCED DIVIDEND 30 FUND	5.08%	-1.62%	-0.41%

DOW JONES INDUSTRIAL AVERAGE	5.31%	0.68%	1.93%

* The Fund began operations on May 1, 1999.

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THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)	
MANAGEMENT FEE	0.65%
OTHER EXPENSES	0.45%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.10%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.35%

NET EXPENSES	0.75%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.75% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Enhanced Dividend 30 Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$77	\$315	\$572	\$1,309

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TOUCHSTONE VALUE PLUS FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Value Plus Fund seeks to increase the value of Fund shares over the long-term.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily (at least 65% of total assets) in common stocks of larger companies that the Sub-Advisor believes are undervalued. In choosing undervalued stocks, the Sub-Advisor looks for companies that have proven management and unique features or advantages, but are believed to be priced lower than their true value. These companies may not pay dividends. These may include companies in the technology sector.

At least 75% of total assets will be invested in large cap companies and the remainder will generally be invested in mid cap companies.

The Fund's securities may be sold when the Sub-Advisor believes they are overvalued relative to their growth potential, when there is a deterioration in fundamental criteria, or when their price decreases by at least 10% relative to the market.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o If the stocks in the Fund's portfolio are not undervalued as expected
- o Because large cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion
- o Because securities of mid cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors
- o Because value oriented funds may underperform when growth investing is in favor
- o If the Sub-Advisor's stock selection process does not identify attractive investments

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Value Plus Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE VALUE PLUS FUND PERFORMANCE

Year	Total Return
1999	15.02%
2000	2.64%
2001	-0.88%
2002	-26.65%
2003	29.72%
2004	10.54%

During the periods shown in the bar chart, the highest quarterly return was 17.72% (for the quarter ended 6/30/03) and the lowest quarterly return was -19.20% (for the quarter ended 9/30/02).

The table compares the Fund's average annual returns to those of the Russell 1000 Value Index and the S&P 500 Index. During the past fiscal year, the Fund eliminated the S&P 500 Index as its secondary index. The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. (The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization). The S&P 500 Index is a widely recognized unmanaged index of common stock prices. The Indexes reflect no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	Since Fund Started*
TOUCHSTONE VALUE PLUS FUND	10.54%	1.36%	3.48%
----- RUSSELL 1000 VALUE INDEX	16.49%	5.27%	5.47%
----- S&P 500 INDEX	10.88%	-2.30%	2.82%

* The Fund began operations on May 1, 1998.

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THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.75%
OTHER EXPENSES	0.64%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.39%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.24%

NET EXPENSES	1.15%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 1.15% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Value Plus Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees or expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$117	\$416	\$738	\$1,648

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TOUCHSTONE GROWTH & INCOME FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Growth & Income Fund seeks to increase the value of Fund shares over the long-term, while receiving dividend income.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund generally invests (at least 50% of total assets) in dividend paying common stocks, preferred stocks and convertible securities in a variety of industries. The Sub-Advisor may purchase securities which do not pay dividends (up to 50%) but which are expected to increase in value or produce high income payments in the future. Although the yield of the Fund's portfolio usually will be greater than the yield of the S&P 500 Index and similar to the yield of a value-oriented benchmark like the Russell 1000 Value Index, not every stock in the Fund will have a premium yield.

The Fund invests in stocks with lower valuations than the broad market, that, in the Sub-Advisor's view, have good long-term dividend and earnings fundamentals. The Sub-Advisor utilizes screening techniques based on price/earnings ratios, financial strength and long-term earnings and dividend growth to identify attractive investment opportunities within a universe of large capitalization equities and American Depository Receipts ("ADRs"). These companies are subject

to further fundamental analysis, which enables the Sub-Advisor to evaluate value oriented and cheap cyclical growth companies that pay little or no dividends.

The Fund may invest up to 20% of its total assets in securities of foreign companies, including ADRs and American Depository Shares ("ADSS"). The Fund may invest up to 20% of its total assets in investment grade non-convertible debt securities or in convertible debt securities rated as low as the highest level of non-investment grade. The Fund may also invest in stocks in the technology sector. The Fund will invest in companies of various sizes.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o If any of the stocks in the Fund's portfolio do not increase in value as expected
- o Because large cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion
- o Because securities of small cap and mid cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o If earnings of companies the Fund invests in are not achieved and income available for interest or dividend payments is reduced
- o If interest rates go up, causing the value of any debt securities held by the Fund to decline

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- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because issuers of non-investment grade debt securities are more likely to be unable to make timely payments of interest or principal, particularly during an economic downturn or recession
- o Because value oriented funds may underperform when growth investing is in favor
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors
- o Because the Fund may, at various times, invest a significant percentage of its assets in the securities of a single sector and when the Fund is over weighted in a sector, it may be more sensitive to any single economic, business, political or regulatory occurrence than a fund that is not over weighted in a sector
- o If the screening techniques used by the Sub-Advisor do not identify attractive investments

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Growth & Income Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE GROWTH & INCOME FUND PERFORMANCE

Year	Total Return
1999	2.39%
2000	12.16%
2001	-5.28%
2002	-14.90%
2003	32.84%
2004	10.10%

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During the periods shown in the bar chart, the highest quarterly return was 18.86% (for the quarter ended 6/30/03) and the lowest quarterly return was -19.43% (for the quarter ended 9/30/02).

The table compares the Fund's average annual returns to those of the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. (The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization). The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	Since Fund Started*
TOUCHSTONE GROWTH & INCOME FUND	10.10%	5.74%	5.18%
----- RUSSELL 1000 VALUE INDEX -----	16.49%	5.27%	5.60%

* The Fund began operations on January 1, 1999.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.80%
OTHER EXPENSES	0.46%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.26%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.41%

NET EXPENSES	0.85%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.85% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

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EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Growth & Income Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$87	\$359	\$652	\$1,487

TOUCHSTONE BALANCED FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Balanced Fund seeks to achieve both an increase in share price and current income.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests in both equity securities (generally about 60% of total assets) and debt securities (generally about 40%, but at least 25% of total assets). The equity securities will be in companies of various sizes. The debt securities will be rated investment grade or at the two highest levels of non-investment grade. The Fund's investments may include companies in the technology sector.

The Fund may also invest in:

- o Warrants
- o Preferred stocks
- o Convertible securities

The Fund may also invest up to 1/3 of its assets in securities of foreign companies, and up to 15% in securities of companies in emerging market countries.

In choosing equity securities for the Fund, the Sub-Advisor will seek companies that are in a strong position within their industry, are owned in part by management and are selling at a price lower than the company's intrinsic value. Debt securities are also chosen using a value style. The Sub-Advisor will focus on higher yielding securities, but will also consider expected movements in interest rates and industry position.

The Sub-Advisor will sell a security if the security's price approaches full intrinsic value, in anticipation of changes to the company's fundamentals or risk profile, if the security's price moves sharply in either direction or if a more attractive investment opportunity becomes available.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the stock market as a whole goes down
- o If the stocks in the Fund's portfolio do not increase in value as expected
- o If companies that the Fund invests in do not achieve their earnings estimates and income available for interest or dividend payments is reduced
- o If interest rates go up, causing the value of any debt securities held by the Fund to decline
- o Because issuers of non-investment grade debt securities are more likely to be unable to make timely payments of interest or principal, particularly during an economic downturn or recession

- o Because the Fund is not limited to investing in equity securities, it may hold a significant position of debt securities in a rising stock market, thereby providing potentially smaller gains than a Fund invested solely in equity securities
- o Because investments in securities of foreign companies may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because large cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of

successful smaller companies, especially during extended periods of economic expansion

- o Because securities of small cap and mid cap companies may be more thinly traded and may have more frequent and larger price changes than securities of large cap companies
- o If the Sub-Advisor's stock selection process does not identify attractive investments
- o Because securities of companies in emerging market countries involve unique risks, such as exposure to economies less diverse and mature than that of the U.S. and economic or political changes may cause larger price changes in these securities than other foreign securities
- o Because value oriented funds may underperform when growth investing is in favor
- o Because the Fund may invest in the technology sector which at times may be subject to greater market fluctuation than other sectors

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Balanced Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE BALANCED FUND PERFORMANCE

Year	Total Return
1995	24.56%
1996	16.78%
1997	18.61%
1998	5.44%
1999	9.62%
2000	12.71%
2001	2.67%
2002	-9.09%
2003	21.57%
2004	9.63%

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During the periods shown in the bar chart, the highest quarterly return was 10.47% (for the quarter ended 6/30/03) and the lowest quarterly return was -9.20% (for the quarter ended 9/30/02).

The table compares the Fund's average annual returns to those of the S&P 500 Index, the Lehman Brothers U.S. Aggregate Index and a blended index comprised of 60% of the S&P 500 Index and 40% of the Lehman Brothers U.S. Aggregate Index. The S&P 500 Index is a widely recognized unmanaged index of common stock prices. The Lehman Brothers U.S. Aggregate Index is comprised of U.S. fixed rate debt issues having a maturity of at least one year and rated investment grade or higher. The Indexes reflect no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	10 Years
TOUCHSTONE BALANCED FUND	9.63%	6.99%	10.83%

S&P 500 INDEX	10.88%	-2.30%	12.07%

LEHMAN BROTHERS U.S. AGGREGATE INDEX	4.34%	7.71%	7.72%

BLEND-- 60% S&P 500, 40% LB AGGREGATE	8.35%	2.15%	10.80%

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.80%
OTHER EXPENSES	0.50%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.30%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.40%

NET EXPENSES	0.90%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.90% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

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EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Balanced Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$92	\$373	\$675	\$1,533

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TOUCHSTONE HIGH YIELD FUND

THE FUND'S INVESTMENT GOALS

The Touchstone High Yield Fund seeks to achieve a high level of current income as its main goal. Capital appreciation is a secondary consideration.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily (at least 80% of assets), under normal circumstances, in non-investment grade debt securities. Shareholders will be provided with at least 60 days' prior notice of any change in this policy. The Fund generally invests in non-investment grade debt securities of domestic corporations. Non-investment grade debt securities are often referred to as "junk bonds" and are considered speculative. The Fund expects to have an average maturity of 6 - 10 years, but it may vary to 4 - 12 years.

In selecting securities for the Fund, the Sub-Advisor analyzes the overall investment opportunities and risks in different industry sectors focusing on those industries that exhibit stability and predictability. Having developed certain industry biases resulting from the current macroeconomic environment, the Sub-Advisor implements a process of elimination through which certain types of securities are removed from the list of initially selected securities due to their structure. The next step is to apply a rigorous credit selection process

in order to identify securities that offer attractive investment opportunities. Once a security has been purchased, the credit analysis process is re-applied to each individual security in the Fund's portfolio on a periodic basis or as new information becomes available to determine whether or not to keep a security in the Fund's portfolio.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o Because issuers of non-investment grade debt securities are more likely to be unable to make timely payments of interest or principal, particularly during an economic downturn or recession
- o If interest rates go up, causing the value of any debt securities held by the Fund to decline
- o If the Sub-Advisor's stock selection process does not identify attractive investments
- o Because securities with longer maturities may lose more value due to increases in interest rates than securities with shorter maturities

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goals.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone High Yield Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE HIGH YIELD FUND PERFORMANCE

Year	Total Return
2000	-0.68%
2001	6.93%
2002	2.82%
2003	23.99%
2004	9.55%

During the periods shown in the bar chart, the highest quarterly return was 8.99% (for the quarter ended 6/30/03) and the lowest quarterly return was -4.88% (for the quarter ended 3/31/00).

The table compares the Fund's average annual returns to those of the Merrill Lynch High Yield Master Index. The Merrill Lynch High Yield Master Index is an unmanaged index consisting of non-investment grade bonds with maturities of 1 year or more. The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	Since Fund Started*
TOUCHSTONE HIGH YIELD FUND	9.55%	8.20%	5.61%
MERRILL LYNCH HIGH YIELD MASTER INDEX	10.76%	7.32%	6.22%

* The Fund began operations on May 1, 1999.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.50%
OTHER EXPENSES	0.45%

TOTAL ANNUAL FUND OPERATING EXPENSES	0.95%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.15%

NET EXPENSES	0.80%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.80% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone High Yield Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$82	\$288	\$511	\$1,153

TOUCHSTONE CORE BOND FUND

THE FUND'S INVESTMENT GOALS

The Touchstone Core Bond Fund seeks to provide as high a level of current income as is consistent with the preservation of capital. Capital appreciation is a secondary goal.

ITS PRINCIPAL INVESTMENT STRATEGIES

Under normal circumstances, the Fund invests primarily in bonds (at least 80% of its assets). Bonds include mortgage-related securities, asset-backed securities, government securities and corporate debt securities. Shareholders will be provided with at least 60 days' prior notice of any change in this policy. The Fund expects to have an average effective maturity of 5 -15 years. The Fund invests at least 65% of its total assets in investment-grade debt securities, but may invest up to 35% of its total assets in non-investment grade debt securities rated as low as B. The Fund may also invest in U.S. dollar denominated foreign debt securities.

In deciding what securities to buy and sell for the Fund, the Sub-Advisor analyzes the overall investment opportunities and risks in different sectors of the debt securities markets by focusing on maximizing total return while reducing volatility of the Fund's portfolio. The Sub-Advisor follows a disciplined sector allocation process in order to build a broadly diversified portfolio of bonds.

THE KEY RISKS

The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If interest rates go up, causing the value of any debt securities held by the Fund to decline
- o Because securities with longer maturities may lose more value due to increases in interest rates than securities with shorter maturities

- o If the issuer of a security is unable to make timely payments of principal or interest when due
- o Because mortgage-related securities and asset-backed securities may lose more value due to changes in interest rates than other debt securities and are subject to prepayment
- o Because issuers of non-investment grade debt securities are more likely to be unable to make timely payments of interest or principal, particularly during an economic downturn or recession
- o Because foreign securities may have unique risks and may lose more value than U.S. securities
- o If the analysis used by the Sub-Advisor to select securities does not identify attractive investments

While some of the U.S. Government securities held by the Fund are backed by the full faith and credit of the U.S. Treasury, others are supported only by the credit of the government agency issuing the security. The Fund may not be able to make a claim against the U.S. Government if the agency issuing the security does not meet its obligations. Securities backed by the full faith and credit of the U.S. Treasury include Treasury bills, Treasury notes, Treasury bonds and securities backed by the Overseas Private Investment Corporation ("OPIC"). Securities backed only by the credit of the government agency issuing the security include securities issued by the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Government Loan Mortgage Corporation ("FGLMC"), Student Loan Marketing Association ("SLMA"), Small Business Administration ("SBA") and the Tennessee Valley Authority ("TVA").

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goals.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Core Bond Fund. The bar chart shows changes in the Fund's performance from year to year.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE CORE BOND FUND PERFORMANCE

Year	Total Return
1999	-1.28%
2000	9.20%
2001	7.85%
2002	7.93%
2003	3.49%
2004	3.31%

During the periods shown in the bar chart, the highest quarterly return was 4.54% (for the quarter ended 9/30/01) and the lowest quarterly return was -2.21% (for the quarter ended 6/30/04).

The table compares the Fund's average annual returns to those of the Lehman Brothers U.S. Aggregate Index. The Lehman Brothers U.S. Aggregate Index is comprised of U.S. fixed rate debt issues having a maturity of at least one year and rated investment grade or higher. The Index reflects no deductions for fees, expenses or taxes.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	5 Years	Since Fund Started*
TOUCHSTONE CORE BOND FUND	3.31%	6.33%	5.02%

LEHMAN BROTHERS U.S. AGGREGATE INDEX	4.34%	7.71%	6.23%

* The Fund began operations on January 1, 1999.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.55%
OTHER EXPENSES	0.43%

TOTAL ANNUAL FUND OPERATING EXPENSES	0.98%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.23%

NET EXPENSES	0.75%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.75% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Core Bond Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
-----	-----	-----	-----
\$77	\$289	\$519	\$1,180

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TOUCHSTONE MONEY MARKET FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Money Market Fund seeks high current income, consistent with liquidity and stability of principal. The Fund is a money market fund, which seeks to maintain a constant share price of \$1.00 per share.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests in U.S. Government securities and high-quality money market instruments rated in the top two rating categories.

The Fund's investments may include:

- o Domestic bank obligations, including certificates of deposit, bankers' acceptances and time deposits
- o U.S. Government securities issued directly by the U.S. Treasury or by agencies of the U.S. Government
- o Short-term corporate debt securities
- o Taxable and tax-exempt municipal securities
- o Variable and floating rate securities

o Repurchase agreements

Like all money market funds, the Fund is subject to maturity, quality and diversification requirements designed to help it maintain a constant share price of \$1.00.

THE KEY RISKS

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC, the U.S. Treasury or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. A sudden deterioration in the financial condition of an issuer of a security or a deterioration in general economic conditions could cause the issuer to default on its obligation to pay interest and repay principal. This could cause the value of the Fund's shares to decrease.

The Fund's yield may decrease:

- o If interest rates decrease.
- o If issuers are unable to make timely payments of interest or principal.

While some of the U.S. Government securities held by the Fund are backed by the full faith and credit of the U.S. Treasury, others are supported only by the credit of the government agency issuing the security. The Fund may not be able to make a claim against the U.S. Government if the agency issuing the security does not meet its obligations. Securities backed by the full faith and credit of the U.S. Treasury include Treasury bills, Treasury notes, Treasury bonds and securities backed by OPIC. Securities backed only by the credit of the government agency issuing the security include securities issued by the GNMA, FNMA, FHLMC, FGLMC, SLMA, SBA and TVA.

As with any money market fund, there is no guarantee that the Fund will achieve its goal or will maintain a constant share price of \$1.00 per share.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

The bar chart and table below give some indication of the risks of investing in the Touchstone Money Market Fund. The bar chart shows changes in the Fund's Class I performance from year to year. The table shows the Fund's average annual total returns. The returns for Service Class shares offered by the Fund will be lower than the returns of Class I shares since Service Class shares have 12b-1 distribution fees.

The performance information shown does not reflect fees that are paid by the separate accounts through which shares of the Fund are sold. Inclusion of those fees would reduce the total return figures for all periods. The Fund's past performance does not necessarily indicate how it will perform in the future.

TOUCHSTONE MONEY MARKET FUND - CLASS I PERFORMANCE

Year	Total Return
2002	1.58%
2003	1.01%
2004	1.35%

During the periods shown in the bar chart, the highest quarterly return was 0.49% (for the quarter ended 12/31/04) and the lowest quarterly return was 0.22% (for the quarter ended 9/30/03).

The 7-day yield of the Fund's Class I shares as of December 31, 2004 was 2.13%.

AVERAGE ANNUAL TOTAL RETURNS
FOR THE PERIODS ENDED DECEMBER 31, 2004

	1 Year	Since Class Started*
TOUCHSTONE MONEY MARKET FUND - CLASS I	1.35%	1.65%

TOUCHSTONE MONEY MARKET FUND - SERVICE CLASS	1.08%	0.93%

* Class I shares began operations on May 1, 2001 and Service Class shares began operations on July 15, 2003.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher:

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

	Service Class Shares	Class I Shares
MANAGEMENT FEE	0.18%	0.18%
DISTRIBUTION (12B-1) FEES	0.25%	None
OTHER EXPENSES	0.37%	0.37%
TOTAL ANNUAL FUND OPERATING EXPENSES	0.80%	0.55%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT*	0.26%	0.27%
NET EXPENSES	0.54%	0.28%

* Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.54% for Service Class shares and 0.28% for Class I shares (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Money Market Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Service Class Shares	\$55	\$229	\$419	\$966
Class I Shares	\$29	\$149	\$280	\$663

TOUCHSTONE FUNDS OF ETF FUNDS

The Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Enhanced ETF Fund (each an "ETF Fund," collectively the "ETF Funds") are mutual funds that invest fixed percentages of assets in various exchange-traded funds, including series of the iShares(R) Trust.* Because the ETF Funds invest in other mutual funds rather than in individual securities, each ETF Fund is considered a "fund of funds" and bears a proportionate share of the expenses charged by the underlying funds in which it invests. In addition, an exchange-traded fund ("ETF") is a fund that is traded like a stock on a securities exchange and may be purchased and sold throughout the trading day based on its market price. Each fund of the iShares Trust is an ETF that is an "index fund," which seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

Each ETF Fund allocates its assets among a group of ETFs in different percentages. Therefore, each ETF Fund has different indirect asset allocations of stocks, bonds, and cash, reflecting varying degrees of potential investment risk and reward for different investment styles and life stages. These asset allocations provide four diversified, distinct options that can meet a wide variety of investment needs. The allocation of stocks and bonds in each ETF Fund reflects greater or lesser emphasis on pursuing current income or growth of capital. This Prospectus describes the key features of each ETF Fund, as well as important additional information.

 * iShares(R) is a registered mark of Barclays Global Investors, N.A. ("BGI"). BGI's only relationship to the Trust and its affiliates is the licensing of certain trademarks and trade names of BGI. The ETF Funds are not sponsored, endorsed, sold, or promoted by BGI. BGI makes no representations or warranties to the shareholders of the ETF Funds or any member of the public regarding the advisability of investing in the ETF Funds or the iShares Funds. BGI has no obligation or liability in connection with the operation, marketing, or trading of the ETF Funds.

TOUCHSTONE CONSERVATIVE ETF FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Conservative ETF Fund seeks total return by investing for income and capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily in a group of funds of the iShares Trust using a system that prescribes allocations among asset classes intended to minimize expected risk (i.e., volatility) while structuring the portfolio to optimize potential returns based on historical measures of how each asset class performs. As employed by the Fund, this methodology typically results in an allocation of about 65% of assets in bonds and 35% in stocks. In selecting a diversified portfolio of underlying funds, the Sub-Advisor analyzes many factors, including the underlying fund's investment objectives, total return, volatility, and expenses. The Fund will also hold a minimal amount of cash or cash equivalent positions, such as money market instruments, U.S. Government securities, commercial paper, and repurchase agreements.

The Fund currently plans to invest in the following funds at the percentages indicated:

iShares(R) Trust: iShares Lehman Aggregate Bond Fund	54%
iShares(R) Trust: iShares Lehman 1-3 Treasury Bond Fund	10%
iShares(R) Trust: iShares MSCI EAFE Index Fund	2%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Value Index Fund	2%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Growth Index Fund	2%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Value Index Fund	1%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Growth Index Fund	1%
iShares(R) Trust: iShares S&P 500/BARRA Value Index Fund	15%
iShares(R) Trust: iShares S&P 500/BARRA Growth Index Fund	9%
iShares(R) Trust: iShares S&P 500 Index Fund	4%

As a result of market gains or losses, the percentage of the Fund's assets invested in stocks or bonds at any given time may be different than the asset allocation model shown above. The Sub-Advisor will rebalance the Fund's assets annually in accordance with the asset allocation model then in effect, but reserves the right to rebalance more or less frequently as it deems appropriate, depending on market conditions, investment experience, and other factors. At that time, the Sub-Advisor will review and update the model. Stock and bond markets, and the subcategories of assets within those markets (value, growth, large cap, small cap, etc.), have returns that vary from year to year. Because the changes in returns for these assets affect their expected return in the future, the Sub-Advisor will monitor the model and may update and revise the asset allocation percentages employed by the model to reflect changes in the marketplace.

THE KEY RISKS

The value of an investment in the Fund is based on the performance of the underlying funds in which it invests and the allocation of its assets among those funds. The key risks of an investment in the Fund include the key risks of investing in the underlying funds. The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the securities market as a whole goes down
- o If any of the underlying funds in the Fund's portfolio do not increase in value as expected
- o If interest rates go up, causing the value of debt securities held by an underlying fund to decline
- o If returns from the types of securities in which an underlying fund invests underperform returns from the various general securities markets or different asset classes
- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because an underlying index may, at various times, concentrate in the securities of a particular industry, group of industries, or sector, and when a fund is overweighted in an industry, group of industries, or sector, it may be more sensitive to any single economic, business, political, or regulatory occurrence than a fund that is not overweighted in an industry, group of industries, or sector
- o Because the market value of exchange-traded fund shares may differ from their net asset value as a result of market supply and demand, the shares may trade at a premium or discount
- o If the Sub-Advisor's asset allocation decisions do not successfully anticipate market trends

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

Performance information is only shown for those Funds that have had a full calendar year of operations. Since the Touchstone Conservative ETF Fund began operations in July 2004, there is no performance information included in this Prospectus.

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THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher.

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.40%
OTHER EXPENSES*	1.14%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.54%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT**	1.04%

NET EXPENSES	0.50%

* These expenses are estimated for the current fiscal year.

** Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.50% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

In addition to the direct expenses of the Fund set forth above, the Fund will also bear the expenses of the underlying funds in which it invests. Based on

actual expenses of the underlying funds for each of their most recent fiscal years, the Fund's estimated total annual expenses would be 1.73% before waivers and/or reimbursements and 0.69% after waivers and/or reimbursements.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Conservative ETF Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years
-----	-----
\$ 70	\$ 443

TOUCHSTONE MODERATE ETF FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Moderate ETF Fund seeks total return by investing primarily for capital appreciation and secondarily for income.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily in a group of funds of the iShares Trust using a system that prescribes allocations among asset classes intended to minimize expected risk (i.e., volatility) while structuring the portfolio to optimize potential returns based on historical measures of how each asset class performs. As employed by the Fund, this methodology typically results in an allocation of about 60% of assets in stocks and 40% in bonds. In selecting a diversified portfolio of underlying funds, the Sub-Advisor analyzes many factors, including the underlying fund's investment objectives, total return, volatility, and expenses. The Fund will also hold a minimal amount of cash or cash equivalent positions, such as money market instruments, U.S. Government securities, commercial paper, and repurchase agreements.

The Fund currently plans to invest in the following funds at the percentages indicated:

iShares(R) Trust: iShares Lehman Aggregate Bond Fund	42%
iShares(R) Trust: iShares MSCI EAFE Index Fund	3%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Value Index Fund	4%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Growth Index Fund	3%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Value Index Fund	2%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Growth Index Fund	1%
iShares(R) Trust: iShares S&P 500/BARRA Value Index Fund	23%
iShares(R) Trust: iShares S&P 500/BARRA Growth Index Fund	12%
iShares(R) Trust: iShares S&P 500 Index Fund	10%

As a result of market gains or losses, the percentage of the Fund's assets invested in stocks or bonds at any given time may be different than the asset allocation model shown above. The Sub-Advisor will rebalance the Fund's assets annually in accordance with the asset allocation model then in effect, but reserves the right to rebalance more or less frequently as it deems appropriate, depending on market conditions, investment experience, and other factors. At that time, the Sub-Advisor will review and update the model. Stock and bond markets, and the subcategories of assets within those markets (value, growth, large cap, small cap, etc.), have returns that vary from year to year. Because the changes in returns for these assets affect their expected return in the future, the Sub-Advisor will monitor the model and may update and revise the asset allocation percentages employed by the model to reflect changes in the marketplace.

THE KEY RISKS

The value of an investment in the Fund is based on the performance of the underlying funds in which it invests and the allocation of its assets among those funds. The key risks of an investment in the Fund include the key risks of investing in the underlying funds. The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the securities market as a whole goes down
- o If any of the underlying funds in the Fund's portfolio do not increase in value as expected
- o If interest rates go up, causing the value of debt securities held by an underlying fund to decline
- o If returns from the types of securities in which an underlying fund invests underperform returns from the various general securities markets or different asset classes
- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because an underlying index may, at various times, concentrate in the securities of a particular industry, group of industries, or sector, and when a fund is overweighted in an industry, group of industries, or sector, it may be more sensitive to any single economic, business, political, or regulatory occurrence than a fund that is not overweighted in an industry, group of industries, or sector
- o Because the market value of exchange-traded fund shares may differ from their net asset value as a result of market supply and demand, the shares may trade at a premium or discount
- o If the Sub-Advisor's asset allocation decisions do not successfully anticipate market trends

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

Performance information is only shown for those Funds that have had a full calendar year of operations. Since the Touchstone Moderate ETF Fund began operations in July 2004, there is no performance information included in this Prospectus.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher.

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.39%
OTHER EXPENSES*	0.80%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.19%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT**	0.69%

NET EXPENSES	0.50%

* These expenses are estimated for the current fiscal year.

** Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.50% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

In addition to the direct expenses of the Fund set forth above, the Fund will also bear the expenses of the underlying funds in which it invests. Based on actual expenses of the underlying funds for each of their most recent fiscal years, the Fund's estimated total annual expenses would be 1.38% before waivers and/or reimbursements and 0.69% after waivers and/or reimbursements.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Moderate ETF Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years
-----	-----
\$ 70	\$ 369

TOUCHSTONE AGGRESSIVE ETF FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Aggressive ETF Fund seeks capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily in a group of funds of the iShares Trust using a system that prescribes allocations among asset classes intended to minimize expected risk (i.e., volatility) while structuring the portfolio to optimize potential returns based on historical measures of how each asset class performs. As employed by the Fund, this methodology typically results in an allocation of about 80% of assets in stocks and 20% in bonds. In selecting a diversified portfolio of underlying funds, the Sub-Advisor analyzes many factors, including the underlying fund's investment objectives, total return, volatility, and expenses. The Fund will also hold a minimal amount of cash or cash equivalent positions, such as money market instruments, U.S. Government securities, commercial paper, and repurchase agreements.

The Fund currently plans to invest in the following funds at the percentages indicated:

iShares(R) Trust: iShares Lehman Aggregate Bond Fund	21%
iShares(R) Trust: iShares MSCI EAFE Index Fund	4%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Value Index Fund	5%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Growth Index Fund	4%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Value Index Fund	3%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Growth Index Fund	1%
iShares(R) Trust: iShares S&P 500/BARRA Value Index Fund	36%
iShares(R) Trust: iShares S&P 500/BARRA Growth Index Fund	20%
iShares(R) Trust: iShares S&P 500 Index Fund	6%

As a result of market gains or losses, the percentage of the Fund's assets invested in stocks or bonds at any given time may be different than the asset allocation model shown above. The Sub-Advisor will rebalance the Fund's assets annually in accordance with the asset allocation model then in effect, but reserves the right to rebalance more or less frequently as it deems appropriate, depending on market conditions, investment experience, and other factors. At that time, the Sub-Advisor will review and update the model. Stock and bond

markets, and the subcategories of assets within those markets (value, growth, large cap, small cap, etc.), have returns that vary from year to year. Because the changes in returns for these assets affect their expected return in the future, the Sub-Advisor will monitor the model and may update and revise the asset allocation percentages employed by the model to reflect changes in the marketplace.

THE KEY RISKS

The value of an investment in the Fund is based on the performance of the underlying funds in which it invests and the allocation of its assets among those funds. The key risks of an investment in the Fund include the key risks of investing in the underlying funds. The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the securities market as a whole goes down
- o If any of the underlying funds in the Fund's portfolio do not increase in value as expected
- o If interest rates go up, causing the value of debt securities held by an underlying fund to decline
- o If returns from the types of securities in which an underlying fund invests underperform returns from the various general securities markets or different asset classes
- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because an underlying index may, at various times, concentrate in the securities of a particular industry, group of industries, or sector, and when a fund is overweighted in an industry, group of industries, or sector, it may be more sensitive to any single economic, business, political, or regulatory occurrence than a fund that is not overweighted in an industry, group of industries, or sector
- o Because the market value of exchange-traded fund shares may differ from their net asset value as a result of market supply and demand, the shares may trade at a premium or discount
- o If the Sub-Advisor's asset allocation decisions do not successfully anticipate market trends

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

Performance information is only shown for those Funds that have had a full calendar year of operations. Since the Touchstone Aggressive ETF Fund began operations in July 2004, there is no performance information included in this Prospectus.

THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable annuity or variable life contract fees were included, expenses would be higher.

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.39%
OTHER EXPENSES*	0.71%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.10%

FEE WAIVER AND/OR EXPENSE REIMBURSEMENT**	0.60%

NET EXPENSES	0.50%

* These expenses are estimated for the current fiscal year.

** Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.50% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

In addition to the direct expenses of the Fund set forth above, the Fund will also bear the expenses of the underlying funds in which it invests. Based on actual expenses of the underlying funds for each of their most recent fiscal years, the Fund's estimated total annual expenses would be 1.30% before waivers and/or reimbursements and 0.70% after waivers and/or reimbursements.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Aggressive ETF Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e. the first year, in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years
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\$ 72	\$ 353

TOUCHSTONE ENHANCED ETF FUND

THE FUND'S INVESTMENT GOAL

The Touchstone Enhanced ETF Fund seeks high capital appreciation.

ITS PRINCIPAL INVESTMENT STRATEGIES

The Fund invests primarily in a group of funds of the iShares Trust using a system that prescribes allocations among asset classes intended to minimize expected risk (i.e., volatility) while structuring the portfolio to optimize potential returns based on historical measures of how each asset class performs. As employed by the Fund, this methodology varies asset class weights over time to focus on those with the best potential for appreciation. Those asset classes with the best relative strength, as measured by their relative performance over the prior six months, are overweighted for six months, while the other asset classes are underweighted, thereby increasing the potential for enhanced performance with lower volatility. In selecting a diversified portfolio of underlying funds, the Sub-Advisor analyzes many factors, including the underlying fund's investment objectives, total return, volatility, and expenses. The Fund will also hold a minimal amount of cash or cash equivalent positions, such as money market instruments, U.S. Government securities, commercial paper, and repurchase agreements.

Based on the strategy outlined above, the Fund is invested in the following funds at the percentages indicated:

iShares(R) Trust: iShares Lehman Aggregate Bond Fund	3%
iShares(R) Trust: iShares MSCI EAFE Index Fund	22%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Value Index Fund	22%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Growth Index Fund	3%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Value Index Fund	22%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Growth Index Fund	3%
iShares(R) Trust: iShares S&P 500/BARRA Value Index Fund	22%
iShares(R) Trust: iShares S&P 500/BARRA Growth Index Fund	3%

As a result of market gains or losses, the percentage of the Fund's assets invested in stocks or bonds at any given time may be different than the asset allocation model shown above. The Sub-Advisor will rebalance the Fund's assets semiannually in accordance with the asset allocation model then in effect, but reserves the right to rebalance more or less frequently depending on market conditions, investment experience, and other factors as it deems appropriate. The Sub-Advisor will review and update the model periodically through the year. Stock and bond markets, and the subcategories of assets within those markets (value, growth, large cap, small cap, etc.), have returns that vary from year to year. Because the changes in returns for these assets affect their expected return in the future, the Sub-Advisor will monitor the model and may update and revise the asset allocation percentages employed by the model to reflect changes in the marketplace.

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THE KEY RISKS

The value of an investment in the Fund is based on the performance of the underlying funds in which it invests and the allocation of its assets among those funds. The key risks of an investment in the Fund include the key risks of investing in the underlying funds. The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments:

- o If the securities market as a whole goes down
- o If any of the underlying funds in the Fund's portfolio do not increase in value as expected
- o If interest rates go up, causing the value of debt securities held by an underlying fund to decline
- o If returns from the types of securities in which an underlying fund invests underperform returns from the various general securities markets or different asset classes
- o Because investments in foreign securities may have more frequent and larger price changes than U.S. securities and may lose value due to changes in currency exchange rates and other factors
- o Because an underlying index may, at various times, concentrate in the securities of a particular industry, group of industries, or sector, and when a fund is overweighted in an industry, group of industries, or sector, it may be more sensitive to any single economic, business, political, or regulatory occurrence than a fund that is not overweighted in an industry, group of industries, or sector
- o Because the market value of exchange-traded fund shares may differ from their net asset value as a result of market supply and demand, the shares may trade at a premium or discount
- o If the Sub-Advisor's asset allocation decisions do not successfully anticipate market trends

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

As with any mutual fund, there is no guarantee that the Fund will achieve its goal.

You can find more information about the Fund's investments and risks under the "Investment Strategies and Risks" section of this Prospectus.

THE FUND'S PERFORMANCE

Performance information is only shown for those Funds that have had a full calendar year of operations. Since the Touchstone Enhanced ETF Fund began operations in July 2004, there is no performance information included in this Prospectus.

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THE FUND'S FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund, but does not reflect the effect of any fees or other expenses of any variable annuity or variable life insurance product. If variable

annuity or variable life contract fees were included, expenses would be higher.

ANNUAL OPERATING EXPENSES (expenses that are deducted from Fund assets)

MANAGEMENT FEE	0.40%
OTHER EXPENSES*	0.86%

TOTAL ANNUAL FUND OPERATING EXPENSES	1.26%
FEE WAIVER AND/OR EXPENSE REIMBURSEMENT**	0.76%

NET EXPENSES	0.50%

* These expenses are estimated for the current fiscal year.

** Touchstone Advisors has contractually agreed to waive a portion of its advisory fee and/or reimburse certain Fund expenses in order to limit Net Expenses to 0.50% (the "Sponsor Agreement"). The Sponsor Agreement will remain in place until at least December 31, 2005.

In addition to the direct expenses of the Fund set forth above, the Fund will also bear the expenses of the underlying funds in which it invests. Based on actual expenses of the underlying funds for each of their most recent fiscal years, the Fund's estimated total annual expenses would be no greater than 1.53% and no less than 1.47% before waivers and/or reimbursements, and no greater than 0.77% and no less than 0.71% after waivers and/or reimbursements, depending upon the allocation then in place.

EXAMPLE

The following example should help you compare the cost of investing in the Touchstone Enhanced ETF Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same, except that contractual fee waivers are reflected only for the length of the contractual limit, i.e., the first year in the example. The example does not take into account the fees and expenses relating to the variable annuity contract or variable life policy. If these fees and expenses were included, costs in the example would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years
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\$ 79	\$ 409

INVESTMENT STRATEGIES AND RISKS

CAN A FUND DEPART FROM ITS NORMAL STRATEGIES?

Each Fund may depart from its investment strategies by taking temporary defensive positions in response to adverse market, economic, political or other conditions, including conditions when a Sub-Advisor is unable to identify attractive investment opportunities. During these times, a Fund may not achieve its investment goals.

DO THE FUNDS ENGAGE IN ACTIVE TRADING OF SECURITIES?

The Core Bond Fund may engage in active trading to achieve its investment goals. The Enhanced ETF Fund may actively vary the asset class weightings of its underlying funds to achieve its investment goals. Frequent trading increases transaction costs, which would lower a Fund's performance.

CAN A FUND CHANGE ITS INVESTMENT GOAL?

Each Fund may change its investment goal(s) by a vote of the Board of Trustees without shareholder approval. You would be notified at least 30 days before any such change takes effect.

DO THE FUNDS HAVE OTHER INVESTMENT STRATEGIES, IN ADDITION TO THEIR PRINCIPAL INVESTMENT STRATEGIES?

BARON SMALL CAP FUND. The Baron Small Cap Fund may also invest in:

- o Preferred stocks and convertible preferred stocks
- o Convertible bonds and debentures
- o Warrants (up to 5% of net assets)

- o Securities of foreign companies (up to 10% of total assets)
- o U.S. Government securities
- o Mortgage-related securities (up to 5% of net assets)
- o Debt securities that are rated in the medium to lowest rating categories by S&P and Moody's (up to 20% of total assets)

EMERGING GROWTH FUND. The Emerging Growth Fund may also invest in:

- o Securities of large cap and small cap companies
- o Securities of foreign companies (up to 20% of total assets)
- o American Depository Receipts ("ADRs"), American Depository Shares ("ADSs") and other depository receipts (up to 20% of total assets)
- o Securities of companies in emerging market countries (up to 10% of total assets)
- o Securities designed to replicate an index, an industry or a sector of the economy
- o Cash equivalents
- o Initial public offerings

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THIRD AVENUE VALUE FUND. The Third Avenue Value Fund may also invest in:

- o Non-investment grade debt securities (up to 35% of total assets)
- o Securities of foreign companies (up to 25% of total assets)
- o U.S. Government securities
- o Mortgage-related securities
- o Warrants (up to 5% of net assets)

EAGLE CAPITAL APPRECIATION FUND. The Eagle Capital Appreciation Fund may also invest in:

- o U.S. Government securities
- o Mortgage-related securities
- o Warrants (up to 5% of net assets)
- o American Depository Receipts ("ADRs") and other depository receipts
- o Preferred stock and convertible securities
- o Securities of other investment companies
- o S&P Depository Receipts ("SPDRs")

VALUE PLUS FUND. The Value Plus Fund may also invest in:

- o Preferred stocks
- o Investment grade debt securities
- o Convertible securities
- o American Depository Receipts ("ADRs") and other depository receipts

In addition, the Value Plus Fund may invest up to 10% of its total assets in:

- o Cash equivalent investments
- o Short-term debt securities

GROWTH & INCOME FUND. The Growth & Income Fund may also invest in:

- o Non-convertible, non-investment grade debt securities (up to 5%)
- o Real Estate Investment Trusts ("REITs") (up to 10%)

BALANCED FUND. The Balanced Fund's investments in debt securities may include U.S. Government securities and securities of foreign governments.

HIGH YIELD FUND. The High Yield Fund may also invest in:

- o Securities of foreign companies (up to 15% of total assets), but only up to 5% of its total assets in securities of foreign companies that are denominated in a currency other than the U.S. dollar
- o Debt securities of emerging market countries
- o Mortgage-related securities and other types of loans and loan participations
- o U.S. Government securities and securities of foreign governments
- o Preferred stocks

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CORE BOND FUND. The Core Bond Fund may also invest in:

- o Preferred stocks
- o Debt securities denominated in foreign currencies (up to 20% of total assets)

ADDITIONAL INFORMATION ABOUT FUND INVESTMENTS

MONEY MARKET INSTRUMENTS include:

- o Bank obligations
- o Short-term corporate debt securities
- o Short-term municipal securities
- o Variable and floating rate securities

BANK OBLIGATIONS include:

- o Certificates of deposit, which are issued by banks in exchange for the deposit of funds and have penalties for early withdrawal
- o Bankers' acceptances, which are bills of exchange used by corporations to finance the shipment and storage of goods and to furnish dollar exchange
- o Time deposits, which are deposits in a bank that earn a specified interest rate over a given period of time

U.S. GOVERNMENT SECURITIES include:

- o Securities issued directly by the U.S. Treasury such as Treasury bills, notes and bonds
- o Securities issued by agencies or instrumentalities of the U.S. Government, such as the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Government Loan Mortgage Corporation ("FGLMC"), Student Loan Marketing Association ("SLMA"), Small Business Administration ("SBA"), Tennessee Valley Authority ("TVA") and the Overseas Private Investment Corporation ("OPIC")
- o U.S. Treasuries issued without interest coupons ("STRIPS")
- o Inflation-indexed bonds issued by the U.S. Treasury whose principal value is periodically adjusted to the rate of inflation

Some U.S. Government securities are backed by the full faith and credit of the U.S. Treasury, meaning that payment of principal and interest is guaranteed by the U.S. Treasury. Other U.S. Government securities are backed only by the credit of the agency or instrumentality issuing the security, which may include the right of the issuer to borrow from the U.S. Treasury. Securities backed by the full faith and credit of the U.S. Treasury include Treasury bills, Treasury notes, Treasury bonds and securities backed by OPIC. Securities backed only by the credit of the government agency issuing the security include securities backed by the GNMA, FNMA, FHLMC, FGLMC, SLMA, SBA and TVA.

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CORPORATE DEBT SECURITIES. Corporate debt securities are obligations of a

corporation to pay interest and repay principal. Corporate debt securities include commercial paper, notes and bonds.

MUNICIPAL SECURITIES. Municipal securities are issued to finance public works, to repay outstanding obligations, to raise funds for general operating expenses and to lend money to other public institutions. The two types of municipal securities are general obligation bonds and revenue bonds. General obligation bonds are secured by the issuer's full faith and credit and taxing power, while revenue bonds are backed only by the revenues of the specific project.

VARIABLE AND FLOATING RATE SECURITIES. Variable and floating rate securities are securities with interest rates that are adjusted when a specific interest rate index changes (floating rate securities) or on a schedule (variable rate securities).

FOREIGN DEBT SECURITIES. Foreign debt securities are obligations of a country other than the U.S. to pay interest and repay principal.

FOREIGN COMPANIES. A foreign company is a company that meets all of the following criteria:

- o It is organized under the laws of a foreign country
- o It maintains its principal place of business in a foreign country
- o The principal trading market for its securities is located in a foreign country
- o It derives at least 50% of its revenues or profits from operations in foreign countries
- o It has at least 50% of its assets located in foreign countries

AMERICAN DEPOSITORY RECEIPTS ("ADRS")/AMERICAN DEPOSITORY SHARES ("ADSS"). ADRs and ADSs are securities that represent an ownership interest in a foreign security. They are generally issued by a U.S. bank to U.S. buyers as a substitute for direct ownership of the foreign security and are traded on U.S. exchanges.

INVESTMENT GRADE DEBT SECURITIES. Investment grade debt securities are generally rated BBB or better by Standard & Poor's Rating Service ("S&P") or Baa or better by Moody's Investors Service, Inc. ("Moody's").

NON-INVESTMENT GRADE DEBT SECURITIES. Non-investment grade debt securities are higher risk, lower quality securities, often referred to as "junk bonds" and are considered speculative. They are rated below BBB by S&P or below Baa by Moody's.

ASSET-BACKED SECURITIES. Asset-backed securities represent groups of other assets, for example credit card receivables, that are combined or pooled for sale to investors.

MORTGAGE-RELATED SECURITIES. Mortgage-related securities represent groups of mortgage loans that are combined for sale to investors. The loans may be grouped together by agencies of the U.S. Government such as:

- o The Government National Mortgage Association ("GNMA")
- o The Federal National Mortgage Association ("FNMA")
- o The Federal Home Loan Mortgage Corporation ("FHLMC")

Securities backed by the GNMA, FNMA or FHLMC are not backed by the full faith and credit of the U.S. Government, but are backed only by the credit of the government agency issuing the security.

The loans may be grouped together by private issuers such as:

- o Commercial banks
- o Savings and loan institutions
- o Mortgage bankers
- o Private mortgage insurance companies

Mortgage-related securities include Collateralized Mortgage Obligations ("CMOs") and Real Estate Mortgage Investment Conduits ("REMICs"). CMOs and REMICs are types of mortgage-related securities that provide an investor with a specified interest in the cash flow from a pool of mortgage loans or other mortgage-backed securities. CMOs and REMICs are issued in 2 or more classes with varying maturity dates and interest rates. A REMIC is a private entity formed to hold a

fixed pool of mortgages secured by an interest in real property. A REMIC is a type of CMO that qualifies for special tax treatment under the Internal Revenue Code.

REAL ESTATE INVESTMENT TRUSTS ("REITs"). REITs pool investors' money to invest primarily in income-producing real estate or real estate-related loans or interests.

"LARGE CAP," "MID CAP" AND "SMALL CAP" COMPANIES. Generally companies are categorized as follows:

- o A large cap company has a market capitalization of more than \$10 billion
- o A mid cap company has a market capitalization between \$1.5 billion and \$10 billion
- o A small cap company has a market capitalization of less than \$1.5 billion

The definition of small cap company does not apply to the Baron Small Cap Fund. The Sub-Advisor of the Baron Small Cap Fund considers companies with market values under \$2.5 billion to be small cap companies.

EMERGING GROWTH COMPANIES. Emerging growth companies include:

- o Companies that the portfolio managers believe have earnings that may grow faster than the U.S. economy in general due to new products, management changes at the company or economic shocks such as high inflation or sudden increases or decreases in interest rates
- o Companies that the portfolio managers believe have unrecognized asset values, undervalued growth or emerging growth
- o Companies undergoing a turnaround

EMERGING MARKET COUNTRIES. Emerging market countries are countries other than Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. When a Fund invests in securities of a company in an emerging market country, it invests in securities issued by a company that meets one or more of the following criteria:

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- o It is organized under the laws of an emerging market country
- o It maintains its principal place of business in an emerging market country
- o It derives at least 50% of its revenues or profits from operations within emerging market countries
- o It has at least 50% of its assets located in emerging market countries
- o The principal trading market for its securities is located in an emerging market country

UNDERVALUED STOCKS. A stock is considered undervalued if the portfolio manager believes it should be trading at a higher price than it is at the time of purchase. Factors considered may include:

- o Price relative to earnings
- o Price relative to cash flow
- o Price relative to financial strength

REPURCHASE AGREEMENTS. Repurchase agreements are collateralized by obligations issued or guaranteed as to both principal and interest by the U.S. Government, its agencies, and instrumentalities. A repurchase agreement is a transaction in which a security is purchased with a simultaneous commitment to sell it back to the seller (a commercial bank or recognized securities dealer) at an agreed upon price on an agreed upon date. This date is usually not more than seven days from the date of purchase. The resale price reflects the purchase price plus an agreed upon market rate of interest, which is unrelated to the coupon rate or maturity of the purchased security.

WARRANTS. Warrants are options to purchase equity securities at a specified price and are valid for a specific time period. Warrants have no voting rights, pay no dividends, and have no rights with respect to the assets of the

corporation issuing them. It should be noted that the prices of warrants do not necessarily move parallel to the prices of the underlying securities. It should also be noted that if the market price of the underlying security never exceeds the exercise price, the Fund will lose the entire investment in the warrant. Moreover, if a warrant is not exercised within the specified time period, it will become worthless and the Fund will lose the purchase price and the right to purchase the underlying security.

TO-BE-ANNOUNCED SECURITIES. To-be-announced securities are paid for and delivered within 15 to 45 days from their date of purchase. In a to-be-announced transaction, the parties to the transaction commit to purchasing or selling securities before all the specific information, particularly the face amount of the securities, is known. If a Fund invests in to-be-announced securities, it will maintain a segregated account of cash or liquid securities to pay for its to-be-announced securities and this account will be valued daily in order to account for market fluctuations in the value of its to-be-announced commitments.

S&P DEPOSITORY RECEIPTS ("SPDRS"). SPDRs typically trade like a share of common stock and provide investment results that generally correspond to the price and yield performance of the component common stocks of the S&P 500 Index. There can be no assurance that this can be accomplished as it may not be possible for the portfolio to replicate and maintain exactly the composition and relative weightings of the S&P 500 Index securities. SPDRs are subject to the risks of an investment in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment.

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EXCHANGE-TRADED FUNDS ("ETFs"). An ETF is a fund that holds a portfolio of common stocks designed to track the performance of a particular securities index or sector of an index, like the S&P 500 or NASDAQ, or a portfolio of bonds that may be designed to track a bond index. Because they may be traded like stocks on a securities exchange (e.g., the American Stock Exchange), ETFs may be purchased and sold throughout the trading day based on their market price. Each share of an ETF represents an undivided ownership interest in the portfolio held by an ETF. ETFs that track indices or sectors of indices hold either:

- o shares of all of the companies (or, for a fixed income ETF, bonds) that are represented by a particular index in the same proportion that is represented in the index itself; or
- o shares of a sampling of the companies (or, for a fixed income ETF, bonds) that are represented by a particular index in a proportion meant to track the performance of the entire index.

ETFs are generally registered as investment companies and issue large blocks of shares (typically 50,000) called "creation units" in exchange for a specified portfolio of the ETF's underlying securities, plus a cash payment generally equal to accumulated dividends of the securities (net of expenses) up to the time of deposit. Creation units are redeemed in kind for a portfolio of the underlying securities (based on the ETF's net asset value), together with a cash payment generally equal to accumulated dividends as of the date of redemption. As investment companies, ETFs incur fees and expenses such as trustee fees, operating expenses, licensing fees, registration fees, and marketing expenses, each of which will be reflected in the net asset value of ETFs. Accordingly, ETF shareholders pay their proportionate share of these expenses.

WHAT ARE THE RISKS OF INVESTING IN THE FUNDS?

STOCK MARKET RISK. A Fund (or underlying fund for the ETF Funds) that invests in common stocks is subject to stock market risk. Stock prices in general may decline over short or even extended periods, regardless of the success or failure of a particular company's operations. Stock markets tend to run in cycles, with periods when stock prices generally go up and periods when they generally go down. In addition, stocks fall into three broad market capitalization categories - large cap, mid cap and small cap. Investing primarily in one category carries the risk that due to market conditions, that category may be out of favor. For example, if valuations of large cap companies appear to be greatly out of proportion to the valuations of small or mid cap companies, investors may migrate to the stocks of small and mid-sized companies, causing a Fund that invests in these companies to increase in value more rapidly than a Fund that invests in larger, fully-valued companies. Stock prices tend to go up and down more than those of bonds.

- o **SMALL CAP COMPANIES.** Small cap stock risk is the risk that stocks of smaller companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group. In addition, small cap stocks typically are traded in lower volume, and their issuers typically are subject to greater degrees of changes in their earnings and prospects.

- o MID CAP COMPANIES. Mid cap stock risk is the risk that stocks of mid-sized companies may be subject to more abrupt or erratic movements than stocks of larger, more established companies. Mid-sized companies may have limited product lines or financial resources, and may be dependent upon a particular niche of the market.
- o LARGE CAP COMPANIES. Large cap stock risk is the risk that stocks of larger companies may underperform relative to those of small and mid-sized companies. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Many larger companies may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.
- o EMERGING GROWTH COMPANIES. Investment in emerging growth companies is subject to enhanced risks because these companies generally have limited product lines, markets or financial resources and often exhibit a lack of management depth. These securities can be difficult to sell and are usually more volatile than securities of larger, more established companies.
- o REAL ESTATE INVESTMENT TRUSTS ("REITS"). Investment in REITs is subject to risks similar to those associated with the direct ownership of real estate (in addition to securities market risks). REITs are more sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer. REITs may also lose value due to changes in tax or other regulatory requirements.
- o TECHNOLOGY SECURITIES. The value of technology securities may fluctuate dramatically and technology securities may be subject to greater than average financial and market risk. Investments in the high technology sector include the risk that certain products and services may be subject to competitive pressures and aggressive pricing and may become obsolete and the risk that new products will not meet expectations or even reach the marketplace.
- o INITIAL PUBLIC OFFERINGS ("IPOS"). IPO risk is the risk that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk (i.e., the potential that a Fund may be unable to dispose of the IPO shares promptly at a reasonable price). When a Fund's asset base is small, a significant portion of its performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As a Fund's assets grow, the effect of investments in IPOs on the Fund's performance probably will decline, which could reduce the Fund's performance.

DEBT SECURITY RISK. A Fund (or underlying fund for the ETF Funds) that invests in debt securities is subject to the risk that the market value of the debt securities will decline because of rising interest rates. The price of debt securities is generally linked to the prevailing market interest rates. In general, when interest rates rise, the price of debt securities falls, and when interest rates fall, the price of debt securities rises. The price volatility of a debt security also depends on its maturity. Generally, the longer the maturity of a debt security, the greater its sensitivity to changes in interest rates. To compensate investors for this higher risk, debt securities with longer maturities generally offer higher yields than debt securities with shorter maturities.

The yield of the Money Market Fund will vary from day to day due to changes in interest rates. Generally, the Fund's yield will increase when interest rates increase and decrease when interest rates decrease.

- o MORTGAGE-RELATED SECURITIES. Payments from the pool of loans underlying a mortgage-related security may not be enough to meet the monthly payments of the mortgage-related security. If this occurs, the mortgage-related security will lose value. Also, prepayments of mortgages or mortgage foreclosures will shorten the life of the pool of mortgages underlying a mortgage-related security and will affect

the average life of the mortgage-related securities held by a Fund. Mortgage prepayments vary based on several factors including the level of interest rates, general economic conditions, the location and age of the mortgage and other demographic conditions. In periods of falling interest rates, there are usually more prepayments. The reinvestment of cash received from prepayments will, therefore, usually be at a lower interest rate than the original investment, lowering a Fund's yield. Mortgage-related securities may be less likely than other debt securities to increase in value during periods of falling interest rates. In addition, loans and loan participations may be more difficult to sell than other investments and are subject to the risk of borrower default.

The debt securities in a Fund's (or underlying fund's) portfolio are subject to credit risk. Credit risk is the possibility that a deterioration in the financial condition of an issuer, or a deterioration in general economic conditions, could cause an issuer to fail to make timely payments of interest or principal, when due. Securities rated in the lowest category of investment grade may have some risky characteristics and changes in economic conditions may be more likely to cause issuers of these securities to be unable to make payments.

- o NON-INVESTMENT GRADE DEBT SECURITIES. Non-investment grade debt securities are sometimes referred to as "junk bonds" and may be very risky with respect to their issuers' ability to make payments of interest and principal. There is a high risk that a Fund that invests in non-investment grade debt securities could suffer a loss caused by the default of an issuer of such securities. Part of the reason for this high risk is that, in the event of a default or bankruptcy, holders of non-investment grade debt securities generally will not receive payments until the holders of all other debt have been paid. In addition, the market for non-investment grade debt securities has, in the past, had more frequent and larger price changes than the markets for other securities. Non-investment grade debt securities can also be more difficult to sell for good value.

FOREIGN RISK. Investing in foreign securities by a Fund (or underlying fund for the ETF Funds) poses unique risks. These include loss of value due to fluctuation in currency exchange rates and other factors, market illiquidity, price volatility, high trading costs, difficulties in settlement, regulations on stock exchanges, limits on foreign ownership, less stringent accounting, reporting and disclosure requirements, and other considerations. Diplomatic, political or economic developments, including nationalization or appropriation, could affect investments in foreign securities. In the past, equity and debt instruments of foreign markets have had more frequent and larger price changes than those of U.S. markets.

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- o EMERGING MARKET COUNTRIES. Investments in a country that is still relatively underdeveloped involves exposure to economic structures that are generally less diverse and mature than in the U.S. and to political and legal systems which may be less stable. In the past, markets of developing countries have had more frequent and larger price changes than those of developed countries. Economic or political changes may cause larger price changes in these securities than in other foreign securities.

NON-DIVERSIFICATION RISK. If a Fund is non-diversified, it may invest a significant percentage of its assets in the securities of a single company. If an underlying fund (for the ETF Funds) is non-diversified, it may hold fewer securities than a diversified fund. Because a non-diversified Fund's holdings may be more concentrated, the Fund may be more sensitive to any single economic, business, political or regulatory occurrence than a diversified fund.

OTHER INVESTMENT COMPANIES. To the extent consistent with their respective investment objectives and policies, the Funds may invest in securities issued by other investment companies, including money market funds, index funds, "country funds" (i.e., funds that invest primarily in issuers located in a specific foreign country or region), iSharesSM (formerly called World Equity Benchmark Shares or "WEBS"), SPDRs and similar securities of other issuers. Investments by a Fund in other investment companies will be subject to the limitations of the 1940 Act. As a shareholder of another investment company, a Fund would be subject to the same risks as any other investor in that investment company. In addition, it would bear a proportionate share of any fees and expenses paid by that investment company. These would be in addition to the advisory and other fees paid directly by the Fund.

ETF FUNDS. The value of an investment in an ETF Fund is based primarily on the performance of its underlying funds and the allocation of the ETF Fund's assets among them. Therefore, the investment risks of an ETF Fund include the investment risks of its underlying funds.

- o ASSET CLASS RISK. The returns from the types of securities in which an underlying fund invests may underperform returns from the general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison to the general securities markets.
- o TRACKING ERROR RISK. The underlying fund's returns may deviate from those of its index. Factors such as the fees and expenses of the underlying funds, imperfect correlation between an underlying fund's securities and those in its index, rounding of prices, and changes to the index and to regulatory policies may affect an underlying fund's ability to achieve close correlation with its index.
- o MARKET TRADING RISK. The shares of the underlying funds may trade at a premium or discount to their net asset value. The market value of ETF shares may differ from the shares' net asset value. The net asset value of ETF shares fluctuates with the changes in the market value of the fund's holdings, while the trading price of ETF shares fluctuates in accordance with changes in net asset value as well as market supply and demand.
- o CONCENTRATION RISK. If an underlying fund's index concentrates in a particular industry, group of industries, or sector, that fund may be adversely affected by the performance of those securities and subject to price volatility. In addition, an underlying fund that concentrates in a single industry or group of industries may be more susceptible to any single economic, market, political, or regulatory occurrence.

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WHERE CAN I FIND INFORMATION ABOUT THE FUNDS' PORTFOLIO HOLDINGS DISCLOSURE POLICIES?

A description of the Funds' policies and procedures for disclosing portfolio securities to any person is available in the Statement of Additional Information ("SAI").

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THE FUNDS' MANAGEMENT

INVESTMENT ADVISOR

Touchstone Advisors, Inc. ("Touchstone Advisors")
221 East Fourth Street, Suite 300, Cincinnati, Ohio 45202-4133

Touchstone Advisors has been registered as an investment advisor since 1994. As of December 31, 2004, Touchstone Advisors had \$3.0 billion in assets under management. Touchstone Advisors is responsible for selecting Sub-Advisors who have shown good investment performance in their areas of expertise. The Board of Trustees of the Trust reviews and must approve Touchstone Advisor's selections. Touchstone Advisors considers various factors in evaluating a Sub-Advisor, including:

- o Level of knowledge and skill
- o Performance as compared to its peers or benchmark
- o Consistency of performance over 5 years or more
- o Level of compliance with investment rules and strategies
- o Employees, facilities and financial strength
- o Quality of service

Touchstone Advisors will also continually monitor each Sub-Advisor's performance through various analyses and through in-person, telephone and written consultations with the Sub-Advisors. Touchstone Advisors discusses its expectations for performance with each Sub-Advisor. Touchstone Advisors provides evaluations and recommendations to the Board of Trustees, including whether or not a Sub-Advisor's contract should be renewed, modified or terminated.

Touchstone Advisors or one of its affiliates has seeded the ETF Funds to facilitate their commencement of operations and intends to redeem the seed money on a dollar for dollar basis to the extent that new investor purchase orders are made.

The SEC has granted an exemptive order that permits the Trust or Touchstone

Advisors, under certain conditions, to select or change unaffiliated Sub-Advisors, enter into new sub-advisory agreements or amend existing sub-advisory agreements without first obtaining shareholder approval. A Fund must still obtain shareholder approval of any sub-advisory agreement with a Sub-Advisor affiliated with the Trust or Touchstone Advisors other than by reason of serving as a Sub-Advisor to one or more Touchstone Funds. Shareholders of a Fund will be notified of any changes in its Sub-Advisor.

Two or more Sub-Advisors may manage a Fund, with each managing a portion of the Fund's assets. If a Fund has more than one Sub-Advisor, Touchstone Advisors allocates how much of a Fund's assets are managed by each Sub-Advisor. Touchstone Advisors may change these allocations from time to time, often based upon the results of the evaluations of the Sub-Advisors.

Touchstone Advisors is also responsible for running all of the operations of the Funds, except for those that are subcontracted to the Sub-Advisors, custodian, transfer agent, accounting agent and administrator.

Each Fund pays Touchstone Advisors a fee for its services at an annual rate that is computed daily and paid monthly based on the Fund's average daily net assets. Out of this fee, Touchstone Advisors pays each Sub-Advisor a fee for its services. The fee paid to Touchstone Advisors by each Fund during the fiscal period ended December 31, 2004 is shown in the table below:

	Fee to Touchstone Advisors*
BARON SMALL CAP FUND	1.05% of average daily net assets
EMERGING GROWTH FUND	0.80% of average daily net assets
THIRD AVENUE VALUE FUND	0.80% of average daily net assets
EAGLE CAPITAL APPRECIATION FUND	0.75% of average daily net assets
ENHANCED DIVIDEND 30 FUND	0.65% of average daily net assets
VALUE PLUS FUND	0.75% of average daily net assets
GROWTH & INCOME FUND	0.80% of average daily net assets
BALANCED FUND	0.80% of average daily net assets
HIGH YIELD FUND	0.50% of average daily net assets
CORE BOND FUND	0.55% of average daily net assets
MONEY MARKET FUND	0.18% of average daily net assets
CONSERVATIVE ETF FUND	0.40% of average daily net assets
MODERATE ETF FUND	0.39% of average daily net assets
AGGRESSIVE ETF FUND	0.39% of average daily net assets
ENHANCED ETF FUND	0.40% of average daily net assets

* Out of the advisory fee, Touchstone Advisors pays the Sub-Advisor a fee for its services and pays Integrity Life Insurance Company, National Integrity Life insurance Company (the "Integrity Companies") and certain other affiliates a shareholder servicing fee of up to .25% annually. In exchange for the shareholder servicing fee, these affiliates provide services including (but not limited to) prospectus, financial report and statement delivery; telephone and Internet services for contract owners; and recordkeeping and similar administrative services. If an ETF Fund's Net Expenses exceed .50%, the Integrity Companies will reduce the shareholder servicing fee by a corresponding amount and, to the extent necessary, reimburse Touchstone Advisors from their own assets.

A discussion of the basis for the Board of Trustees' approval of the Funds' advisory and sub-advisory agreements will be available in the Trust's June 30, 2005 Semiannual Report.

SUB-ADVISORS

The Sub-Advisors make the daily decisions regarding buying and selling specific securities for a Fund. Each Sub-Advisor manages the investments held by the Fund it serves according to the applicable investment goals and strategies. The SAI

provides additional information about each portfolio manager's compensation structure, other managed accounts and ownership of securities in their managed Fund(s).

SUB-ADVISOR TO THE BARON SMALL CAP FUND

BAMCO, INC. ("BAMCO")
767 FIFTH AVENUE, NEW YORK, NY 10153

BAMCO has been a registered investment advisor since 1987 and has managed the Fund since November 1, 2000. Ronald Baron has primary responsibility for managing the Fund's portfolio and has managed the Fund since November 1, 2000. Mr. Baron is the founder, chief executive officer and chairman of BAMCO and Baron Capital Management, Inc., an affiliate of BAMCO. He is also the principal owner of Baron Capital Management, Inc. Mr. Baron has managed the Baron Asset Fund and Baron Growth Fund since their inception and has managed other accounts since 1975.

SUB-ADVISORS TO THE EMERGING GROWTH FUND

The Emerging Growth Fund's assets are allocated between two sub-advisors, each using a different management style. TCW Investment Management Company LLC uses a value style process and Westfield Capital Management Company LLC uses a growth style process.

TCW INVESTMENT MANAGEMENT COMPANY LLC ("TCW")
865 SOUTH FIGUEROA STREET, SUITE 1800, LOS ANGELES, CA 90017

TCW has been a registered investment advisor since 1987 and has managed the Fund since May 2001. Nicholas F. Galluccio and Susan I. Suvall have primary responsibility for the daily management of the Fund's assets allocated to TCW and have managed the Fund since May 2001. Mr. Galluccio is a Group Managing Director of TCW and has been with the firm since 1982. Ms. Suvall is a Managing Director of TCW and has been with the firm since 1985.

WESTFIELD CAPITAL MANAGEMENT COMPANY, LLC ("WESTFIELD")
ONE FINANCIAL CENTER, BOSTON, MA 02111

Westfield has been a registered investment advisor since 1989 and has managed the Fund since its inception. The Fund is managed by the Westfield management team, which consists of 11 members. Each committee member is jointly and primarily responsible for the daily management of the Fund's portfolio, although industry sectors are divided among the committee members. The five members of the team having the most significant responsibilities are listed below.

William A. Muggia, President and Chief Investment Officer, has primary responsibility for the daily management of the Fund's assets allocated to Westfield. Mr. Muggia has been with Westfield since 1994 and has managed the Fund since 1999. Arthur J. Bauernfeind, Chairman and Chief Executive Officer, has been with Westfield since 1990 and has managed the Fund since its inception. Ethan J. Meyers, Senior Vice President, has been at Westfield since 1999 and has managed the Fund since 1999. Scott R. Emerman, Senior Security Analyst, has been with Westfield since 2002 and worked at Harbor Capital Management as a Vice President, Equity Research from 1997 until 2000. Mr. Emerman has managed the Fund since 2002. Bruce N. Jacobs, Senior Security Analyst, has been with Westfield since 2004 and has managed the Fund since 2004. From 1996 until 2004 he was a Director and Senior Equity Analyst at Deutsche Bank Securities.

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SUB-ADVISOR TO THE THIRD AVENUE VALUE FUND

THIRD AVENUE MANAGEMENT LLC ("TAM")
622 THIRD AVENUE, NEW YORK, NY 10017

TAM has been a registered investment advisor since 1986 and has managed the Fund since November 1, 2000. The Fund is co-managed by Curtis R. Jensen and Ian Lapey. Mr. Jensen is Co-Chief Investment Officer of TAM and a senior research analyst for the Fund. Mr. Jensen has managed the Fund since 2001 and also manages the Third Avenue Small-Cap Value Fund and TAM's private and institutional advisory accounts. He has worked at TAM since 1995. Mr. Lapey is a portfolio manager for TAM's sub-advised portfolios and a senior research analyst for the Third Avenue Funds. Mr. Lapey has managed the Fund since 2004 and has been employed by TAM and its predecessor since 2001 as a portfolio manager. Prior to joining TAM, Mr. Lapey was an equity research analyst with Credit Suisse First Boston from 1997 to 2001.

SUB-ADVISOR TO THE ENHANCED DIVIDEND 30 FUND AND THE ETF FUNDS

TODD INVESTMENT ADVISORS, INC. ("TODD")
101 SOUTH FIFTH ST., SUITE 3160, LOUISVILLE, KY 40202

Todd has been a registered investment advisor since 1967 and has managed the

Enhanced Dividend 30 Fund and ETF Funds since their inception.

ENHANCED DIVIDEND 30 FUND. John J. White, CFA, Portfolio Manager and Curtiss M. Scott, Jr., CFA, Senior Equity Portfolio Manager co-manage the Fund. Mr. Scott has worked at Todd since 1996 and has over 25 years of experience as a large cap portfolio manager. Mr. White has worked at Todd since 2002 and has over 20 years of financial market experience. He worked as a Director of Equity Research and Investment Strategy at Wachovia Securities from 1994 until 2002.

ETF FUNDS. Todd is responsible for determining the asset allocation model for the investments held by each ETF Fund according to its investment goals and strategies. John J. White is the lead manager of the ETF Funds. He has 7 years of experience in creating and maintaining model portfolios. Mr. White is supported by Curtiss M. Scott, Jr.

Todd is an affiliate of Touchstone Advisors. Therefore, Touchstone Advisors may have a conflict of interest when making decisions to keep Todd as a Sub-Advisor. The Board of Trustees reviews Touchstone Advisors' decisions, with respect to the retention of Todd, to reduce the possibility of a conflict of interest situation.

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SUB-ADVISOR TO THE GROWTH & INCOME FUND

DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC. ("DIMA")
345 PARK AVENUE, NEW YORK, NY 10154

DIMA has been a registered investment advisor since 1940 and has managed the Fund since its inception. Tom Sassi is the lead manager and Steve Scrudato, CFA, is the secondary manager of the Fund. Mr. Sassi, Managing Director and Lead Portfolio Manager, has more than 30 years of investment experience and has managed the Fund since October 2001. He has been a portfolio manager since 1973 and joined DIMA's predecessor, Zurich Scudder Investments, Inc., in August of 1996. Mr. Scrudato, Director and Co-Portfolio Manager, has more than 16 years of investment experience and has managed the Fund since July 2004. He joined Deutsche in 2000 and previously worked 11 years as a product specialist and client service executive at Dreyfus Investment Advisors.

SUB-ADVISOR TO THE BALANCED FUND

OPCAP ADVISORS LLC ("OPCAP")
1345 AVENUE OF THE AMERICAS, NEW YORK, NY 10105

OpCap has been a registered investment advisor since 1987 and has managed the Fund since 1997. Lois Roman has managed the equity portion of the Fund since 2004. Matthew Greenwald has managed the fixed-income portion of the Fund since 1997. Ms. Roman joined OpCap in 2003 and is a Managing Director. Prior to joining OpCap, she was a Managing Director at Deutsche Asset Management Inc. and its predecessors from 1994 until 2003. Mr. Greenwald joined OpCap in 1989 and is a Senior Vice President.

SUB-ADVISOR TO THE EAGLE CAPITAL APPRECIATION FUND

EAGLE ASSET MANAGEMENT, INC. ("EAGLE")
880 CARILLON PARKWAY, ST. PETERSBURG, FL 33716

Eagle has been a registered investment advisor since 1984 and has managed the Fund since November 1, 2003. Eagle and its team of co-portfolio managers, Richard Skeppstrom, II, E. Craig Dauer, John G. Jordan, III, CFA and Robert R. Marshall, have each managed the Fund since November 1, 2003 and have buy and sell authority based on sector. Mr. Skeppstrom joined Eagle in 2001 and is a Managing Director and Senior Vice President. From 1992 until 2001, he was a portfolio manager at Evergreen Investment Management Company. He has 13 years of investment experience and has been a portfolio manager since 1995. Mr. Dauer joined Eagle in 2001 and is a Vice President. From 2000 until 2001, he was a portfolio manager at Evergreen Investment Management Company. He has 8 years of investment experience and has been a portfolio manager since 1999. Mr. Jordan joined Eagle in 2001 and is a Vice President. From 2000 until 2001, he was a portfolio manager and analyst at Evergreen Investment Management Company. He has 11 years of investment experience and has been a portfolio manager since 1999. Mr. Marshall joined Eagle in 2002 and is a Vice President. From 1995 until 2002 he was an equity analyst at Wachovia Securities. He has 13 years of investment experience and has been a portfolio manager since 2002.

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SUB-ADVISOR TO THE VALUE PLUS FUND, HIGH YIELD FUND, CORE BOND FUND AND MONEY MARKET FUND

FORT WASHINGTON INVESTMENT ADVISORS, INC. ("FORT WASHINGTON")

Fort Washington has been a registered investment advisor since 1990 and has managed the Value Plus Fund, High Yield Fund, Core Bond Fund and the Money Market Fund since their inception.

VALUE PLUS FUND: John C. Holden, CFA, has managed the Fund since May 1998. Mr. Holden joined Fort Washington in May 1997 and is a Vice President and Senior Portfolio Manager.

HIGH YIELD FUND: Brendan M. White, CFA, has managed the Fund since its inception. He joined Fort Washington in 1993 and is a Vice President and Senior Portfolio Manager. Mr. White has over 15 years of fixed income management experience.

CORE BOND FUND: Timothy J. Policinski, CFA, is the primary manager and Daniel J. Carter, CFA, is the secondary manager of the Fund. Mr. Policinski has been a Vice President and Senior Portfolio Manager of Fort Washington since 2001 and has managed the Fund since then. Prior to joining Fort Washington, he was employed by Lincoln Investment Management, Fort Wayne, Indiana, as Vice President, Public Bond Manager from 1997 until 2000 and Vice President, portfolio manager-mutual funds from 1994-1997. Daniel J. Carter, CFA, has managed the Fund since September 2001. Mr. Carter has been an Assistant Portfolio Manager of Fort Washington since 2000. Prior to joining Fort Washington, he was a securities analyst at Ohio Casualty Group.

MONEY MARKET FUND: John J. Goetz, CFA, is the primary manager and Jay Devine is the secondary manager of the Fund. Each portfolio manager has managed the Fund since its inception. Mr. Goetz has been a Vice President and Senior Portfolio Manager of Fort Washington since October 1999. From 1981 until 1999 he was employed by an investment advisor that was acquired by Fort Washington in 1999. Mr. Devine has worked at Fort Washington since 2000 and has been an Assistant Portfolio Manager since 2001.

Fort Washington is an affiliate of Touchstone Advisors. Therefore, Touchstone Advisors may have a conflict of interest when making decisions to keep Fort Washington as a Sub-Advisor. The Board of Trustees reviews Touchstone Advisors' decisions, with respect to the retention of Fort Washington, to reduce the possibility of a conflict of interest situation.

Touchstone Advisors pays each Sub-Advisor a fee at an annual rate that is computed daily and paid monthly based on the Fund's average daily net assets. The fee paid to each Sub-Advisor by Touchstone Advisors during the Fund's most recent fiscal year is shown below:

BARON SMALL CAP FUND BAMCO	0.80% of average daily net assets
EMERGING GROWTH FUND TCW Westfield	0.50% of average daily net assets managed 0.50% of average daily net assets managed
THIRD AVENUE VALUE FUND Third Avenue	0.50% of average daily net assets
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EAGLE CAPITAL APPRECIATION FUND Eagle	0.40% of average daily net assets
ENHANCED DIVIDEND 30 FUND Todd	0.25% of average daily net assets
VALUE PLUS FUND Fort Washington	0.45% of average daily net assets
GROWTH & INCOME FUND DIMA	0.50% of average daily net assets
BALANCED FUND OpCap	0.57% of average daily net assets
HIGH YIELD FUND Fort Washington	0.30% of average daily net assets
CORE BOND FUND Fort Washington	0.30% of average daily net assets
MONEY MARKET FUND Fort Washington	0.05% of average daily net assets
CONSERVATIVE ETF FUND* Todd	0.10% of average daily net assets

MODERATE ETF FUND* Todd	0.10% of average daily net assets
AGGRESSIVE ETF FUND* Todd	0.10% of average daily net assets
ENHANCED ETF FUND* Todd	0.10% of average daily net assets

* Touchstone Advisor's affiliate, Integrity Life Insurance Company, has guaranteed that Todd will receive a minimum annual fee of \$10,000 per ETF Fund.

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INVESTING WITH TOUCHSTONE

CHOOSING THE APPROPRIATE FUNDS TO MATCH YOUR GOALS

Investing well requires a plan. We recommend that you meet with your financial advisor to plan a strategy that will best meet your financial goals. Your financial advisor can help you buy a variable annuity contract or variable life policy that would allow you to invest in the Funds you choose.

PURCHASING SHARES

You cannot buy shares of the Funds directly. You can invest indirectly in the Funds through your purchase of a variable annuity contract or variable life policy. You should read this prospectus and the prospectus of the variable annuity contract or variable life policy carefully before you choose your investment options.

- o Investor Alert: The Trust reserves the right to refuse any purchase order that it regards as disruptive to efficient portfolio management. For example, a purchase request could be rejected because of the timing of the investment or because of a history of excessive trading by the investor. (See "Market Timing Policy" in this Prospectus.)

SHARE CLASSES

The Touchstone Money Market Fund offers two classes of shares, Service Class and Class I shares. Service Class shares have adopted a distribution plan under Rule 12b-1 of the 1940 Act. This plan allows the Fund to pay an annual fee of up to 0.25% of the average daily net assets of Service Class shares for the sale and distribution of shares. Because these fees are paid out of the Service Class shares' assets on an ongoing basis, they will increase the cost of your investment and over time may cost you more than paying other types of sales charges. Service Class shareholders will receive certain additional services provided by broker-dealers.

DEALER COMPENSATION

Touchstone Securities, Inc. ("Touchstone"), the Trust's principal underwriter, at its expense (from a designated percentage of its income) currently provides additional compensation to certain dealers. Touchstone pursues a focused distribution strategy with a limited number of dealers who have sold shares of a Fund or other Touchstone Funds. Additional compensation is limited to such dealers. Touchstone reviews and makes changes to the focused distribution strategy on a continual basis. These payments are generally based on a pro rata share of a dealer's sales. Touchstone may also provide compensation in connection with conferences, sales or training programs for employees, seminars for the public, advertising and other dealer-sponsored programs.

SELLING SHARES

To meet various obligations under the contracts, the separate accounts may sell Fund shares to generate cash. For example, a separate account may sell Fund shares and use the proceeds to pay a contract owner who requested a partial withdrawal or who canceled a contract. Proceeds from the sale are usually sent to the separate account on the next business day. The Funds may suspend sales of shares or postpone payment dates when the New York Stock Exchange ("NYSE") is closed (other than weekends or holidays), when trading on the NYSE is restricted, or as otherwise permitted by the SEC.

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When an ETF Fund sells shares, it sells shares of each of the underlying funds in the same percentage that it holds those shares as part of its portfolio of

securities. Therefore, the relative percentage of an ETF Fund's composition of underlying funds is not affected by the sale.

PRICING OF FUND SHARES

Each Fund's share price, also called net asset value ("NAV"), is determined as of the close of trading (normally 4:00 p.m. Eastern time) every day the NYSE is open. Each Fund calculates its NAV per share by dividing the total value of its net assets by the number of its shares outstanding. Shares are purchased or sold at the NAV next determined after your purchase or sale order is received in proper form by Touchstone or its authorized agent.

The Funds' equity investments are valued based on market value or, if no market value is available, based on fair value as determined by the Board of Trustees (or under their direction). Some specific pricing strategies follow:

- o All short-term dollar-denominated investments that mature in 60 days or less are valued on the basis of amortized cost.
- o Securities that do not have available market prices are priced at their fair value using consistent procedures approved by the Board of Trustees.

Although investing in foreign securities is not a principal investment strategy of the Funds, any foreign securities held by a Fund will be priced as follows:

- o All assets and liabilities initially expressed in foreign currency values will be converted into U.S. dollar values.
- o Securities mainly traded on a non-U.S. exchange are generally valued according to the preceding closing values on that exchange. However, if an event that may change the value of a security occurs after the time that the closing value on the non-U.S. exchange was determined, the security might be valued based on fair value. This may cause the value of the security on the books of the Fund to be significantly different from the closing value on the non-U.S. exchange and may affect the calculation of NAV.
- o Because portfolio securities that are primarily listed on non-U.S. exchanges may trade on weekends or other days when a Fund does not price its shares, a Fund's NAV may change on days when the separate accounts will not be able to buy or sell shares.

The value of debt securities held by the Funds is determined as follows: (1) Securities that have available market quotations are priced according to the most recent bid price quoted by 1 or more of the major market makers; (2) Securities that do not have available market prices are priced at their fair value using procedures approved by the Board of Trustees. The Funds may use fair value pricing if the value of a security has been materially affected by events occurring before the Fund's pricing time but after the close of the primary markets on which the security is traded. The Funds may also use fair value pricing if reliable market quotations are unavailable due to infrequent trading. The use of fair value pricing has the effect of valuing a security based upon the price a Fund might reasonably expect to receive if it sold that security but does not guarantee that the security can be sold at the fair value price. With respect to any portion of a Fund's assets that is invested in other mutual funds (such as the underlying funds for the ETF Funds), that portion of the Fund's NAV is calculated based on the NAV of that mutual fund. The prospectus for the other mutual fund explains the circumstances and effects of fair value pricing for that fund.

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The Money Market Fund seeks to maintain a constant share price of \$1.00 per share by valuing investments on an amortized cost basis. Under the amortized cost method of valuation, the Fund maintains a dollar-weighted average portfolio maturity of 90 days or less, purchases only United States dollar-denominated securities with maturities of 13 months or less and invests only in securities that meet its quality standards and present minimal credit risks. The Fund's obligations are valued at original cost adjusted for amortization of premium or accumulation of discount, rather than at market value. This method should enable the Fund to maintain a stable net asset value per share. However, there is no assurance that the Fund will be able to do so.

MARKET TIMING POLICY

Market timing or excessive trading in accounts that you own or control may disrupt portfolio investment strategies, may increase brokerage and administrative costs, and may negatively impact investment returns for all shareholders, including long-term shareholders who do not generate these costs. In addition, there are specific risks that apply to small cap and high yield securities that may impact the Baron Small Cap Fund and the High Yield Fund. These include the risk that a high yield or small cap security may be so thinly

traded that its price is stale, causing a fund that holds a large position of that security to be a target for market timers. The Funds will take reasonable steps to discourage excessive short-term trading and will not knowingly accommodate frequent purchases and redemptions of Fund shares by shareholders. The Board of Trustees has adopted the following policies and procedures with respect to market timing of the Funds by shareholders. The Funds will monitor selected trades on a daily basis in an effort to deter excessive short-term trading. If a Fund has reason to believe that a shareholder has engaged in excessive short-term trading, the Fund may ask the shareholder to stop such activities or restrict or refuse to process purchases or exchanges in the shareholder's accounts. While the Fund cannot assure the prevention of all excessive trading and market timing, by making these judgments the Fund believes it is acting in a manner that is in the best interests of its shareholders. However, because the Funds cannot prevent all market timing, shareholders may be subject to the risks described above.

Generally, a shareholder may be considered a market timer if he or she has (i) requested an exchange or redemption out of any of the Touchstone Funds within 2 weeks of an earlier purchase or exchange request out of any Touchstone Fund, or (ii) made more than 2 "round-trip" exchanges within a rolling 90 day period. A "round-trip" exchange occurs when a shareholder exchanges from one Touchstone Fund to another Touchstone Fund and back to the original Touchstone Fund. If a shareholder exceeds these limits the Funds may restrict or suspend that shareholder's exchange privileges and subsequent exchange requests during the suspension will not be processed. The Funds may also restrict or refuse to process purchases by the shareholder. The Funds' exchange limits and excessive trading policies generally do not apply to exchanges between money market funds and systematic purchases and redemptions.

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The Trust expects the insurance company separate accounts that invest in the Funds to have in place policies and procedures reasonably designed to deter market timing in the separate accounts by contract or policyholders.

Separate accounts often establish omnibus accounts in the Funds for their customers in which transactions are placed. If a Fund identifies excessive trading in such an account, the Fund may instruct the intermediary to restrict the investor responsible for the excessive trading from further trading in the Fund. However, some omnibus accounts submit daily aggregate purchase and redemption orders reflecting the trade orders of multiple unidentified investors. In these situations, the Fund cannot monitor trading activity by contract owners, policyholders or individual shareholders who may be engaged in market timing. In addition, the right of an owner of a variable insurance product to transfer among sub-accounts is governed by a contract between the insurance company and the owner. Many of these contracts do not limit the number of transfers that a contract owner may make among the underlying funds. The terms of these contracts, the presence of financial intermediaries (including the insurance companies) between the Funds and the contract and policyholders and other factors such as state insurance laws may limit a Fund's ability to deter market timing. Multiple tiers of such financial intermediaries may further compound the Fund's difficulty in deterring such market timing activities.

The Funds apply these policies and procedures uniformly to all investors believed to be engaged in market timing or excessive trading. The Funds have no arrangements to permit any investor to trade frequently in shares of the Funds, nor will they enter into any such arrangements in the future.

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DISTRIBUTIONS AND TAXES

DIVIDENDS AND OTHER DISTRIBUTIONS

Each Fund intends to distribute to its shareholders substantially all of its income and capital gains. Each Fund, other than the Touchstone Money Market Fund, will declare and pay dividends annually. The Touchstone Money Market Fund will declare dividends daily and pay dividends monthly.

Distributions of any net realized long-term and short-term capital gains earned by a Fund will be made at least annually.

For more information about dividends and other distributions in connection with any investment in a variable annuity contract or variable life policy, see the prospectus for your variable annuity contract or variable life policy.

TAX INFORMATION

Because you do not own shares of the Funds directly, your tax situation is not

likely to be affected by a Fund's distributions. The separate accounts, which issue your variable annuity contract or variable life policy, as the owner of the Funds' shares, may be affected. Each Fund's distributions may be taxed as ordinary income or capital gains (which may be taxable at different rates depending on the length of time the Fund holds its assets). Each Fund's distributions may be subject to federal income tax whether distributions are reinvested in Fund shares or received as cash.

ooo You should consult with your tax advisor to address your own tax situation.

For more information about the tax consequences of an investment in a variable annuity contract or variable life policy, see the prospectus for your variable annuity contract or variable life policy.

FINANCIAL HIGHLIGHTS

The financial highlights tables are intended to help you understand the Funds' financial performance for the past 5 years or, if shorter, the period of a Fund's operations. Certain information reflects financial results for a single Fund share. The total returns in the tables represent the rate an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions). The total returns do not reflect fees that are paid by the separate accounts through which shares of the Funds are sold. Inclusion of these fees would reduce the total return figures for all periods. The information has been audited by Ernst & Young LLP, whose report, along with the Funds' financial statements, is included in the Annual Report, which is available upon request.

<TABLE>
<CAPTION>
TOUCHSTONE BARON SMALL CAP FUND

<S>	<C>	<C> Six Months Ended	<C>	<C>	<C>	<C>
Period Ended	12/31/04	12/31/03 (a)	6/30/03	6/30/02	6/30/01	6/30/00
Selected data for a share outstanding:						
Net asset value, beginning of period	\$ 14.45	\$ 12.40	\$ 12.53	\$ 12.90	\$ 11.64	\$ 12.17
Income (loss) from investment operations:						
Net investment income (loss)	(0.18)	(0.09)	(0.16)	(0.13)	(0.03)	0.21
Net realized and unrealized gain (loss) on investments	4.20	2.14	0.03	(0.24)	1.51	(0.64)
Total from investment operations	4.02	2.05	(0.13)	(0.37)	1.48	(0.43)
Less:dividends and distributions to shareholders from						
Net investment income	--	--	--	--	(0.22)	(0.10)
In excess of net investment income	--	--	--	--	--	--
Realized capital gains	--	--	--	--	--	--
Total dividends and distributions	--	--	--	--	(0.22)	(0.10)
Net asset value,end of period	\$ 18.47	\$ 14.45	\$ 12.40	\$ 12.53	\$ 12.90	\$ 11.64
Total return	27.82%	16.53% (b)	(1.04%)	(2.87%)	12.83%	(3.52%)
Ratios and supplemental data:						
Net assets at end of period (000s)	\$ 23,336	\$ 16,133	\$ 11,926	\$ 11,978	\$ 6,698	\$ 5,917
Ratios to average net assets:						
Net expenses	1.65% (d)	1.65% (c)	1.62%	1.55%	1.55%	1.55%
Expenses before voluntary expense reimbursement	NA	NA	2.44%	2.32%	3.10%	2.25%
Net investment income (loss)	(1.24%)	(1.44%) (c)	(1.49%)	(1.33%)	(0.33%)	1.33%
Income (loss) before voluntary expense reimbursement	NA	NA	(2.32%)	(2.10%)	(1.88%)	0.63%
Portfolio turnover	23%	32% (c)	29%	91%	221%	224%

(a) Effective August 20, 2003, the Fund changed its fiscal year end to December 31.

(b) Not annualized.

(c) Annualized.

(d) Excludes fees from commission recapture.

</table>

<page>
TOUCHSTONE EMERGING GROWTH FUND

<table>	12/31/04	12/31/03	12/31/02	12/31/01	12/31/00
Selected data for a share outstanding:					
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value,beginning of period	\$ 19.64	\$ 13.45	\$ 18.14	\$ 20.22	\$ 19.23

Income (loss) from investment operations:					
Net investment income (loss)	(0.15)	(0.12)	(0.14)	(0.13)	(0.05)
Net realized and unrealized gain (loss) on investments	2.48	6.47	(3.90)	(0.39)	5.71

Total from investment operations	2.33	6.35	(4.04)	(0.52)	5.66

Less: dividends and distributions to shareholders from:					
Net investment income	--	--	--	--	--
Realized capital gains	(1.08)	(0.16)	(0.65)	(1.56)	(4.67)

Total dividends and distributions	(1.08)	(0.16)	(0.65)	(1.56)	(4.67)

Net asset value, end of period	\$ 20.89	\$ 19.64	\$ 13.45	\$ 18.14	\$ 20.22
=====					
Total return	12.06%	47.26%	(22.31%)	(2.62%)	(29.62%)

Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 34,135	\$ 37,537	\$ 25,408	\$ 36,305	\$ 42,117
Ratios to average net assets:					
Net expenses	1.15%(a)	1.15%	1.15%	1.15%	1.12%
Expenses before voluntary expense reimbursement	NA	NA	NA	NA	NA
Net investment income (loss)	(0.65%)	(0.74%)	(0.89%)	(0.72%)	(0.24%)
Loss before voluntary expense reimbursement	NA	NA	NA	NA	NA
Portfolio turnover	134%	88%	63%	85%	77%

(a) Excludes fees from commission recapture.
</table>

TOUCHSTONE THIRD AVENUE VALUE FUND						
Period Ended	12/31/04	Six Months Ended 12/31/03 (a)	6/30/03	6/30/02	6/30/01	6/30/00
Selected data for a share outstanding:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 18.71	\$ 14.65	\$ 16.08	\$ 16.79	\$ 13.97	\$ 22.06

Income (loss) from investment operations:						
Net investment income (loss)	0.05	(0.00) (b)	0.05	0.02	0.15	0.39
Net realized and unrealized gain (loss) on investments	4.80	4.06	(1.17)	(0.61)	4.31	(5.12)

Total from investment operations	4.85	4.06	(1.12)	(0.59)	4.46	(4.73)

Less: dividends and distributions to shareholders from:						
Net investment income	(0.05)	--	(0.09)	(0.12)	(0.40)	(0.33)
Realized capital gains	--	--	(0.22)	--	(1.24)	(3.03)

Total dividends and distributions	(0.05)	--	(0.31)	(0.12)	(1.64)	(3.36)

Net asset value, end of period	\$ 23.51	\$ 18.71	\$ 14.65	\$ 16.08	\$ 16.79	\$ 13.97
=====						
Total return	25.93%	27.72% (c)	(6.78%)	(3.45%)	35.66%	(23.88%)

Ratios and supplemental data:						
Net assets at end of period (000s)	\$92,920	\$71,600	\$50,499	\$48,221	\$35,066	\$20,994
Ratios to average net assets:						
Net expenses	1.05%	1.05% (d)	1.10%	1.08%	1.15%	1.08%
Expenses before voluntary expense reimbursement	NA	NA	1.15%	1.08%	1.21%	1.08%
Net investment income (loss)	0.27%	(0.01%) (d)	0.41%	0.23%	1.15%	1.80%
Income before voluntary expense reimbursement	NA	NA	0.36%	0.23%	1.09%	1.80%
Portfolio turnover	30%	23% (d)	23%	23%	128%	42%

(a) Effective August 20, 2003, the Fund changed its fiscal year end to December 31.

(b) Less than \$0.01 per share.

(c) Not annualized.

(d) Annualized.

</TABLE>

TOUCHSTONE EAGLE CAPITAL APPRECIATION FUND						
Period Ended	12/31/04	Six Months Ended 12/31/03 (a)	6/30/03	6/30/02	6/30/01	6/30/00
Selected data for a share outstanding:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 11.46	\$ 9.83	\$ 9.85	\$ 15.93	\$ 30.25	\$ 26.00

Income (loss) from investment operations:						
Net investment income (loss)	0.11	0.03	(0.01)	(0.04)	(0.10)	(0.05)
Net realized and unrealized gain (loss) on investments	1.60	1.61	(0.01)	(4.73)	(9.42)	4.83

Total from investment operations	1.71	1.64	(0.02)	(4.77)	(9.52)	4.78

Less: dividends and distributions to shareholders from:						
Net investment income	(0.12)	(0.01)	--	--	--	--
Realized capital gains	--	--	--	(1.31)	(4.80)	(0.53)

Total dividends and distributions	(0.12)	(0.01)	--	(1.31)	(4.80)	(0.53)

Net asset value, end of period	\$ 13.05	\$ 11.46	\$ 9.83	\$ 9.85	\$ 15.93	\$ 30.25
=====						
Total return	14.89%	16.70% (b)	(0.16%)	(30.55%)	(37.42%)	18.89%

Ratios and supplemental data:						
Net assets at end of period (000s)	\$34,656	\$33,897	\$28,623	\$20,309	\$32,008	\$56,879
Ratios to average net assets:						
Net expenses	1.05% (d)	1.05% (c)	1.16%	1.15%	1.07%	1.01%
Expenses before voluntary expense reimbursement	NA	NA	1.51%	1.17%	1.07%	1.01%
Net investment income (loss)	0.94%	0.52% (c)	(0.19%)	(0.33%)	(0.45%)	(0.39%)
Loss before voluntary expense reimbursement	NA	NA	(0.54%)	(0.35%)	(0.45%)	(0.39%)
Portfolio turnover	40%	241% (c)	70%	31%	47%	40%

(a) Effective August 20, 2003, the Fund changed its fiscal year end to December 31.

(b) Not annualized.

(c) Annualized.

(d) Excludes fees from commission recapture.

</TABLE>

<TABLE>
<CAPTION>
TOUCHSTONE ENHANCED DIVIDEND 30 FUND

Year Ended	12/31/04	12/31/03	12/31/02	12/31/01	12/31/00
Selected data for a share outstanding:					
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 8.90	\$ 6.81	\$ 8.93	\$ 10.18	\$ 10.55
=====					
Income (loss) from investment operations:					
Net investment income (loss)	0.19	0.09	0.10	0.09	0.06
Net realized and unrealized gain (loss) on investments	0.26	2.09	(2.12)	(1.25)	(0.37)

Total from investment operations	0.45	2.18	(2.02)	(1.16)	(0.31)

Less: dividends and distributions to shareholders from:					
Net investment income	(0.19)	(0.09)	(0.10)	(0.09)	(0.06)
Realized capital gains	--	--	--	--	--

Total dividends and distributions	(0.19)	(0.09)	(0.10)	(0.09)	(0.06)

Net asset value, end of period	\$ 9.16	\$ 8.90	\$ 6.81	\$ 8.93	\$ 10.18
=====					
Total return	5.08%	32.00%	(22.67%)	(11.45%)	(3.00%)

Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 29,699	\$ 30,258	\$ 7,561	\$ 11,020	\$ 12,701
Ratios to average net assets:					
Net expenses	0.75% (a)	0.75%	0.75%	0.75%	0.75%
Expenses before voluntary expense reimbursement	NA	NA	NA	NA	NA
Net investment income (loss)	2.15%	1.57%	1.10%	0.90%	0.58%
Loss before voluntary expense reimbursement	NA	NA	NA	NA	NA
Portfolio turnover	60%	140%	27%	6%	27%

</TABLE>

(a) Excludes fees from commission recapture.

<page>
<TABLE>
<CAPTION>
TOUCHSTONE VALUE PLUS FUND

Year Ended	12/31/04	12/31/03	12/31/02	12/31/01	12/31/00
Selected data for a share outstanding:					
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 9.68	\$ 7.53	\$ 10.40	\$ 10.61	\$ 11.22

Income (loss) from investment operations:					
Net investment income (loss)	0.08	0.08	0.05	0.04	0.06
Net realized and unrealized gain (loss) on investments	0.94	2.15	(2.83)	(0.13)	0.24

Total from investment operations	1.02	2.23	(2.78)	(0.09)	0.30

Less: dividends and distributions to shareholders from:					
Net investment income	(0.08)	(0.08)	(0.09)	--	(0.06)
Realized capital gains	--	--	--	(0.12)	(0.85)

Total dividends and distributions	(0.08)	(0.08)	(0.09)	(0.12)	(0.91)

Net asset value, end of period	\$ 10.62	\$ 9.68	\$ 7.53	\$ 10.40	\$ 10.61
Total return	10.54%	29.72%	(26.65%)	(0.88%)	2.60%
Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 19,543	\$ 19,561	\$ 5,144	\$ 7,175	\$ 6,793
Ratios to average net assets:					
Net expenses	1.15% (a)	1.15%	1.15%	1.15%	1.15%
Expenses before voluntary expense reimbursement	NA	NA	NA	NA	NA
Net investment income (loss)	0.76%	0.98%	0.59%	0.43%	0.49%
Income before voluntary expense reimbursement	NA	NA	NA	NA	NA
Portfolio turnover	27%	97%	68%	50%	55%

</TABLE>

(a) Excludes fees from commission recapture.

<TABLE>

<CAPTION>					
TOUCHSTONE GROWTH & INCOME FUND					
Year Ended	12/31/04	12/31/03	12/31/02	12/31/01	12/31/00
Selected data for a share outstanding:					
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 9.91	\$ 7.78	\$ 9.93	\$ 11.26	\$ 10.71
Income (loss) from investment operations:					
Net investment income	0.19	0.16	0.19	0.23	0.19
Net realized and unrealized gain (loss) on investments	0.81	2.38	(1.67)	(0.82)	1.11
Total from investment operations	1.00	2.54	(1.48)	(0.59)	1.30
Less: dividends and distributions to shareholders from:					
Net investment income	(0.19)	(0.16)	(0.33)	(0.23)	(0.23)
In excess of net investment income	--	--	--	--	--
Realized capital gains	--	(0.25)	(0.34)	(0.51)	(0.52)
Total dividends and distributions	(0.19)	(0.41)	(0.67)	(0.74)	(0.75)
Net asset value, end of period	\$ 10.72	\$ 9.91	\$ 7.78	\$ 9.93	\$ 11.26
Total return	10.10%	32.84%	(14.90%)	(5.28%)	12.20%
Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 32,791	\$ 32,768	\$ 25,263	\$ 34,123	\$ 57,335
Ratios to average net assets:					
Net expenses	0.85%	0.85%	0.85%	0.85%	0.85%
Net investment income	1.78%	1.85%	1.78%	1.13%	1.30%
Portfolio turnover	43%	58%	69%	149%	88%

</TABLE>

<page>

<table>

<S>	<C>	<C>	<C>	<C>	<C>
TOUCHSTONE BALANCED FUND					
Year Ended	12/31/04	12/31/03	12/31/02	12/31/01 (a)	12/31/00
Selected data for a share outstanding:					
Net asset value, beginning of period	\$ 15.01	\$ 12.42	\$ 13.96	\$ 14.24	\$ 13.80
Income (loss) from investment operations:					
Net investment income (loss)	0.25	0.22	0.30	0.38 (b)	0.50
Net realized and unrealized gain (loss) on investments	1.20	2.46	(1.57)	--	1.25
Total from investment operations	1.45	2.68	(1.27)	0.38	1.75
Less: dividends and distributions to shareholders from:					
Net investment income	(0.14)	(0.09)	(0.27)	(0.38)	(0.52)
In excess of net investment income	--	--	--	(0.07)	--
Realized capital gains	--	--	--	(0.21)	(0.79)
Total dividends and distributions	(0.14)	(0.09)	(0.27)	(0.66)	(1.31)
Net asset value, end of period	\$ 16.32	\$ 15.01	\$ 12.42	\$ 13.96	\$ 14.24
Total return	9.63%	21.57%	(9.09%)	2.67%	12.70%
Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 32,094	\$ 27,015	\$ 23,616	\$ 28,227	\$ 33,763
Ratios to average net assets:					
Net expenses	0.90% (c)	0.90%	0.90%	0.90%	0.92%
Expenses before voluntary expense reimbursement	NA	NA	NA	NA	NA
Net investment income (loss)	1.73%	1.86%	2.22%	2.69%	3.20%
Income (loss) before voluntary expense reimbursement	NA	NA	NA	NA	NA

- (a) The Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies in 2001 and began amortizing premiums and discounts on debt securities using the daily, effective yield method. The effect of the change for the year ended December 31, 2001d was a decrease in net investment income of \$.013, an increase in net realized and unrealized gains of \$.013, and a decrease in the ratio of net investment income from 2.78% to 2.69%. The periods prior to 1/1/2001 have not been restated to reflect the change in presentation.
- (b) Calculated using average shares outstanding throughout the period.
- (c) Excludes fees from commission recapture.

TOUCHSTONE HIGH YIELD FUND

Year Ended	<C> 12/31/04	<C> 12/31/03	<C> 12/31/02	<C> 12/31/01 (a)	<C> 12/31/00
Selected data for a share outstanding:					
Net asset value, beginning of period	\$ 8.12	\$ 7.13	\$ 7.47	\$ 7.73	\$ 8.61
Income (loss) from investment operations:					
Net investment income	0.64	0.72	0.58	0.78 (b)	0.82
Net realized and unrealized gain (loss) on investments	0.14	0.99	(0.37)	(0.25)	(0.88)
Total from investment operations	0.78	1.71	0.21	0.53	(0.06)
Less: dividends and distributions to shareholders from:					
Net investment income	(0.64)	(0.72)	(0.55)	(0.78)	(0.82)
In excess of net investment income	--	--	--	(0.01)	--
Realized capital gains	--	--	--	--	--
Total dividends and distributions	(0.64)	(0.72)	(0.55)	(0.79)	(0.82)
Net asset value, end of period	\$ 8.26	\$ 8.12	\$ 7.13	\$ 7.47	\$ 7.73
Total return	9.55%	23.99%	2.82%	6.93%	(0.70%)
Ratios and supplemental data:					
Net assets at end of period (000s)	\$42,328	\$45,844	\$32,529	\$18,024	\$15,748
Ratios to average net assets:					
Net expenses	0.80%	0.74% (c)	0.80%	0.80%	0.80%
Net investment income	7.30%	8.16%	9.72%	9.59%	9.82%
Portfolio turnover	55%	101%	40%	25%	62%

- (a) The Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies in 2001 and began amortizing premiums and discounts on debt securities using the daily, effective yield method. The effect of the change for the year ended December 31, 2001 was a decrease in net investment income of \$.014, an increase in net realized and unrealized gains of \$.014, and a decrease in the ratio of net investment income from 9.78% to 9.59%. The periods prior to 1/1/2001 have not been restated to reflect the change in presentation.
- (b) Calculated using average shares outstanding throughout the period.
- (c) Absent voluntary fee waivers by the Advisor, the ratio of expenses to average net assets would have been 0.80%.

TOUCHSTONE CORE BOND FUND

Year Ended	<C> 12/31/04	<C> 12/31/03	<C> 12/31/02	<C> 12/31/01 (a)	<C> 12/31/00
Selected data for a share outstanding:					
Net asset value, beginning of period	\$ 10.19	\$ 10.23	\$ 10.38	\$ 10.25	\$ 9.98
Income (loss) from investment operations:					
Net investment income (loss)	0.38	0.40	0.40	0.60 (b)	0.74
Net realized and unrealized gain (loss) on investments	(0.04)	(0.04)	0.42	0.20	0.18
Total from investment operations	0.34	0.36	0.82	0.80	0.92
Less: dividends and distributions to shareholders from:					
Net investment income	(0.39)	(0.39)	(0.97)	(0.67)	(0.65)
In excess of net investment income	(0.03)	(0.01)	--	--	--
Realized capital gains	--	--	--	--	--
Total dividends and distributions	(0.42)	(0.40)	(0.97)	(0.67)	(0.65)
Net asset value, end of period	\$ 10.11	\$ 10.19	\$ 10.23	\$ 10.38	\$ 10.25
Total return	3.31%	3.49%	7.93%	7.85%	9.20%
Ratios and supplemental data:					
Net assets at end of period (000s)	\$ 40,044	\$ 42,580	\$ 41,924	\$ 34,838	\$ 32,998
Ratios to average net assets:					
Net expenses	0.75%	0.75%	0.75%	0.75%	0.75%
Expenses before voluntary expense reimbursement	NA	NA	NA	NA	NA

Net investment income (loss)	3.50%	3.62%	4.57%	5.59%	6.36%
Income (loss) before voluntary expense reimbursement	NA	NA	NA	NA	NA
Portfolio turnover	144%	287%	152%	92%	123%

- (a) The Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies in 2001 and began amortizing premiums and discounts on debt securities using the daily, effective yield method. The effect of the change for the year ended December 31, 2001 was a decrease in net investment income of \$.013, an increase in net realized and unrealized gains of \$.013, and a decrease in the ratio of net investment income from 5.72%, to 5.59%. The periods prior to 1/1/2001 have not been restated to reflect the change in presentation.
- (b) Calculated using average shares outstanding throughout the period.

TOUCHSTONE MONEY MARKET FUND- CLASS I

	<C>	<C>	<C>	<C>
Period ended				
Selected date for a share outstanding:				
Net asset value, beginning of period	12/31/04 \$ 1.00	12/31/03 \$ 1.00	12/31/02 \$ 1.00	12/31/01 (a) \$ 1.00
Income (loss) from investment operations:				
Net investment income	0.01	0.01	0.02	0.02 (b)
Net realized and unrealized gain (loss) on investments	--	--	--	0.00 (c)
Total from investment operations	0.01	0.01	0.02	0.02
Less: dividends and distributions to shareholders from:				
Net investment income	(0.01)	(0.01)	(0.02)	(0.02)
In excess of net investment income	--	--	--	--
Realized capital gains	--	--	--	(0.00) (c)
Total dividends and distributions	(0.01)	(0.01)	(0.02)	(0.02)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total return	1.35%	1.01%	1.58%	2.09% (d)
Ratios and supplemental data:				
Net assets at end of period (000s)	\$38,188	\$73,278	\$ 9,482	\$10,300
Ratios to average net assets:				
Net expenses	0.28%	0.30%	0.60%	0.60% (e)
Net investment income	1.28%	0.91%	1.53%	2.95% (e)
Portfolio turnover	NA	NA	NA	NA

- (a) The Fund commenced operations on May 1, 2001.
- (b) Calculated using average shares outstanding throughout the period.
- (c) Less than \$0.01 per share.
- (d) Not annualized.
- (e) Annualized.

TOUCHSTONE MONEY MARKET FUND - CLASS SC

	<C>	<C>
Period Ended		
Selected data for a share outstanding:		
Net asset value, beginning of period	12/31/04 \$ 1.00	12/31/03 (a) \$ 1.00
Income (loss) from investment operations:		
Net investment income	0.01	0.00 (b)
Net realized and unrealized gain (loss) on investments	--	--
Total from investment operations	0.01	0.00 (b)
Less: dividends and distributions to shareholders from:		
Net investment income	(0.01)	(0.00) (b)
In excess of net investment income	--	--
Realized capital gains	--	--
Total dividends and distributions	(0.01)	(0.00) (b)
Net asset value, end of period	\$ 1.00	\$ 1.00
Total return	1.08%	0.28% (c)
Ratios and supplemental data:		
Net assets at end of period (000s)	\$25,727	\$27,883
Ratios to average net assets:		
Net expenses	0.54%	0.53% (d)
Net investment income	1.06%	0.63% (d)
Portfolio turnover	NA	NA

</TABLE>

- (a) This Class commenced operations on July 15, 2003.
- (b) Less than \$0.01 per share.
- (c) Not annualized.
- (d) Annualized.

TOUCHSTONE ETF FUNDS

<TABLE>

<CAPTION>

Period Ended	12/31/04 (a)	12/31/04 (a)	12/31/04 (a)	12/31/04 (a)
Selected data for a share outstanding:				
	Touchstone Aggressive ETF Fund	Touchstone Conservative ETF Fund	Touchstone Enhanced ETF Fund	Touchstone Moderate ETF Fund
<S>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Income from investment operations:				
Net investment income	0.06	0.14	0.04	0.06
Net realized and unrealized gain on investments	0.80	0.38	1.30	0.69
Total from investment operations	0.86	0.52	1.34	0.75
Less: dividends and distributions to shareholders from:				
Net investment income	(0.06)	(0.14)	(0.04)	(0.06)
Net asset value, end of period	\$ 10.80	\$ 10.38	\$ 11.30	\$ 10.69
Total return (b)	8.62%	5.22%	13.36%	7.51%
Ratios and supplemental data:				
Net assets at end of period (000s)	\$ 3,999	\$ 620	\$ 904	\$ 2,288
Ratios to average net assets:				
Net expenses (c)	0.50%	0.50%	0.50%	0.50%
Net investment income (c)	7.08%	2.54%	1.06%	3.91%
Portfolio turnover (c)	0%	37%	0%	0%

- (a) Represents the period from commencement of operations (July 16, 2004) through December 31, 2004.
- (b) Not annualized.
- (c) Annualized.

</TABLE>

FOR MORE INFORMATION

For investors who want more information about the Funds, the following documents are available free upon request:

STATEMENT OF ADDITIONAL INFORMATION ("SAI"): The SAI provides more detailed information about the Funds and is legally a part of this prospectus.

ANNUAL/SEMIANNUAL REPORTS: The Funds' annual and semiannual reports ("financial reports") provide additional information about the Funds' investments. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year.

You can get free copies of the SAI, the financial reports, other information and answers to your questions about the Funds by contacting your financial advisor, or the Funds at:

Touchstone Service Center
400 Broadway
Cincinnati, Ohio 45202
800.669.2796

The SAI and financial reports are also available on our website at touchstoneinvestments.com.

Information about the Funds (including the SAI) can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington D.C. You can receive information about the operation of the Public Reference Room by call the SEC at 1.202.942.8090.

Reports and other information about the Funds are available on the EDGAR database of the SEC's Internet site at <http://www.sec.gov>. For a fee, you can

get text-only copies of reports and other information, by writing the Public Reference Room of the SEC, 450 Fifth Street, NW, Washington, D.C. 20549-0102, or by sending an e-mail request to: publicinfo@sec.gov.

Investment Company Act file no. 811-8416

TOUCHSTONE VARIABLE SERIES TRUST

Touchstone Baron Small Cap Fund
Touchstone Emerging Growth Fund
Touchstone Third Avenue Value Fund
Touchstone Eagle Capital Appreciation Fund
Touchstone Enhanced Dividend 30 Fund
Touchstone Value Plus Fund
Touchstone Growth & Income Fund
Touchstone Balanced Fund
Touchstone High Yield Fund
Touchstone Core Bond Fund
Touchstone Money Market Fund
Touchstone Conservative ETF Fund
Touchstone Moderate ETF Fund
Touchstone Aggressive ETF Fund
Touchstone Enhanced ETF Fund

Statement of Additional Information
May 1, 2005

This Statement of Additional Information is not a Prospectus, but relates to the Prospectus dated May 1, 2005 for Touchstone Variable Series Trust (the "Trust").

The Trust's financial statements are contained in its Annual Report, which is incorporated by reference into this Statement of Additional Information ("SAI").

You can get a free copy of the Trust's Prospectus or most recent annual and semiannual reports, request other information and discuss your questions about the Funds by contacting your financial advisor or Touchstone at:

Touchstone Variable Annuity Service Center
Mail Station 74
400 Broadway
Cincinnati, Ohio 45202
(800) 669-2796 (Press 2)
<http://www.touchstoneinvestments.com>

You can also get copies of the Trust's Prospectus and other reports at the Public Reference Room of the Securities and Exchange Commission ("SEC") or from the EDGAR database of the SEC's website at <http://www.sec.gov>

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THE TRUST AND THE FUNDS

The Trust is composed of fifteen funds that are included in this SAI; the Baron Small Cap Fund, Emerging Growth Fund, Third Avenue Value Fund, Eagle Capital Appreciation Fund (formerly the Large Cap Growth Fund), Enhanced Dividend 30 Fund (formerly the Enhanced 30 Fund), Value Plus Fund, Growth & Income Fund, Balanced Fund, High Yield Fund, Core Bond Fund, Money Market Fund, Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Balanced ETF Fund (each, a "Fund" and collectively, the "Funds"). Each Fund (except the Third Avenue Value Fund and the Enhanced Dividend 30 Fund) is an open-end, diversified, management investment company. The Third Avenue Value Fund and the Enhanced Dividend 30 Fund are each an open-end, non-diversified, management investment company. The Trust was formed as a Massachusetts business trust on February 7, 1994.

Touchstone Advisors, Inc. (the "Advisor") is the investment advisor of each Fund. The specific investments of each Fund are managed on a daily basis by their respective portfolio advisers (individually, a "Sub-Advisor," collectively, the "Sub-Advisors"). Integrated Fund Services, Inc. ("Integrated") serves as administrator, fund accounting and transfer agent to each Fund.

Shares of each Fund have equal voting rights and liquidation rights. Each Fund shall vote separately on matters submitted to a vote of the shareholders except in matters where a vote of all series of the Trust in the aggregate is required by the Investment Company Act of 1940, as amended (the "1940 Act") or otherwise. Each class of shares of a Fund having multiple classes shall vote separately on matters relating to its plan of distribution pursuant to Rule 12b-1. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each full share owned and fractional votes for fractional shares owned. The Trust does not normally hold annual meetings of shareholders. The Trustees shall promptly call and give notice of a meeting of shareholders for the purpose of voting upon the removal of any Trustee when requested to do so in writing by shareholders holding 10% or more of the Trust's outstanding shares. The Trust will comply with the provisions of Section 16(c) of the 1940 Act in order to facilitate communications among shareholders.

On April 28, 2003, certain Funds of the Trust (each an "Acquiring Fund") were reorganized by acquiring a similar series of The Legends Fund, Inc. (each an "Acquired Fund") as listed below. Each Acquired Fund liquidated by transferring substantially all of its assets to the corresponding Acquiring Fund.

<TABLE> <CAPTION> ACQUIRING FUND <S>	ACQUIRED FUND <C>	ACCOUNTING SURVIVOR <C>
Eagle Capital Appreciation Fund	Harris Bretall Sullivan & Smith Equity Growth Portfolio	Harris Bretall Sullivan & Smith Equity Growth Portfolio

Eagle Capital Appreciation Fund	Touchstone Growth/Value Fund	Harris Bretall Sullivan & Smith Equity Growth Portfolio
Small Cap Value Fund	Third Avenue Value Portfolio	Third Avenue Value Portfolio
Money Market Fund - Class I	Touchstone Standby Income Fund	Money Market Fund Class I
Value Plus Fund	Gabelli Large Cap Value Portfolio	Value Plus Fund
Touchstone Baron Small Cap Fund	Legends Baron Small Cap Fund	Legends Baron Small Cap Fund

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On December 12, 2003, the Enhanced 30 Fund acquired each series of Separate Account 10 of Integrity Life Insurance Company, changed from a diversified to a non-diversified fund and changed its name to "Touchstone Enhanced Dividend 30 Fund."

Each share of a Fund represents an equal proportionate interest in the assets and liabilities belonging to that Fund with each other share of that Fund and is entitled to such dividends and distributions out of the income belonging to the Fund as are declared by the Trustees. The shares do not have cumulative voting rights or any preemptive or conversion rights, and the Trustees have the authority from time to time to divide or combine the shares of any Fund into a greater or lesser number of shares of that Fund so long as the proportionate beneficial interest in the assets belonging to that Fund and the rights of shares of any other Fund are in no way affected. In case of any liquidation of a Fund, the holders of shares of the Fund being liquidated will be entitled to receive as a class a distribution out of the assets, net of the liabilities, belonging to that Fund. Expenses attributable to any Fund are borne by that Fund. Any general expenses of the Trust not readily identifiable as belonging to a particular Fund are allocated by or under the direction of the Trustees in such manner as the Trustees determine to be fair and equitable. Generally, the Trustees allocate such expenses on the basis of relative net assets or number of shareholders. No shareholder is liable to further calls or to assessment by the Trust without his express consent.

Both Service Class and Class I shares of the Money Market Fund represent an interest in the same assets of the Fund, have the same rights and are identical in all material respects except that (i) each class of shares may bear different distribution fees; (ii) certain other class specific expenses will be borne solely by the class to which such expenses are attributable, including transfer agent fees attributable to a specific class of shares, printing and postage expenses related to preparing and distributing materials to current shareholders of a specific class, registration fees incurred by a specific class of shares, the expenses of administrative personnel and services required to support the shareholders of a specific class, litigation or other legal expenses relating to a class of shares, Trustees' fees or expenses incurred as a result of issues relating to a specific class of shares and accounting fees and expenses relating to a specific class of shares; (iii) each class has exclusive voting rights with respect to matters affecting only that class; and (vi) each class offers different features and services to shareholders. The Board of Trustees may classify and reclassify the shares of a Fund into additional classes of shares at a future date.

Under Massachusetts law, under certain circumstances, shareholders of a Massachusetts business trust could be deemed to have the same type of personal liability for the obligations of the Trust, as does a partner of a partnership. However, numerous investment companies registered under the 1940 Act have been formed as Massachusetts business trusts, and the Trust is not aware of an instance where such result has occurred. In addition, the Trust Agreement disclaims shareholder liability for acts or obligations of the Trust and also provides for the indemnification out of the Trust property for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Moreover, it provides that the Trust will, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Trust and satisfy any judgment thereon. As a result, and particularly because the Trust assets are readily marketable and ordinarily substantially exceed liabilities, management believes that the risk of shareholder liability is slight and limited to circumstances in which the Trust itself would be unable to meet its obligations. Management believes that, in view of the above, the risk of personal liability is remote. Upon payment of any liability incurred by the Trust, the shareholder paying the liability will be entitled to reimbursement from the general assets of the Trust. The Trustees intend to conduct the operations of the Trust in a manner so as to avoid, as far as possible, ultimate liability of the shareholders for liabilities of the Trust.

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The Prospectus, dated May 1, 2005, provides the basic information

investors should know before investing, and may be obtained without charge by calling the Trust at the telephone number listed on the cover. This SAI, which is not a prospectus, is intended to provide additional information regarding the activities and operations of the Trust and should be read in conjunction with the Prospectus. This SAI is not an offer of any Fund for which an investor has not received a Prospectus.

DESCRIPTION OF THE FUNDS AND THEIR INVESTMENTS AND RISKS

INVESTMENT GOALS

The investment goals of each Fund are described in the Prospectus. There can be no assurance that any Fund will achieve its investment goals.

INVESTMENT STRATEGIES AND RISKS (ALL FUNDS EXCEPT ETF FUNDS)

The following provides additional information about the investments of each Fund except the Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Enhanced ETF Fund (the "ETF Funds"). Information about the investments of the ETF Funds is in the section, "Investments by the ETF Funds."

FIXED-INCOME AND OTHER DEBT INSTRUMENT SECURITIES

Fixed-income and other debt instrument securities include all bonds, high yield or "junk" bonds, municipal bonds, debentures, U.S. Government securities, mortgage-related securities including government stripped mortgage-related securities, zero coupon securities and custodial receipts. The market value of fixed-income obligations of the Funds will be affected by general changes in interest rates that will result in increases or decreases in the value of the obligations held by the Funds. The market value of the obligations held by a Fund can be expected to vary inversely to changes in prevailing interest rates. As a result, shareholders should anticipate that the market value of the obligations held by the Fund generally will increase when prevailing interest rates are declining and generally will decrease when prevailing interest rates are rising. Shareholders also should recognize that, in periods of declining interest rates, a Fund's yield will tend to be somewhat higher than prevailing market rates and, in periods of rising interest rates, a Fund's yield will tend to be somewhat lower. Also, when interest rates are falling, the inflow of net new money to a Fund from the continuous sale of its shares will tend to be invested in instruments producing lower yields than the balance of its portfolio, thereby reducing the Fund's current yield. In periods of rising interest rates, the opposite can be expected to occur. In addition, securities in which a Fund may invest may not yield as high a level of current income as might be achieved by investing in securities with less liquidity, less creditworthiness or longer maturities.

Ratings made available by Standard & Poor's Rating Service ("S&P") and Moody's Investors Service, Inc. ("Moody's"), are relative and subjective and are not absolute standards of quality. Although these ratings are initial criteria for selection of portfolio investments, a Sub-Advisor also will make its own evaluation of these securities. Among the factors that will be considered is the long-term ability of the issuers to pay principal and interest and general economic trends.

Fixed-income securities may be purchased on a when-issued or delayed-delivery basis. See "When-Issued and Delayed-Delivery Securities" below.

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COMMERCIAL PAPER

Commercial paper consists of short-term (usually from 1 to 270 days) unsecured promissory notes issued by corporations in order to finance their current operations. A variable amount master demand note (which is a type of commercial paper) represents a direct borrowing arrangement involving periodically fluctuating rates of interest under a letter agreement between a commercial paper issuer and an institutional lender pursuant to which the lender may determine to invest varying amounts.

For a description of commercial paper ratings, see the Appendix.

SECTION 4(2) PAPER

Commercial paper issues which include securities issued by major corporations without registration under the Securities Act of 1933 Act (the "1933 Act") in reliance on the exemption from registration afforded by Section 3(a)(3) of the 1933 Act, and commercial paper issued in reliance on the private placement exemption from registration which is afforded by Section 4(2) of the 1933 Act (Section 4(2) paper). Section 4(2) paper is restricted as to disposition under the federal securities laws in that any resale must also be made through an exempt transaction. Section 4(2) paper is normally resold to other institutional investors through or with the assistance of investment dealers who make a market in Section 4(2) paper, thus providing liquidity.

Section 4(2) paper that is issued by a company that files reports under the Securities Exchange Act of 1934 is generally eligible to be sold in reliance on the safe harbor of Rule 144A described under "Illiquid Securities" below. The Funds' percentage limitations on investments in illiquid securities include Section 4(2) paper other than Section 4(2) paper that the Sub-Advisor has determined to be liquid pursuant to guidelines established by the Fund's Board of Trustees. The Board has delegated to the Sub-Advisors the function of making day-to-day determinations of liquidity with respect to Section 4(2) paper, pursuant to guidelines approved by the Board that require the Sub-Advisors to take into account the same factors described under "Illiquid Securities" below for other restricted securities and require the Sub-Advisors to perform the same monitoring and reporting functions.

MEDIUM AND LOWER RATED AND UNRATED SECURITIES

Securities rated in the fourth highest category by S&P or Moody's, BBB and Baa, respectively, although considered investment grade, may possess speculative characteristics, and changes in economic or other conditions are more likely to impair the ability of issuers of these securities to make interest and principal payments than is the case with respect to issuers of higher grade bonds.

Generally, medium or lower-rated securities and unrated securities of comparable quality, sometimes referred to as "junk bonds," offer a higher current yield than is offered by higher rated securities, but also (i) will likely have some quality and protective characteristics that, in the judgment of the rating organizations, are outweighed by large uncertainties or major risk exposures to adverse conditions and (ii) are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. The yield of junk bonds will fluctuate over time.

The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower-rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. Since the risk of default is higher for lower rated debt securities, the Sub-Advisor's research and credit analysis are an especially important part of managing securities of this type held by a Fund. In light of these risks, the Board of Trustees of the Trust has instructed the Sub-Advisor, in evaluating the creditworthiness of an issue, whether rated or unrated, to take various factors into consideration, which may include, as applicable, the issuer's financial resources, its sensitivity to economic conditions and trends, the operating history of and the community support for the facility financed by the issue, the ability of the issuer's management and regulatory matters.

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Lower-rated debt obligations also present risks based on payment expectations. If an issuer calls the obligation for redemption, a Fund may have to replace the security with a lower yielding security, resulting in a decreased return for shareholders. Also, as the principal value of bonds moves inversely with movements in interest rates, in the event of rising interest rates the value of the securities held by a Fund may decline relatively proportionately more than a portfolio consisting of higher rated securities. If a Fund experiences unexpected net redemptions, it may be forced to sell its higher rated bonds, resulting in a decline in the overall credit quality of the securities held by the Fund and increasing the exposure of the Fund to the risks of lower rated securities. Investments in zero coupon bonds may be more speculative and subject to greater fluctuations in value due to changes in interest rates than bonds that pay interest currently.

Subsequent to its purchase by a Fund, an issue of securities may cease to be rated or its rating may be reduced below the minimum required for purchase by the Fund. Neither event will require sale of these securities by the Fund, but the Sub-Advisor will consider this event in its determination of whether the Fund should continue to hold the securities.

While the market for high yield corporate debt securities has been in existence for many years and has weathered previous economic downturns, the 1980's brought a dramatic increase in the use of such securities to fund highly leveraged corporate acquisitions and restructuring. Past experience may not provide an accurate indication of future performance of the high yield bond market, especially during periods of economic recession. In fact, from 1989 to 1991, the percentage of lower-rated debt securities that defaulted rose significantly above prior levels.

In addition, the market value of securities in lower-rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower-rated or unrated securities are traded are more limited than

those in which higher rated securities are traded. The existence of limited markets may make it more difficult for the Funds to obtain accurate market quotations for purposes of valuing their respective portfolios and calculating their respective net asset values. Moreover, the lack of a liquid trading market may restrict the availability of securities for the Funds to purchase and may also have the effect of limiting the ability of a Fund to sell securities at their fair value either to meet redemption requests or to respond to changes in the economy or the financial markets. If market quotations are not available, lower-rated debt securities will be valued in accordance with procedures approved by the Board of Trustees, including the use of outside pricing services. Judgment plays a greater role in valuing high yield corporate debt securities than is the case for securities for which more external sources for quotations and last sale information is available. Adverse publicity and changing investor perception may affect the ability of outside pricing services to value lower-rated debt securities and the ability to dispose of these securities.

In considering investments for the Fund, the Sub-Advisor will attempt to identify those issuers of high yielding debt securities whose financial condition is adequate to meet future obligations, has improved or is expected to improve in the future. The Sub-Advisor's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects and the experience and managerial strength of the issuer.

The High Yield Fund invests primarily in non-investment grade debt securities. The Core Bond Fund, the Growth & Income Fund and the Balanced Fund may also invest in non-investment grade debt securities.

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The Third Avenue Value Fund may invest up to 35% of its total assets in lower-rated debt securities. Third Avenue Value Fund may also purchase or retain debt obligations of issuers not currently paying interest or in default (i.e., with a rating from Moody's of C or lower or S&P's of C1 or lower). In addition, the Fund may purchase securities of companies that have filed for protection under Chapter 11 of the United States Bankruptcy Code. Defaulted securities will be purchased or retained if, in the opinion of the Sub-Advisor, they may present an opportunity for subsequent price recovery, the issuer may resume payments, or other advantageous developments appear likely.

The Baron Small Cap Fund may invest up to 20% of its total assets in debt securities that are rated in the medium rating category or lowest rating category by S&P and Moody's. The Fund will rely on the Sub-Advisor's judgment, analysis and experience in evaluating debt securities. The Sub-Advisor believes that the difference between perceived risk and actual risk creates the opportunity for profit that can be realized through thorough analysis. Ratings by S&P and Moody's evaluate only the safety of principal and interest payments, not market value risk. Because the creditworthiness of an issuer may change more rapidly than can be timely reflected in changes in credit ratings, the Sub-Advisor monitors the issuers of corporate debt securities held in the Fund's portfolio. The credit ratings assigned by a rating agency to a security are not considered by the Sub-Advisor in selecting a security. The Sub-Advisor examines the intrinsic value of a security in light of market conditions and the underlying fundamental values. Because of the nature of medium and lower rated corporate debt securities, achievement by the Fund of its investment objective when investing in such securities is dependent on the credit analysis of the Sub-Advisor. The Sub-Advisor could be wrong in its analysis. If the Fund purchased primarily higher rated debt securities, risks would be substantially reduced.

ILLIQUID SECURITIES

Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the 1933 Act, securities, which are otherwise not readily marketable, and repurchase agreements having a maturity of longer than seven days. Securities, which have not been registered under the 1933 Act, are referred to as "private placements" or "restricted securities" and are purchased directly from the issuer or in the secondary market. Investment companies do not typically hold a significant amount of these restricted securities or other illiquid securities because of the potential for delays on resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and an investment company might be unable to dispose of restricted or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions within seven days. An investment company might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

In recent years, however, a large institutional market has developed for certain securities that are not registered under the 1933 Act, including repurchase agreements, commercial paper, foreign securities, municipal

securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale of such investments to the general public or to certain institutions may not be indicative of their liquidity.

The SEC has adopted Rule 144A, which allows a broader institutional trading market for securities otherwise subject to restriction on their resale to the general public. Rule 144A establishes a "safe harbor" from the registration requirements of the 1933 Act on resales of certain securities to qualified institutional buyers. The Advisor anticipates that the market for certain restricted securities such as institutional commercial paper will expand further as a result of this regulation and the development of automated systems for the trading, clearance and settlement of unregistered securities of domestic and foreign issuers, such as the PORTAL System sponsored by the National Association of Securities Dealers, Inc.

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Each Sub-Advisor will monitor the liquidity of Rule 144A securities in each Fund's portfolio under the supervision of the Board of Trustees. In reaching liquidity decisions, the Sub-Advisor will consider, among other things, the following factors: (1) the frequency of trades and quotes for the security; (2) the number of dealers and other potential purchasers wishing to purchase or sell the security; (3) dealer undertakings to make a market in the security and (4) the nature of the security and of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer).

RELATED INVESTMENT POLICIES

No Fund may invest more than 15% of its net assets in securities that are illiquid or otherwise not readily marketable. The Money Market Fund and the Eagle Capital Appreciation Fund may not invest more than 10% of its net assets in such securities. If a security becomes illiquid after purchase by the Fund, the Fund will normally sell the security unless it would not be in the best interests of shareholders to do so.

Each Fund may purchase securities in the United States that are not registered for sale under federal securities laws but which can be resold to institutions under SEC Rule 144A or under an exemption from such laws. Provided that a dealer or institutional trading market in such securities exists, these restricted securities or Rule 144A securities are treated as exempt from the Fund's 15% (10% in the case of the Money Market Fund and the Eagle Capital Appreciation Fund) limit on illiquid securities. The Board of Trustees of the Trust, with advice and information from the respective Sub-Advisor, will determine the liquidity of restricted securities or Rule 144A securities by looking at factors such as trading activity and the availability of reliable price information and, through reports from such Sub-Advisor, the Board of Trustees of the Trust will monitor trading activity in restricted securities. If institutional trading in restricted securities or Rule 144A securities were to decline, a Fund's illiquidity could be increased and the Fund could be adversely affected.

No Fund will invest more than 10% of its total assets in restricted securities (excluding Rule 144A securities).

FOREIGN SECURITIES

Investing in securities issued by foreign companies and governments involves considerations and potential risks not typically associated with investing in obligations issued by the U.S. government and domestic corporations. Less information may be available about foreign companies than about domestic companies and foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to domestic companies. The values of foreign investments are affected by changes in currency rates or exchange control regulations, restrictions or prohibitions on the repatriation of foreign currencies, application of foreign tax laws, including withholding taxes, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. Costs are also incurred in connection with conversions between various currencies. In addition, foreign brokerage commissions and custody fees are generally higher than those charged in the United States, and foreign securities markets may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in foreign countries could be affected by other factors not present in the United States, including expropriation, confiscatory taxation, lack of uniform accounting and auditing standards and potential difficulties in enforcing contractual obligations and could be subject to extended clearance and settlement periods.

The Baron Small Cap Fund and the Third Avenue Value Fund may invest up to 10% and 25%, respectively, of total assets at the time of purchase in the securities of foreign issuers, including Emerging Market Securities.

EMERGING MARKET SECURITIES

Emerging Market Securities are securities that are issued by a company that (i) is organized under the laws of an emerging market country (any country other than Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, Luxembourg, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States, (ii) has its principal trading market for its stock in an emerging market country, or (iii) derives at least 50% of its revenues or profits from corporations within emerging market countries or has at least 50% of its assets located in emerging market countries.

The following Funds may invest in Emerging Market Securities:

Third Avenue Value - up to 25% of total assets,
 Baron Small Cap Fund - up to 10% of total assets,
 Emerging Growth Fund - up to 10% of total assets,
 Balanced Fund - up to 15% of total assets, and
 High Yield Fund - up to 10% of total assets.

Investments in securities of issuers based in underdeveloped countries entail all of the risks of investing in foreign issuers outlined in this section to a heightened degree. These heightened risks include: (i) expropriation, confiscatory taxation, nationalization, and less social, political and economic stability; (ii) the smaller size of the market for such securities and a low or nonexistent volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict a Fund's investment opportunities including restrictions on investing in issuers in industries deemed sensitive to relevant national interests; and (iv) the absence of developed capital markets and legal structures governing private or foreign investment and private property and the possibility that recent favorable economic and political developments could be slowed or reversed by unanticipated events.

CURRENCY EXCHANGE RATES

A Fund's share value may change significantly when the currencies, other than the U.S. dollar, in which the Fund's investments are denominated strengthen or weaken against the U.S. dollar. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by U.S. or foreign governments or central banks or by currency controls or political developments in the United States or abroad.

OPTIONS

The Baron Small Cap Fund will attempt to limit losses from all options transactions to 5% of its average net assets per year, or cease options transactions until in compliance with the 5% limitation, but there can be no absolute assurance of adherence to these limits.

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OPTIONS ON SECURITIES

The respective Funds may write (sell), to a limited extent, only covered call and put options ("covered options") in an attempt to increase income. However, the Fund may forgo the benefits of appreciation on securities sold or may pay more than the market price on securities acquired pursuant to call and put options written by the Fund.

When a Fund writes a covered call option, it gives the purchaser of the option the right to buy the underlying security at the price specified in the option (the "exercise price") by exercising the option at any time during the option period. If the option expires unexercised, the Fund will realize income in an amount equal to the premium received for writing the option. If the option is exercised, a decision over which the Fund has no control, the Fund must sell the underlying security to the option holder at the exercise price. By writing a covered call option, the Fund forgoes, in exchange for the premium less the commission ("net premium"), the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price.

When a Fund writes a covered put option, it gives the purchaser of the

option the right to sell the underlying security to the Fund at the specified exercise price at any time during the option period. If the option expires unexercised, the Fund will realize income in the amount of the premium received for writing the option. If the put option is exercised, a decision over which the Fund has no control, the Fund must purchase the underlying security from the option holder at the exercise price. By writing a covered put option, the Fund, in exchange for the net premium received, accepts the risk of a decline in the market value of the underlying security below the exercise price.

A Fund may terminate its obligation as the writer of a call or put option by purchasing an option with the same exercise price and expiration date as the option previously written. This transaction is called a "closing purchase transaction." Where the Fund cannot effect a closing purchase transaction, it may be forced to incur brokerage commissions or dealer spreads in selling securities it receives or it may be forced to hold underlying securities until an option is exercised or expires.

When a Fund writes an option, an amount equal to the net premium received by the Fund is included in the liability section of the Fund's Statement of Assets and Liabilities as a deferred credit. The amount of the deferred credit will be subsequently marked to market to reflect the current market value of the option written. The current market value of a traded option is the last sale price or, in the absence of a sale, the mean between the closing bid and asked price. If an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, the Fund will realize a gain (or loss if the cost of a closing purchase transaction exceeds the premium received when the option was sold), and the deferred credit related to such option will be eliminated. If a call option is exercised, the Fund will realize a gain or loss from the sale of the underlying security and the proceeds of the sale will be increased by the premium originally received. The writing of covered call options may be deemed to involve the pledge of the securities against which the option is being written.

When a Fund writes a call option, it will "cover" its obligation by segregating the underlying security on the books of the Fund's custodian or by placing liquid securities in a segregated account at the Fund's custodian. When a Fund writes a put option, it will "cover" its obligation by placing liquid securities in a segregated account at the Fund's custodian.

A Fund may purchase call and put options on any securities in which it may invest. The Fund would normally purchase a call option in anticipation of an increase in the market value of such securities. The purchase of a call option would entitle the Fund, in exchange for the premium paid, to purchase a security at a specified price during the option period. The Fund would ordinarily have a gain if the value of the securities increased above the exercise price sufficiently to cover the premium and would have a loss if the value of the securities remained at or below the exercise price during the option period.

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A Fund would normally purchase put options in anticipation of a decline in the market value of securities in its portfolio ("protective puts") or securities of the type in which it is permitted to invest. The purchase of a put option would entitle the Fund, in exchange for the premium paid, to sell a security, which may or may not be held in the Fund's portfolio, at a specified price during the option period. The purchase of protective puts is designed merely to offset or hedge against a decline in the market value of the Fund's portfolio securities. Put options also may be purchased by the Fund for the purpose of affirmatively benefiting from a decline in the price of securities which the Fund does not own. The Fund would ordinarily recognize a gain if the value of the securities decreased below the exercise price sufficiently to cover the premium and would recognize a loss if the value of the securities remained at or above the exercise price. Gains and losses on the purchase of protective put options would tend to be offset by countervailing changes in the value of underlying portfolio securities.

Each Fund has adopted certain other nonfundamental policies concerning option transactions that are discussed below.

The hours of trading for options on securities may not conform to the hours during which the underlying securities are traded. To the extent that the option markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying securities markets that cannot be reflected in the option markets. It is impossible to predict the volume of trading that may exist in such options, and there can be no assurance that viable exchange markets will develop or continue.

A Fund may engage in over-the-counter options transactions with broker-dealers who make markets in these options. At present, approximately ten broker-dealers, including several of the largest primary dealers in U.S. Government securities, make these markets. The ability to terminate over-the-counter option positions is more limited than with exchange-traded option positions because the predominant market is the issuing broker rather

than an exchange, and may involve the risk that broker-dealers participating in such transactions will not fulfill their obligations. To reduce this risk, the Fund will purchase such options only from broker-dealers who are primary government securities dealers recognized by the Federal Reserve Bank of New York and who agree to (and are expected to be capable of) entering into closing transactions, although there can be no guarantee that any such option will be liquidated at a favorable price prior to expiration. The Sub-Advisor will monitor the creditworthiness of dealers with whom a Fund enters into such options transactions under the general supervision of the Board of Trustees.

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RELATED INVESTMENT POLICIES

Each Fund that invests in equity securities may write or purchase options on stocks. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying stock at the exercise price at any time during the option period. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy the underlying stock at the exercise price at any time during the option period. A covered call option with respect to which a Fund owns the underlying stock sold by the Fund exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying stock or to possible continued holding of a stock which might otherwise have been sold to protect against depreciation in the market price of the stock. A covered put option sold by a Fund exposes the Fund during the term of the option to a decline in price of the underlying stock.

To close out a position when writing covered options, a Fund may make a "closing purchase transaction" which involves purchasing an option on the same stock with the same exercise price and expiration date as the option which it has previously written on the stock. The Fund will realize a profit or loss for a closing purchase transaction if the amount paid to purchase an option is less or more, as the case may be, than the amount received from the sale thereof. To close out a position as a purchaser of an option, the Fund may make a "closing sale transaction" which involves liquidating the Fund's position by selling the option previously purchased.

OPTIONS ON SECURITIES INDEXES

Such options give the holder the right to receive a cash settlement during the term of the option based upon the difference between the exercise price and the value of the index. Such options will be used for the purposes described above under "Options on Securities" or, to the extent allowed by law, as a substitute for investment in individual securities.

Options on securities indexes entail risks in addition to the risks of options on securities. The absence of a liquid secondary market to close out options positions on securities indexes is more likely to occur, although the Fund generally will only purchase or write such an option if the Sub-Advisor believes the option can be closed out.

Use of options on securities indexes also entails the risk that trading in such options may be interrupted if trading in certain securities included in the index is interrupted. A Fund will not purchase such options unless the Advisor and the respective Fund Sub-Advisor each believes the market is sufficiently developed such that the risk of trading in such options is no greater than the risk of trading in options on securities.

Price movements in a Fund's portfolio may not correlate precisely with movements in the level of an index and, therefore, the use of options on indexes cannot serve as a complete hedge. Because options on securities indexes require settlement in cash, the Sub-Advisor may be forced to liquidate portfolio securities to meet settlement obligations.

When a Fund writes a put or call option on a securities index it will cover the position by placing liquid securities in a segregated asset account with the Fund's custodian.

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Options on securities indexes are generally similar to options on stock except that the delivery requirements are different. Instead of giving the right to take or make delivery of stock at a specified price, an option on a security index gives the holders the right to receive a cash "exercise settlement amount" equal to (a) the amount, if any, by which the fixed exercise price of the option exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying index on the date of the exercise, multiplied by (b) a fixed "index multiplier." Receipt of this cash amount will depend upon the closing level of the index upon which the option is based being greater than, in the case of a call, or less than, in the case of a put, the exercise price of

the option. The amount of cash received will be equal to such difference between the closing price of the index and the exercise price of the option expressed in dollars or a foreign currency, as the case may be, times a specified multiple. The writer of the option is obligated, in return for the premium received, to make delivery of this amount. The writer may offset its position in securities index options prior to expiration by entering into a closing transaction on an exchange or the option may expire unexercised.

Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether the Fund will realize a gain or loss from the purchase or writing of options on an index depends upon movements in the level of securities prices in the market generally or, in the case of certain indexes, in an industry or market segment, rather than movements in price of a particular security. Accordingly, successful use by a Fund of options on security indexes will be subject to the Sub-Advisor's ability to predict correctly movement in the direction of that securities market generally or of a particular industry. This requires different skills and techniques than predicting changes in the price of individual securities.

RELATED INVESTMENT POLICIES

Each Fund may purchase and write put and call options on securities indexes listed on domestic and, in the case of those Funds which may invest in foreign securities, on foreign exchanges. A securities index fluctuates with changes in the market values of the securities included in the index.

OPTIONS ON FOREIGN CURRENCIES

Options on foreign currencies are used for hedging purposes in a manner similar to that in which futures contracts on foreign currencies, or forward contracts, are utilized. For example, a decline in the dollar value of a foreign currency in which portfolio securities are denominated will reduce the dollar value of such securities, even if their value in the foreign currency remains constant. In order to protect against such diminutions in the value of portfolio securities, the Fund may purchase put options on the foreign currency. If the value of the currency does decline, a Fund will have the right to sell such currency for a fixed amount in dollars and will thereby offset, in whole or in part, the adverse effect on its portfolio which otherwise would have resulted.

Conversely, where a rise in the dollar value of a currency in which securities to be acquired are denominated is projected, thereby increasing the cost of such securities, the Fund may purchase call options thereon. The purchase of such options could offset, at least partially, the effects of the adverse movements in exchange rates. As in the case of other types of options, however, the benefit to the Fund derived from purchases of foreign currency options will be reduced by the amount of the premium and related transaction costs. In addition, where currency exchange rates do not move in the direction or to the extent anticipated, the Fund could sustain losses on transactions in foreign currency options that would require it to forego a portion or all of the benefits of advantageous changes in such rates.

Options on foreign currencies may be written for the same types of hedging purposes. For example, where a Fund anticipates a decline in the dollar value of foreign currency denominated securities due to adverse fluctuations in exchange rates; it could, instead of purchasing a put option, write a call option on the relevant currency. If the expected decline occurs, the options will most likely not be exercised, and the diminution in value of portfolio securities will be offset by the amount of the premium received.

Similarly, instead of purchasing a call option to hedge against an anticipated increase in the dollar cost of securities to be acquired, the Fund could write a put option on the relevant currency, which, if rates move in the manner projected, will expire, unexercised and allow the Fund to hedge such increased cost up to the amount of the premium. As in the case of other types of options, however, the writing of a foreign currency option will constitute only a partial hedge up to the amount of the premium, and only if rates move in the expected direction. If this does not occur, the option may be exercised and the Fund would be required to purchase or sell the underlying currency at a loss that may not be offset by the amount of the premium. Through the writing of options on foreign currencies, the Fund also may be required to forego all or a portion of the benefits that might otherwise have been obtained from favorable movements in exchange rates.

Certain Funds intend to write covered call options on foreign currencies. A call option written on a foreign currency by a Fund is "covered" if the Fund owns the underlying foreign currency covered by the call or has an absolute and immediate right to acquire that foreign currency without additional cash consideration (or for additional cash consideration held in a segregated account by its custodian) upon conversion or exchange of other foreign currency held in its portfolio. A call option is also covered if the Fund has a call on the same foreign currency and in the same principal amount as the call written where the

exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by the Fund in cash and liquid securities in a segregated account with its custodian.

Certain Funds also intend to write call options on foreign currencies that are not covered for cross-hedging purposes. A call option on a foreign currency is for cross-hedging purposes if it is not covered, but is designed to provide a hedge against a decline in the U.S. dollar value of a security which the Fund owns or has the right to acquire and which is denominated in the currency underlying the option due to an adverse change in the exchange rate. In such circumstances, the Fund collateralizes the option by maintaining in a segregated account with its custodian, cash or liquid securities in an amount not less than the value of the underlying foreign currency in U.S. dollars marked to market daily.

RELATED INVESTMENT POLICIES

Each Fund that may invest in foreign securities may write covered put and call options and purchase put and call options on foreign currencies for the purpose of protecting against declines in the dollar value of portfolio securities and against increases in the dollar cost of securities to be acquired. The Fund may use options on currency to cross-hedge, which involves writing or purchasing options on one currency to hedge against changes in exchange rates for a different, but related currency. As with other types of options, however, the writing of an option on foreign currency will constitute only a partial hedge up to the amount of the premium received, and the Fund could be required to purchase or sell foreign currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on foreign currency may be used to hedge against fluctuations in exchange rates although, in the event of exchange rate movements adverse to the Fund's position, it may not forfeit the entire amount of the premium plus related transaction costs. In addition, the Fund may purchase call options on currency when the Sub-Advisor anticipates that the currency will appreciate in value.

There is no assurance that a liquid secondary market on an options exchange will exist for any particular option, or at any particular time. If the Fund is unable to effect a closing purchase transaction with respect to covered options it has written, the Fund will not be able to sell the underlying currency or dispose of assets held in a segregated account until the options expire. Similarly, if the Fund were unable to effect a closing sale transaction with respect to options it has purchased, it would have to exercise the options in order to realize any profit and will incur transaction costs upon the purchase or sale of underlying currency. The Fund pays brokerage commissions or spreads in connection with its options transactions.

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As in the case of forward contracts, certain options on foreign currencies are traded over-the-counter and involve liquidity and credit risks that may not be present in the case of exchange-traded currency options. The Fund's ability to terminate over-the-counter options ("OTC Options") will be more limited than the exchange-traded options. It is also possible that broker-dealers participating in OTC Options transactions will not fulfill their obligations. Until such time as the staff of the SEC changes its position, the Fund will treat purchased OTC Options and assets used to cover written OTC Options as illiquid securities. With respect to options written with primary dealers in U.S. Government securities pursuant to an agreement requiring a closing purchase transaction at a formula price, the amount of illiquid securities may be calculated with reference to the repurchase formula.

FORWARD CURRENCY CONTRACTS

Because, when investing in foreign securities, a Fund buys and sells securities denominated in currencies other than the U.S. dollar and receives interest, dividends and sale proceeds in currencies other than the U.S. dollar, such Funds from time to time may enter into forward currency transactions to convert to and from different foreign currencies and to convert foreign currencies to and from the U.S. dollar. A Fund either enters into these transactions on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or uses forward currency contracts to purchase or sell foreign currencies.

A forward currency contract is an obligation by a Fund to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract. Forward currency contracts establish an exchange rate at a future date. These contracts are transferable in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. A forward currency contract generally has no deposit requirement and is traded at a net price without commission. Each Fund maintains with its custodian a segregated account of liquid securities in an amount at least equal to its obligations under each forward currency contract. Neither spot transactions nor forward currency contracts eliminate fluctuations in the

prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline.

A Fund may enter into foreign currency hedging transactions in an attempt to protect against changes in foreign currency exchange rates between the trade and settlement dates of specific securities transactions or changes in foreign currency exchange rates that would adversely affect a portfolio position or an anticipated investment position. Since consideration of the prospect for currency parities will be incorporated into a Sub-Advisor's long-term investment decisions, a Fund will not routinely enter into foreign currency hedging transactions with respect to security transactions; however, the Sub-Advisors believe that it is important to have the flexibility to enter into foreign currency hedging transactions when it determines that the transactions would be in a Fund's best interest. Although these transactions tend to minimize the risk of loss due to a decline in the value of the hedged currency, at the same time they tend to limit any potential gain that might be realized should the value of the hedged currency increase. The precise matching of the forward currency contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of such securities between the date the forward currency contract is entered into and the date it matures. The projection of currency market movements is extremely difficult, and the successful execution of a hedging strategy is highly uncertain.

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While these contracts are not presently regulated by the Commodity Futures Trading Commission ("CFTC"), the CFTC may in the future assert authority to regulate forward currency contracts. In such event the Fund's ability to utilize forward currency contracts in the manner set forth in the Prospectus may be restricted. Forward currency contracts may reduce the potential gain from a positive change in the relationship between the U.S. dollar and foreign currencies. Unanticipated changes in currency prices may result in poorer overall performance for the Fund than if it had not entered into such contracts. The use of forward currency contracts may not eliminate fluctuations in the underlying U.S. dollar equivalent value of the prices of or rates of return on a Fund's foreign currency denominated portfolio securities and the use of such techniques will subject a Fund to certain risks.

The matching of the increase in value of a forward currency contract and the decline in the U.S. dollar equivalent value of the foreign currency denominated asset that is the subject of the hedge generally will not be precise. In addition, a Fund may not always be able to enter into forward currency contracts at attractive prices and this will limit the Fund's ability to use such contract to hedge or cross-hedge its assets. Also, with regard to a Fund's use of cross-hedges, there can be no assurance that historical correlations between the movements of certain foreign currencies relative to the U.S. dollar will continue. Thus, at any time poor correlation may exist between movements in the exchange rates of the foreign currencies underlying a Fund's cross-hedges and the movements in the exchange rates of the foreign currencies in which the Fund's assets that are the subject of such cross-hedges are denominated.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

The successful use of such instruments draws upon the Sub-Advisor's skill and experience with respect to such instruments and usually depends on the Sub-Advisor's ability to forecast interest rate and currency exchange rate movements correctly. Should interest or exchange rates move in an unexpected manner, a Fund may not achieve the anticipated benefits of futures contracts or options on futures contracts or may realize losses and thus will be in a worse position than if such strategies had not been used. In addition, the correlation between movements in the price of futures contracts or options on futures contracts and movements in the price of the securities and currencies hedged or used for cover will not be perfect and could produce unanticipated losses.

FUTURES CONTRACTS

A Fund may enter into contracts for the purchase or sale for future delivery of fixed-income securities or foreign currencies, or contracts based on financial indexes including any index of U.S. Government securities, foreign government securities or corporate debt securities. U.S. futures contracts have been designed by exchanges which have been designated "contracts markets" by the CFTC, and must be executed through a futures commission merchant, or brokerage firm, which is a member of the relevant contract market. Futures contracts trade on a number of exchange markets, and, through their clearing corporations, the exchanges guarantee performance of the contracts as between the clearing members of the exchange. A Fund may enter into futures contracts which are based on debt securities that are backed by the full faith and credit of the U.S. Government, such as long-term U.S. Treasury Bonds, Treasury Notes, Government National Mortgage Association ("GNMA") modified pass-through mortgage-backed securities and three-month U.S. Treasury Bills. A Fund may also enter into futures contracts that are based on bonds issued by entities other than the U.S.

At the same time a futures contract is purchased or sold, the Fund must allocate cash or securities as a deposit payment ("initial deposit"). It is expected that the initial deposit would be approximately 1 1/2% to 5% of a contract's face value. Daily thereafter, the futures contract is valued and the payment of "variation margin" may be required, since each day the Fund would provide or receive cash that reflects any decline or increase in the contract's value.

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At the time of delivery of securities pursuant to such a contract, adjustments are made to recognize differences in value arising from the delivery of securities with a different interest rate from that specified in the contract. In some (but not many) cases, securities called for by a futures contract may not have been issued when the contract was written.

Although futures contracts by their terms call for the actual delivery or acquisition of securities, in most cases the contractual obligation is fulfilled before the date of the contract without having to make or take delivery of the securities. The offsetting of a contractual obligation is accomplished by buying (or selling, as the case may be) on a commodities exchange an identical futures contract calling for delivery in the same month. Such a transaction, which is effected through a member of an exchange, cancels the obligation to make or take delivery of the securities. Since all transactions in the futures market are made, offset or fulfilled through a clearinghouse associated with the exchange on which the contracts are traded, the Fund will incur brokerage fees when it purchases or sells futures contracts.

The purpose of the acquisition or sale of a futures contract, in the case of a Fund which holds or intends to acquire fixed-income securities, is to attempt to protect the Fund from fluctuations in interest or foreign exchange rates without actually buying or selling fixed-income securities or foreign currencies. For example, if interest rates were expected to increase, the Fund might enter into futures contracts for the sale of debt securities. Such a sale would have much the same effect as selling an equivalent value of the debt securities owned by the Fund. If interest rates did increase, the value of the debt security in the Fund would decline, but the value of the futures contracts to the Fund would increase at approximately the same rate, thereby keeping the net asset value of the Fund from declining as much as it otherwise would have. The Fund could accomplish similar results by selling debt securities and investing in bonds with short maturities when interest rates are expected to increase. However, since the futures market is more liquid than the cash market, the use of futures contracts as an investment technique allows the Fund to maintain a defensive position without having to sell its portfolio securities.

Similarly, when it is expected that interest rates may decline, futures contracts may be purchased to attempt to hedge against anticipated purchases of debt securities at higher prices. Since the fluctuations in the value of futures contracts should be similar to those of debt securities, a Fund could take advantage of the anticipated rise in the value of debt securities without actually buying them until the market had stabilized. At that time, the futures contracts could be liquidated and the Fund could then buy debt securities on the cash market.

When a Fund enters into a futures contract for any purpose, the Fund will establish a segregated account with the Fund's custodian to collateralize or "cover" the Fund's obligation consisting of cash or liquid securities from its portfolio in an amount equal to the difference between the fluctuating market value of such futures contracts and the aggregate value of the initial and variation margin payments made by the Fund with respect to such futures contracts.

The ordinary spreads between prices in the cash and futures market, due to differences in the nature of those markets, are subject to distortions. First, all participants in the futures market are subject to initial deposit and variation margin requirements. Rather than meeting additional variation margin requirements, investors may close futures contracts through offsetting transactions that could distort the normal relationship between the cash and futures markets. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortion. Third, from the point of view of speculators, the margin deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market may cause temporary price distortions. Due to the possibility of distortion, a correct forecast of general interest rate trends by the Sub-Advisor may still not result in a successful transaction.

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In addition, futures contracts entail risks. Although each applicable Sub-Advisor believes that use of such contracts will benefit the respective Fund, if the Sub-Advisor's investment judgment about the general direction of interest rates is incorrect, a Fund's overall performance would be poorer than if it had not entered into any such contract. For example, if a Fund has hedged against the possibility of an increase in interest rates which would adversely affect the price of debt securities held in its portfolio and interest rates decrease instead, the Fund will lose part or all of the benefit of the increased value of its debt securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if a Fund has insufficient cash, it may have to sell debt securities from its portfolio to meet daily variation margin requirements. Such sales of bonds may be, but will not necessarily be, at increased prices that reflect the rising market. A Fund may have to sell securities at a time when it may be disadvantageous to do so.

OPTIONS ON FUTURES CONTRACTS

Each Fund may purchase and write options on futures contracts for hedging purposes. The purchase of a call option on a futures contract is similar in some respects to the purchase of a call option on an individual security. Depending on the pricing of the option compared to either the price of the futures contract upon which it is based or the price of the underlying debt securities, it may or may not be less risky than ownership of the futures contract or underlying debt securities. As with the purchase of futures contracts, when a Fund is not fully invested it may purchase a call option on a futures contract to hedge against a market advance due to declining interest rates.

The writing of a call option on a futures contract constitutes a partial hedge against declining prices of the security or foreign currency that is deliverable upon exercise of the futures contract. If the futures price at expiration of the option is below the exercise price, a Fund will retain the full amount of the option premium, which provides a partial hedge against any decline that may have occurred in the Fund's portfolio holdings. The writing of a put option on a futures contract constitutes a partial hedge against increasing prices of the security or foreign currency, which is deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Fund will retain the full amount of the option premium, which provides a partial hedge against any increase in the price of securities that the Fund intends to purchase. If a put or call option the Fund has written is exercised, the Fund will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, the Fund's losses from existing options on futures may to some extent be reduced or increased by changes in the value of portfolio securities.

The purchase of a put option on a futures contract is similar in some respects to the purchase of protective put options on portfolio securities. For example, a Fund may purchase a put option on a futures contract to hedge its portfolio against the risk of rising interest rates.

The amount of risk a Fund assumes when it purchases an option on a futures contract is the premium paid for the option plus related transaction costs. In addition to the correlation risks discussed above, the purchase of an option also entails the risk that changes in the value of the underlying futures contract will not be fully reflected in the value of the option purchased.

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The Fund will not enter into any futures contracts or options on futures contracts if immediately thereafter the amount of margin deposits on all the futures contracts of the Fund and premiums paid on outstanding options on futures contracts owned by the Fund would exceed 5% of the market value of the total assets of the Fund.

ADDITIONAL RISKS OF OPTIONS ON FUTURES CONTRACTS, FORWARD CONTRACTS AND OPTIONS ON FOREIGN CURRENCIES

Unlike transactions entered into by a Fund in futures contracts, options on foreign currencies and forward contracts are not traded on contract markets regulated by the CFTC or (with the exception of certain foreign currency options) by the SEC. To the contrary, such instruments are traded through financial institutions acting as market-makers, although foreign currency options are also traded on certain national securities exchanges, such as the Philadelphia Stock Exchange and the Chicago Board Options Exchange, subject to SEC regulation. Similarly, options on currencies may be traded over-the-counter. In an over-the-counter trading environment, many of the protections afforded to exchange participants will not be available. For example, there are no daily price fluctuation limits, and adverse market movements could therefore continue to an unlimited extent over a period of time. Although the purchaser of an option cannot lose more than the amount of the premium plus related transaction costs, this entire amount could be lost. Moreover, the option writer and a

trader of forward contracts could lose amounts substantially in excess of their initial investments, due to the margin and collateral requirements associated with such positions.

Options on foreign currencies traded on national securities exchanges are within the jurisdiction of the SEC, as are other securities traded on such exchanges. As a result, many of the protections provided to traders on organized exchanges will be available with respect to such transactions. In particular, all foreign currency option positions entered into on a national securities exchange are cleared and guaranteed by the Options Clearing Corporation ("OCC"), thereby reducing the risk of counterparty default. Further, a liquid secondary market in options traded on a national securities exchange may be more readily available than in the over-the-counter market, potentially permitting a Fund to liquidate open positions at a profit prior to exercise or expiration, or to limit losses in the event of adverse market movements.

The purchase and sale of exchange-traded foreign currency options, however, is subject to the risks of the availability of a liquid secondary market described above, as well as the risks regarding adverse market movements, margining of options written, the nature of the foreign currency market, possible intervention by governmental authorities and the effects of other political and economic events. In addition, exchange-traded options on foreign currencies involve certain risks not presented by the over-the-counter market. For example, exercise and settlement of such options must be made exclusively through the OCC, which has established banking relationships in applicable foreign countries for this purpose. As a result, the OCC may, if it determines that foreign governmental restrictions or taxes would prevent the orderly settlement of foreign currency option exercises, or would result in undue burdens on the OCC or its clearing member, impose special procedures on exercise and settlement, such as technical changes in the mechanics of delivery of currency, the fixing of dollar settlement prices or prohibitions on exercise.

As in the case of forward contracts, certain options on foreign currencies are traded over-the-counter and involve liquidity and credit risks that may not be present in the case of exchange-traded currency options. A Fund's ability to terminate over-the-counter options will be more limited than with exchange-traded options. It is also possible that broker-dealers participating in over-the-counter options transactions will not fulfill their obligations. Until such time as the staff of the SEC changes its position, each Fund will treat purchased over-the-counter options and assets used to cover written over-the-counter options as illiquid securities. With respect to options written with primary dealers in U.S. Government securities pursuant to an agreement requiring a closing purchase transaction at a formula price, the amount of illiquid securities may be calculated with reference to the repurchase formula.

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In addition, futures contracts, options on futures contracts, forward contracts and options on foreign currencies may be traded on foreign exchanges. Such transactions are subject to the risk of governmental actions affecting trading in or the prices of foreign currencies or securities. The value of such positions also could be adversely affected by: (i) other complex foreign political and economic factors; (ii) lesser availability than in the United States of data on which to make trading decisions; (iii) delays in the Fund's ability to act upon economic events occurring in foreign markets during nonbusiness hours in the United States; (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States; and (v) lesser trading volume.

FUTURES CONTRACTS AND RELATED OPTIONS

Each Fund may enter into futures contracts and purchase and write (sell) options on these contracts, including but not limited to interest rate, securities index and foreign currency futures contracts and put and call options on these futures contracts. These contracts will be entered into only upon the agreement of the Fund Sub-Advisor that such contracts are necessary or appropriate in the management of the Fund's assets. These contracts will be entered into on exchanges designated by the Commodity Futures Trading Commission ("CFTC") or, consistent with CFTC regulations, on foreign exchanges. These transactions may be entered into for bona fide hedging and other permissible risk management purposes including protecting against anticipated changes in the value of securities a Fund intends to purchase.

No Fund will hedge more than 25% of its total assets by selling futures, buying puts, and writing calls under normal conditions. In addition, no Fund will buy futures or write puts whose underlying value exceeds 25% of its total assets, and no Fund will buy calls with a value exceeding 5% of its total assets.

Each Fund, except the Third Avenue Value Fund and the Baron Small Cap Fund, will not enter into futures contracts and related options for which the aggregate initial margin and premiums exceed 5% of the fair market value of the Fund's assets after taking into account unrealized profits and unrealized losses on any contracts it has entered into.

A Fund may lose the expected benefit of these futures or options transactions and may incur losses if the prices of the underlying commodities move in an unanticipated manner. In addition, changes in the value of the Fund's futures and options positions may not prove to be perfectly or even highly correlated with changes in the value of its portfolio securities. Successful use of futures and related options is subject to a Fund Sub-Advisor's ability to predict correctly movements in the direction of the securities markets generally, which ability may require different skills and techniques than predicting changes in the prices of individual securities. Moreover, futures and options contracts may only be closed out by entering into offsetting transactions on the exchange where the position was entered into (or a linked exchange), and as a result of daily price fluctuation limits there can be no assurance that an offsetting transaction could be entered into at an advantageous price at any particular time. Consequently, a Fund may realize a loss on a futures contract or option that is not offset by an increase in the value of its portfolio securities that are being hedged or a Fund may not be able to close a futures or options position without incurring a loss in the event of adverse price movements.

CERTIFICATES OF DEPOSIT, BANKERS' ACCEPTANCES AND TIME DEPOSITS

Certificates of deposit are receipts issued by a depository institution in exchange for the deposit of funds. The issuer agrees to pay the amount deposited plus interest to the bearer of the receipt on the date specified on the certificate. The certificate usually can be traded in the secondary market prior to maturity. Bankers' acceptances typically arise from short-term credit arrangements designed to enable businesses to obtain funds to finance commercial transactions. Generally, an acceptance is a time draft drawn on a bank by an exporter or an importer to obtain a stated amount of funds to pay for specific merchandise. The draft is then "accepted" by a bank that, in effect, unconditionally guarantees to pay the face value of the instrument on its maturity date. The acceptance may then be held by the accepting bank as an earning asset or it may be sold in the secondary market at the going rate of discount for a specific maturity. Although maturities for acceptances can be as long as 270 days, most acceptances have maturities of six months or less. Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time at a stated interest rate. Investments in time deposits maturing in more than seven days will be subject to each Fund's restrictions on illiquid investments.

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The Money Market Fund may also invest in certificates of deposit, bankers' acceptances and time deposits issued by foreign branches of national banks. Eurodollar certificates of deposit are negotiable U.S. dollar denominated certificates of deposit issued by foreign branches of major U.S. commercial banks. Eurodollar bankers' acceptances are U.S. dollar denominated bankers' acceptances "accepted" by foreign branches of major U.S. commercial banks. Investments in the obligations of foreign branches of U.S. commercial banks may be subject to special risks, including future political and economic developments, imposition of withholding taxes on income, establishment of exchange controls or other restrictions, less governmental supervision and the lack of uniform accounting, auditing and financial reporting standards that might affect an investment adversely.

LENDING OF FUND SECURITIES

By lending its securities, a Fund can increase its income by continuing to receive interest on the loaned securities as well as by either investing the cash collateral in short-term securities or obtaining yield in the form of interest paid by the borrower when U.S. Government obligations are used as collateral. There may be risks of delay in receiving additional collateral or risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially. Each Fund will adhere to the following conditions whenever its securities are loaned: (i) the Fund must receive at least 100 percent cash collateral or equivalent securities from the borrower; (ii) the borrower must increase this collateral whenever the market value of the securities including accrued interest rises above the level of the collateral; (iii) the Fund must be able to terminate the loan at any time; (iv) the Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (v) the Fund may pay only reasonable custodian fees in connection with the loan; and (vi) voting rights on the loaned securities may pass to the borrower; provided, however, that if a material event adversely affecting the investment occurs, the Board of Trustees must terminate the loan and regain the right to vote the securities.

Each Fund may lend securities to brokers, dealers and other financial organizations. These loans, if and when made, may not exceed 30% (except for the Eagle Capital Appreciation Fund, Third Avenue Value Fund and Baron Small Cap Fund) of a Fund's assets taken at value. A Fund's loans of securities will be collateralized by cash, letters of credit or U.S. Government securities. The

cash or instruments collateralizing a Fund's loans of securities will be maintained at all times in a segregated account with the Fund's custodian, or with a designated sub-custodian, in an amount at least equal to the current market value of the loaned securities. In lending securities to brokers, dealers and other financial organizations, a Fund is subject to risks, which, like those associated with other extensions of credit, include delays in recovery and possible loss of rights in the collateral should the borrower fail financially.

It is the present intention of the Eagle Capital Appreciation Fund to limit the amount of loans of portfolio securities to no more than 25% of the Fund's net assets. The Third Avenue Value Fund and the Baron Small Cap Fund intend to limit the amount of loans of portfolio securities to not more than 10% and 25% of total assets, respectively.

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BORROWING

Each Fund may borrow money from banks or from other lenders to the extent permitted by applicable law, for temporary or emergency purposes and to meet redemptions and may pledge assets to secure such borrowings. In addition, the Core Bond Fund may enter into dollar roll transactions and each Fund, except the Third Avenue Value Fund, may enter into reverse repurchase agreements that are treated as borrowing by the Fund. The 1940 Act requires the Funds to maintain asset coverage (total assets, including assets acquired with borrowed funds, less liabilities exclusive of borrowings) of at least 300% for all such borrowings. If at any time the value of a Fund's assets should fail to meet this 300% coverage test, the Fund, within 3 days (not including Sundays and holidays), will reduce the amount of its borrowings to the extent necessary to meet this test. To reduce its borrowings, a Fund might be required to sell securities at a time when it would be disadvantageous to do so. In addition, because interest on money borrowed is a Fund expense that it would not otherwise incur, the Fund may have less net investment income during periods when its borrowings are substantial. The interest paid by a Fund on borrowings may be more or less than the yield on the securities purchased with borrowed funds, depending on prevailing market conditions. A Fund will not make any borrowing or enter into a reverse repurchase agreement or dollar roll transaction that would cause its outstanding borrowings to exceed one-third of the value of its total assets.

As a matter of current operating policy, and except for the use of reverse repurchase agreements and dollar rolls, the Core Bond Fund may borrow money from banks or other persons in an amount not exceeding 10% of its total assets, for temporary or emergency purposes. The Fund will not purchase any security while outstanding borrowings, other than reverse repurchase agreements and dollar rolls, exceed 5% of the value of its total assets. These operating policies are not fundamental and may be changed by the Board without shareholder approval.

Borrowing magnifies the potential for gain or loss on a Fund's portfolio securities and, therefore, if employed, increases the possibility of fluctuation in its net asset value. This is the speculative factor known as leverage. To reduce the risks of borrowing, each Fund will limit its borrowings as described above. See also "Investment Restrictions."

DERIVATIVES

The Funds may invest in various instruments that are commonly known as derivatives. Generally, a derivative is a financial arrangement, the value of which is based on, or "derived" from, a traditional security, asset, or market index. Some "derivatives" such as certain mortgage-related and other asset-backed securities are in many respects like any other investment, although they may be more volatile or less liquid than more traditional debt securities. There are, in fact, many different types of derivatives and many different ways to use them. There is a range of risks associated with those uses. Futures and options are commonly used for traditional hedging purposes to attempt to protect a fund from exposure to changing interest rates, securities prices, or currency exchange rates and as a low cost method of gaining exposure to a particular securities market without investing directly in those securities. However, some derivatives are used for leverage, which tends to magnify the effects of an instrument's price changes as market conditions change. Leverage involves the use of a small amount of money to control a large amount of financial assets, and can in some circumstances, lead to significant losses. A Sub-Advisor will use derivatives only in circumstances where the Sub-Advisor believes they offer the most economic means of improving the risk/reward profile of the Fund. Derivatives will not be used to increase portfolio risk above the level that could be achieved using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the Fund. The use of derivatives for non-hedging purposes may be considered speculative. A description of the derivatives that the Funds may use and some of their associated risks is found below.

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ADRs and ADSs are U.S. dollar-denominated receipts typically issued by domestic banks or trust companies that represent the deposit with those entities of securities of a foreign issuer. They are publicly traded on exchanges or over-the-counter in the United States. European Depositary Receipts ("EDRs"), which are sometimes referred to as Continental Depositary Receipts ("CDRs") and Global Depositary Receipts ("GDRs"), may also be purchased by the Funds. EDRs, GDRs and CDRs are generally issued by foreign banks and evidence ownership of either foreign or domestic securities. Certain institutions issuing ADRs, ADSs or EDRs may not be sponsored by the issuer of the underlying foreign securities. A non-sponsored depository may not provide the same shareholder information that a sponsored depository is required to provide under its contractual arrangements with the issuer of the underlying foreign securities. All Funds except the Third Avenue Value Fund may invest in ADRs, ADSs, EDRs, CDRs and GDRs. The Third Avenue Value Fund may only invest in ADRs and ADSs.

U.S. GOVERNMENT SECURITIES

Each Fund may invest in U.S. Government securities, which are obligations issued or guaranteed by the U.S. Government, its agencies, authorities or instrumentalities. Some U.S. Government securities, such as U.S. Treasury bills, Treasury notes and Treasury bonds, which differ only in their interest rates, maturities and times of issuance, are supported by the full faith and credit of the United States. Others are supported by: (i) the right of the issuer to borrow from the U.S. Treasury, such as securities of the Federal Home Loan Banks; (ii) the discretionary authority of the U.S. government to purchase the agency's obligations, such as securities of the FNMA; or (iii) only the credit of the issuer, such as securities of the Student Loan Marketing Association. No assurance can be given that the U.S. Government will provide financial support in the future to U.S. Government agencies, authorities or instrumentalities that are not supported by the full faith and credit of the United States.

Securities guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities include: (i) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. Government or any of its agencies, authorities or instrumentalities; and (ii) participation interests in loans made to foreign governments or other entities that are so guaranteed. The secondary market for certain of these participation interests is limited and, therefore, may be regarded as illiquid.

MUNICIPAL SECURITIES

The Money Market Fund and the Core Bond Fund may invest in taxable and tax-exempt municipal securities. Municipal securities consist of (i) debt obligations issued by or on behalf of public authorities to obtain funds to be used for various public facilities, for refunding outstanding obligations, for general operating expenses, and for lending such funds to other public institutions and facilities; and (ii) certain private activity and industrial development bonds issued by or on behalf of public authorities to obtain funds to provide for the construction, equipment, repair, or improvement of privately operated facilities. Municipal notes include general obligation notes, tax anticipation notes, revenue anticipation notes, bond anticipation notes, certificates of indebtedness, demand notes and construction loan notes and participation interests in municipal notes. Municipal bonds include general obligation bonds, revenue or special obligation bonds, private activity and industrial development bonds, and participation interests in municipal bonds. General obligation bonds are backed by the taxing power of the issuing municipality. Revenue bonds are backed by the revenues of a project or facility. The payment of principal and interest on private activity and industrial development bonds generally is dependent solely on the ability of the facility's user to meet its financial obligations and the pledge, if any, of real and personal property so financed as security for such payment.

MORTGAGE-RELATED SECURITIES

Each Fund may invest in mortgage-related securities. There are several risks associated with mortgage-related securities generally. One is that the monthly cash inflow from the underlying loans may not be sufficient to meet the monthly payment requirements of the mortgage-related security.

Prepayment of principal by mortgagors or mortgage foreclosures will shorten the term of the underlying mortgage pool for a mortgage-related security. Early returns of principal will affect the average life of the mortgage-related securities remaining in a Fund. The occurrence of mortgage prepayments is affected by factors including the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool

of mortgage-related securities. Conversely, in periods of falling interest rates the rate of prepayment tends to increase, thereby shortening the average life of a pool. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting the yield of a Fund. Because prepayments of principal generally occur when interest rates are declining, it is likely that a Fund will have to reinvest the proceeds of prepayments at lower interest rates than those at which the assets were previously invested. If this occurs, a Fund's yield will correspondingly decline. Thus, mortgage-related securities may have less potential for capital appreciation in periods of falling interest rates than other fixed-income securities of comparable maturity, although these securities may have a comparable risk of decline in market value in periods of rising interest rates. To the extent that a Fund purchases mortgage-related securities at a premium, unscheduled prepayments, which are made at par, will result in a loss equal to any unamortized premium.

CMOs are obligations fully collateralized by a portfolio of mortgages or mortgage-related securities. Payments of principal and interest on the mortgages are passed through to the holders of the CMOs on the same schedule as they are received, although certain classes of CMOs have priority over others with respect to the receipt of prepayments on the mortgages. Therefore, depending on the type of CMOs in which a Fund invests, the investment may be subject to a greater or lesser risk of prepayment than other types of mortgage-related securities.

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Stripped mortgage-related securities are either issued and guaranteed, or privately-issued but collateralized by securities issued by GNMA, FNMA or FHLMC. These securities represent beneficial ownership interests in either periodic principal distributions ("principal-only") or interest distributions ("interest-only") on mortgage-related certificates issued by GNMA, FNMA or FHLMC, as the case may be. The certificates underlying the stripped mortgage-related securities represent all or part of the beneficial interest in pools of mortgage loans. The Fund will invest in stripped mortgage-related securities in order to enhance yield or to benefit from anticipated appreciation in value of the securities at times when its Sub-Advisor believes that interest rates will remain stable or increase. In periods of rising interest rates, the expected increase in the value of stripped mortgage-related securities may offset all or a portion of any decline in value of the securities held by the Fund.

Investing in stripped mortgage-related securities involves the risks normally associated with investing in mortgage-related securities. See "Mortgage-Related Securities" above. In addition, the yields on stripped mortgage-related securities are extremely sensitive to the prepayment experience on the mortgage loans underlying the certificates collateralizing the securities. If a decline in the level of prevailing interest rates results in a rate of principal prepayments higher than anticipated, distributions of principal will be accelerated, thereby reducing the yield to maturity on interest-only stripped mortgage-related securities and increasing the yield to maturity on principal-only stripped mortgage-related securities. Sufficiently high prepayment rates could result in a Fund not fully recovering its initial investment in an interest-only stripped mortgage-related security. Under current market conditions, the Fund expects that investments in stripped mortgage-related securities will consist primarily of interest-only securities. Stripped mortgage-related securities are currently traded in an over-the-counter market maintained by several large investment-banking firms. There can be no assurance that the Fund will be able to effect a trade of a stripped mortgage-related security at a time when it wishes to do so. The Fund will acquire stripped mortgage-related securities only if a secondary market for the securities exists at the time of acquisition. Except for stripped mortgage-related securities based on fixed rate FNMA and FHLMC mortgage certificates that meet certain liquidity criteria established by the Board of Trustees, the Funds will treat government stripped mortgage-related securities and privately-issued mortgage-related securities as illiquid and will limit its investments in these securities, together with other illiquid investments, to not more than 15% of net assets.

Mortgage-related securities may not be readily marketable. To the extent any of these securities are not readily marketable in the judgment of the Fund Sub-Advisor, the investment restriction limiting a Fund's investment in illiquid instruments to not more than 15% (or 10% for the Money Market Fund and the Eagle Capital Appreciation Fund) of the value of its net assets will apply. The Baron Small Cap Fund may not invest more than 5% of its net assets in mortgage-related securities, including stripped mortgage-related securities.

ZERO COUPON SECURITIES

Zero coupon corporate or U.S. Government securities and step-coupon securities are debt obligations that are issued or purchased at a significant discount from face value. The discount approximates the total amount of interest the security will accrue and compound over the period until maturity or the particular interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. Pay-in-kind securities pay

interest through the issuance of additional securities. Zero coupon securities do not require the periodic payment of interest. These investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of cash. These investments may experience greater volatility in market value than securities that make regular payments of interest. The secondary market value of corporate debt securities structured as zero coupon securities or payment-in-kind securities may be more volatile in response to changes in interest rates than debt securities that pay interest periodically in cash.

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Because such securities do not pay current interest, but rather, income is accrued, to the extent that the Fund does not have available cash to meet distribution requirements with respect to such income, it could be required to dispose of portfolio securities that it otherwise would not. Such disposition could be at a disadvantageous price. Investment in such securities also involves certain tax considerations.

A Fund accrues income on these investments for tax and accounting purposes, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Fund's distribution obligations, in which case the Fund will forego the purchase of additional income producing assets with these funds. Zero coupon securities include STRIPS, that is, securities underwritten by securities dealers or banks that evidence ownership of future interest payments, principal payments or both on certain notes or bonds issued by the U.S. government, its agencies, authorities or instrumentalities. They also include Coupons Under Book Entry System ("CUBES"), which are component parts of U.S. Treasury bonds and represent scheduled interest and principal payments on the bonds.

INFLATION-INDEXED BONDS

The Core Bond Fund may invest in inflation-indexed bonds, which are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation. Such bonds generally are issued at an interest rate lower than typical bonds, but are expected to retain their principal value over time. The interest rate on these bonds is fixed at issuance, but over the life of the bond this interest may be paid on an increasing principal value, which has been adjusted for inflation.

Inflation-indexed securities issued by the U.S. Treasury will initially have maturities of five or ten years, although it is anticipated that securities with other maturities will be issued in the future. The securities will pay interest on a semiannual basis, equal to a fixed percentage of the inflation-adjusted principal amount. For example, if the Fund purchased an inflation-indexed bond with a par value of \$1,000 and a 3% real rate of return coupon (payable 1.5% semiannually), and inflation over the first six months were 1%, the mid-year par value of the bond would be \$1,010 and the first semiannual interest payment would be \$15.15 (\$1,010 times 1.5%). If inflation during the second half of the year reached 3%, the end-of-year par value of the bond would be \$1,030 and the second semiannual interest payment would be \$15.45 (\$1,030 times 1.5%).

If the periodic adjustment rate measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds, even during a period of deflation. However, the current market value of the bonds is not guaranteed, and will fluctuate. The Fund may also invest in other inflation related bonds, which may or may not provide a similar guarantee. If a guarantee of principal is not provided, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates in turn are tied to the relationship between nominal interest rates and the rate of inflation. Therefore, if inflation were to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-indexed bonds. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed bonds.

While these securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in value. If interest rates rise due to reasons other than inflation (for example, due to changes in currency exchange rates), investors in these securities may not be protected to the extent that the increase is not reflected in the bond's inflation measure.

The U.S. Treasury has only recently begun issuing inflation-indexed bonds. As such, there is no trading history of these securities, and there can be no assurance that a liquid market in these instruments will develop, although one is expected. Lack of a liquid market may impose the risk of higher transaction costs and the possibility that the Fund may be forced to liquidate positions when it would not be advantageous to do so. There also can be no assurance that the U.S. Treasury will issue any particular amount of inflation-indexed bonds. Certain foreign governments, such as the United Kingdom, Canada and Australia, have a longer history of issuing inflation-indexed bonds, and there may be a more liquid market in certain of these countries for these securities.

The periodic adjustment of U.S. inflation-indexed bonds is tied to the Consumer Price Index for Urban Consumers ("CPI-U"), which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI-U is a measurement of changes in the cost of living, made up of components such as housing, food, transportation and energy. Inflation-indexed bonds issued by a foreign government are generally adjusted to reflect a comparable inflation index, calculated by that government. There can be no assurance that the CPI-U or any foreign inflation index will accurately measure the real rate of inflation in the prices of goods and services. Moreover, there can be no assurance that the rate of inflation in a foreign country will be correlated to the rate of inflation in the United States.

Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

LOANS AND OTHER DIRECT DEBT INSTRUMENTS

These are instruments in amounts owed by a corporate, governmental or other borrower to another party. They may represent amounts owed to lenders or lending syndicates (loans and loan participations), to suppliers of goods or services (trade claims or other receivables - see "Trade Claims") or to other parties. Direct debt instruments purchased by a Fund may have a maturity of any number of days or years, may be secured or unsecured, and may be of any credit quality. Direct debt instruments involve the risk of loss in the case of default or insolvency of the borrower. Direct debt instruments may offer less legal protection to a Fund in the event of fraud or misrepresentation. In addition, loan participations involve a risk of insolvency of the lending bank or other financial intermediary. Direct debt instruments also may include standby financing commitments that obligate a Fund to supply additional cash to the borrower on demand at the time when a Fund would not have otherwise done so, even if the borrower's condition makes it unlikely that the amount will ever be repaid.

The Baron Small Cap Fund from time to time may also purchase indebtedness and participations therein, both secured and unsecured, of debtor companies in reorganization or financial restructuring. Such indebtedness may be in the form of loans, notes, bonds or debentures. When the Fund purchases a participation interest it assumes the credit risk associated with the bank or other financial intermediary as well as the credit risk associated with the issuer of any underlying debt instrument. The Fund may also purchase trade and other claims against, and other unsecured obligations of, such debtor companies, which generally represent money due a supplier of goods or services to such company. Some debt securities purchased by the Fund may have very long maturities. The length of time remaining until maturity is one factor the Sub-Advisor considers in purchasing a particular indebtedness. The purchase of indebtedness of a troubled company always involves a risk as to the creditworthiness of the issuer and the possibility that the investment may be lost. The Sub-Advisor believes that the difference between perceived risk and actual risk creates the opportunity for profit that can be realized through thorough analysis. There are no established markets for some of this indebtedness and it is less liquid than more heavily traded securities. Indebtedness of the debtor company to a bank are not securities of the banks issuing or selling them. The Fund may purchase loans from national and state chartered banks as well as foreign ones. The Fund may invest in senior indebtedness of the debtor companies, although on occasion subordinated indebtedness may also be acquired. The Fund may also invest in distressed first mortgage obligations and other debt secured by real property. The Fund does not currently anticipate investing more than 5% of its total assets in trade and other claims.

These instruments will be considered illiquid securities and so will be limited, along with a Fund's other illiquid securities, to not more than 15% of the Fund's net assets.

TRADE CLAIMS

The Third Avenue Value Fund may invest in trade claims. Trade claims are interests in amounts owed to suppliers of goods or services and are purchased from creditors of companies in financial difficulty. For purchasers such as the Fund, trade claims offer the potential for profits since they are often purchased at a significant discount from face value and, consequently, may generate capital appreciation in the event that the market value of the claim increases as the debtor's financial position improves or the claim is paid.

An investment in trade claims is speculative and carries a high degree of risk. Trade claims are illiquid instruments that generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the trade claim. The markets in trade claims are not regulated by federal securities laws or the SEC. Because trade claims are unsecured, holders of trade claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding.

SWAP AGREEMENTS

To help enhance the value of its portfolio or manage its exposure to different types of investments, the Funds may enter into interest rate, currency and mortgage swap agreements and may purchase and sell interest rate "caps," "floors" and "collars."

In a typical interest rate swap agreement, one party agrees to make regular payments equal to a floating interest rate on a specified amount (the "notional principal amount") in return for payments equal to a fixed interest rate on the same amount for a specified period. If a swap agreement provides for payment in different currencies, the parties may also agree to exchange the notional principal amount. Mortgage swap agreements are similar to interest rate swap agreements, except that notional principal amount is tied to a reference pool of mortgages.

In a cap or floor, one party agrees, usually in return for a fee, to make payments under particular circumstances. For example, the purchaser of an interest rate cap has the right to receive payments to the extent a specified interest rate exceeds an agreed level; the purchaser of an interest rate floor has the right to receive payments to the extent a specified interest rate falls below an agreed level. A collar entitles the purchaser to receive payments to the extent a specified interest rate falls outside an agreed range.

Swap agreements may involve leverage and may be highly volatile; depending on how they are used, they may have a considerable impact on a Fund's performance. Swap agreements involve risks depending upon the other party's creditworthiness and ability to perform, as judged by the Fund Sub-Advisor, as well as the Fund's ability to terminate its swap agreements or reduce its exposure through offsetting transactions.

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All swap agreements are considered as illiquid securities and, therefore, will be limited, along with all of a Fund's other illiquid securities, to 15% of that Fund's net assets.

CUSTODIAL RECEIPTS

Custodial receipts or certificates, such as Certificates of Accrual on Treasury Securities ("CATS"), Treasury Investors Growth Receipts ("TIGRs") and Financial Corporation certificates ("FICO Strips"), are securities underwritten by securities dealers or banks that evidence ownership of future interest payments, principal payments or both on certain notes or bonds issued by the U.S. Government, its agencies, authorities or instrumentalities. The underwriters of these certificates or receipts purchase a U.S. Government security and deposit the security in an irrevocable trust or custodial account with a custodian bank, which then issues receipts or certificates that evidence ownership of the periodic unmatured coupon payments and the final principal payment on the U.S. Government security. Custodial receipts evidencing specific coupon or principal payments have the same general attributes as zero coupon U.S. Government securities, described above. Although typically under the terms of a custodial receipt a Fund is authorized to assert its rights directly against the issuer of the underlying obligation, the Fund may be required to assert through the custodian bank such rights as may exist against the underlying issuer. Thus, if the underlying issuer fails to pay principal and/or interest when due, a Fund may be subject to delays, expenses and risks that are greater than those that would have been involved if the Fund had purchased a direct obligation of the issuer. In addition, if the trust or custodial account in which the underlying security has been deposited were determined to be an association taxable as a corporation, instead of a non-taxable entity, the yield on the underlying security would be reduced in respect of any taxes paid.

WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES

To secure prices deemed advantageous at a particular time, each Fund may purchase securities on a when-issued or delayed-delivery basis, in which case

delivery of the securities occurs beyond the normal settlement period; payment for or delivery of the securities would be made prior to the reciprocal delivery or payment by the other party to the transaction. A Fund will enter into when-issued or delayed-delivery transactions for the purpose of acquiring securities and not for the purpose of leverage. When-issued securities purchased by the Fund may include securities purchased on a "when, as and if issued" basis under which the issuance of the securities depends on the occurrence of a subsequent event, such as approval of a merger, corporate reorganization or debt restructuring.

Securities purchased on a when-issued or delayed-delivery basis may expose a Fund to risk because the securities may experience fluctuations in value prior to their actual delivery. The Fund does not accrue income with respect to a when-issued or delayed-delivery security prior to its stated delivery date. Purchasing securities on a when-issued or delayed-delivery basis can involve the additional risk that the yield available in the market when the delivery takes place may be higher than that obtained in the transaction itself. The Baron Small Cap Fund will limit its investments in when-issued securities to 5% of its total assets.

VARIABLE RATE DEMAND INSTRUMENTS

Certain Funds may purchase variable rate demand instruments. Variable rate demand instruments that the Funds will purchase are variable amount master demand notes that provide for a periodic adjustment in the interest rate paid on the instrument and permit the holder to demand payment of the unpaid principal balance plus accrued interest at specified intervals upon a specific number of days' notice either from the issuer or by drawing on a bank letter of credit, a guarantee, insurance or other credit facility issued with respect to such instrument.

The variable rate demand instruments in which the Funds may invest are payable on not more than thirty calendar days' notice either on demand or at specified intervals not exceeding thirteen months depending upon the terms of the instrument. The terms of the instruments provide that interest rates are adjustable at intervals ranging from daily to up to thirteen months and their adjustments are based upon LIBOR or other prevailing interest rates as provided in the respective instruments. A security is priced at a coupon rate that causes its value to approximate par. Each Fund may only purchase variable rate demand instruments which have received a short-term rating meeting that Fund's quality standards from an NRSRO or unrated variable rate demand instruments determined by the Sub-Advisor to be of comparable quality. If such an instrument does not have a demand feature exercisable by a Fund in the event of default in the payment of principal or interest on the underlying securities, then the Fund will also require that the instrument have a rating as long-term debt in one of the top two categories by any NRSRO. The Sub-Advisor may determine that an unrated variable rate demand instrument meets a Fund's quality criteria if it is backed by a letter of credit or guarantee or insurance or other credit facility that meets the quality criteria for the Fund or on the basis of a credit evaluation of the underlying obligor. If an instrument is ever deemed to not meet a Fund's quality standards, such Fund either will sell it in the market or exercise the demand feature as soon as practicable.

Each of the Core Bond Fund and High Yield Fund will not invest more than 15% of its net assets in variable rate demand instruments as to which it cannot exercise the demand feature on not more than seven days' notice if it is determined that there is no secondary market available for these obligations and all other illiquid securities. The Funds intend to exercise the demand repurchase feature only (1) upon a default under the terms of the bond documents, (2) as needed to provide liquidity to a Fund in order to make redemptions of its shares, or (3) to maintain the quality standards of a Fund's investment portfolio.

While the value of the underlying variable rate demand instruments may change with changes in interest rates generally, the variable rate nature of the underlying variable rate demand instruments should minimize changes in value of the instruments. Accordingly, as interest rates decrease or increase, the potential for capital depreciation is less than would be the case with a portfolio of fixed income securities. Each Fund may hold variable rate demand instruments on which stated minimum or maximum rates, or maximum rates set by state law, limit the degree to which interest on such variable rate demand instruments may fluctuate; to the extent it does, increases or decreases in value may be somewhat greater than would be the case without such limits. Because the adjustment of interest rates on the variable rate demand instruments is made in relation to movements of the applicable banks' "prime rate," or other interest rate adjustment index, the variable rate demand instruments are not comparable to long-term fixed rate securities. Accordingly, interest rates on the variable rate demand instruments may be higher or lower than current market rates for fixed rate obligations or obligations of comparable quality with similar maturities.

REPURCHASE AGREEMENTS

Each Fund may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, a Fund would acquire an underlying debt obligation for a relatively short period (usually not more than one week) subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. A Fund may enter into repurchase agreements with respect to U.S. Government securities with member banks of the Federal Reserve System and certain non-bank dealers approved by the Board of Trustees. Under each repurchase agreement, the selling institution is required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price. The Sub-Advisor reviews on an ongoing basis the value of the collateral and the creditworthiness of those non-bank dealers with whom the Fund enters into repurchase agreements. In entering into a repurchase agreement, a Fund bears a risk of loss in the event that the other party to the transaction defaults on its obligations and the Fund is delayed or prevented from exercising its rights to dispose of the underlying securities, including the risk of a possible decline in the value of the underlying securities during the period in which the Fund seeks to assert its rights to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement. Repurchase agreements are considered to be collateralized loans under the 1940 Act.

REVERSE REPURCHASE AGREEMENTS

The Funds, except the Third Avenue Value Fund, may enter into reverse repurchase agreements. In a reverse repurchase agreement the Fund agrees to sell portfolio securities to financial institutions such as banks and broker-dealers and to repurchase them at a mutually agreed date and price. Forward roll transactions are equivalent to reverse repurchase agreements but involve mortgage-backed securities and involve a repurchase of a substantially similar security. At the time the Fund enters into a reverse repurchase agreement it will place in a segregated custodial account cash or liquid securities having a value equal to the repurchase price, including accrued interest. Reverse repurchase agreements involve the risk that the market value of the securities sold by the Fund may decline below the repurchase price of the securities. Reverse repurchase agreements are considered to be borrowings by a Fund for purposes of the limitations described in "Investment Restrictions" below. Also see "Borrowings" below.

COVERED DOLLAR ROLLS

The Core Bond Fund may enter into dollar rolls (also referred to as forward roll transactions) in which the Fund sells mortgage-based or other fixed-income securities and simultaneously commits to repurchase substantially similar, but not identical, securities on a specified future date. The Fund will not use such transactions for leveraging purposes and, accordingly, at the time the Fund enters into a dollar roll, it will set aside permissible liquid assets in a segregated custodial account to secure its obligation for the forward commitment to buy the securities. The value of such segregated assets must be at least equal to the value of the forward commitment or repurchase obligation (principal plus accrued interest), as applicable. The segregated assets effectively collateralize the Fund's right to receive the securities at the end of the roll period, and also serve to minimize the leveraging effect of the transaction.

In the case of dollar rolls involving mortgage-related securities, the mortgage-related securities that are purchased typically will be of the same type and will have the same or similar interest rate and maturity as those sold, but will be supported by different pools of mortgages. The Fund forgoes principal and interest, including prepayments, paid during the roll period on the securities sold in a dollar roll, but it is compensated by the difference between the current sales price and the price for the future purchase as well as by any interest earned on the proceeds of the securities sold. The Fund could also be compensated through receipt of fee income. Dollar rolls may be renewed over a period of several months with a different repurchase price and a cash settlement made at each renewal without physical delivery of securities. Moreover, the transaction may be preceded by a firm commitment agreement pursuant to which the Fund agrees to buy a security on a future date.

Dollar roll transactions are considered to be borrowings by the Fund and the use of such transactions will be subject to the Fund's investment limitations on borrowings. See "Borrowing" and "Investment Restrictions."

The risks associated with dollar rolls are market risk, since the price of the securities could drop lower than the agreed upon repurchase price during the roll period, or the securities that the Fund is required to repurchase may be worth less than the securities that the Fund originally held; and credit risk, since the counterpart to the transaction could fail to deliver the securities. If the counter party to which the Fund sells the securities becomes insolvent, the Fund's right to purchase or repurchase the securities may be restricted. Finally, there can be no assurance that Fund's use of the cash that it receives from a dollar roll will provide a return that exceeds borrowing costs. Further, although the Fund can estimate the amount of expected principal prepayment over the term of the dollar roll, a variation in the actual amount of prepayment could increase or decrease the cost of the Fund's borrowing.

TEMPORARY INVESTMENTS

For temporary defensive purposes during periods when the Sub-Advisor of a Fund believes, in consultation with the Advisor, that pursuing the Fund's basic investment strategy may be inconsistent with the best interests of its shareholders, the Fund may invest its assets without limit in the following money market instruments: securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities (including those purchased in the form of custodial receipts), repurchase agreements, certificates of deposit, master notes, time deposits and bankers' acceptances issued by banks or savings and loan associations having assets of at least \$500 million as of the end of their most recent fiscal year and high quality commercial paper.

In addition, for the same purposes, each Fund may also hold a portion of its assets in money market instruments or cash in amounts designed to pay expenses, to meet anticipated redemptions or pending investments in accordance with its objectives and policies. Any temporary investments may be purchased on a when-issued basis.

INITIAL PUBLIC OFFERINGS (IPOS)

An IPO presents the risk that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When a Fund's asset base is small, a significant portion of the Fund's performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As the Fund's assets grow, the effect of the Fund's investments in IPOs on the Fund's performance probably will decline, which could reduce the Fund's performance. Because of the price volatility of IPO shares, a Fund may choose to hold IPO shares for a very short period of time. This may increase the turnover of a Fund and may lead to increased expenses to the Fund, such as commissions and transaction costs. By selling IPO shares, the Fund may realize taxable gains it will subsequently distribute to shareholders. In addition, the market for IPO shares can be speculative and/or inactive for extended periods of time. There is no assurance that the Fund will be able to obtain allocable portions of IPO shares. The limited number of shares available for trading in some IPOs may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing prices. Investors in IPO shares can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

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The Funds' investments in IPO shares may include the securities of "unseasoned" companies (companies with less than three years of continuous operations), which present risks considerably greater than common stocks of more established companies. These companies may have limited operating histories and their prospects for profitability may be uncertain. These companies may be involved in new and evolving businesses and may be vulnerable to competition and changes in technology, markets and economic conditions. They may be more dependent on key managers and third parties and may have limited product. The Third Avenue Value Fund intends to invest occasionally in the common stock of selected "unseasoned" companies.

CONVERTIBLE SECURITIES

Convertible securities may offer higher income than the common stocks into which they are convertible and include fixed-income or zero coupon debt securities, which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. Prior to their conversion, convertible securities may have characteristics similar to both non-convertible debt securities and equity securities.

While convertible securities generally offer lower yields than non-convertible debt securities of similar quality, their prices may reflect changes in the value of the underlying common stock. Convertible securities

entail less credit risk than the issuer's common stock.

REAL ESTATE INVESTMENT TRUSTS

The Third Avenue Value Fund, the Baron Small Cap Fund and the Growth & Income Fund may invest in the equity securities of real estate investment trusts ("REITs"), which can generally be classified as equity REITs, mortgage REITs and hybrid REITs. Equity REITs, which invest the majority of their assets directly in real property, derive their income primarily from rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs, which invest the majority of their assets in real estate mortgages, derive their income primarily from interest payments on real estate mortgages in which they are invested. Hybrid REITs combine the characteristics of both equity REITs and mortgage REITs.

Investment in REITs is subject to risks similar to those associated with the direct ownership of real estate (in addition to securities markets risks). REITs are sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer. REITs may also be affected by tax and regulatory requirements.

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STANDARD & POOR'S DEPOSITARY RECEIPTS ("SPDRS")

The Growth & Income Fund may invest up to 5% of its total assets in SPDRs. The Eagle Capital Appreciation Fund may also invest in SPDRs. SPDRs typically trade like a share of common stock and provide investment results that generally correspond to the price and yield performance of the component common stocks of the S&P 500 Index. There can be no assurance that this can be accomplished as it may not be possible for the portfolio to replicate and maintain exactly the composition and relative weightings of the S&P 500 Index securities. SPDRs are subject to the risks of an investment in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment.

OTHER INVESTMENT COMPANIES

The Funds reserve the right to invest in the securities of other investment companies including money market funds, index funds, "country funds" (i.e., funds that invest primarily in issuers located in a specific foreign country or region), iSharesSM (formerly called World Equity Benchmark Shares or "WEBS"), S&P's Depository Receipts ("SPDRs"), business development companies and small business investment companies. A Fund may not invest more than 5% of its total assets in the securities of any one investment company. A Fund will indirectly bear its proportionate share of any advisory fees paid by investment companies in which it invests in addition to the management fee paid by such Fund.

SHORT SALES

The Third Avenue Value Fund and the Baron Small Cap Fund may engage in short sales. When a Fund makes a short sale, it sells a security it does not own in anticipation of a decline in market price. The proceeds from the sale are retained by the broker until the Fund replaces the borrowed security. To deliver the security to the buyer, the Fund must arrange through a broker to borrow the security and, in so doing, the Fund will become obligated to replace the security borrowed at its market price at the time of replacement, whatever that price may be. The Fund may have to pay a premium to borrow the security. The Fund may, but will not necessarily, receive interest on such proceeds. The Fund must pay to the broker any dividends or interest payable on the security until it replaces the security.

The Fund's obligation to replace the security borrowed will be secured by collateral deposited with the broker, consisting of cash or U.S. Government securities or other securities acceptable to the broker. In addition, the Fund will be required to deposit cash or U.S. Government securities as collateral in a segregated account with its custodian in an amount such that the value of both collateral deposits is at all times equal to at least 100% of the current market value of the securities sold short. The Fund will receive the interest accruing on any U.S. Government securities held as collateral in the segregated account with the custodian. The deposits do not necessarily limit the Fund's potential loss on a short sale, which may exceed the entire amount of the collateral deposits.

If the price of a security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will incur a loss, and if the price declines during this period, the Fund will realize a capital gain. Any realized capital gain will be decreased, and any incurred loss increased, by the amount of transaction costs and any premium, dividend, or interest which the Fund may have to pay in connection with such short sale.

The Third Avenue Value Fund and the Baron Small Cap Fund may enter into short sales against the box. A short sale is against the box when, at all times during which a short position is open, the Fund owns an equal amount of such securities, or owns securities giving it the right, without payment of future consideration, to obtain an equal amount of securities sold short.

ASSET-BACKED SECURITIES

The Third Avenue Value Fund and the Balanced Fund may also invest in asset-backed securities that, through the use of trusts and special purpose vehicles, are securitized with various types of assets, such as automobile receivables, credit card receivables and home-equity loans in pass-through structures similar to the mortgage-related securities described below. In general, the collateral supporting asset-backed securities is of shorter maturity than the collateral supporting mortgage loans and is less likely to experience substantial prepayments. However, asset-backed securities are not backed by any governmental agency.

OVERSEAS PRIVATE INVESTMENT CORPORATION CERTIFICATES

The Funds may invest in Certificates of Participation issued by the Overseas Private Investment Corporation ("OPIC"). OPIC is a U.S. Government agency that sells political risk insurance and loans to help U.S. businesses invest and compete in over 140 emerging markets and developing nations worldwide. OPIC provides medium to long-term loans and guaranties to projects involving significant equity or management participation. OPIC can lend up to \$250 million per project on either a project finance or a corporate finance basis in countries where conventional institutions are often unable or unwilling to lend on such a basis. OPIC issues Certificates of Participation to finance projects undertaken by U.S. companies. These certificates are guaranteed by OPIC and backed by the full faith and credit of the U.S. Government.

FLOATING RATE, INVERSE FLOATING RATE AND INDEX OBLIGATIONS

The Third Avenue Value Fund may invest in debt securities with interest payments or maturity values that are not fixed, but float in conjunction with (or inversely to) an underlying index or price. These securities may be backed by U.S. Government or corporate issuers, or by collateral such as mortgages. The indices and prices upon which such securities can be based include interest rates, currency rates and commodities prices. However, the Fund will not invest in any instrument whose value is computed based on a multiple of the change in price or value of an asset or an index of or relating to assets in which the Fund cannot or will not invest.

Floating rate securities pay interest according to a coupon that is reset periodically. The reset mechanism may be formula based, or reflect the passing through of floating interest payments on an underlying collateral pool. Inverse floating rate securities are similar to floating rate securities except that their coupon payments vary inversely with an underlying index by use of a formula. Inverse floating rate securities tend to exhibit greater price volatility than other floating rate securities.

The Third Avenue Value Fund does not intend to invest more than 5% of its total assets in inverse floating rate securities. Floating rate obligations generally exhibit a low price volatility for a given stated maturity or average life because their coupons adjust with changes in interest rates. Interest rate risk and price volatility on inverse floating rate obligations can be high, especially if leverage is used in the formula. Index securities pay a fixed rate of interest, but have a maturity value that varies by formula, so that when the obligation matures a gain or loss may be realized. The risk of index obligations depends on the volatility of the underlying index, the coupon payment and the maturity of the obligation.

ASSET COVERAGE

To assure that a Fund's use of futures and related options, as well as when-issued and delayed-delivery transactions, forward currency contracts and swap transactions, are not used to achieve investment leverage, the Fund will cover such transactions, as required under applicable SEC interpretations, either by owning the underlying securities or by establishing a segregated account with the Trust's custodian containing liquid securities in an amount at all times equal to or exceeding the Fund's commitment with respect to these instruments or contracts.

WARRANTS AND RIGHTS

Warrants are options to purchase equity securities at a specified price and are valid for a specific time period. Rights are similar to warrants, but normally have a short duration and are distributed by the issuer to its shareholders. The Baron Small Cap Fund and the Eagle Capital Appreciation Fund may purchase warrants and rights, provided that neither Fund presently intends to invest more than 5% of its net assets at the time of purchase in warrants and rights other than those that have been acquired in units or attached to other securities.

INVESTMENT IN EQUITY AND DEBT SECURITIES BY THE THIRD AVENUE VALUE FUND

In selecting common stocks for the Third Avenue Value Fund, the Sub-Advisor generally seeks companies that exhibit the following characteristics:

- o A strong financial position, as measured not only by balance sheet data but also by off-balance sheet assets, liabilities and contingencies (as disclosed in footnotes to financial statements and as determined through research of public information), where debt service(1) consumes a small part of such companies' cash flow.
- o Responsible management and control groups, as gauged by managerial competence as operators and investors as well as by an apparent absence of intent to profit at the expense of stockholders.
- o Availability of comprehensive and meaningful financial and related information. A key disclosure is audited financial statements and information which the Sub-Advisor believes are reliable benchmarks to aid in understanding the business, its values and its dynamics.
- o Availability of the security at a market price which the Sub-Advisor believes is at a substantial discount to the Sub-Advisor's estimate of what the issuer is worth as a private company or as a takeover or merger and acquisition candidate.

In selecting preferred stocks, the Sub-Advisor will use its selection criteria for either common stocks or debt securities, depending on the Sub-Advisor's determination as to how the particular issue should be viewed, based, among other things, upon the terms of the preferred stock and where it fits in the issuer's capital structure. Preferred stocks are usually entitled to rights on liquidation, which are senior to those of common stocks. For these reasons, preferred stocks generally entail less risk than common stocks of the same issuer. Such securities may pay cumulative dividends. Because the dividend rate is pre-established, and as they are senior to common stocks, such securities tend to have less possibility of capital appreciation.

- (1) "Debt service" means the current annual required payment of interest and principal to creditors.

The Third Avenue Value Fund intends its investment in debt securities to be, for the most part, in securities which the Sub-Advisor believes will provide above-average current yields, yields to events, or yields to maturity. In selecting debt instruments for the Fund, the Sub-Advisor requires the following characteristics:

- o Strong covenant protection, and
- o Yield to maturity at least 500 basis points above that of a comparable credit.

In acquiring debt securities for the Fund, the Sub-Advisor generally will look for covenants that protect holders of the debt issue from possible adverse future events such as, for example, the addition of new debt senior to the issue under consideration. Also, the Sub-Advisor will seek to analyze the potential impacts of possible extraordinary events such as corporate restructurings, refinancings, or acquisitions. The Sub-Advisor will also use its best judgment as to the most favorable range of maturities. In general, Third Avenue Value Fund will acquire debt issues that have a senior position in an issuer's capitalization and will avoid "mezzanine" issues such as non-convertible subordinated debentures. See also "Fixed-Income and Other Debt Investment Securities."

INVESTMENTS BY THE ETF FUNDS

Each ETF Fund seeks to achieve its investment goal by investing substantially all of its assets in a select group of exchange traded funds (ETFs) of the iShares(R) Trust* representing a different combinations of stocks, bonds, and cash investments and reflecting varying degrees of potential investment risk and reward. Each ETF Fund may also hold a minimal amount of cash or cash equivalent positions, such as money market instruments, U.S. Government securities, commercial paper, and repurchase agreements.

<TABLE>
<CAPTION>

Underlying Funds	Conservative ETF Fund	Moderate ETF Fund	Aggressive ETF Fund	Enhanced ETF Fund
<S>	<C>	<C>	<C>	<C>
iShares(R) Trust: iShares Lehman 1-3 Treasury Bond Fund	10%	--	--	--
iShares(R) Trust: iShares Lehman Aggregate Bond Fund	54%	42%	21%	3%
iShares(R) Trust: iShares MSCI EAFE Index Fund	2%	3%	4%	22%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Value Index Fund	2%	4%	5%	22%
iShares(R) Trust: iShares S&P MidCap 400 BARRA/Growth Index Fund	2%	3%	4%	3%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Value Index Fund	1%	2%	3%	22%
iShares(R) Trust: iShares S&P SmallCap 600 BARRA/Growth Index Fund	1%	1%	1%	3%
iShares(R) Trust: iShares S&P 500/BARRA Value Index Fund	15%	23%	36%	22%
iShares(R) Trust: iShares S&P 500/BARRA Growth Index Fund	9%	12%	20%	3%
iShares(R) Trust: iShares S&P 500 Index Fund	4%	10%	6%	0%

</TABLE>

* iShares(R) is a registered mark of Barclays Global Investors, N.A. ("BGI"). BGI's only relationship to the Trust and its affiliates is the licensing of certain trademarks and trade names of BGI. The ETF Funds are not sponsored, endorsed, sold, or promoted by BGI. BGI makes no representations or warranties to the shareholders of the ETF Funds or any member of the public regarding the advisability of investing in the ETF Funds or the iShares Funds. BGI has no obligation or liability in connection with the operation, marketing, or trading of the ETF Funds.

The following information directly relates to the investment policies, techniques, and risks of the underlying funds. It provides information about the types of securities in which one or more of the ETF Funds may invest through their investment in the underlying funds. However, the information in "Money Market Instruments" and "Repurchase Agreements" also applies generally to direct investments that may be made by the ETF Funds.

ETF FUNDS - GENERALLY

The investment objective of each underlying fund is to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of a specified benchmark index representing a segment of the U.S. bond market (in the case of the underlying bond funds) or representing publicly traded equity securities of companies in a particular broad market, market segment, market sector or group of industries (in the case of the underlying equity funds). Each underlying fund is managed by Barclays Global Fund Advisors ("BGFA"), a subsidiary of BGI.

Shares of each underlying fund are listed on the AMEX, the NYSE, or the CBOE and trade throughout the day on these listing exchanges and other secondary markets. There can be no assurance that the requirements of a listing exchange necessary to maintain the listing of shares of any underlying fund will continue to be met. A listing exchange may, but is not required to, remove the shares of an underlying fund from listing if (i) following the initial 12-month period beginning upon the commencement of trading of an underlying fund, there are fewer than 50 beneficial owners of the shares of an underlying fund for 30 or more consecutive trading days; (ii) the value of the underlying index on which such underlying fund is based is no longer calculated or available; or (iii) such other event shall occur or condition shall exist that, in the opinion of the listing exchange, makes further dealings on the listing exchange inadvisable. A listing exchange will remove the shares of an underlying fund from listing and trading upon termination of such underlying fund. As in the case of other publicly traded securities, brokers' commissions on transactions will be based on negotiated commission rates at customary levels. The Trust reserves the right to adjust the share prices of shares in the future to maintain convenient trading ranges for investors. Any adjustments would be accomplished through stock splits or reverse stock splits, which would have no effect on the net assets of the applicable underlying fund.

THE FOLLOWING SECTION APPLIES TO THE ISHARES LEHMAN AGGREGATE BOND FUND.

ASSET-BACKED AND COMMERCIAL MORTGAGE-BACKED SECURITIES

The iShares Lehman Aggregate Bond Fund may invest in asset-backed and commercial mortgaged-backed securities (though it currently does not intend to do so). Asset-backed securities are securities backed by installment contracts, credit-card receivables or other assets. Commercial mortgage-backed securities are securities backed by commercial real estate properties. Both asset-backed and commercial mortgage-backed securities represent interests in "pools" of assets in which payments of both interest and principal on the securities are made on a regular basis. The payments are, in effect, "passed through" to the holder of the securities (net of any fees paid to the issuer or guarantor of the securities). The average life of asset-backed and commercial mortgage-backed securities varies with the maturities of the underlying instruments and, as a result of prepayments, can often be less than the original maturity of the assets underlying the securities. For this and other reasons, an asset-backed and commercial mortgage-backed security's stated maturity may be shortened, and the security's total return may be difficult to predict precisely.

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THE FOLLOWING SECTION APPLIES TO THE ISHARES LEHMAN 1-3 TREASURY BOND FUND AND ISHARES LEHMAN AGGREGATE BOND FUND.

BONDS

Each underlying fund invests a substantial portion of its assets in U.S. registered, dollar-denominated bonds. A bond is an interest-bearing security issued by a company, governmental unit or, in some cases, a non-U.S. entity. The issuer of a bond has a contractual obligation to pay interest at a stated rate on specific dates and to repay principal (the bond's face value) periodically or on a specified maturity date.

An issuer may have the right to redeem or "call" a bond before maturity, in which case the investor may have to reinvest the proceeds at lower market rates. Most bonds bear interest income at a "coupon" rate that is fixed for the life of the bond. The value of a fixed rate bond usually rises when market interest rates fall, and falls when market interest rates rise. Accordingly, a fixed rate bond's yield (income as a percent of the bond's current value) may differ from its coupon rate as its value rises or falls. Other types of bonds bear income at an interest rate that is adjusted periodically. Because of their adjustable interest rates, the value of "floating-rate" or "variable-rate" bonds fluctuates much less in response to market interest rate movements than the value of fixed rate bonds. Bonds may be senior or subordinated obligations. Senior obligations generally have the first claim on a corporation's earnings and assets and, in the event of liquidation, are paid before subordinated obligations. Bonds may be unsecured (backed only by the issuer's general creditworthiness) or secured (also backed by specified collateral).

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE ISHARES LEHMAN 1-3 TREASURY BOND FUND AND ISHARES LEHMAN AGGREGATE BOND FUND.

CURRENCY TRANSACTIONS

No underlying fund expects to engage in currency transactions for the purpose of hedging against declines in the value of the underlying fund's assets that are denominated in a foreign currency. An underlying fund may enter into foreign currency forward and foreign currency futures contracts to facilitate local securities settlements or to protect against currency exposure in connection with its distributions to shareholders, but may not enter into such contracts for speculative purposes.

A forward currency contract is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. A currency futures contract is a contract involving an obligation to deliver or acquire the specified amount of a specific currency, at a specified price and at a specified future time. Futures contracts may be settled on a net cash payment basis rather than by the sale and delivery of the underlying currency.

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Foreign exchange transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, maturity gap, interest rate risk, and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency. If BGFA utilizes foreign exchange transactions at an inappropriate time or judges market conditions, trends or correlations incorrectly, foreign exchange

transactions may not serve their intended purpose of improving the correlation of an underlying fund's return with the performance of the underlying index and may lower the underlying fund's return. The underlying fund could experience losses if the value of its currency forwards, options and futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market. In addition, each underlying fund could incur transaction costs, including trading commissions, in connection with certain foreign currency transactions.

DIVERSIFICATION STATUS

Each underlying fund, except the iShares MSCI EAFE Index Fund, is diversified for purposes of the federal securities laws. With respect to 75% of an underlying fund's total assets, a diversified underlying fund does not invest more than 5% of its total assets in securities of any one issuer and does not acquire more than 10% of the outstanding voting securities of any one issuer (excluding cash and cash items, government securities, and securities of other investment companies). The remaining 25 percent of the underlying fund's total assets may be invested in any manner.

A "non-diversified" classification means that an underlying fund is not limited by the 1940 Act with regard to the percentage of its assets that may be invested in the securities of a single issuer. The securities of a particular issuer may dominate the underlying index of such an underlying fund and, consequently, the underlying fund's investment portfolio. This may adversely affect the underlying fund's performance or subject the underlying fund's shares to greater price volatility than that experienced by more diversified investment companies.

In addition, both diversified and non-diversified underlying funds may concentrate their investments in a particular industry or group of industries, as noted in the description of such underlying fund. The securities of issuers in particular industries may dominate the underlying index of such an underlying fund and consequently the underlying fund's investment portfolio. This may adversely affect its performance or subject the underlying fund's shares to greater price volatility than that experienced by less concentrated investment companies.

Each underlying fund, however (whether diversified or non-diversified), intends to maintain the required level of diversification and otherwise conduct its operations so as to qualify as a "regulated investment company" for purposes of the Internal Revenue Code, and to relieve the underlying fund of any liability for federal income tax to the extent that its earnings are distributed to shareholders. Compliance with the diversification requirements of the Internal Revenue Code severely limits the investment flexibility of certain underlying funds and makes it less likely that such underlying funds will meet their investment objectives.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

FOREIGN SECURITIES

Each underlying fund may purchase publicly traded common stocks of foreign corporations. Each underlying fund's investment in common stock of foreign corporations may also be in the form of American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs"). ADRs and GDRs are receipts, typically issued by a bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation.

Investing in the securities of foreign companies involves special risks and considerations not typically associated with investing in U.S. companies. These include differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect U.S. investments in foreign countries, and potential restrictions of the flow of international capital. Foreign companies may be subject to less governmental regulation than U.S. companies. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

FUTURES AND OPTIONS

Each underlying fund may enter into U.S. or foreign futures contracts, options and options on futures contracts. These futures contracts and options will be used to simulate full investment in the respective underlying index, to

facilitate trading or to reduce transaction costs. Each underlying fund will only enter into futures contracts and options on futures contracts that are traded on a U.S. or foreign exchange. No underlying fund will use futures or options for speculative purposes. Each underlying fund intends to use futures and options in accordance with Rule 4.5 of the Commodity Exchange Act ("CEA"). The Trust, on behalf of each underlying fund, has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" in accordance with Rule 4.5 and therefore, each underlying fund is not subject to registration or regulation as a commodity pool operator under the CEA.

A call option gives a holder the right to purchase a specific security at a specified price ("exercise price") within a specified period of time. A put option gives a holder the right to sell a specific security at a specified price within a specified period of time. The initial purchaser of a call option pays the "writer" a premium, which is paid at the time of purchase and is retained by the writer whether or not such option is exercised. Each underlying fund may purchase put options to hedge its portfolio against the risk of a decline in the market value of securities held and may purchase call options to hedge against an increase in the price of securities it is committed to purchase. Each underlying fund may write put and call options along with a long position in options to increase its ability to hedge against a change in the market value of the securities it holds or is committed to purchase.

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Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a specific instrument or index at a specified future time and at a specified price. Stock index contracts are based on investments that reflect the market value of common stock of the firms included in the investments. Each underlying fund may enter into futures contracts to purchase security investments when BGFA anticipates purchasing the underlying securities and believes prices will rise before the purchase will be made. Assets committed to futures contracts will be segregated by the custodian to the extent required by law.

An option on a futures contract, as contrasted with the direct investment in such a contract, gives the purchaser the right, in return for the premium paid, to assume a position in the underlying futures contract at a specified exercise price at any time prior to the expiration date of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer's futures margin account that represents the amount by which the market price of the futures contract exceeds (in the case of a call) or is less than (in the case of a put) the exercise price of the option on the futures contract. The potential for loss related to the purchase of an option on a futures contract is limited to the premium paid for the option plus transaction costs. Because the value of the option is fixed at the point of sale, there are no daily cash payments by the purchaser to reflect changes in the value of the underlying contract; however, the value of the option changes daily and that change would be reflected in the NAV of each underlying fund. The potential for loss related to writing options is unlimited.

Each underlying fund may purchase and write put and call options on futures contracts that are traded on a U.S. or foreign exchange as a hedge against changes in value of its portfolio securities, or in anticipation of the purchase of securities, and may enter into closing transactions with respect to such options to terminate existing positions. There is no guarantee that such closing transactions can be effected.

Upon entering into a futures contract, an underlying fund will be required to deposit with the broker an amount of cash or cash equivalents known as "initial margin," which is in the nature of a performance bond or good faith deposit on the contract and is returned to each underlying fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to expiration of a futures contract, each underlying fund may elect to close the position by taking an opposite position, which will operate to terminate the underlying fund's existing position in the contract.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

ILLIQUID SECURITIES

Each underlying fund may invest up to an aggregate amount of 15% of its net assets in illiquid securities. Illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets.

INVESTMENT COMPANIES, REITS

Each underlying fund may invest in the securities of other investment companies (including money market funds) and (except with respect to the iShares Lehman 1-3 Treasury Bond Fund and iShares Lehman Aggregate Bond Fund) real estate investment trusts to the extent allowed by law. Under the 1940 Act, an underlying fund's investment in investment companies is limited to, subject to certain exceptions, (i) 3% of the total outstanding voting stock of any one investment company, (ii) 5% of the underlying fund's total assets with respect to any one investment company and (iii) 10% of the underlying fund's total assets with respect to investment companies in the aggregate. Each underlying fund may invest its assets in securities of money market funds advised by BGFA or otherwise affiliated with such underlying fund. No underlying fund will invest more than 10% of its total assets in investment companies or other pooled investment vehicles.

LENDING PORTFOLIO SECURITIES

Pursuant to guidelines approved by the underlying fund's Board, each underlying fund may lend its portfolio securities to brokers, dealers and financial institutions, provided: (1) the loan is secured continuously by collateral consisting of cash, securities of the U.S. Government, its agencies or instrumentalities, or an irrevocable letter of credit issued by a bank organized under the laws of the U.S., organized under the laws of a state, or a foreign bank that has filed an agreement with the Federal Reserve Board to comply with the same rules and regulations applicable to U.S. banks in securities credit transactions, and such collateral being maintained on a daily marked-to-market basis in an amount at least equal to the current market value of the securities loaned plus any accrued interest or dividends; (2) the underlying fund may at any time call the loan and obtain the return of the securities loaned upon sufficient prior notification; (3) the underlying fund will receive any interest or dividends paid on the loaned securities; and (4) the aggregate market value of securities loaned will not at any time exceed the limits established by the 1940 Act. In determining whether or not to lend a security to a particular broker, dealer or financial institution, the underlying funds' securities lending agent considers all relevant facts and circumstances, including the size, creditworthiness and reputation of the broker, dealer, or financial institution.

An underlying fund will earn income for lending its securities because cash collateral pursuant to these loans will be invested subject to the investment objectives, principal investment strategies and policies of the underlying fund. In connection with lending securities, an underlying fund may pay reasonable finders, administrative and custodial fees. Loans of securities involve a risk that the borrower may fail to return the securities or may fail to provide additional collateral. In either case, an underlying fund could experience delays in recovering securities or collateral or could lose all or part of the value of the loaned securities. Although voting rights, or rights to consent, attendant to securities on loan pass to the borrower, such loans may be called at any time and will be called so that the securities may be voted by the applicable underlying fund if a material event affecting the investment is to occur. An underlying fund may pay a portion of the interest or fees earned from securities lending to a borrower or securities lending agent.

BGI acts as securities lending agent for the underlying funds, subject to the overall supervision of BGFA. Pursuant to an exemptive order granted by the SEC, BGI is entitled to receive a portion of the revenues generated by securities lending activities as compensation for its services in this regard. The underlying funds have also obtained permission from the SEC (via exemptive order) to lend portfolio securities to certain affiliated borrowers, subject to a number of conditions.

MONEY MARKET INSTRUMENTS

Each ETF Fund or underlying fund may invest a portion of its assets in high-quality money market instruments on an ongoing basis to provide liquidity or for other reasons. The instruments in which the ETF Funds or underlying fund may invest include: (i) short-term obligations issued by the U.S. Government; (ii) negotiable certificates of deposit ("CDs"), fixed time deposits and bankers' acceptances of U.S. and foreign banks and similar institutions; (iii) commercial paper rated at the date of purchase "Prime-1" by Moody's or "A-1+" or "A-1" by S&P or, if unrated, of comparable quality is determined by BGFA; and (iv) repurchase agreements. CDs are short-term negotiable obligations of commercial banks. Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Banker's acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions. BGFA received an

exemptive order from the SEC that permits the funds it manages, including the underlying funds of the Trust, to invest in shares of money market funds affiliated with BGFA. Pursuant to this order, the underlying funds are permitted to invest in shares of money market funds affiliated with BGFA for cash management purposes.

THE FOLLOWING SECTION APPLIES TO THE iSHARES LEHMAN AGGREGATE BOND FUND.

MORTGAGE PASS-THROUGH SECURITIES

A significant portion of the Lehman Brothers U.S. Aggregate Index (the "Lehman Aggregate Index") (recently, about 33%) represents the U.S. agency mortgage pass-through segment of the U.S. investment grade bond market. Therefore, a substantial portion of the Lehman Aggregate Bond Fund is invested to seek exposure to a representative sample of U.S. agency mortgage pass-through securities. The term "U.S. agency mortgage pass-through security" refers to a category of pass-through securities backed by pools of mortgages and issued by one of several U.S. Government-sponsored enterprises: the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC"). In the basic mortgage pass-through structure, mortgages with similar issuer, term and coupon characteristics are collected and aggregated into a "pool" consisting of multiple mortgage loans. The pool is assigned a CUSIP number and undivided interests in the pool are traded and sold as pass-through securities. The holder of the security is entitled to a pro rata share of principal and interest payments (including unscheduled prepayments) from the pool of mortgage loans. The portion of the Lehman Aggregate Index representing the mortgage pass-through segment of the U.S. investment grade bond market is comprised of multiple pools of mortgage pass-through securities.

An investment in a specific pool of pass-through securities requires an analysis of the specific prepayment risk of mortgages within the covered pool (since mortgagors typically have the option to prepay their loans). The level of prepayments on a pool of mortgage securities is difficult to predict and can impact the subsequent cash flows and value of the mortgage pool. In addition, when trading specific mortgage pools, precise execution, delivery and settlement arrangements must be negotiated for each transaction. These factors combine to make trading in mortgage pools somewhat cumbersome. For these and other reasons, the iShares Lehman Aggregate Bond Fund seeks to obtain exposure to U.S. agency mortgage pass-through securities primarily through the use of "to-be-announced" or "TBA transactions." "TBA" refers to a commonly used mechanism for the forward settlement of U.S. agency mortgage pass-through securities, and not to a separate type of mortgage-backed security. Most transactions in mortgage pass-through securities occur through the use of TBA transactions. TBA transactions generally are conducted in accordance with widely accepted guidelines that establish commonly observed terms and conditions for execution, settlement and delivery. In a TBA transaction, the buyer and seller decide on general trade parameters, such as agency, settlement date, par amount, and price. The actual pools delivered generally are determined two days prior to settlement date. The underlying fund intends to use TBA transactions in several

ways. For example, the underlying fund expects that it will regularly enter into TBA agreements and "roll over" such agreements prior to the settlement date stipulated in such agreements. This type of TBA transaction is sometimes known as a "TBA roll." In a "TBA roll" the underlying fund generally will sell the obligation to purchase the pools stipulated in the TBA agreement prior to the stipulated settlement date and will enter into a new TBA agreement for future delivery of pools of mortgage pass-through securities. In addition, the underlying fund may enter into TBA agreements and settle such transactions on the stipulated settlement date by accepting actual receipt or delivery of the pools of mortgage pass-through securities stipulated in the TBA agreement. Default by or bankruptcy of a counter party to a TBA transaction would expose the underlying fund to possible loss because of adverse market action, expenses or delays in connection with the purchase or sale of the pools of mortgage pass-through securities specified in the TBA transaction. To minimize this risk, the underlying fund will enter into TBA transactions only with established counter parties (such as major broker-dealers) and BGFA will monitor the creditworthiness of such counter parties. The underlying fund's use of "TBA rolls" may cause the underlying fund to experience higher portfolio turnover, higher transaction costs and to pay higher capital gain distributions to shareholders (which may be taxable) than the other underlying funds described herein.

The iShares Lehman Aggregate Bond Fund intends to invest cash pending settlement of any TBA transactions in money market instruments, repurchase agreements or other high-quality, liquid short-term instruments, including money market funds affiliated with BGFA.

REPURCHASE AGREEMENTS

Each ETF Fund or underlying fund may enter into repurchase agreements with

banks and securities dealers. Such transactions entail the purchase of securities with a simultaneous commitment to resell the securities to the bank or the dealer at an agreed-upon date and price, reflecting a market rate of interest unrelated to the coupon rate or maturity of the purchased securities. Should an ETF Fund or underlying fund enter into a repurchase agreement, it would maintain custody of the underlying securities prior to their repurchase. Thus, the obligation of the bank or the dealer to pay the repurchase price on the date agreed would be, in effect, secured by such securities. If the value of such securities were less than the repurchase price plus interest, the other party to the agreement would be required to provide additional collateral so that at all times the collateral is at least 100% of the repurchase price plus accrued interest. Default by or bankruptcy of a seller would expose each ETF Fund or underlying fund to possible loss because of adverse market action, expenses or delays in connection with the disposition of the underlying obligations. The financial institutions with which each ETF Fund or underlying fund may enter into repurchase agreements will be banks and non-bank dealers of U.S. Government securities on the Federal Reserve Bank of New York's list of reporting dealers, if such banks and non-bank dealers are deemed creditworthy. BGFA or the Sub-Advisor will continue to monitor creditworthiness of the seller under a repurchase agreement, and will require the seller to maintain the value of the securities subject to the agreement to equal at least 100% of the repurchase price (including accrued interest). In addition, the value of this collateral, after transaction costs (including loss of interest) reasonably expected to be incurred on a default, must be equal to or greater than 100% of the repurchase price (including accrued premium) provided in the repurchase agreement or the daily amortization of the difference between the purchase price and the repurchase price specified in the repurchase agreement. The value of the securities will be marked-to-market daily. Under the 1940 Act, repurchase agreements are considered loans.

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THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

REVERSE REPURCHASE AGREEMENTS

Each underlying fund may enter into reverse repurchase agreements, which involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowing. The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date. Generally the effect of such transactions is that the underlying fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while in many cases the underlying fund is able to keep some of the interest income associated with those securities. Such transactions are only advantageous if the underlying fund has an opportunity to earn a greater rate of interest on the cash derived from these transactions than the interest cost of obtaining the same amount of cash. Opportunities to realize earnings from the use of the proceeds equal to or greater than the interest required to be paid may not always be available and each underlying fund intends to use the reverse repurchase technique only when BGFA believes it will be advantageous to the underlying fund. The use of reverse repurchase agreements may exaggerate any interim increase or decrease in the value of each underlying fund's assets. The custodian bank will maintain a separate account for each underlying fund with securities having a value equal to or greater than such commitments. Under the 1940 Act, reverse repurchase agreements are considered borrowings.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

SHORT-TERM INSTRUMENTS AND TEMPORARY INVESTMENTS

Each underlying fund may invest in high-quality money market instruments on an ongoing basis to provide liquidity. The instruments in which an underlying fund may invest include: (i) short-term obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities (including government-sponsored enterprises); (ii) negotiable certificates of deposit ("CDs"), bankers' acceptances, fixed time deposits and other obligations of domestic banks (including foreign branches) that have more than \$1 billion in total assets at the time of investment and that are members of the Federal Reserve System or are examined by the Comptroller of the Currency or whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"); (iii) commercial paper rated at the date of purchase "Prime-1" by Moody's or "A-1+" or "A-1" by S&P, or, if unrated, of comparable quality as determined by BGFA, (iv) non-convertible corporate debt securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than one year that are rated at least "Aa" by Moody's or "AA" by S&P(v) repurchase agreements; and (vi) short-term, U.S. dollar-denominated obligations of foreign banks (including U.S. branches) that, at the time of investment have more than \$10 billion, or the equivalent in other currencies, in total assets and in the opinion of BGFA are of comparable quality to obligations of U.S. banks which may

be purchased by an underlying fund.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

SWAP AGREEMENTS

Swap agreements are contracts between parties in which one party agrees to make periodic payments to the other party based on the change in market value or level of a specified rate, index or asset. In return, the other party agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be done on a net basis, the underlying fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of an underlying fund's obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or high liquid securities having an aggregate value at least equal to the accrued excess is maintained in an account at the Trust's custodian bank. The use of interest-rate and index swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. These transactions generally do not involve the delivery of securities or other underlying assets or principal.

THE FOLLOWING SECTION APPLIES TO THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

U.S. GOVERNMENT OBLIGATIONS

The iShares Lehman 1-3 Treasury Bond Fund invests almost exclusively in various types of U.S. Government obligations and the iShares Lehman Aggregate Bond Fund invests a portion of its assets in U.S. Government obligations. U.S. Government obligations are a type of bond. U.S. Government obligations include securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities. Payment of principal and interest on U.S. Government obligations (i) may be backed by the full faith and credit of the United States (as with U.S. Treasury obligations and Government National Mortgage Association (i.e., GNMA) certificates) or (ii) may be backed solely by the issuing or guaranteeing agency or instrumentality itself (as with Federal National Mortgage Association (i.e., FNMA) notes). In the latter case, the investor must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, which agency or instrumentality may be privately owned. There can be no assurance that the U.S. Government would provide financial support to its agencies or instrumentalities where it is not obligated to do so. As a general matter, the value of debt instruments, including U.S. Government obligations, declines when market interest rates increase and rises when market interest rates decrease. Certain types of U.S. Government obligations are subject to fluctuations in yield or value due to their structure or contract terms.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

GENERAL CONSIDERATIONS AND RISKS

An investment in an underlying fund should be made with an understanding that the value of an underlying fund's portfolio securities may fluctuate in accordance with changes in the financial condition of the issuers of the portfolio securities, the value of common stocks in general and other factors that affect the market. An investment in an underlying fund should also be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the financial condition of issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the portfolio securities and thus in the value of iShares). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises.

Holders of common stocks incur more risk than holders of preferred stocks and debt obligations because common stockholders, as owners of the issuer, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors, or holders of debt obligations or preferred stocks. Further, unlike debt securities which typically have a stated principal amount payable at maturity (whose value, however, is subject to market fluctuations

prior thereto), or preferred stocks, which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding.

Although most of the securities in the underlying investments are listed on a national securities exchange, the principal trading market for some may be in the over-the-counter market. The existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of an underlying fund's shares will be adversely affected if trading markets for an underlying fund's portfolio securities are limited or absent, or if bid/ask spreads are wide.

THE FOLLOWING SECTION APPLIES TO ALL THE UNDERLYING FUNDS EXCEPT THE iSHARES LEHMAN 1-3 TREASURY BOND FUND AND iSHARES LEHMAN AGGREGATE BOND FUND.

RISKS OF FUTURES AND OPTIONS TRANSACTIONS

There are several risks accompanying the utilization of futures contracts and options on futures contracts. First, a position in futures contracts and options on futures contracts may be closed only on the exchange on which the contract was made (or a linked exchange). While each underlying fund plans to utilize futures contracts only if an active market exists for such contracts, there is no guarantee that a liquid market will exist for the contract at a specified time. Furthermore, because, by definition, futures contracts project price levels in the future and not current levels of valuation, market circumstances may result in a discrepancy between the price of the stock index future and the movement in the underlying index. In the event of adverse price movements, an underlying fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if an underlying fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, an underlying fund may be required to deliver the instruments underlying the future contracts it has sold.

The risk of loss in trading futures contracts or uncovered call options in some strategies (e.g., selling uncovered stock index futures contracts) is potentially unlimited. The underlying funds do not plan to use futures and options contracts in this way. The risk of a futures position may still be large as traditionally measured due to the low margin deposits required. In many cases, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor relative to the size of a required margin deposit. The underlying funds, however, intend to utilize futures and options contracts in a manner designed to limit their risk exposure to levels comparable to direct investment in stocks.

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Utilization of futures and options on futures by an underlying fund involves the risk of imperfect or even negative correlation to the underlying index if the index underlying the futures contract differs from the underlying index. There is also the risk of loss by an underlying fund of margin deposits in the event of bankruptcy of a broker with whom an underlying fund has an open position in the futures contract or option. The purchase of put or call options will be based upon predictions by BGFA as to anticipated trends, which predictions could prove to be incorrect.

Because the futures market imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations. Certain financial futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount by which the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. It is possible that futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting each underlying fund to substantial losses. In the event of adverse price movements, each underlying fund would be required to make daily cash payments of variation margin.

Although each underlying fund intends to enter into futures contracts only if there is an active market for such contracts, there is no assurance that an active market will exist for the contracts at any particular time.

RATING SERVICES

The ratings of nationally recognized statistical rating organizations represent their opinions as to the quality of the securities that they undertake

to rate. It should be emphasized, however, that ratings are relative and subjective and are not absolute standards of quality. Although these ratings are an initial criterion for selection of portfolio investments, each Sub-Advisor also makes its own evaluation of these securities, subject to review by the Board of Trustees. After purchase by a Fund, an obligation may cease to be rated or its rating may be reduced below the minimum required for purchase by the Fund. Neither event would require a Fund to eliminate the obligation from its portfolio, but a Sub-Advisor will consider such an event in its determination of whether a Fund should continue to hold the obligation. A description of the ratings used herein and in the Trust's Prospectus is set forth in the Appendix.

INVESTMENT RESTRICTIONS

FUNDAMENTAL POLICIES. The "fundamental policies" of each Fund may not be changed with respect to the Fund without the approval of a "majority of the outstanding voting securities" of the Fund. "Majority of the outstanding voting securities" under the 1940 Act, and as used in this SAI and the Prospectus, means, the lesser of (i) 67% or more of the outstanding voting securities of the Fund present at a meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy or (ii) more than 50% of the outstanding voting securities of the Fund.

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THE FOLLOWING FUNDAMENTAL POLICIES ARE APPLICABLE TO ALL FUNDS:

Each Fund may not:

(1) issue senior securities except as permitted by the 1940 Act, any rule, regulation or order under the 1940 Act or any SEC staff interpretation of the 1940 Act;

(2) engage in borrowing except as permitted by the 1940 Act, any rule, regulation or order under the 1940 Act or any SEC staff interpretation of the 1940 Act;

(3) underwrite securities issued by other persons, except to the extent that, in connection with the sale or disposition of portfolio securities, the Fund may be deemed to be an underwriter under certain federal securities laws or in connection with investments in other investment companies;

(4) (i) (ALL FUNDS EXCEPT ETF FUNDS) purchase the securities of an issuer (other than securities issued or guaranteed by the U.S. Government, its agencies or its instrumentalities) if, as a result, more than 25% of the Fund's total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(ii) (ETF FUNDS) concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) except that an ETF Fund will concentrate to approximately the same extent that its underlying funds and their underlying index concentrates in the stocks of such particular industry or group of industries (for purposes of this limitation, securities of the U.S. Government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. Government securities, and securities of state or municipal governments and their political subdivisions are not considered issued by members of any industry);

(5) purchase or sell real estate except that the Fund may (i) hold and sell real estate acquired as a result of the Fund's ownership of securities or other instruments; (ii) purchase or sell securities or other instruments backed by real estate, or interests in real estate; and (iii) purchase or sell securities of entities or investment vehicles, including real estate investment trusts, that invest, deal or otherwise engage in transactions in real estate or interests in real estate;

(6) purchase or sell physical commodities except that the Fund may (i) hold and sell physical commodities acquired as a result of the Fund's ownership of securities or other instruments; (ii) purchase or sell securities or other instruments backed by physical commodities; (iii) purchase or sell options, and (iv) purchase or sell futures contracts; and

(7) make loans to other persons except that the Fund may (i) engage in repurchase agreements (or reverse repurchase agreements for the ETF Funds); (ii) lend portfolio securities, (iii) purchase debt securities; (iv) purchase commercial paper; and (v) enter into any other lending arrangement permitted by the 1940 Act, any rule, regulation or order under the 1940 Act or any SEC staff interpretation of the 1940 Act.

NONFUNDAMENTAL OPERATING POLICIES. Certain Funds have adopted additional restrictions as a matter of "operating policy." These restrictions are nonfundamental and are changeable by the Board of Trustees without a shareholder vote.

THE FOLLOWING NONFUNDAMENTAL OPERATING POLICIES ARE APPLICABLE TO ALL FUNDS, EXCEPT THE EMERGING GROWTH FUND, BARON SMALL CAP FUND, THIRD AVENUE VALUE FUND, EAGLE CAPITAL APPRECIATION FUND, MONEY MARKET FUND AND ETF FUNDS.

The Funds may not:

(i) ENHANCED DIVIDEND 30 FUND, VALUE PLUS FUND, GROWTH & INCOME FUND, BALANCED FUND AND HIGH YIELD FUND - borrow money (including through reverse repurchase agreements or covered dollar rolls involving mortgage-backed securities or similar investment techniques entered into for leveraging purposes), except that the Fund may borrow for temporary or emergency purposes up to 10% of its total assets; provided, however, that no Fund may purchase any security while outstanding borrowings exceed 5%;

CORE BOND FUND ONLY - except for the use of reverse repurchase agreements and covered dollar rolls, borrow money from banks or other persons in an amount not exceeding 10% of its total assets, as a temporary measure for extraordinary or emergency purposes.

(ii) pledge, mortgage or hypothecate for any purpose in excess of 10% of the Fund's total assets (taken at market value), provided that collateral arrangements with respect to options and futures, including deposits of initial deposit and variation margin, and reverse repurchase agreements are not considered a pledge of assets for purposes of this restriction;

(iii) purchase any security or evidence of interest therein on margin, except that such short-term credit as may be necessary for the clearance of purchases and sales of securities may be obtained and except that deposits of initial deposit and variation margin may be made in connection with the purchase, ownership, holding or sale of futures;

(iv) sell any security which it does not own unless by virtue of its ownership of other securities it has at the time of sale a right to obtain securities, without payment of further consideration, equivalent in kind and amount to the securities sold and provided that if such right is conditional the sale is made upon the same conditions;

(v) invest for the purpose of exercising control or management;

(vi) purchase securities issued by any investment company except by purchase in the open market where no commission or profit to a sponsor or dealer results from such purchase other than the customary broker's commission, or except when such purchase, though not made in the open market, is part of a plan of merger or consolidation; provided, however, that securities of any investment company will not be purchased for the Fund if such purchase at the time thereof would cause: (a) more than 10% of the Fund's total assets (taken at the greater of cost or market value) to be invested in the securities of such issuers; (b) more than 5% of the Fund's total assets (taken at the greater of cost or market value) to be invested in any one investment company, provided further that, except in the case of a merger or consolidation, the Fund shall not purchase any securities of any open-end investment company unless the Fund (1) waives the investment advisory fee, with respect to assets invested in other open-end investment companies and (2) incurs no sales charge in connection with the investment;

(vii) invest more than 15% of the Fund's net assets (taken at the greater of cost or market value) in securities that are illiquid or not readily marketable (defined as a security that cannot be sold in the ordinary course of business within seven days at approximately the value at which the Fund has valued the security) not including (a) Rule 144A securities that have been determined to be liquid in accordance with guidelines approved by the Board of Trustees; and (b) commercial paper that is sold under section 4(2) of the 1933 Act which is not traded flat or in default as to interest or principal and either (i) is rated in one of the two highest categories by at least two nationally recognized statistical rating organizations ("NRSRO'S") and the Fund's Board of Trustees have determined the commercial paper to be liquid in accordance with the guidelines approved by the Fund's Board of Trustees; or (ii) if only one NRSRO rates the security, the security is rated in one of the two highest categories by that NRSRO and the Fund Advisor has determined that the commercial paper is equivalent quality and is liquid in accordance with guidelines approved by the Fund's Board of Trustees;

(viii) invest more than 10% of the Fund's total assets in securities that are restricted from being sold to the public without registration under the 1933 Act (other than Rule 144A Securities deemed liquid in accordance with guidelines approved by the Fund's Board of Trustees);

(ix) purchase securities of any issuer if such purchase at the time thereof would cause the Fund to hold more than 10% of any class of securities of such issuer, for which purposes all indebtedness of an issuer shall be deemed a single class and all preferred stock of an issuer shall be deemed a single class, except that futures or option contracts shall not be subject to this restriction;

(x) make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable, without payment of any further consideration, for securities of the same issue and equal in amount to, the securities sold short, and unless not more than 10% of the Fund's net assets (taken at market value) is represented by such securities, or securities convertible into or exchangeable for such securities, at any one time;

(xi) purchase puts, calls, straddles, spreads and any combination thereof if by reason thereof the value of the Fund's aggregate investment in such classes of securities will exceed 5% of its total assets;

(xii) write puts and calls on securities unless each of the following conditions are met: (a) the security underlying the put or call is within the investment policies of the Fund and the option is issued by the OCC, except for put and call options issued by non-U.S. entities or listed on non-U.S. securities or commodities exchanges; (b) the aggregate value of the obligations underlying the puts determined as of the date the options are sold shall not exceed 50% of the Fund's net assets; (c) the securities subject to the exercise of the call written by the Fund must be owned by the Fund at the time the call is sold and must continue to be owned by the Fund until the call has been exercised, has lapsed, or the Fund has purchased a closing call, and such purchase has been confirmed, thereby extinguishing the Fund's obligation to deliver securities pursuant to the call it has sold; and (d) at the time a put is written, the Fund establishes a segregated account with its custodian consisting of cash or liquid securities equal in value to the amount the Fund will be obligated to pay upon exercise of the put (this account must be maintained until the put is exercised, has expired, or the Fund has purchased a closing put, which is a put of the same series as the one previously written); and

(xiii) buy and sell puts and calls on securities, stock index futures or options on stock index futures, or financial futures or options on financial futures unless such options are written by other persons and: (a) the options or futures are offered through the facilities of a national securities association or are listed on a national securities or commodities exchange, except for put and call options issued by non-U.S. entities or listed on non-U.S. securities or commodities exchanges; (b) the aggregate premiums paid on all such options which are held at any time do not exceed 20% of the Fund's total net assets; and (c) the aggregate margin deposits required on all such futures or options thereon held at any time do not exceed 5% of the Fund's total assets.

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THE FOLLOWING NONFUNDAMENTAL OPERATING POLICIES ARE APPLICABLE TO THE EMERGING GROWTH FUND.

(i) The Emerging Growth Fund intends to borrow money only as a temporary measure for extraordinary or emergency purposes. In addition, the Fund may engage in reverse repurchase agreements, forward roll transactions involving mortgage-backed securities or other investment techniques entered into for the purpose of leverage.

(ii) The following activities will not be considered to be issuing senior securities with respect to the Fund: (a) collateral arrangements in connection with any type of option, futures contract, forward contract or swap; (b) collateral arrangements in connection with initial and variation margin; (c) a pledge, mortgage or hypothecation of the Fund's assets to secure its borrowings; or (d) a pledge of the Fund's assets to secure letters of credit solely for the purpose of participating in a captive insurance company sponsored by the Investment Company Institute.

THE FOLLOWING NONFUNDAMENTAL OPERATING POLICIES ARE APPLICABLE TO THE BARON SMALL CAP FUND AND THE THIRD AVENUE VALUE FUND:

(i) The Funds do not currently intend to borrow money or issue senior securities, except that the Third Avenue Value Fund may borrow in an amount up to 10% of its total assets from banks for extraordinary or emergency purposes such as meeting anticipated redemptions, and may pledge its assets in connection with such borrowing. Baron Small Cap Fund may borrow money from banks on an unsecured basis and may pay interest thereon in order to raise additional cash for investment or to meet redemption requests. The Baron Small Cap Fund may not borrow amounts in excess of 20% of its total assets taken at cost or at market value, whichever is lower, and then only from banks as a temporary measure for extraordinary or emergency purposes. If such borrowings exceed 5% of the Baron Small Cap Fund's total assets, the Fund will make no further investments until such borrowing is repaid. It is the current intention of the Baron Small Cap

Fund not to borrow money in excess of 5% of its assets. A Fund may pledge up to 5% (10% in the case of Baron Small Cap Fund) of its total assets as security for such borrowing. For purposes of this restriction, the deposit of initial or maintenance margin in connection with futures contracts will not be deemed to be a pledge of the assets of a Fund.

(ii) The Funds do not currently intend to mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by a Fund except as may be necessary in connection with permitted borrowings and then not in excess of 5% of the Fund's total assets taken at cost (10% in the case of Baron Small Cap Fund), provided that this does not prohibit escrow, collateral or margin arrangements in connection with the use of options, futures contracts and options on futures contracts by a Fund that may use options or futures strategies.

(iii) The Funds do not currently intend to purchase securities on margin, except for short-term credit necessary for clearance of portfolio transactions and except that a Fund that may use options or futures strategies and may make margin deposits in connection with its use of options, futures contracts and options on futures contracts.

(iv) The Funds do not currently intend to make short sales of securities or maintain a short position, except to the extent described in the Prospectus or Statement of Additional Information.

(v) BARON SMALL CAP FUND ONLY. The Fund may write call options if the calls written by any of the Fund are covered throughout the life of the option. A call is covered if the Fund (i) owns the optioned securities, (ii) has an immediate right to acquire such securities, without additional consideration, upon conversion or exchange of securities currently held in the Fund or (iii) in the case of options on certain U.S. Government securities or which are settled in cash, the Fund maintains, in a segregated account with the custodian, cash or U.S. Government securities or other appropriate high-grade debt obligations with a value sufficient to meet its obligations under the call.

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(vi) BARON SMALL CAP FUND ONLY. The Fund may write listed put options only if they are secured. A put is secured if a Fund (i) maintains in a segregated account with the custodian, cash or U.S. Government securities or other appropriate high-grade debt obligations with a value equal to the exercise price or (ii) holds a put on the same underlying security at an equal or greater exercise price.

(vii) The Funds may purchase a put or call option, including any straddles or spreads, only if the value of its premium, when aggregated with the premiums on all other options held by the Fund, does not exceed 5% of the Fund's total assets.

(viii) The Funds do not currently intend to purchase or sell futures contracts or related options if, immediately thereafter, the sum of the amount of initial margin deposits on the Fund's existing futures positions and margin and premiums paid for related options would exceed 5% of the market value of the Fund's total assets. For purposes of this guideline, options on futures contracts and foreign currency options traded on a commodities exchange will be considered related options.

(ix) The Funds do not currently intend to enter into futures contracts, options on futures contracts or foreign currency options traded on a commodities exchange for which the aggregate initial margin and premiums exceed 5% of a Fund's total assets (calculated in accordance with CFTC regulations).

THE FOLLOWING NONFUNDAMENTAL OPERATING POLICIES ARE APPLICABLE TO THE EAGLE CAPITAL APPRECIATION FUND.

(i) The Fund does not currently intend to borrow money or issue senior securities, except in an amount up to 10% of its total assets from banks for extraordinary or emergency purposes such as meeting anticipated redemptions, and may pledge up to 5% of its total assets as security for such borrowing.

(ii) The Fund does not currently intend to mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with permitted borrowings and then not in excess of 5% of the Fund's total assets taken at cost.

(iii) The Fund does not currently intend to purchase securities on margin, except for short-term credit necessary for clearance of portfolio transactions.

(iv) The Fund does not currently intend to purchase any securities issued by any other investment company except (i) by purchase in the open market where no commission or profit, other than a customary broker's commission, is earned by any sponsor or dealer associated with the investment company whose shares are acquired as a result of such purchase, (ii) in connection with the merger,

consolidation or acquisition of all the securities or assets of another investment company and (iii) purchases of collateralized mortgage obligations or asset-backed securities, the issuers of which are investment companies.

(v) The Fund does not currently intend to make short sales of securities or maintain a short position.

(vi) The Fund does not currently intend to purchase or sell puts, calls, options, straddles, commodities or commodities futures.

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THE FOLLOWING NONFUNDAMENTAL OPERATING POLICIES ARE APPLICABLE ONLY TO THE MONEY MARKET FUND.

(i) The Money Market Fund does not currently intend to issue or sell any senior security as defined by the 1940 Act except insofar as any borrowing that the Fund may engage in may be deemed to be an issuance of a senior security.

(ii) The Money Market Fund does not currently intend to borrow money, except (a) from a bank, provided that immediately after such borrowing there is asset coverage of 300% for all borrowings of the Fund; or (b) from a bank or other persons for temporary purposes only, provided that, when made, such temporary borrowings are in an amount not exceeding 5% of the Fund's total assets. The Money Market Fund does not currently intend to make any borrowing that would cause outstanding borrowings to exceed one-third of the value of its total assets.

(iii) The Money Market Fund does not currently intend to purchase, hold or deal in real estate.

(iv) The Money Market Fund does not currently intend to purchase, hold or deal in commodities.

(v) The Money Market Fund does not currently intend to engage in the purchase or sale of put or call options.

(vi) The Money Market Fund does not currently intend to make loans to other persons if, as a result, more than one-third of the value of the Fund's total assets would be subject to such loans. This limitation does not apply to (a) the purchase of a portion of an issue of debt securities in accordance with the Fund's investment objective, policies and limitations or (b) engaging in repurchase transactions.

(vii) The Money Market Fund does not currently intend to invest in oil, gas or other mineral explorative or development programs.

(viii) The Money Market Fund does not currently intend to invest more than 25% of its total assets in the securities of issuers in any particular industry; provided, however, that there is no limitation with respect to investments in obligations issued or guaranteed by the United States Government or its agencies or instrumentalities or repurchase agreements with respect thereto.

(ix) The Money Market Fund does not currently intend to purchase the securities of any issuer if such purchase at the time thereof would cause more than 5% of the value of its total assets to be invested in the securities of such issuer (the foregoing limitation does not apply to investments in government securities as defined in the Investment Company Act of 1940).

(x) The Money Market Fund does not currently intend to invest more than 25% of its total assets in a particular industry, except that the Fund may invest more than 25% of total assets in securities of banks. Currently, the Securities and Exchange Commission defines the term "bank" to include U.S. banks and their foreign branches if, in the case of foreign branches, the parent U.S. bank is unconditionally liable for such obligations. These limitations do not apply to obligations of the U.S. government or any of its agencies or instrumentalities. The Money Market Fund does not consider utilities or companies engaged in finance generally to be one industry. Finance companies will be considered a part of the industry they finance (e.g., GMAC-auto; VISA-credit cards). Utilities will be divided according to the types of services they provide; for example, gas, gas transmission, electric and gas, electric and telephone will each be considered a separate industry.

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(xi) The Money Market Fund does not currently intend to purchase securities for which there are legal or contractual restrictions on resale or enter into a repurchase agreement maturing in more than seven days if, as a result thereof, more than 10% of the value of its net assets would be invested in such securities.

(xii) The Money Market Fund does not currently intend to invest more than 5% of its total assets in the securities of any investment company and will not invest more than 10% of the value of its total assets in securities of other investment companies.

(xiii) The Money Market Fund does not currently intend to purchase securities or evidence of interest thereon on "margin." This limitation is not applicable to short-term credit obtained by the Fund for the clearance of purchases and sales or redemption of securities.

(xiv) The Money Market Fund does not currently intend to make short sales of securities, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short.

THE FOLLOWING NONFUNDAMENTAL OPERATING POLICY IS APPLICABLE ONLY TO THE HIGH YIELD FUND, THE CORE BOND FUND AND THE BARON SMALL CAP FUND.

Each Fund may not change its policy of investing, under normal circumstances, at least 80% of its net assets (defined as net assets, plus the amount of any borrowings for investment purposes), in investments suggested by the Fund's name as described in the Prospectus, without providing shareholders with at least 60 days' prior notice of such change. The notice will be provided in a separate written document containing the following, or similar, statement, in boldface type: "Important Notice Regarding Change in Investment Policy." The statement will also appear on the envelope in which the notice is delivered, unless the notice is delivered separately from other communications to the shareholder.

CODE OF ETHICS

The Trust, the Distributor, the Advisor and the Sub-Advisors have each adopted a Code of Ethics under Rule 17j-1 of the 1940 Act governing the personal investment activity by investment company personnel, including portfolio managers, and other persons affiliated with the Funds who may be in a position to obtain information regarding investment recommendations or purchases and sales of securities for a Fund. These Codes permit persons covered by the Codes to invest in securities for their own accounts, and may permit such persons to invest in securities that may be purchased or held by a Fund, subject to restrictions on investment practices that may conflict with the interests of the Funds.

PROXY VOTING PROCEDURES

Each Fund has adopted its Sub-Advisor's policies and procedures for voting proxies relating to portfolio securities held by the Funds, including procedures used when a vote presents a conflict between the interests of a Fund's shareholders and those of the Sub-Advisor or its affiliates. Information about how the Funds voted proxies relating to their portfolio securities during the year ended June 30, 2004 is available without charge, upon request, by calling toll-free 1-800-543-0407 and on the SEC website at <http://www.sec.gov>. Listed below is a summary of the Sub-Advisors' proxy voting procedures:

TCW INVESTMENT MANAGEMENT COMPANY, LLC. TCW has adopted proxy-voting guidelines on issues involving governance, capital structure, mergers and restructuring, board of directors, anti-takeover provisions, compensation and other issues.

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When voting proxies, TCW's utmost concern is that all decisions be made solely in the interests of the Fund and with the goal of maximizing the value of the Fund's investments. The voting guidelines generally specify whether TCW will vote for or against a particular type of proposal. TCW's underlying philosophy is that its portfolio managers are best able to determine how best to further the Fund's interests and goals. The portfolio managers may, in their discretion, take into account the recommendations of TCW management, the Proxy Committee and an outside proxy voting service.

Consistent with the approaches described above, the following are examples of TCW's voting position on specific matters.

- o TCW will vote for director nominees in uncontested elections.
- o TCW will vote against proposals to authorize preferred stock if the Board has unlimited rights to set the terms and conditions.
- o TCW will vote against proposals to ratify or adopt poison pill plans.
- o TCW will vote against proposals to establish or increase super majority vote requirements.
- o TCW will vote for executive and director compensation plans unless they are dilutive beyond pre-determined levels, in which case such

votes will be determined on a case-by-case basis.

- o TCW will vote for mergers and acquisitions.

If a potential conflict of interest arises, the primary means by which TCW will avoid a conflict is by casting such votes solely in the interests of the Fund and in the interests of maximizing the value of its portfolio holdings. If a conflict of interest arises and the proxy vote is predetermined, TCW will vote accordingly. If a conflict of interest arises and there is no predetermined vote, TCW will refer the vote to an outside service for its consideration in the event the client's relationship is determined to be material to TCW. If TCW identifies a conflict of interest between a portfolio manager and an issuer soliciting proxy votes from TCW clients, the Proxy Committee will cast the vote.

WESTFIELD CAPITAL MANAGEMENT COMPANY LLC. Westfield's policy is to vote all proxies in the best interest of the Fund in accordance with its fiduciary obligations and applicable law. Westfield has a Proxy Committee composed of individuals from the investment committee, operations staff and compliance department. The Proxy Committee is responsible for setting general policy as to proxies. Westfield has also contracted with The Investor Responsibility Research Center ("IRRC") to assist it in the proxy voting process by providing proxy voting research and maintaining documentation to substantiate the manner in which Westfield votes proxies. Westfield maintains written voting guidelines, that are available on its website, setting forth the voting positions determined by its Proxy Committee on those issues believed most likely to arise day to day. These issues include board-approved proposals (election of directors, executive compensation, capitalization, acquisitions, mergers, reorganizations and anti-takeover measures) and shareholder proposals. Westfield will vote proxies in accordance with these guidelines, subject to two exceptions: 1) if the portfolio manager believes that following the guidelines would not be in the Fund's best interests and 2) for clients with plan assets subject to ERISA, Westfield may accept instructions to vote proxies in accordance with AFL-CIO proxy voting guidelines except when voting in accordance with AFL-CIO guidelines would be inconsistent with ERISA.

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The following are examples of Westfield's voting position on specific matters.

- o Westfield will withhold votes for the entire board of directors if the board does not have a majority of independent directors or the board does not have a nominating, audit and compensation committee composed solely of independent directors.
- o Westfield will vote on a case-by-case basis board approved proposals relating to executive compensation. Westfield may vote against executive compensation proposals where compensation is excessive by reasonable corporate standards or where a company fails to provide transparent disclosure of executive compensation.
- o Westfield will vote against board proposals to adopt anti-takeover measures such as a shareholder rights plan, supermajority voting provisions, adoption of fair price provisions, issuance of blank check preferred stock and the creation of a separate class of stock with disparate voting rights, except Westfield will vote on a case-by-case basis poison pill proposals and proposals to adopt fair price provisions.

If a conflict of interest should arise when voting proxies of an issuer that has a significant business relationship with Westfield, Westfield will vote proxies based solely on the investment merits of the proposal.

FORT WASHINGTON INVESTMENT ADVISORS, INC. Fort Washington's policy is to vote proxies in the best interests of a Fund at all times. Fort Washington has adopted procedures that it believes are reasonably designed to ensure that proxies are voted in the best interests of a Fund in accordance with its fiduciary duties and SEC rules governing investment advisers. Reflecting a basic investment philosophy that good management is shareholder focused, proxy votes will generally be cast in support of management on routine corporate matters and in support of any management proposal that is plainly in the interest of all shareholders. Specifically, proxy votes generally will be cast in favor of proposals that:

- o maintain or strengthen the shared interests of stockholders and management;
- o increase shareholder value; and
- o maintain or increase shareholder rights generally.

Proxy votes will generally be cast against proposals having the opposite effect of the above. Where Fort Washington perceives that a management proposal,

if approved, would tend to limit or reduce the market value of the company's securities, it will generally vote against it. Fort Washington generally supports shareholder rights and recapitalization measures undertaken unilaterally by boards of directors properly exercising their responsibilities and authority, unless such measures could have the effect of reducing shareholder rights or potential shareholder value. In cases where shareholder proposals challenge such actions, Fort Washington's voting position will generally favor not interfering with the directors' proper function in the interest of all shareholders.

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Fort Washington may delegate its responsibilities under its proxy voting procedures to a third party, provided that Fort Washington retains final authority and fiduciary responsibility for proxy voting. Fort Washington has retained IRRC to assist it in the proxy voting process and will use IRRC's proxy voting guidelines as a resource in its proxy voting.

Fort Washington will review each proxy to assess the extent, if any, to which there may be a material conflict between it and the interests of a Fund. If Fort Washington determines that a potential conflict may exist, it will be reported to the Proxy Voting Committee. The Proxy Voting Committee is authorized to resolve any conflict in a manner that is in the collective best interests of a Fund (excluding any Fund that may have a potential conflict). The Proxy Voting Committee may resolve a potential conflict in any of the following manners:

- o If the proposal is specifically addressed in the proxy voting procedures, Fort Washington may vote the proxy in accordance with these policies, provided that such pre-determined policy involves little discretion on Fort Washington's part;
- o Fort Washington may engage an independent third party to determine how the proxy should be voted;
- o Fort Washington may establish an ethical wall or other informational barriers between the person involved in the potential conflict and the persons making the voting decision in order to insulate the potential conflict from the decision maker.

TODD INVESTMENT ADVISORS, INC. Todd will vote proxies solely in the best long-term interests of the Fund. Todd has adopted guidelines on key issues such as election of directors, stock incentive plans, expensing of options, severance agreements, takeover provisions, and social and environmental issues. Todd employs Institutional Shareholder Services ("ISS") to help it analyze particular issues. The following are examples of Todd's position on specific matters.

- o Todd will generally vote for proposals seeking to end the staggered election of directors and prefers that all directors be elected annually.
- o Todd will generally support proposals requiring a majority of independent directors on the board.
- o Todd prefers to see the separation of Chairman and CEO positions.
- o Todd prefers that all incumbent directors own company stock.
- o Todd prefers that all stock incentive plans be limited to restricted stock or other truly long-term incentive plans, but recognizes that short-term incentive plans do have a place in providing key executives with a balanced compensation program.
- o Todd supports proposals requiring the expensing of options.

If a conflict of interest should arise, Todd will inform its Executive Committee of the conflict and notify the shareholder why Todd's vote may differ from the shareholder's request. Todd will consider a shareholder's request but will vote only for what it believes will best advance the long-term interests of shareholders.

OPCAP ADVISORS, LLC. OpCap (the "Company") has adopted written Proxy Policy Guidelines and Procedures (the "Proxy Guidelines") that are reasonably designed to ensure that the Company is voting in the best interest of the Fund. The Proxy Guidelines reflect the Company's general voting positions on specific corporate governance issues and corporate actions. Some issues may require a case-by-case

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analysis prior to voting and may result in a vote being cast that will deviate from the Proxy Guidelines. Upon receipt of the Fund's written request, the Company may also vote proxies for that Fund's account in a particular manner

that may differ from the Proxy Guidelines. Deviation from the Proxy Guidelines will be documented and maintained in accordance with Rule 204-2 under the Investment Advisers Act of 1940.

In accordance with the Proxy Guidelines, the Company may review additional criteria associated with voting proxies and evaluate the expected benefit to the Fund when making an overall determination on how or whether to vote the proxy. The Company may vote proxies individually for an account or aggregate and record votes across a group of accounts, strategies or products. In addition, the Company may refrain from voting a proxy on behalf of the Fund's accounts due to de minimus holdings, impact on the portfolio, items relating to foreign issuers, timing issues related to the opening/closing of accounts and contractual arrangements with clients and/or their authorized delegate. For example, the Company may refrain from voting a proxy of a foreign issuer due to logistical considerations that may have a detrimental effect on the Company's ability to vote the proxy. These issues may include, but are not limited to: (i) proxy statements and ballots being written in a foreign language, (ii) untimely notice of a shareholder meeting, (iii) requirements to vote proxies in person, (iv) restrictions on a foreigner's ability to exercise votes, (v) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting, or (vi) requirements to provide local agents with power of attorney to facilitate the voting instructions. Such proxies are voted on a best-efforts basis.

To assist in the proxy voting process, the Company may retain an independent third party service provider to assist in providing research, analysis and voting recommendations on corporate governance issues and corporate actions as well as assist in the administrative process. The services provided offer a variety of proxy-related services to assist in the Company's handling of proxy voting responsibilities.

THIRD AVENUE MANAGEMENT LLC ("TAM"). TAM has adopted proxy voting policies and procedures for the voting of proxies on behalf of accounts for which TAM has voting discretion, including the Third Avenue Value Fund. Under TAM's proxy voting policy, the Fund's portfolio securities must be voted in the best interests of the Fund.

Normally, TAM exercises proxy-voting discretion on particular types of proposals in accordance with guidelines set forth in its proxy voting policy. The proxy guidelines address, for example, the election of directors, classified boards, cumulative voting and blank check preferred stock. The guidelines are subject to exceptions on a case-by-case basis. On issues not specifically addressed by the guidelines, TAM will analyze how the proposal may affect the value of the Fund and vote in accordance with what it believes to be the best interests of the Fund's shareholders.

TAM will normally abstain from voting when it believes the cost of voting will exceed the expected benefit to the Fund. The most common circumstances where that may be the case involve foreign proxies and securities out on loan. In addition, TAM may be restricted from voting proxies of a given issuer during certain periods if it has made certain regulatory filings with respect to that issuer.

An employee of TAM who may have direct or indirect influence on a proxy voting decision who becomes aware of a potential or actual conflict of interest in voting a proxy or the appearance of a conflict of interest is required to bring the issue to TAM's General Counsel. TAM's General Counsel will analyze each potential or actual conflict of interest presented to determine materiality and will document each situation and its resolution. When presented with an actual or potential conflict in voting a proxy, TAM's General Counsel is required to address the matter using an appropriate method to assure that the proxy vote is free from any improper influence, by (1) determining that there is no conflict or that it is immaterial, (2) ensuring that TAM votes in accordance with a predetermined policy, (3) following the published voting policy of ISS, (4) engaging an independent third party professional to vote the proxy or advise TAM how to vote or (5) presenting the conflict to the Board of Trustees and obtaining discretion on how to vote.

DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC. Deutsche has adopted Proxy Voting Guidelines that set forth its standard voting positions on various common proxy voting matters, including but not limited to, proposals on board of director elections, management compensation, mergers and acquisitions, changes to capital structure, social responsibility issues and anti-takeover provisions. Any client proxy vote that (i) is not addressed by specific instructions from the Fund, (ii) is not covered by the Proxy Voting Guidelines, or (iii) is one in which Deutsche believes that voting in accordance with the Proxy Voting Guidelines may not be in the best economic interests of the Fund, will be evaluated and voted by Deutsche's proxy voting committee in accordance with the Proxy Voting Policies.

Deutsche's Proxy Voting Policies also contain policies that are designed

to ensure that material conflicts of interest are avoided and/or resolved in a manner consistent with Deutsche's fiduciary role and the best economic interests of Deutsche's clients. Generally, under normal circumstances, Deutsche will vote proxies in accordance with the pre-determined Proxy Voting Guidelines. In the limited circumstances where Deutsche's proxy voting committee evaluates and votes a particular proxy, the proxy voting committee shall vote those proxies in accordance with what it, in good faith, determines to be the best economic interests of clients. If Deutsche determines, however, that a material conflict of interest exists with respect to a particular proxy that is being considered by its proxy voting committee, Deutsche will either follow (i) the instructions obtained from affected clients, or (ii) the recommendations of an independent third-party proxy voting specialist.

BAMCO INC. It is the policy of BAMCO in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for the Fund. To ensure consistency in voting proxies on behalf of the Fund, BAMCO utilizes proxy-voting guidelines. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues.

BAMCO will vote the Fund's proxies in the best interests of the Fund and not its own. In voting proxies, BAMCO will avoid material conflicts of interests between the interests of BAMCO and its affiliates on the one hand and the interests of the Fund on the other. BAMCO recognizes that it may have a material conflict of interest in voting a client proxy where (i) it manages assets, administers employee benefit plans, or provides brokerage, underwriting or insurance to companies whose management is soliciting proxies; (ii) it manages money for an employee group that is the proponent of a proxy proposal; (iii) it has a personal relationship with participants in a proxy solicitation or a director or candidate for director; or (iv) it otherwise has a personal interest in the outcome in a particular matter before shareholders. Notwithstanding the above categories, BAMCO understands that the determination of whether a "material conflict" exists depends on all of the facts and circumstances of the particular situation. BAMCO acknowledges the existence of a relationship of the type discussed above is sufficient for a material conflict to exist, even in the absence of any active efforts to solicit the investment adviser with respect to a proxy vote.

EAGLE ASSET MANAGEMENT INC. It is the policy of Eagle to generally vote proxies in furtherance of the long-term economic value of the underlying securities. Eagle considers each proxy proposal on its own merits, and makes an independent determination of the advisability of supporting or opposing management's position. Eagle believes that the recommendations of management should be given substantial weight, but will not support management proposals that Eagle believes are detrimental to the underlying value of the Fund's positions.

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Eagle usually opposes proposals that dilute the economic interest of shareholders, and also opposes those that reduce shareholders' voting rights or otherwise limit their authority. With respect to takeover offers, Eagle calculates a "going concern" value for every holding. If the offer approaches or exceeds Eagle's value estimate, Eagle will generally vote for the merger, acquisition or leveraged buy-out.

The following guidelines deal with a number of specific issues, particularly in the area of corporate governance. While they are not exhaustive, they do provide a good indication of Eagle's general approach to a wide range of issues.

I. Directors and Auditors

Eagle generally supports the management slate of directors, although Eagle may withhold its votes if the board has adopted excessive anti-takeover measures. Eagle favors inclusion of the selection of auditors on the proxy as a matter for shareholder ratification. As a general rule, in the absence of any apparent conflict of interest, Eagle will support management's selection of auditors.

II. Corporate Governance

In the area of corporate governance, Eagle will generally support proxy measures that it believes tends to increase shareholder rights.

Eagle generally votes against anti-takeover proposals that it believes would diminish shareholder rights.

Eagle generally votes on other corporate governance issues as follows:

- A. Other Business. Absent any compelling grounds, Eagle usually authorizes management to vote in its discretion.

- B. Differential Voting Rights. Eagle usually votes against the issuance of new classes of stock with differential voting rights, because such rights can dilute the rights of existing shares.
- C. Directors-Share Ownership. While Eagle views some share ownership by directors as having a positive effect, it will usually vote against proposals requiring directors to own a specific number of shares.
- D. Independent Directors. While Eagle opposes proposals that would require that a board consist of a majority of independent directors, it may support proposals that call for some independent positions on the board.
- E. Preemptive Rights. Eagle generally votes against preemptive rights proposals, as they may tend to limit share ownership, and they limit management's flexibility to raise capital.
- F. Employee Stock Ownership Plans (ESOPs). Eagle evaluates ESOPs on a case-by-case basis. Eagle usually votes for unleveraged ESOPs if they provide for gradual accumulation of moderate levels of stock. For leveraged ESOPs, Eagle examines the company's state of incorporation, existence of supermajority vote rules in the charter, number of shares authorized for ESOP and number of shares held by insiders. Eagle may also examine where the ESOP shares are purchased and the dilutive effect of the purchase. Eagle votes against leveraged ESOPs if all outstanding loans are due immediately upon a change in control or if the ESOP appears to be primarily designed as an anti-takeover device.

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III. Compensation and Stock Option Plans

Eagle reviews compensation plan proposals on a case-by-case basis. Eagle believes that strong compensation programs are needed to attract, hold and motivate good executives and outside directors, and so Eagle generally tends to vote with management on these issues. However, if the proposals appear excessive, or bear no rational relation to company performance, Eagle may vote in opposition.

With respect to compensation plans that utilize stock options or stock incentives, Eagle generally votes with management. However, if the awards of options appear excessive, or if the plans reserve an unusually large percentage of the company's stock for the award of options, Eagle may oppose them because of concerns regarding the dilution of shareholder value. Compensation plans that come within the purview of this guideline include long-range compensation plans, deferred compensation plans, long-term incentive plans, performance stock plans, and restricted stock plans and share option arrangements.

IV. Social Issues

Eagle has a fiduciary duty to vote on all proxy issues in furtherance of the long-term economic value of the underlying shares. Consistent with that duty, Eagle has found that management generally analyzes such issues on the same basis, and so Eagle generally supports management's recommendations on social issue proposals.

V. Conflicts of Interest

Eagle addresses the potential conflict of interest issue primary by voting proxies in accordance with the predetermined set of Guidelines described above. With very few exceptions, Eagle's proxy votes are cast as prescribed by Eagle's guidelines. On the rare occasion where a portfolio manager may recommend a vote contrary to Eagle's Guidelines, Eagle's Compliance Department will review the proxy issue and the recommended vote to ensure that the vote is cast in compliance with Eagle's overriding obligation to vote proxies in the best interests of clients and to avoid conflicts of interest. By limiting the discretionary factor in the proxy voting process, Eagle is confident that potential conflicts of interest will not affect the manner in which proxy-voting rights are exercised.

MANAGEMENT OF THE TRUST

BOARD OF TRUSTEES

The Board of Trustees is responsible for the overall management and supervision of the Trust in accordance with the provisions of the 1940 Act and other applicable laws and the Trust's Declaration of Trust. The name, age, address, present position(s) with the Trust, principal occupation(s) for the past 5 years and other directorships held outside the fund complex for each Trustee and principal officer of the Trust are set forth in the following table:

The Trustees who are not interested persons of the Trust, as defined in the 1940 Act, are referred to as "Independent Trustees."

<TABLE>
<CAPTION>

INTERESTED TRUSTEES (1):

NAME ADDRESS AGE	POSITION HELD WITH TRUST	TERM OF OFFICE (2) AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION (S) DURING PAST 5 YEARS	NUMBER OF FUNDS OVERSEEN IN THE TOUCHSTONE FAMILY OF FUNDS (3)	OTHER DIRECTORSHIPS HELD (4)
<S> Jill T. McGruder Touchstone Advisors, Inc. 221 East Fourth Street Cincinnati, OH Age: 49	<C> President and Trustee	<C> Until retirement at age 75 or until she resigns or is removed Trustee since 1999	<C> Senior Vice President of The Western and Southern Life Insurance Company. President and a director of IFS Financial Services, Inc. (a holding company). She is a director of Capital Analysts Incorporated (an investment advisor and broker-dealer), Integrated Fund Services, Inc. (the Trust's administrator, accounting and transfer agent), IFS Fund Distributors, Inc. (a broker-dealer), Touchstone Advisors, Inc. (the Trust's investment advisor) and Touchstone Securities, Inc. (the Trust's distributor). She is also President and a director of IFS Agency Services, Inc. (an insurance agency), W&S Financial Group Distributors, Inc. and IFS Systems, Inc. She is Senior Vice President and a director of Fort Washington Brokerage Services, Inc. (a broker-dealer). She is President of Touchstone Tax-Free Trust, Touchstone Investment Trust, Touchstone Variable Series Trust and Touchstone Strategic Trust. She was President of Touchstone Advisors, Inc. and Touchstone Securities, Inc. until 2004.	<C> 32	<C> Director of LaRosa's (a restaurant chain).
John F. Barrett The Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH Age: 56	Trustee	Until retirement at age 75 or until he resigns or is removed Trustee since 2000	Chairman of the Board, President and Chief Executive Officer of The Western and Southern Life Insurance Company, Western- Southern Life Assurance Company and Western & Southern Financial Group, Inc.;	32	Director of The Andersons Inc. (an agribusiness and retailing company), Convergys Corporation (a provider of business

Director and Chairman of Columbus Life Insurance Company; Fort Washington Investment Advisors, Inc., Integrity Life Insurance Company and National Integrity Life Insurance Company; Director of Eagle Realty Group, Inc., Eagle Realty Investments, Inc.; Integrated Fund Services, Inc. and IFS Holdings, Inc.; Director, Chairman and CEO of WestAd, Inc.; President and Trustee of Western & Southern Financial Fund, Inc.

support systems and customer care operations) and Fifth Third Bancorp.

John R. Lindholm Integrity Life Insurance Company 515 West Market Street, 8th Floor Louisville, KY Age: 56	Trustee	Until retirement at age 75 or until he resigns or is removed Trustee since 2003	President, CEO and Director of Integrity Life Insurance Company and National Integrity Life Insurance Company. He was the President of the Retail Business Division of Arm Financial Group from 1996 until 2000.	15	None
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INDEPENDENT TRUSTEES:

Richard L. Brenan 1420 Neeb Road Cincinnati, OH Age: 60	Trustee	Until retirement at age 75 or until he resigns or is removed Trustee since 2005	Retired Managing Partner of KPMG LLP (a certified public accounting firm); Director of The National Underwriter Company (a publisher of insurance and finance services products) until 2003.	32	Director of Wing Eyecare Companies.
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</TABLE>

<TABLE>

<S> J. Leland Brewster II 5155 Ivyfarm Road Cincinnati, OH Age: 76	<C> Trustee	<C> Until retirement in 2005 or until he resigns or is removed Trustee since 2000	<C> Retired Senior Partner of Frost Brown Todd LLC (a law firm); Director of Consolidated Health Services, Inc. until 2004.	<C> 32	<C> None
--	----------------	---	--	-----------	-------------

Phillip R. Cox 105 East Fourth Street Cincinnati, OH Age: 57	Trustee	Until retirement at age 75 or until he resigns or is removed Trustee since 1994	President and Chief Executive Officer of Cox Financial Corp. (a financial services company).	32	Director of the Federal Reserve Bank of Cleveland; Broadwing, Inc. (a communications company); and Cinergy Corporation (a utility company).
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H. Jerome Lerner c/o Touchstone Advisors, Inc. 221 East Fourth Street Cincinnati, OH Age: 66	Trustee	Until retirement at age 75 or until he resigns or is removed Trustee since 1999	Principal of HJL Enterprises (a privately held investment company).	32	None
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Donald C. Siekmann	Trustee	Until retirement at	Executive for Duro Bag	32	None
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c/o Touchstone Advisors, Inc.
 221 East Fourth Street
 Cincinnati, OH
 Age: 66

age 75 or until he
 resigns or is removed
 Trustee since 2005

Manufacturing Co. (a
 bag manufacturer);
 President of Shor
 Foundation for
 Epilepsy Research (a
 charitable
 foundation); Trustee
 of Riverfront Funds
 (mutual funds) from
 1999 - 2004.

Robert E. Stautberg
 c/o Touchstone Advisors, Inc.
 221 East Fourth Street
 Cincinnati, OH
 Age: 70

Trustee

Until retirement at
 age 75 or until he
 resigns or is removed
 Trustee since 1994

Retired Partner of
 KPMG LLP (a certified
 public accounting
 firm). He is Vice
 President of St.
 Xavier High School.

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Trustee of Good
 Samaritan
 Hospital,
 Bethesda
 Hospital and
 Tri-Health, Inc.

John P. Zanotti
 c/o Touchstone Advisors, Inc.
 221 E. Fourth Street
 Cincinnati, OH
 Age: 56

Trustee

Until retirement at
 age 75 or until he
 resigns or is removed
 Trustee since 2002

CEO, Chairman and
 Director of Avaton,
 Inc. (a wireless
 entertainment
 company). President of
 Cincinnati Biomedical
 (a life science and
 economic development
 company). CEO,
 Chairman and Director
 of Astrum Digital
 Information (an
 information monitoring
 company) from 2000
 until 2001; President
 of Great American Life
 Insurance Company from
 1999 until 2000; A
 Director of Chiquita
 Brands International,
 Inc. until 2000.

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Director of Qmed
 (a health care
 management
 company).

</TABLE>

- (1) Ms. McGruder, as a director of Touchstone Advisors, Inc., the Trust's investment advisor, and Touchstone Securities, Inc., the Trust's distributor, and an officer of various affiliates of the advisor and distributor, is an "interested person" of the Trust within the meaning of Section 2(a)(19) of the 1940 Act. Mr. Barrett, as President and Chairman of The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company, parent companies of Touchstone Advisors, Inc. and Touchstone Securities, Inc., Chairman of Fort Washington Investment Advisors, Inc., a Trust sub-advisor, and an officer of other affiliates of the advisor and distributor, is an "interested person" of the Trust within the meaning of Section 2(a)(19) of the 1940 Act. Mr. Lindholm, as President and a director of National Integrity Life Insurance Company and Integrity Life Insurance Company, subsidiaries of The Western and Southern Life Insurance Company, is an "interested person" of the Trust within the meaning of Section 2(a)(19) of the 1940 Act.

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- (2) Each Trustee is elected to serve until the age of 75 or after five years of service, whichever is greater, or until he or she sooner resigns or is removed.
- (3) The Touchstone Family of Funds consists of 15 series of the Trust, 7 series of the Touchstone Strategic Trust, 5 series of Touchstone Tax-Free Trust and 5 series of Touchstone Investment Trust.
- (4) Each Trustee, except Mr. Lindholm, is also a Trustee of Touchstone Tax-Free Trust, Touchstone Investment Trust and Touchstone Strategic Trust.

<TABLE>
 <CAPTION>

PRINCIPAL OFFICERS:

NAME ADDRESS AGE	POSITION HELD WITH TRUST(1)	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION (S) DURING PAST 5 YEARS	NUMBER OF FUNDS OVERSEEN IN THE TOUCHSTONE	OTHER DIRECTORSHIPS HELD
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<S> Jill T. McGruder Touchstone Advisors, Inc. 221 E. Fourth Street Since February 1999 Cincinnati, OH Age: 49	<C> President	<C> Until resignation, removal or disqualification President since 2004; President from 2000-2002	<C> See biography above.	<C> 32	<C> Director of La Rosa's (a restaurant chain).
Brian E. Hirsch Touchstone Advisors, Inc. 221 E. Fourth Street Cincinnati, OH Age: 48	Vice President and Chief Compliance Officer	Until resignation, removal or disqualification Vice President since 2003	Vice President-Compliance of IFS Financial Services, Inc., Director of Compliance of Fort Washington Brokerage Services, Inc.; Chief Compliance Officer of Puglisi & Co. from 2001 until 2002; Vice President - Compliance of Palisade Capital Management LLC (an investment advisor) from 1997 until 2000.	32	None
James H. Grifo Touchstone Securities, Inc. 221 E. Fourth Street Cincinnati, OH Age: 53	Vice President	Until resignation, removal or disqualification Vice President since 2004	President of Touchstone Securities, Inc. and Touchstone Advisors, Inc. Managing Director, Deutsche Asset Management until 2001.	32	None
William A. Dent Touchstone Advisors, Inc. 221 E. Fourth Street Cincinnati, OH Age: 42	Vice President	Until resignation, removal or disqualification Vice President since 2004	Senior Vice President of Touchstone Advisors, Inc.; Marketing Director of Promontory Interfinancial Network from 2002-2003; Senior Vice President of McDonald Investments from 1998 - 2001; Managing Director of Key Asset Management from 1991-1998.	32	None
Terrie A. Wiedenheft Touchstone Advisors, Inc. 221 E. Fourth Street Cincinnati, OH Age: 42	Controller and Treasurer	Until resignation, removal or disqualification Controller since 2000. Treasurer since 2003	Senior Vice President, Chief Financial Officer and Treasurer of Integrated Fund Services, Inc., IFS Fund Distributors, Inc. and Fort Washington Brokerage Services, Inc. She is Chief Financial Officer of IFS Financial Services, Inc., Touchstone Advisors, Inc. and Touchstone Securities, Inc. and Assistant Treasurer of Fort Washington Investment Advisors, Inc.	32	None
Tina H. Bloom Integrated Fund Services, Inc. 221 E. Fourth Street Cincinnati, OH Age: 36	Secretary	Until resignation, removal or disqualification Secretary since 1999	Vice President - Managing Attorney of Integrated Fund Services, Inc. and IFS Fund Distributors, Inc.	32	None

</TABLE>

(1) Each officer also holds the same office with Touchstone Investment Trust,

- (2) The Touchstone Family of Funds consists of 15 series of the Trust, 7 series of the Touchstone Strategic Trust, 5 series of Touchstone Tax-Free Trust and 5 series of Touchstone Investment Trust.

COMMITTEES OF THE BOARD. The Board has established the following committees to assist in its oversight functions. Each committee is composed entirely of Independent Trustees.

AUDIT COMMITTEE. Messrs. Brewster, Lerner, Siekmann and Stautberg are members of the Audit Committee. The Audit Committee is responsible for overseeing the Trust's accounting and financial reporting policies, practices and internal controls. There were four Audit Committee meetings held during the fiscal year ended December 31, 2004.

VALUATION COMMITTEE. Messrs. Brenan, Cox and Zanotti are members of the Valuation Committee. The Valuation Committee is responsible for overseeing procedures for valuing securities held by the Trust and responding to any pricing issues that may arise. There were four Valuation Committee meetings held during the fiscal year ended December 31, 2004.

NOMINATING COMMITTEE. Messrs. Brewster, Cox and Stautberg are members of the Nominating Committee. The Nominating Committee is responsible for selecting candidates to serve on the Board. There were two Nominating Committee meetings held during the fiscal year ended December 31, 2004. The Nominating Committee does not consider nominees recommended by shareholders.

COMPLIANCE COMMITTEE. Messrs. Brenan, Cox, Lerner and Stautberg are members of the Compliance Committee. The Compliance Committee meets to discuss the Trust's compliance program and other compliance matters. There was one Compliance Committee meeting held during the fiscal year ended December 31, 2004.

TRUSTEES' OWNERSHIP IN FUNDS

The following table reflects the Trustees' beneficial ownership as of December 31, 2004:

	Dollar Range of Equity Securities in the Trust	Aggregate Dollar Range of Shares in the Touchstone Family of Funds (1)
	-----	-----
John F. Barrett	None	Over \$100,000
Richard L. Brenan	None	None
J. Leland Brewster II	None	\$50,001 - \$100,000
Phillip R. Cox	None	None
H. Jerome Lerner	None	Over \$100,000
John R. Lindholm	Over \$100,000	Over \$100,000
Jill T. McGruder	None	\$50,001 - \$100,000
Donald C. Siekmann	None	None
Robert E. Stautberg	None	\$50,001 - \$100,000
John P. Zanotti	None	\$10,001 - \$50,000

- (1) The Touchstone Family of Funds consists of 15 series of the Trust, 5 series of Touchstone Tax-Free Trust, 7 series of Touchstone Strategic Trust and 5 series of Touchstone Investment Trust. Each Trustee, except Mr. Lindholm, is also a Trustee of Touchstone Tax-Free Trust, Touchstone Strategic Trust and Touchstone Investment Trust.

INDEPENDENT TRUSTEES' COMPENSATION TABLE

The following table reflects the fees paid to the Independent Trustees by the Trust and the total compensation paid by the Touchstone Family of Funds for the year ended December 31, 2004. Messrs. Brenan and Siekmann were not Trustees during the period and therefore received no compensation.

	Compensation from the Trust (1)	Total Compensation from the Touchstone Family of Funds (2)
	-----	-----
Richard L. Brenan	\$ 0	\$ 0
J. Leland Brewster II	\$ 8,200	\$31,600
Phillip R. Cox	\$ 8,950	\$34,600
H. Jerome Lerner	\$ 8,875	\$34,300
Donald C. Siekmann	\$ 0	\$ 0

Robert E. Stautberg	\$ 9,000	\$34,600
John P. Zanotti	\$ 8,375	\$32,300

- (1) Effective January 1, 2001, each Trustee who is an Independent Trustee is eligible to participate in the Touchstone Trustee Deferred Compensation Plan that allows the Independent Trustees to defer payment of a specific amount of their Trustee compensation, subject to a minimum quarterly reduction of \$1,000. The total amount of deferred compensation accrued by the Independent Trustees from the Touchstone Family of Funds during the fiscal year ended December 31, 2004 is as follows: J. Leland Brewster II - \$20,796, Robert E. Stautberg - \$20,000 and John P. Zanotti - \$21,291.
- (2) The Touchstone Family of Funds consists of 15 series of the Trust, 5 series of Touchstone Tax-Free Trust, 7 series of Touchstone Strategic Trust and 5 series of Touchstone Investment Trust. Each Trustee, except Mr. Lindholm, is also a Trustee of Touchstone Tax-Free Trust, Touchstone Strategic Trust and Touchstone Investment Trust.

Each Independent Trustee receives a quarterly retainer of \$4,000 and a fee of \$3,000 for each Board meeting attended in person and \$300 for attendance by telephone. Each Committee member receives a fee of \$1,000 for each committee meeting attended in person and \$300 for attendance by telephone. The lead Trustee and Committee Chairmen receive an additional \$500 quarterly retainer. All fees are split equally among the Trust, Touchstone Tax-Free Trust, Touchstone Strategic Trust and Touchstone Investment Trust.

CONTROL PERSONS AND PRINCIPAL SECURITY HOLDERS

As of April 6, 2005 the following shareholders owned of record or beneficially over 5% of the outstanding shares of a Fund. Shares that are held beneficially are indicated by an asterisk. Accounts that may be deemed to control a Fund are indicated by two asterisks.

<TABLE>
<CAPTION>

FUND	SHAREHOLDER	% OWNED
<S>	<C>	<C>
Aggressive ETF Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	26.87%
Aggressive ETF Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	73.13%

</TABLE>

<TABLE>
<CAPTION>

Balanced Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	25.88%
Balanced Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	13.71%
Balanced Fund	Western & Southern Financial Group 400 Broadway Cincinnati, OH	6.61%
Balanced Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	53.33%
Baron Small Cap Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	56.89%
Baron Small Cap Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	36.48%
Baron Small Cap Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	5.41%

Core Bond Fund	Columbus Life Insurance Company 400 Broadway Cincinnati, OH	5.49%
Core Bond Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	16.28%
Core Bond Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	8.37%
Core Bond Fund	Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH	47.93%
Core Bond Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	21.78%
Conservative ETF Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	34.70%
Conservative ETF Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	65.30%
Emerging Growth Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	26.87%

</TABLE>

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<TABLE>
<CAPTION>

<S>	<C>	<C>
Emerging Growth Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	7.29%
Emerging Growth Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	61.28%
Enhanced Dividend 30 Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	62.51%
Enhanced Dividend 30 Fund	Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH	29.07%
Enhanced Dividend 30 Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	5.46%
Enhanced ETF Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	60.57%
Enhanced ETF Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	39.43%
Growth & Income Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	9.42%
Growth & Income Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	6.70%
Growth & Income Fund	Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH	29.96%
Growth & Income Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	53.55%

High Yield Fund	Columbus Life Insurance Company 400 Broadway Cincinnati, OH	6.24%
High Yield Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	33.70%
High Yield Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	20.31%

</TABLE>

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<TABLE>
<CAPTION>

High Yield Fund	Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH	8.74%
High Yield Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	30.76%
Moderate ETF Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	41.08%
Moderate ETF Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	58.92%
Money Market Fund - Class I	Integrity Life Insurance Company 515 Market Street Louisville, KY	52.86%
Money Market Fund - Class I	National Integrity Life Insurance 515 Market Street Louisville, KY	29.52%
Money Market Fund - Class I	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	16.46%
Money Market Fund Service Class	Integrity Life Insurance Company 515 Market Street Louisville, KY	5.34%
Money Market Fund Service Class	National Integrity Life Insurance 515 Market Street Louisville, KY	34.65%
Third Avenue Value Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	56.32%
Third Avenue Value Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	27.38%
Third Avenue Value Fund	Western and Southern Life Insurance Company 400 Broadway Cincinnati, OH	11.22%
Eagle Capital Appreciation Fund	Columbus Life Insurance Company 400 Broadway Cincinnati, OH	7.69%
Eagle Capital Appreciation Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	39.52%
Eagle Capital Appreciation Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	15.19%
Eagle Capital Appreciation Fund	Western and Southern Life Insurance Company 400 Broadway	22.97%

</TABLE>

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<TABLE>
<CAPTION>

<S>	<C>	<C>
Eagle Capital Appreciation Fund	Western & Southern Financial Group 400 Broadway Cincinnati, OH	8.30%
Eagle Capital Appreciation Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	6.33%
Value Plus Fund	Columbus Life Insurance Company 400 Broadway Cincinnati, OH	13.29%
Value Plus Fund	Integrity Life Insurance Company 515 Market Street Louisville, KY	44.51%
Value Plus Fund	National Integrity Life Insurance 515 Market Street Louisville, KY	17.24
Value Plus Fund	Western-Southern Life Assurance Company 400 Broadway Cincinnati, OH	20.19%

</TABLE>

* Indicates that shares are held beneficially.

** May be deemed to control a Fund because it owned beneficially more than 25% of the outstanding shares as of April 6, 2005.

As of April 6, 2005, the Trustees and officers of the Trust as a group owned of record and beneficially less than 1% of the outstanding shares of the Trust and of each Fund.

INVESTMENT ADVISORY AND OTHER SERVICES

THE ADVISOR

Touchstone Advisors, Inc. (the "Advisor"), located at 221 East Fourth Street, Cincinnati, Ohio 45202, serves as the investment advisor for each Fund. The Advisor is a wholly owned subsidiary of IFS Financial Services, Inc., which is a wholly owned subsidiary of the Western & Southern Life Insurance Company. The Western and Southern Life Insurance Company is a wholly-owned subsidiary of Western & Southern Financial Group, Inc., which is a wholly owned subsidiary of Western-Southern Mutual Holding Company.

Ms. McGruder may be deemed to be an affiliate of the Advisor because of her position as a Director of the Advisor. Mr. Barrett may be deemed to be an affiliate of the Advisor because of his position as President and Chairman of Western-Southern Life Assurance Company and The Western and Southern Life Insurance Company, parent companies of the Advisor. Mr. Lindholm may be deemed to be an affiliate of the Advisor because of his position as President and CEO of Integrity Life Insurance Company and National Integrity Life Insurance Company, wholly-owned subsidiaries of Western & Southern Life Insurance Company. Ms. McGruder, Mr. Barrett and Mr. Lindholm, by reason of such affiliations, may directly or indirectly receive benefits from the advisory fees paid to the Advisor.

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The Advisor provides investment management services to each Fund pursuant to an Investment Advisory Agreement with the Trust (the "Advisory Agreement"). The services provided by the Advisor consist of directing and supervising each Sub-Advisor, reviewing and evaluating the performance of each Sub-Advisor and determining whether or not any Sub-Advisor should be replaced. The Advisor furnishes at its own expense all facilities and personnel necessary in connection with providing these services.

The Advisor receives a monthly fee from each Fund at an annual rate of the Fund's average daily net assets as set forth below.

<TABLE>	
<S>	<C>
Baron Small Cap Fund	1.05% of average daily net assets.
Emerging Growth Fund	0.80% of average daily net assets.
Third Avenue Value Fund	0.80% on the first \$100 million of average daily net assets;
Balanced Fund	0.75% on the next \$100 million of average daily net assets;
	0.70% on the next \$100 million of average daily net assets; and
	0.65% of such assets in excess of \$300 million.
Eagle Capital Appreciation Fund	0.75% on the first \$100 million of average daily net assets;
Value Plus Fund	0.70% on the next \$100 million of average daily net assets;
	0.65% on the next \$100 million of average daily net assets; and
	0.60% of such assets in excess of \$300 million.
Enhanced Dividend 30 Fund	0.65% on the first \$100 million of average daily net assets;
	0.60% on the next \$100 million of average daily net assets;
	0.55% on the next \$100 million of average daily net assets; and
	0.50% of such assets in excess of \$300 million.
Growth & Income Fund	0.80% on the first \$150 million of average daily net assets; and
	0.75% on such assets in excess of \$150 million.
High Yield Fund	0.50% on the first \$100 million of average daily net assets;
	0.45% on the next \$100 million of average daily net assets;
	0.40% on the next \$100 million of average daily net assets; and
	0.35% of such assets in excess of \$300 million.
Core Bond Fund	0.55% on the first \$100 million of average daily net assets;
	0.50% on the next \$100 million of average daily net assets;
	0.45% on the next \$100 million of average daily net assets; and
	0.40% of such assets in excess of \$300 million.
Money Market Fund	0.18% of average daily net assets.
Conservative ETF Fund	0.40% of average daily net assets.
Moderate ETF Fund	
Aggressive ETF Fund	
Enhanced ETF Fund	
</TABLE>	

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Each Fund paid the following investment advisory fees during the periods indicated.

	ADVISORY FEES			
	For the Period Ended 12/31/04	For the Year Ended 12/31/03	For the Year Ended 12/31/02	
Emerging Growth Fund	\$312,020	\$236,729	\$222,747	
Enhanced Dividend 30 Fund	\$153,950	\$ 11,413	\$ 7,456	
Value Plus Fund	\$144,786	\$ 87,895	\$ 0	
Growth & Income Fund	\$201,207	\$174,568	\$174,292	
Balanced Fund	\$185,678	\$148,088	\$144,389	
High Yield Fund	\$207,152	\$224,576	\$108,389	
Core Bond Fund	\$228,181	\$242,570	\$179,648	
Money Market Fund	\$126,137	\$105,049	\$ 0	
Conservative ETF Fund*	\$ 0	--	--	
Moderate ETF Fund*	\$ 0	--	--	
Aggressive ETF Fund*	\$ 0	--	--	
Enhanced ETF Fund*	\$ 0	--	--	
<TABLE>				
<CAPTION>				
	For the Year Ended 12/31/04	For the Six Months Ended 12/31/03	For the Year Ended 06/30/03	For the Year Ended 06/30/02
<S>	<C>	<C>	<C>	<C>
Baron Small Cap Fund	\$197,038	\$ 73,462	\$ 26,367	\$ 25,141
Third Avenue Value Fund	\$625,745	\$248,046	\$275,712	\$281,854
Eagle Capital Appreciation Fund	\$247,500	\$116,764	\$ 74,707	\$165,374
</TABLE>				

* Out of the advisory fee, the Advisor pays Integrity Life Insurance Company

and National Integrity Life Insurance Company (the "Integrity Companies") and certain other affiliates, a shareholder servicing fee of up to .25% annually. In exchange for the shareholder servicing fee, these affiliates provide services including (but not limited to) prospectus, financial report and statement delivery; telephone and Internet services for contract holders; and recordkeeping and similar administrative services. If an ETF Fund's Net Expenses exceed .50%, the Integrity Companies will reduce the shareholder servicing fee by a corresponding amount and, to the extent necessary, reimburse the Advisor from their own assets.

The Trust, on behalf of each Fund, has entered into a Sponsor Agreement with the Advisor under which the Advisor provides oversight of the various service providers to the Trust. Pursuant to the Sponsor Agreement, the Advisor is entitled to a fee from each Fund equal on an annual basis to 0.20% of the average daily net assets of that Fund. The Advisor has agreed to waive its fees under the Sponsor Agreement or reimburse certain other fees and expenses of each Fund such that after such waivers and reimbursements, the aggregate Operating Expenses of each Fund (as used herein, "Operating Expenses" include amortization of organizational expenses but is exclusive of interest, taxes, brokerage commissions and other portfolio transaction expenses, capital expenditures and extraordinary expenses) do not exceed that Fund's expense cap (the "Expense Cap"). Each Fund's Expense Cap is as follows: Baron Small Cap Fund - 1.65%; Emerging Growth Fund - 1.15%; Third Avenue Value Fund - 1.05%; Eagle Capital Appreciation Fund - 1.05%; Enhanced Dividend 30 Fund - 0.75%; Value Plus Fund - 1.15%; Growth & Income Fund - 0.85%; Balanced Fund - 0.90%; High Yield Fund - 0.80%; Core Bond Fund - 0.75%; Money Market Fund-Service Class - 0.54%, Class I - 0.28%, Conservative ETF Fund - 0.50%, Moderate ETF Fund - 0.50%, Aggressive ETF Fund - 0.50% and Enhanced ETF Fund - 0.50%. Each Expense Cap may be terminated with respect to a Fund upon 30 days prior written notice by the Advisor after December 31, 2005.

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The following Funds paid sponsor fees during the periods indicated:

	For the Period Ended 12/31/04 -----	For the Period Ended 12/31/03 -----	For the Year Ended 12/31/02 -----
Sponsor Fees			
Baron Small Cap Fund	\$30,977	\$ 6,579	--
Core Bond Fund	\$ 990	\$15,240	\$22,791
Eagle Capital Appreciation Fund	\$ 3,903	\$11,996	--
Emerging Growth Fund	\$50,278	\$28,511	\$35,762
High Yield Fund	\$31,171	\$32,528	--
Third Avenue Value Fund	\$43,847	\$35,649	--
Value Plus Fund	\$ 4,181	--	--

The Advisor waived advisory and/or sponsor fees and reimbursed expenses during the periods indicated.

	For the Period Ended 12/31/04 -----	For the Year Ended 12/31/03 -----	For the Year Ended 12/31/02 -----
Fees Waived and/or Reimbursed			
Emerging Growth Fund	\$ 27,728	\$ 30,672	\$ 20,896
Enhanced Dividend 30 Fund	\$ 86,813	\$ 74,353	\$ 73,570
Value Plus Fund	\$ 34,429	\$ 44,894	\$ 59,518
Growth & Income Fund	\$120,960	\$100,145	\$127,525
Balanced Fund	\$105,796	\$ 96,055	\$108,218
High Yield Fund	\$ 51,690	\$ 57,304	\$ 70,035
Core Bond Fund	\$ 81,985	\$ 72,968	\$ 80,152
Money Market Fund	\$246,911	\$168,103	\$ 95,406
Conservative ETF Fund	\$ 44,820	--	--
Moderate ETF Fund	\$ 45,325	--	--
Aggressive ETF Fund	\$ 44,467	--	--
Enhanced ETF Fund	\$ 44,513	--	--

	For the Year Ended 12/31/04 -----	For the Six Months Ended 12/31/03 -----	For the Year Ended 06/30/03 -----	For the Year Ended 06/30/02 -----
Baron Small Cap Fund	\$ 6,554	\$ 7,414	\$ 84,925	\$ 69,514
Third Avenue Value Fund	\$112,590	\$ 26,363	\$ 18,853	\$ 0
Eagle Capital Appreciation Fund	\$ 62,097	\$ 19,141	\$ 62,080	\$ 5,908

The Funds shall pay the expenses of their operation, including but not limited to (i) charges and expenses for accounting, pricing and appraisal services, (ii) the charges and expenses of auditors; (iii) the charges and expenses of the custodian, transfer and administrative agent appointed by the Trust with respect to the Funds; (iv) brokers' commissions, and issue and transfer taxes chargeable to the Funds in connection with securities transactions to which a Fund is a party; (v) insurance premiums, interest charges, dues and fees for membership in trade associations and all taxes and fees payable to federal, state or other governmental agencies; (vi) fees and expenses involved in registering and maintaining registrations of the Funds with the SEC, state or blue sky securities agencies and foreign countries; (vii) all expenses of meetings of Trustees and of shareholders of the Trust and of preparing, printing and distributing prospectuses, notices, proxy statements and all reports to shareholders and to governmental agencies; (viii) charges and expenses of legal counsel to the Trust; (ix) compensation of Independent Trustees of the Trust; and (x) interest on borrowed money, if any. The Advisor pays the compensation and expenses of any officer, Trustee or employee of the Trust who is an affiliated person of the Advisor.

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By its terms, the Advisory Agreement will remain in force for an initial two year period and from year to year thereafter, subject to annual approval by (a) the Board of Trustees or (b) a vote of the majority of a Fund's outstanding voting securities; provided that in either event continuance is also approved by a majority of the Independent Trustees, by a vote cast in person at a meeting called for the purpose of voting such approval. The Advisory Agreement may be terminated at any time, on sixty days' written notice, without the payment of any penalty, by the Board of Trustees, by a vote of the majority of a Fund's outstanding voting securities, or by the Advisor. The Advisory Agreement automatically terminates in the event of its assignment, as defined by the 1940 Act and the rules thereunder.

(ALL FUNDS EXCEPT ETF FUNDS)

In determining whether to approve the continuation of the Advisory Agreement for the Funds (except the ETF Funds), the Advisor furnished information necessary for a majority of the Independent Trustees to make the determination that the continuance of the Advisory Agreement is in the best interests of the Funds and their shareholders. The information provided to the Board included: (1) industry data comparing advisory fees and expense ratios of comparable investment companies, (2) comparative performance information; (3) the Advisor's revenues and costs of providing services to the Funds; and (4) information about the Advisor's personnel.

In approving the Funds' Advisory Agreement, the Board considered various factors, among them: (1) the nature, extent and quality of services provided to the Funds including the personnel providing services; (2) the Advisor's compensation and profitability; (3) comparison of fees with other advisers and performance; (4) economies of scale; and (5) the terms of the Advisory Agreement. The Board's analysis of these factors is set forth below. The Independent Trustees were advised by separate independent legal counsel throughout the process.

Nature, Extent and Quality of Advisor Services. The Board considered the level and depth of knowledge of the Advisor. The Board discussed the Advisor's effectiveness in monitoring the performance of the Sub-Advisors and its timeliness in responding to performance issues. In evaluating the quality of services provided by the Advisor, the Board took into account its familiarity with the Advisor's senior management through Board meetings, conversations and reports during the preceding year. The Board took into account the Advisor's willingness to consider and implement organizational and operational changes designed to improve investment results. The Board also took into account the Advisor's compliance policies and procedures and its policies and procedures regarding the prevention of market timing and late trading. The Board also considered the Advisor's efforts in marketing the Funds and the Advisor's role in coordinating the activities of the Funds' other service providers. The Board also considered the Advisor's relationship with its affiliates and the resources available to them.

Advisor's Compensation and Profitability. The Board also took into consideration the financial condition and profitability of the Advisor and its affiliates and the direct and indirect benefits derived by the Advisor and its affiliates from the Advisor's relationship with the Funds.

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Expenses and Performance. The Board compared the advisory fees and total expense ratios for the Funds with various comparative data, including the industry median and average advisory fees and expense ratios in each Fund's respective investment category, and found the advisory fees paid by the Funds

were reasonable and appropriate under the facts and circumstances. The Board considered the Funds' performance results during the six-months, twelve-months and twenty-four months ended September 30, 2004 and noted that the Board reviews on a quarterly basis detailed information about the Funds' performance results, portfolio composition and investment strategies. The Board also considered the effect of each Fund's growth and size on its performance and expenses. The Board further noted that the Advisor has consistently waived advisory fees and reimbursed expenses for certain of the Funds as necessary to reduce their operating expenses to targeted levels. In reviewing the expense ratios and performance of the Funds, the Board also took into account the nature, extent and quality of the services provided by the Advisor and its affiliates.

Economies of Scale. The Board considered the effective fees under the Advisory Agreement as a percentage of assets at different asset levels and possible economies of scale. The Board also considered the fact that, under the Advisory Agreement, the fees payable to the Advisor by the Funds are reduced by total fees paid to the Sub-Advisors.

Conclusion. In considering the renewal of the Funds' Advisory Agreement, the Board, including the Independent Trustees, did not identify any single factor as controlling. The Board reached the following conclusions regarding the Funds' Advisory Agreement with the Advisor, among others: (a) the Advisor has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (b) the Advisor maintains an appropriate compliance program; (c) the performance of each Fund is reasonable in relation to the performance of funds with similar investment objectives and to relevant indices; and (d) each Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Advisor. Based on their conclusions, the Board determined that continuation of the Advisory Agreement for the Baron Small Cap Fund, Emerging Growth Fund, Third Avenue Value Fund, Eagle Capital Appreciation Fund, Enhanced Dividend 30 Fund, Value Plus Fund, Growth & Income Fund, Balanced Fund, High Yield Fund, Core Bond Fund and Money Market Fund would be in the interests of the respective Fund and its shareholders.

(ETF FUNDS)

In determining whether to approve the Advisory Agreement for the ETF Funds, the Board of Trustees requested, and the Advisor furnished, information necessary for a majority of the Independent Trustees to make the determination that the Advisory agreement is in the best interests of the ETF Funds and their shareholders. Specifically, the Board was provided (1) industry data comparing advisory fees and expense ratios of similar investment companies, and (2) the Advisor's estimated revenues and costs of providing services to the ETF Funds. The Board compared the advisory fees and estimated total expense ratios for the ETF Funds with the industry median advisory fees and expense ratios in their respective investment categories and found the advisory fees to be paid by the ETF Funds are reasonable and appropriate under all facts and circumstances. The Board noted that the Advisor has agreed to waive advisory fees and reimbursed expenses for the ETF Funds as necessary to reduce their operating expenses to targeted levels. The Board also took into consideration the financial condition and profitability of the Advisor and the direct and indirect benefits derived by the Advisor from its relationship with the ETF Funds. The Board also considered the level and depth of knowledge of the Advisor. It discussed the Advisor's effectiveness in monitoring the performance of the Sub-Advisor with respect to other Funds and its timeliness in responding to performance issues. In evaluating the quality of services provided by the Advisor, the Board took into account its familiarity with the Advisor's senior management through Board meetings, conversations and reports during the preceding year. The Board took into account the Advisor's willingness to consider and implement organization and operational changes designed to improve investment results. It noted the various reorganizations that occurred during the past fiscal year in order to improve operating efficiencies. It noted the Advisor's efforts to strengthen operations by hiring additional qualified and experienced members to the senior management team. The Board also considered the Advisor's role in coordinating the activities of the ETF Funds' other service providers, including its efforts to consolidate service providers and reduce costs to the ETF Funds. The Board also considered the strategic planning process implemented by the Advisor and the results gained from this process. No single factor was considered to be determinative in the Board's decision to approve the Advisory Agreement. Rather, the Trustees concluded, in light of weighing and balancing all factors, that approval of the Advisory Agreement was in the best interests of shareholders of the ETF Funds.

SUB-ADVISORS

The Advisor has retained one or more Sub-Advisors to serve as the discretionary portfolio manager of each Fund. The Sub-Advisor (for all Funds except the ETF Funds) selects the portfolio securities for investment by a Fund, purchases and sells securities of a Fund and places orders for the execution of such portfolio transactions, subject to the general supervision of

the Board of Trustees and the Advisor. The Sub-Advisor for the ETF Funds makes the daily operational and management decisions for the ETF Funds and is responsible for determining the asset allocation model for the investments held by an ETF Fund according to its investment goals and strategies. The Sub-Advisor receives a fee from the Advisor that is paid monthly at an annual rate of a Fund's average daily net assets as set forth below.

<S>	<C>
Baron Small Cap Fund BAMCO Inc. ("BAMCO")	0.80%
Emerging Growth Fund (% of assets allocated) TCW Investment Management Company LLC ("TCW") Westfield Capital Management Company, LLC ("Westfield")	0.50% 0.50%
Third Avenue Value Fund Third Avenue Management LLC ("Third Avenue")	0.50%
Eagle Capital Appreciation Fund Eagle Asset Management, Inc. ("Eagle")	0.40%
Enhanced Dividend 30 Fund Todd Investment Advisors, Inc. ("Todd")	0.25% on the first \$100 million; 0.20% on the next \$100 million; 0.15% on the next \$100 million; 0.10% on assets over \$300 million.
Value Plus Fund Fort Washington Investment Advisors, Inc. ("Fort Washington")	0.45%
Growth & Income Fund Deutsche Investment Management Americas Inc. ("DIMA")	0.50% on the first \$150 million; 0.45% on assets over \$150 million.
Balanced Fund OpCap Advisors LLC ("OpCap")	0.60% on the first \$20 million; 0.50% from \$20 - \$50 million; 0.40% on assets over \$50 million.

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<S>	<C>
High Yield Fund/Core Bond Fund Fort Washington Investment Advisors, Inc.	0.30% on the first \$100 million; 0.25% on the next \$100 million; 0.20% on the next \$100 million; 0.15% on assets over \$300 million.
Money Market Fund Fort Washington Investment Advisors, Inc.	0.05%
ETF Funds* Todd Investment Advisors, Inc.	0.10% on the first \$50 million; 0.09% on the next \$50 million; 0.08% on assets over \$100 million.

* The Advisor's affiliate, Integrity Life Insurance Company, has guaranteed that Todd will receive a minimum annual fee of \$10,000 per Fund for its services.

The services provided by the Sub-Advisors are paid by the Advisor. The compensation of any officer, director or employee of the Sub-Advisor who is rendering services to a Fund is paid by the Sub-Advisor.

The employment of each Sub-Advisor will remain in force for an initial two year period and from year to year thereafter, subject to annual approval by (a) the Board of Trustees or (b) a vote of the majority of a Fund's outstanding voting securities; provided that in either event continuance is also approved by a majority of the Independent Trustees, by a vote cast in person at a meeting called for the purpose of voting such approval. The employment of a Sub-Advisor may be terminated at any time, on sixty days' written notice, without the payment of any penalty, by the Board of Trustees, by a vote of a majority of a Fund's outstanding voting securities, by the Advisor, or by the Sub-Advisor. Each Sub-Advisory Agreement will automatically terminate in the event of its assignment, as defined by the 1940 Act and the rules thereunder.

In approving the Funds' (except the ETF Funds) Sub-Advisory Agreements, the Board considered various factors, among them: (1) the nature, extent and quality of services provided to the Funds including the personnel providing services; (2) the Sub-Advisor's compensation; (3) a comparison of sub-advisory fees and performance with other advisers; and (4) the terms of the Sub-Advisory Agreements. The Board's analysis of these factors is set forth below. The Independent Trustees were advised by separate independent legal counsel throughout the process.

Nature, Extent and Quality of Services Provided; Investment Personnel. The Board considered information provided by the Advisor regarding the services provided by the Sub-Advisors, including information presented periodically throughout the previous year. The Board noted the affiliation of certain Sub-Advisors with the Advisor. The Board noted that, on a periodic basis, the Board meets with various portfolio managers of a Sub-Advisor to discuss their respective performance and investment process and strategies. The Board considered the Sub-Advisors' level of knowledge and investment style. The Board reviewed the experience and credentials of the investment personnel who are responsible for managing the investment of portfolio securities with respect to the Funds. The Board also considered the Sub-Advisors' regulatory and compliance history. It noted that the Advisor's compliance monitoring processes include quarterly reviews of compliance reports and annual compliance visits to the Sub-Advisors and that compliance issues are reported to the Board.

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Sub-Advisory Fees and Fund Performance. The Board considered that each Fund pays an advisory fee to the Advisor and that, in turn, the Advisor pays a sub-advisory fee to the Sub-Advisors. Therefore, the Board considered the amount retained by the Advisor and the fee paid to the Sub-Advisors with respect to the various services provided by the Advisor and the Sub-Advisors. The Board compared the sub-advisory fees for the Funds with various comparative data, including the industry median and average sub-advisory fees in each Fund's respective investment category, and found that each Fund's sub-advisory fee was reasonable and appropriate under the facts and circumstances.

As noted above, the Board considered each Fund's performance during the six-months, twelve-months and twenty-four months ended September 30, 2004 as compared to each Fund's respective peer group and noted that it reviews on a quarterly basis detailed information about the Funds' performance results, portfolio composition and investment strategies. It noted the Advisor's expertise and resources in monitoring the performance, investment style and risk adjusted performance of the Sub-Advisors. The Board was mindful of the Advisor's focus on the Sub-Advisors' performance and its ways of addressing underperformance.

Conclusion. In considering the renewal of each Fund's Sub-Advisory Agreement, the Board, including the Independent Trustees, did not identify any single factor as controlling. The Board reached the following conclusions regarding each Sub-Advisory Agreement, among others: (a) the Sub-Advisors are qualified to manage the applicable Fund's assets in accordance with its investment objectives and policies; (b) the Sub-Advisors maintain an appropriate compliance program; (c) the performance of each Fund is reasonable in relation to the performance of funds with similar investment objectives and to relevant indices; (d) each Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Advisor and the Sub-Advisors; and (e) the Sub-Advisors' investment strategies are appropriate for pursuing the respective investment objectives of each Fund. Based on their conclusions, the Board determined that approval of the Sub-Advisory Agreements for each Fund would be in the interests of the respective Fund and its shareholders.

(ETF FUNDS)

In determining whether to approve the sub-advisory agreement for the ETF Funds, the Board noted that it will review on a quarterly basis detailed information about the ETF Funds' performance results, portfolio composition, and investment strategies. The Board further noted that it has met with various portfolio managers and management of the Sub-Advisor to discuss their investment process, outlook, and strategies. The Board considered the Sub-Advisor's level of knowledge and investment style. It noted the Advisor's expertise and resources in monitoring the performance, investment style and risk adjusted performance of the Sub-Advisor. The Board was mindful of the Advisor's focus on Sub-Advisor performance and its ways of addressing underperformance. The Board also considered the Sub-Advisor's level of compliance. It noted that the Advisor's compliance monitoring processes includes quarterly reviews of compliance reports and annual compliance visits to the Sub-Advisor and that compliance issues are reported to the Board. In determining to approve the sub-advisory agreement, the Board did not identify any information that was a controlling factor, rather after considering all factors, the Board determined

that approval of the sub-advisory agreement was in the best interests of shareholders of the ETF Funds.

The SEC has granted an exemptive order that permits the Trust or the Advisor, under certain circumstances, to select or change non-affiliated Sub-Advisors, enter into new sub-advisory agreements or amend existing sub-advisory agreements without first obtaining shareholder approval. Shareholders of a Fund will be notified of any changes in its Sub-Advisor.

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SUB-ADVISOR CONTROL. Listed below is a description of the persons or entities that control the Sub-Advisors:

- o BAMCO, Inc. is a wholly owned subsidiary of Baron Capital Group Inc., which is controlled by Ronald Baron.
- o Westfield Capital Management Company LLC is a wholly-owned subsidiary of Boston Private Financial Holdings, Inc., a publicly traded company listed on the NASDAQ exchange.
- o TCW Investment Management Company, LLC is a subsidiary of The TCW Group, Inc. The TCW Group, Inc. is a subsidiary of Societe Generale Asset Management S.A., which is owned by Societe Generale S.A.
- o Third Avenue Management LLC is majority owned by Affiliated Managers Group, Inc. Affiliated Managers Group, Inc. is a publicly traded company listed on the NYSE.
- o Eagle Asset Management Inc. is a wholly owned money management subsidiary of Raymond James Financial, Inc. Raymond James Financial, Inc. is a publicly traded company listed on the NYSE.
- o Todd Investment Advisors, Inc. is a wholly-owned subsidiary of Fort Washington Investment Advisors, Inc. Fort Washington Investment Advisors, Inc. is a wholly-owned subsidiary of The Western and Southern Life Insurance Company. The Western and Southern Life Insurance Company is a wholly-owned subsidiary of Western & Southern Financial Group, Inc., which is a wholly-owned subsidiary of Western-Southern Mutual Holding Company. Ms. McGruder, Mr. Barrett and Mr. Lindholm may be deemed to be affiliates of Todd Investment Advisors, Inc.
- o Fort Washington Investment Advisors, Inc. is a wholly-owned subsidiary of The Western and Southern Life Insurance Company. The Western and Southern Life Insurance Company is a wholly-owned subsidiary of Western & Southern Financial Group, Inc., which is a wholly-owned subsidiary of Western-Southern Mutual Holding Company. Ms. McGruder, Mr. Barrett and Mr. Lindholm may be deemed to be affiliates of Fort Washington Investment Advisors, Inc.
- o Deutsche Investment Management Americas Inc. is a wholly-owned subsidiary of Deutsche Bank AG.
- o OpCap Advisors LLC is a wholly-owned subsidiary of Oppenheimer Capital LLC. Oppenheimer Capital LLC is wholly-owned by Allianz Global Investors U.S. Equities LLC, a subsidiary of Allianz Global Investors of America L.P. The general partner of Allianz Global Investors of America L.P. is Allianz-PacLife Partners LLP. Allianz AG has majority ownership of, and controls, Allianz Global Investors of America L.P. and its subsidiaries, including Oppenheimer Capital LLC and OpCap Advisors LLC.

PORTFOLIO MANAGERS

The following charts list the Funds' portfolio managers, the number of their other managed accounts per investment category, the total assets in each category of managed accounts and the beneficial ownership in the Fund(s) managed at the end of the December 31, 2004 fiscal year. Listed below the charts is (i) a description of accounts managed where the advisory fee is based on the performance of the account, if any, (ii) a description of the portfolio managers' compensation structure at the end of the December 31, 2004 fiscal year, and (iii) a description of any material conflicts that may arise in connection with the portfolio manager's management of the Fund's investments and the investments of the other accounts included in the chart and any material conflicts in allocation of investment opportunities between the Fund and other accounts managed by the portfolio manager, if any.

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BARON SMALL CAP FUND - BAMCO, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Ronald Baron	<C> Registered Investment Companies	<C> 6	<C> \$7,661,000,000	<C> \$1-\$10,000
	Other Pooled Investment Vehicles	3	\$117,000,000	
	Other Accounts	52	\$471,000,000	

</TABLE>

ACCOUNTS WHERE ADVISORY FEE IS BASED ON THE ACCOUNT'S PERFORMANCE. Mr. Baron manages two pooled investment vehicles where the advisory fee is based on the performance of the account. The total assets in the accounts are \$57 million.

COMPENSATION STRUCTURE. Mr. Baron's compensation is fixed based on a three-year contract that expires February 28, 2006. His compensation includes a fixed base salary and a fixed bonus that is roughly equivalent to 40% of his base salary. The terms of his contract were based on Mr. Baron's role as BAMCO's founder, chief executive officer, chief investment officer, and his position as portfolio manager for the majority of BAMCO's assets under management. Consideration was given to Mr. Baron's reputation, the long-term performance records of the funds under his management and the profitability of BAMCO. In addition to cash compensation, Mr. Baron benefits from a line of credit that is guaranteed by Baron Capital.

CONFLICTS OF INTEREST. A conflict of interest could arise between one account Mr. Baron manages that has a performance based fee and the Baron Small Cap Fund. From time to time the same securities may be recommended for both types of accounts.

EMERGING GROWTH FUND - TCW INVESTMENT MANAGEMENT COMPANY LLC
WESTFIELD CAPITAL MANAGEMENT COMPANY, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Nicholas Galluccio (TCW)	<C> Registered Investment Companies	<C> 7	<C> \$2,237,007,157	<C> None
	Other Pooled Investment Vehicles	10	\$1,388,387,359	
	Other Accounts	54	\$3,631,579,643	
Susan Suvall (TCW)	Registered Investment Companies	7	\$2,237,007,157	None
	Other Pooled Investment Vehicles	10	\$1,388,387,359	
	Other Accounts	54	\$3,631,579,643	
William Muggia (Westfield)	Registered Investment Companies*	7	\$1,729,592,458	\$ 500,001- \$1,000,000*
	Other Pooled Investment Vehicles*	5	\$ 3,364,203	
	Other Accounts*	519	\$5,531,422,833	

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>
Arthur Bauernfeind (Westfield)	Registered Investment Companies*	7	\$1,729,592,458	\$ 500,001-\$1,000,000*
	Other Pooled Investment Vehicles*	5	\$ 493,364,203	
	Other Accounts*	519	\$5,531,422,833	
Ethan Meyers (Westfield)	Registered Investment Companies*	7	\$1,729,592,458	\$ 500,001-\$1,000,000*
	Other Pooled Investment Vehicles*	5	\$ 493,364,203	
	Other Accounts*	519	\$5,531,422,833	
Scott Emerman (Westfield)	Registered Investment Companies*	7	\$1,729,592,458	\$ 500,001-\$1,000,000*
	Other Pooled Investment Vehicles*	5	\$ 493,364,203	
	Other Accounts*	519	\$5,531,422,833	
Bruce Jacobs (Westfield)	Registered Investment Companies*	7	\$1,729,592,458	\$ 500,001-\$1,000,000*
	Other Pooled Investment Vehicles*	5	\$ 493,364,203	
	Other Accounts*	519	\$5,531,422,833	

* Represents accounts managed/ownership by Westfield management team. The Westfield management team consists of 11 members. The 5 members of the management team that have the most significant responsibilities are listed on the chart.

</TABLE>

ACCOUNTS WHERE ADVISORY FEE IS BASED ON THE ACCOUNT'S PERFORMANCE (TCW). Mr. Galluccio and Ms. Suvall co-manage 1 pooled investment vehicle and 7 other accounts where the advisory fee is based on the performance of the account. The total assets in the pooled investment vehicle are \$8,163,781 and the total assets in the other accounts are \$259,845,790.

ACCOUNTS WHERE ADVISORY FEE IS BASED ON THE ACCOUNT'S PERFORMANCE (WESTFIELD). Mr. Muggia is the portfolio manager for four pooled investment vehicles (limited partnerships) where the advisory fee is based on the performance of the account. The Westfield management team is the portfolio manager for 11 other accounts (separately managed accounts) where the advisory fee is based on the performance of the account. The total assets in the limited partnerships are \$461,545,266 and the total assets in the separately managed accounts are \$704,775,061.

COMPENSATION STRUCTURE (TCW). Mr. Galluccio and Ms. Suvall are paid a base salary and fee sharing based compensation (fee sharing). Fee sharing generally represents most of the portfolio managers' total compensation and is linked quantitatively to a fixed percentage of fee revenues of accounts in the investment strategy area for which the managers are responsible. Fee sharing applies to all TCW accounts managed by the portfolio managers and is paid quarterly.

Fee sharing revenues for each portfolio manager are allocated to a pool and fee sharing compensation is paid out after the deduction of group expenses. Fee sharing revenues included in this pool include only those from the products managed by the portfolio managers. The fee sharing percentage used to compensate the portfolio managers for management of the Fund is the same as that used to compensate them for all other TCW client accounts they manage. In general, portfolio managers do not receive discretionary bonuses.

Certain accounts of TCW have a performance fee in addition to or in lieu of a flat asset-based fee. These performance fees can be (a) asset-based fees, the percentage of which is tied to the performance of the account relative to a benchmark or (b) a percentage of the net gains of the account over a threshold gain tied to a benchmark. For these accounts, the portfolio managers' fee sharing compensation will apply to such performance fees. The fee sharing percentage in the case of performance fees is generally the same as it is for the fee sharing compensation applicable to the Fund.

Each portfolio manager also participates in other TCW compensation programs, which are not tied to the accounts managed by such portfolio manager. Each

portfolio manager is a holder of stock and/or stock options of TCW and/or TCW's parent company, Societe Generale.

COMPENSATION STRUCTURE (WESTFIELD). Mr. Muggia and Mr. Bauernfeind are paid a fixed salary and are eligible to receive an annual bonus that is paid after year-end. The bonus is based on the overall financial performance of Westfield and can vary depending on the company's results. Additionally, as manager of four limited partnerships, Mr. Muggia is also entitled to receive a portion of the performance fees earned on the partnerships, if any. Mr. Muggia is also given discretion to award a portion of any performance based fees earned by Westfield's managed limited partnerships to any member of Westfield. Messrs. Meyers, Emerman and Jacobs receive a fixed salary and are eligible to receive an annual bonus. The bonus is based on the team member's overall performance as well as the financial performance of the company. Specific performance criteria include the quantity and quality of recommendations submitted to the investment committee, as well as attitude, teamwork, communication and motivation. Individual performance attribution is also reviewed. All portfolio managers are eligible to participate in the Boston Private Financial Holdings 401(k) Profit Sharing Plan offered by the parent company. Messrs. Muggia and Bauernfeind are eligible to participate in the Boston Private Financial Holdings Deferred Compensation Plan. All portfolio managers are eligible to receive stock option awards from Boston Private Financial Holdings. The stock option awards are determined by the CEO of Boston Private Financial Holdings based on factors such as Westfield's overall contribution to the holding company. The aggregate amount is then distributed to various senior level Westfield employees at the discretion of Mr. Bauernfeind.

CONFLICTS OF INTEREST (TCW). Actual or potential conflicts of interest may arise when a portfolio manager has management responsibilities to more than one account (including the Fund), such as devotion of unequal time and attention to the management of the accounts, inability to allocate limited investment opportunities across a broad band of accounts and incentive to allocate opportunities to an account where the portfolio manager has a greater financial incentive, such as a pooled investment vehicle or other account with a performance based fee.

CONFLICTS OF INTEREST (WESTFIELD). A conflict of interest can arise between those portfolios that Mr. Muggia manages that incorporate a performance fee with a base advisory fee and the Emerging Growth Fund. From time to time, the same securities may be recommended for both types of accounts.

THIRD AVENUE VALUE FUND- THIRD AVENUE MANAGEMENT LLC

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S>	<C>	<C>	<C>	<C>
Curtis Jensen	Registered Investment Companies	2	\$1,775,551,578	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	0	\$ 0	
Ian Lapey	Registered Investment Companies	4	\$1,515,001,260	None
	Other Pooled Investment Vehicles	2	\$ 34,104,118	
	Other Accounts	0	\$ 0	

</TABLE>

COMPENSATION STRUCTURE. Each portfolio manager receives a fixed base salary and a cash bonus payable each year. The bonus is determined in the discretion of senior management of Third Avenue and is based on a qualitative analysis of several factors, including the profitability of Third Avenue and the contribution of the portfolio manager. A portion of the bonus is deferred, pursuant to the Third Avenue deferred compensation plan.

ENHANCED DIVIDEND 30 FUND - TODD INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Curtiss Scott	<C> Registered Investment Companies	<C> 5	<C> \$21,306,519	<C> None
	Other Pooled Investment Vehicles	0	\$0	
	Other Accounts	70	\$2.2 billion	
John White	Registered Investment Companies	5	\$21,306,519	None
	Other Pooled Investment Vehicles	0	\$0	
	Other Accounts	70	\$2.2 billion	

</TABLE>

COMPENSATION STRUCTURE. Each portfolio manager is provided a base salary and short-term bonus arrangement. The specific compensation a portfolio manager receives from the short-term bonus pool is based primarily on the firm's profitability and secondarily on how each individual contributes to the organization. Todd's parent also has long-term deferred compensation arrangement that provides significant additional incentives for key professionals to remain within the organization.

GROWTH & INCOME FUND - DEUTSCHE INVESTMENT MANAGEMENT AMERICAS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Tom Sassi	<C> Registered Investment Companies	<C> 19	<C> \$4,399,633,475	<C> None
	Other Pooled Investment Vehicles	1	\$ 154,543,793	
	Other Accounts	44	\$1,987,496,179	
Steven Scudato	Registered Investment Companies	11	\$3,568,368,246	None
	Other Pooled Investment Vehicles	2	\$ 125,527,339	
	Other Accounts	52	\$2,870,637,921	

</TABLE>

COMPENSATION STRUCTURE. Mr. Sassi and Mr. Scudato are each paid (i) a base salary that is linked to his job function, responsibilities and financial services industry peer comparison and (ii) variable compensation that is linked to investment performance, individual contributions to the team and Scudder Investments' and Deutsche Bank's financial results. Variable compensation may include a cash bonus incentive and participation in a variety of long-term equity programs (usually in the form of Deutsche Bank equity).

Bonus and long-term incentives comprise a greater proportion of total compensation as an investment professional's seniority and compensation levels increase. Top performing investment professionals earn a total compensation package that includes a bonus that is a multiple of their base salary. The amount of equity awarded under the long-term equity programs is generally based on the individual's total compensation package and may comprise from 0%-40% of

the total compensation award. As incentive compensation increases, the percentage of compensation awarded in Deutsche Bank equity also increases. Certain senior investment professionals may be subject to a mandatory diverting of a portion of their equity compensation into proprietary mutual funds that they manage.

To evaluate its investment professionals, DIMA uses a Performance Management Process. Objectives evaluated by the process are related to investment performance and generally take into account peer group and benchmark related data. The ultimate goal of this process is to link the performance of investment professionals with client investment objectives and to deliver investment performance that meets or exceeds clients' risk and return objectives. When determining total compensation, DIMA considers a number of quantitative and qualitative factors such as:

- o Scudder Investments' performance and the performance of Deutsche Asset Management;
- o Quantitative measures which include 1, 3 and 5 year pre-tax returns versus benchmark (such as the benchmark used in the prospectus) and appropriate peer group, taking into consideration risk targets. Additionally, the portfolio manager's retail/institutional asset mix is weighted, as appropriate for evaluation purposes.
- o Qualitative measures include adherence to the investment process and individual contributions to the process, among other things. In addition, DIMA assesses compliance, risk management and teamwork skills.

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- o Other factors, including contributions made to the investment team as well as adherence to compliance, risk management, and "living the values" of DIMA, are part of a discretionary component that gives management the ability to reward these behaviors on a subjective basis through bonus incentives.

In addition, DIMA analyzes competitive compensation levels through the use of extensive market data surveys. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine overall compensation to promote good sustained investment performance.

CONFLICTS OF INTEREST. Real, potential or apparent conflicts of interest may arise when a portfolio manager has day-to-day portfolio management responsibilities with respect to more than one fund or account, including the following:

- o Certain investments may be appropriate for the Fund and also for other clients advised by DIMA, including other client accounts managed by the Fund's portfolio manager. The investment results achieved for the Fund may differ from the results achieved for other clients of DIMA. In addition, purchases or sales of the same security may be made for two or more clients on the same day. In such event, such transactions will be allocated among the clients in a manner believed by DIMA to be most equitable to each client, generally utilizing a pro rata allocation methodology. In some cases, the allocation procedure could potentially have an adverse effect or positive effect on the price or amount of the securities purchased or sold by the Fund.
- o To the extent that a portfolio manager has responsibilities for managing multiple client accounts, a portfolio manager will need to divide time and attention among relevant accounts. DIMA attempts to minimize these conflicts by aligning its portfolio management teams by investment strategy and by employing similar investment models across multiple client accounts.

DIMA is owned by Deutsche Bank AG, a multi-national financial services company. Therefore, DIMA is affiliated with a variety of entities that provide, and/or engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors. Since Deutsche Bank AG, its affiliates, directors, officers and employees (the "Firm") are engaged in businesses and have interests other than managing asset management accounts, such other activities involve real, potential or apparent conflicts of interests. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by the Firm for its clients' advisory accounts. These are

considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of DIMA's advisory clients.

BALANCED FUND- OPCAP ADVISORS LLC

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Vehicles Matthew Greenwald	<C> Registered Investment Companies	3	\$176,944,475	None
	Other Pooled Investment Vehicles	2	\$ 55,281,369	
	Other Accounts	23	\$847,166,070	
Lois Roman	Registered Investment Companies	0	None	None
	Other Pooled Investment Vehicles	0	None	
	Other Accounts	2	\$ 4,762,333	

</TABLE>

COMPENSATION STRUCTURE. Mr. Greenwald and Ms. Roman's compensation consists of a base salary that intends to be competitive in light of the manager's experience and responsibilities. The firm's management evaluates competitive market compensation by reviewing compensation survey results conducted by an independent third party of investment industry compensation. Each portfolio manager shares in a bonus pool that links pay to two core elements: quantitatively measured investment results and firm profitability. At the start of the year, each portfolio manager receives an allocated target percentage of the pool. The initial target allocation is a measure of past performance, current job accountability and expectation, and competitive market practice. At year-end the firm's Chief Executive Officer and Chief Investment Officer determine the size of the pool based on overall investment results, firm profitability, asset flows and external market compensation levels. Each portfolio manager participates in the Allianz Equity Incentive Plan that awards shares in a substantial pool of funds. The value of the pool is determined by the cumulative revenue growth of Oppenheimer Capital over rolling three-year periods. Shares in the pool vest three years after they are awarded, if the manager remains at the firm. Each portfolio manager is also eligible to participate in a non-qualified deferred compensation plans that affords participating employees the tax benefits of deferring the receipt of a portion of their cash compensation until such time as designated by the plan.

CONFLICTS OF INTEREST. Oppenheimer Capital's Trade Allocation Policy is designed to ensure fair and equitable allocation of investment opportunities among accounts over time and to ensure compliance with applicable regulatory requirements. Accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager.

EAGLE CAPITAL APPRECIATION FUND - EAGLE ASSET MANAGEMENT, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Richard Skeppstrom	<C> Registered Investment Companies	2	\$ 374,007,667	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	5,910	\$1,577,601,826	

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>
E. Craig Dauer	Registered Investment Companies	2	\$ 374,007,667	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	5,910	\$1,577,601,826	
John Jordan	Registered Investment Companies	2	\$ 374,007,667	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	5,910	None	
Robert Marshall	Registered Investment Companies	2	\$ 374,007,667	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	5,910	\$1,577,601,826	

</TABLE>

COMPENSATION STRUCTURE. All portfolio managers receive a base salary and participate in a revenue-sharing program. The revenue sharing program pays variable bonuses based on revenues in accounts under management and the relative (pre-tax) performance, typically 1 and 3 year performance of these accounts. They also participate in a non-qualified stock option program that vests at the end of the seventh year following their employment dates. All portfolio managers also receive benefits from the parent company, including a 401(k) plan, profit sharing plan, Long-Term Incentive Plan, Employee Stock Option Plan and Employee Stock Purchase Plan.

VALUE PLUS FUND - FORT WASHINGTON INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S>	<C>	<C>	<C>	<C>
John Holden	Registered Investment Companies	1	\$ 81,600,000	\$1-\$10,000
	Other Pooled Investment Vehicles	0		0
	Other Accounts	49	\$1,021,220,985	

</TABLE>

COMPENSATION STRUCTURE- All portfolio managers receive a base salary and performance bonuses. Bonuses are based on the overall performance of Fort Washington as well as the level of assets in the manager's asset category. Bonuses for senior managers (John Holden, Brendan White, Timothy Policinski and John Goetz) are based on overall firm performance. Bonuses for junior managers (Daniel Carter and Jay Devine) are based on the performance of their managed asset category. Each portfolio manager is granted long-term deferred compensation that is tied to the pre-tax performance of his portfolio and is vested. The pre-tax performance of each Fund is measured against its benchmark in the prospectus. (The Money Market Fund does not list a benchmark in the prospectus and is measured against the iMoneyNet First Tier Money Fund Average). The percentage of compensation allocated to performance bonuses, asset-increase incentives and long-term incentive compensation is determined annually by the President and approved by the Board of Directors.

ACCOUNTS WHERE ADVISORY FEE IS BASED ON THE ACCOUNT'S PERFORMANCE. Mr. Holden manages one other account where the advisory fee is based on the performance of

the account. The total assets in this account are \$5,800,000.

CONFLICTS OF INTEREST. A conflict of interest could arise between the account Mr. Holden manages that has a performance based fee and the Value Plus Fund. From time to time the same securities may be recommended for both types of accounts.

HIGH YIELD FUND - FORT WASHINGTON INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Brendan White	<C> Registered Investment Companies	1	<C> \$ 94,000,000	<C> \$1-\$10,000
	Other Pooled Investment Vehicles	1	\$120,000,000	
	Other Accounts	10	\$1.9 billion	

</TABLE>

COMPENSATION. See description under "Value Plus Fund."

CORE BOND FUND - FORT WASHINGTON INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Timothy Policinski	<C> Registered Investment Companies	1	<C> \$ 61,731,135	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	45	\$1,616,394,128	
<S> Daniel Carter	<C> Registered Investment Companies	1	<C> \$ 61,731,135	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	45	\$1,616,394,128	

</TABLE>

COMPENSATION. See description under "Value Plus Fund."

MONEY MARKET FUND - FORT WASHINGTON INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> John Goetz	<C> Registered Investment Companies	8	<C> \$794,557,825	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	

	Other Accounts	14	\$856,558,805	
Jay Devine	Registered Investment Companies	8	\$794,557,825	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	14	\$856,558,805	

</TABLE>

COMPENSATION. See description under "Value Plus Fund."

CONSERVATIVE ETF FUND - TODD INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Curtis Scott	<C> Registered Investment Companies	<C> 5	<C> \$ 50,366,812	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	
John White	Registered Investment Companies	5	\$ 50,366,812	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	

</TABLE>

COMPENSATION STRUCTURE. See description under "Enhanced Dividend 30 Fund."

MODERATE ETF FUND - TODD INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Curtis Scott	<C> Registered Investment Companies	<C> 5	<C> \$ 48,727,157	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	
John White	Registered Investment Companies	5	\$ 48,727,157	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	

</TABLE>

COMPENSATION STRUCTURE. See description under "Enhanced Dividend 30 Fund."

AGGRESSIVE ETF FUND - TODD INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Curtis Scott	<C> Registered Investment Companies	5	<C> \$ 46,978,995	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	
John White	Registered Investment Companies	5	\$ 46,978,995	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	

</TABLE>

COMPENSATION STRUCTURE. See description under "Enhanced Dividend 30 Fund."

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ENHANCED ETF FUND - TODD INVESTMENT ADVISORS, INC.

OTHER ACCOUNTS MANAGED

<TABLE>
<CAPTION>

PORTFOLIO MANAGER		NUMBER OF ACCOUNTS	TOTAL ASSETS IN ACCOUNTS	BENEFICIAL OWNERSHIP IN FUND
<S> Curtis Scott	<C> Registered Investment Companies	5	<C> \$ 50,084,391	<C> None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	
John White	Registered Investment Companies	5	\$ 50,084,391	None
	Other Pooled Investment Vehicles	0	\$ 0	
	Other Accounts	70	\$2.2 billion	

</TABLE>

COMPENSATION STRUCTURE. See description under "Enhanced Dividend 30 Fund."

THE DISTRIBUTOR

Touchstone Securities, Inc. ("Touchstone Securities"), 221 East Fourth Street, Cincinnati, Ohio 45202, is the principal underwriter of the Funds and, as such, the exclusive agent for distribution of shares of the Funds under the terms of a Distribution Agreement. Touchstone Securities is an affiliate of the Advisor by reason of common ownership. Touchstone Securities is obligated to sell the shares on a best efforts basis only against purchase orders for the shares. Shares of each Fund are offered to the public on a continuous basis. Touchstone Securities receives no compensation under the Distribution Agreement.

Ms. McGruder may be deemed to be an affiliate of Touchstone Securities because of her position as a Director of the Advisor and Touchstone Securities. Mr. Barrett may be deemed to be an affiliate of Touchstone Securities because of his position as President and Chairman of Western-Southern Life Assurance Company and The Western and Southern Life Insurance Company, parent companies of Touchstone Securities. Mr. Lindholm may be deemed to be an affiliate of Touchstone Securities because of his position as President and CEO of Integrity Life Insurance Company and National Integrity Life Insurance Company,

wholly-owned subsidiaries of Western & Southern Life Insurance Company. Ms. McGruder, Mr. Barrett and Mr. Lindholm, by reason of such affiliations, may directly or indirectly receive benefits from the underwriting fees paid to Touchstone.

The Money Market Fund's Service Class Shares may compensate dealers, including Touchstone Securities and its affiliates, based on the average balance of all accounts in Service Class Shares of the Fund for which the dealer is designated as the party responsible for the account. See "Distribution Plan" below.

DISTRIBUTION PLAN

SERVICE CLASS SHARES. The Trust has adopted a plan of distribution (the "Plan") pursuant to Rule 12b-1 under the 1940 Act for the Money Market Fund that permits its Service Class shares to pay for expenses incurred in the distribution and promotion of its shares, including but not limited to, the printing of prospectuses, statements of additional information and reports used for sales purposes, advertisements, expenses of preparation and printing of sales literature, promotion, marketing and sales expenses, and other distribution-related expenses, including any distribution fees paid to securities dealers or other firms who have executed a distribution or service agreement with Touchstone Securities. The Plan expressly limits payment of the distribution expenses listed above in any fiscal year to a maximum of 0.25% of the average daily net assets of Service Class shares. For the fiscal year ended December 31, 2004 Service Class shares paid \$97,800 in distribution related expenses. All payments were to broker-dealers and others for advertising, printing and mailing, asset growth and retention and other expenses.

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GENERAL INFORMATION -- Agreements implementing the Plan (the "Implementation Agreements"), including agreements with dealers where such dealers agree for a fee to act as agents for the sale of the Money Market Fund's Service Class shares, are in writing and have been approved by the Board of Trustees. All payments made pursuant to the Plan are made in accordance with written agreements. Some financial intermediaries charge fees in excess of the amounts available under the Plan, in which case the Advisor pays the additional fees.

The continuance of the Plan and the Implementation Agreements must be specifically approved at least annually by a vote of the Trust's Board of Trustees and by a vote of the Independent Trustees at a meeting called for the purpose of voting on such continuance. The Plan may be terminated at any time by a vote of a majority of the Independent Trustees or by a vote of the holders of a majority of the outstanding Service Class shares of the Money Market Fund. In the event the Plan is terminated in accordance with its terms, Service Class shares will not be required to make any payments for expenses incurred by Touchstone Securities after the termination date. Each Implementation Agreement terminates automatically in the event of its assignment and may be terminated at any time by a vote of a majority of the Independent Trustees or by a vote of the holders of a majority of the outstanding Service Class shares of the Fund on not more than 60 days' written notice to any other party to the Implementation Agreement. The Plan may not be amended to materially increase the amount spent for distribution without shareholder approval. All material amendments to the Plan must be approved by a vote of the Trust's Board of Trustees and by a vote of the Independent Trustees.

In approving the Plan, the Trustees determined, in the exercise of their business judgment and in light of their fiduciary duties as Trustees, that there is a reasonable likelihood that the Plan will benefit the Fund and its shareholders. The Board of Trustees believes that expenditure of the Fund's assets for distribution expenses under the Plan should assist in the growth of the Fund which will benefit the Fund and its shareholders through increased economies of scale, greater investment flexibility, greater portfolio diversification and less chance of disruption of planned investment strategies. The Plan will be renewed only if the Trustees make a similar determination for each subsequent year of the Plan. There can be no assurance that the benefits anticipated from the expenditure of the Fund's assets for distribution will be realized. While the Plan is in effect, all amounts spent by the Fund pursuant to the Plan and the purposes for which such expenditures were made must be reported quarterly to the Board of Trustees for its review. In addition, the selection and nomination of the Independent Trustees will be at the discretion of the existing Independent Trustees during such period.

John F. Barrett, Jill T. McGruder and John R. Lindholm, as interested persons of the Trust, may be deemed to have a financial interest in the operation of the Plan and the Implementation Agreements.

PORTFOLIO TURNOVER

A Fund's portfolio turnover rate is calculated by dividing the lesser of purchases or sales of portfolio securities for the fiscal year by the monthly

average of the value of the portfolio securities owned by the Fund during the fiscal year. High portfolio turnover involves correspondingly greater brokerage commissions and other transaction costs, which will be borne directly by the Fund. High turnover may result in a Fund recognizing greater amounts of income and capital gains, which would increase the amount of income and capital gains that a Fund must distribute to its shareholders in order to maintain its status as a regulated investment company and to avoid the imposition of federal income or excise taxes. High turnover may also increase the amount of brokerage commissions. A 100% turnover rate would occur if all of the Fund's portfolio securities were replaced once within a one-year period. The rate of portfolio turnover will depend upon market and other conditions, and will not be a limiting factor when the Sub-Advisor believes that portfolio changes are appropriate. A Fund may engage in active trading to achieve its investment goals and, as a result, may have substantial portfolio turnover. The Sub-Advisor intends to hold securities of the Money Market Fund to maturity and limit portfolio turnover to the extent possible. The High Yield Fund does not intend to purchase securities for short term trading, however, a security may be sold in anticipation of market decline, or purchased in anticipation of a market rise and later sold. Securities in the High Yield Fund will be purchased and sold in response to the Sub-Advisor's evaluation of an issuer's ability to meet its debt obligations in the future. A security may be sold and another purchased, when, in the opinion of the Sub-Advisor, a favorable yield spread exists between specific issues or different market sectors.

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The higher turnover by the Enhanced Dividend 30 Fund during the 12-31-03 fiscal year is due to restructuring of the portfolio in response to changes in the Fund's investment strategies. The higher portfolio turnover by the Eagle Capital Appreciation Fund during the 12-31-03 fiscal period is due to changes in the sub-advisor during the period. The higher portfolio turnover by the High Yield Fund during the 12-31-03 fiscal year is due to high purchase and redemption activity in the Fund by a broker-dealer. The higher portfolio turnover by the Core Bond Fund during the 12-31-03 fiscal year is due to the Sub-Advisor's tactical allocation process among various sectors. The higher portfolio turnover by the Emerging Growth Fund during the 12-31-04 fiscal year is due to fluctuations in its asset levels.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Touchstone Funds have adopted policies and procedures for disclosing the Funds' portfolio securities to any person requesting this information. These policies and procedures are monitored on an on-going basis by the Board of Trustees through periodic reporting by the Funds' Chief Compliance Officer. No compensation will be received by the Fund, the Advisor, or any other party in connection with the disclosure of information about portfolio securities. The procedures prohibit the disclosure of portfolio holdings except under the following conditions:

- 1) Routine shareholder reports filed quarterly with the SEC within 60 days after the quarter-end and routine shareholder reports distributed to shareholders within 60 days after the six-month end;
- 2) A routine request made by a Sub-Advisor for a Fund that it manages;
- 3) For use in preparing and distributing routine periodic reporting to market data agencies (Morningstar, Lipper, Bloomberg, Standard & Poor's and Thompson Financial);
- 4) A request by executive officers of the Advisor for routine oversight and management purposes;
- 5) For use in preparing and distributing routine shareholder reports, including disclosure to Ernst & Young LLP, (the Trust's public accounting firm), Chirp! Typesetting and Design, (typesetter) and Financial Graphic Services (printer).

The Funds provide their full holdings to various market data agencies as of the end of a calendar month, within one to ten business days after month end. All other disclosures are made in accordance with the requests of the parties indicated above. Employees of Touchstone Investments and the Funds' Sub-Advisor that are access persons under the Funds' Code of Ethics have access to Fund holdings on a regular basis, but are subject to confidentiality requirements and trading prohibitions in the Code of Ethics. In addition, custodians of the Funds' assets and the Funds' accounting services agent, each of whose agreements contains a confidentiality provision, have access to the current Fund holdings on a daily basis.

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The Chief Compliance Officer is authorized to determine whether disclosure

of a Fund's portfolio securities is for a legitimate business purpose and is in the best interests of the Fund and its shareholders. Any conflict between the interests of shareholders and the interests of the Advisor, Touchstone, or any affiliates, will be reported to the Board, which will make a determination that is in the best interests of shareholders.

ADDITIONAL SERVICE PROVIDERS

INTEGRATED FUND SERVICES, INC. ("INTEGRATED")

Integrated, 221 East Fourth Street, Suite 300, Cincinnati, Ohio 45202, serves as administrator, accounting agent and transfer agent and also provides compliance services to the Trust. Integrated is a wholly-owned indirect subsidiary of IFS Holdings, Inc., which is a wholly-owned indirect subsidiary of The Western and Southern Life Insurance Company. Integrated is an affiliate of the Advisor, certain Fund Sub-Advisors and Touchstone Securities by reason of common ownership. For its services as administrator and accounting agent, each Fund pays a monthly fee to Integrated based on its average daily net assets. Integrated waived all of its transfer agent fees during the fiscal year ended December 31, 2004.

Prior to March 17, 2002, Investors Bank & Trust Company, 200 Clarendon Street, Boston, Massachusetts 02116, served as administrator, fund accounting agent, custodian and transfer agent for the Trust. Prior to April 18, 2003, Integrity Life Insurance Company provided fund accounting services to the Baron Small Cap Fund, Third Avenue Value Fund and Eagle Capital Appreciation Fund. The fee paid for the services provided by Integrity was a unified fee, which included custody and accounting fees.

The Funds paid the following administration fees for the periods indicated:

<TABLE>			
<CAPTION>			
ADMINISTRATION FEES	For the Fiscal Period Ended 12/31/04 -----	For the Fiscal Year Ended 12/31/03 -----	For the Fiscal Year Ended 12/31/02 -----
<S>	<C>	<C>	<C>
Emerging Growth Fund	\$24,207	\$23,998	\$ 22,684
Enhanced Dividend 30 Fund	\$23,998	\$23,998	\$ 22,684
Value Plus Fund	\$23,998	\$23,998	\$ 22,684
Growth & Income Fund	\$23,998	\$23,998	\$ 22,684
Balanced Fund	\$23,998	\$23,998	\$ 22,684
High Yield Fund	\$24,729	\$27,996	\$ 22,684
Core Bond Fund	\$24,666	\$26,696	\$ 22,684
Money Market Fund	\$58,433	\$49,833	\$ 22,684
Conservative ETF Fund	\$0*	--	--
Moderate ETF Fund	\$0*	--	--
Aggressive ETF Fund	\$0*	--	--
Enhanced ETF Fund	\$0*	--	--
	For the Fiscal Year Ended 12/31/04 -----	For the Six Months Ended 12/31/03 -----	For the Fiscal Year Ended 6/30/03** -----
Baron Small Cap Fund	\$23,998	\$10,065	\$ 4,666
Third Avenue Value Fund	\$46,884	\$18,000	\$ 5,739
Eagle Capital Appreciation Fund	\$23,998	\$11,597	\$ 4,339

</TABLE>

* Each ETF Fund incurred \$11,031 in administration fees. These fees were paid by the Advisor.

** Prior to April 28, 2003, the Baron Small Cap Fund, Third Avenue Value Fund and Eagle Capital Appreciation Fund did not pay administration fees.

The Funds incurred and paid the following accounting and pricing fees for the periods indicated.

<TABLE>			
<CAPTION>			
ACCOUNTING AND PRICING FEES	For the Fiscal Period Ended 12/31/04 -----	For the Fiscal Year Ended 12/31/03 -----	For the Fiscal Year Ended 12/31/02 -----
<S>	<C>	<C>	<C>
Emerging Growth Fund	\$16,147	\$15,998	\$15,122
Enhanced Dividend 30 Fund	\$15,998	\$15,998	\$15,123

Value Plus Fund	\$15,998	\$15,998	\$15,123
Growth & Income Fund	\$15,998	\$15,998	\$15,123
Balanced Fund	\$15,998	\$15,998	\$15,123
High Yield Fund	\$17,122	\$17,999	\$15,123
Core Bond Fund	\$16,335	\$17,900	\$15,123
Money Market Fund	\$39,260	\$33,089	\$15,123
Conservative ETF Fund	\$0*	--	--
Moderate ETF Fund	\$0*	--	--
Aggressive ETF Fund	\$0*	--	--
Enhanced ETF Fund	\$0*	--	--

</TABLE>

<TABLE>
<CAPTION>

	For the Fiscal Year Ended 12/31/04 -----	For the Six Months Ended 12/31/03 -----	For the Year Ended 6/30/03 -----	For the Year Ended 6/30/02** -----
<S>	<C>	<C>	<C>	<C>
Baron Small Cap Fund	\$15,998	\$ 6,760	\$3,111	\$ 49,673
Third Avenue Value Fund	\$31,238	\$12,050	\$3,761	\$117,078
Eagle Capital Appreciation Fund	\$15,998	\$ 7,730	\$2,893	\$ 71,148

</TABLE>

* Each ETF Fund incurred \$7,354 in accounting and pricing fees. These fees were paid by the Advisor.

** Amount includes custody and accounting fees.

COMPLIANCE SERVICE FEES

Integrated provides compliance program development, implementation and administration services to the Trust pursuant to a Compliance Services Agreement entered into on October 5, 2004. For providing compliance services to the Trust, the Funds pay a one-time compliance program development and implementation fee plus an annual compliance administration fee. The Funds also pay other costs and expenses incurred in connection with the services provided under the Compliance Services Agreement. Set forth below are the compliance service fees paid by the Funds during the period October 5, 2004 to December 31, 2004.

Baron Small Cap Fund	\$ 783
Emerging Growth Fund	\$1,506
Third Avenue Value Fund	\$3,183
Eagle Capital Appreciation Fund	\$1,296
Enhanced Dividend 30 Fund	\$1,081
Value Plus Fund	\$ 772
Growth & Income Fund	\$1,286
Balanced Fund	\$1,214
High Yield Fund	\$1,672
Core Bond Fund	\$1,682
Money Market Fund	\$4,182
Conservative ETF Fund	\$0*
Moderate ETF Fund	\$0*
Aggressive ETF Fund	\$0*
Enhanced ETF Fund	\$0*

* The Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Enhanced ETF Fund incurred \$21, \$21, \$19 and \$37, respectively, in compliance service fees. These fees were paid by the Advisor.

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CUSTODIAN

Brown Brothers Harriman & Co. ("BBH"), 40 Water Street, Boston, Massachusetts 02109, provides custodial services for the Trust.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, 312 Walnut Street, Cincinnati, Ohio 45202, serves as independent auditors to the Trust, providing audit services, tax return review and assistance and consultation in connection with the review of filings with the SEC.

BROKERAGE ALLOCATION AND OTHER PRACTICES

BROKERAGE TRANSACTIONS

The Sub-Advisors are responsible for decisions to buy and sell securities, futures contracts and options on such securities and futures for each Fund, the selection of brokers, dealers and futures commission merchants to effect transactions and the negotiation of brokerage commissions, if any. Broker-dealers may receive brokerage commissions on portfolio transactions,

including options, futures and options on futures transactions and the purchase and sale of underlying securities upon the exercise of options. Orders may be directed to any broker-dealer or futures commission merchant, to the extent and in the manner permitted by applicable law. Purchases and sales of certain portfolio securities on behalf of a Fund are frequently placed by the Sub-Advisor with the issuer or a primary or secondary market-maker for these securities on a net basis, without any brokerage commission being paid by the Fund. Trading does, however, involve transaction costs. Transactions with dealers serving as market-makers reflect the spread between the bid and asked prices. Purchases of underwritten issues may be made which will include an underwriting fee paid to the underwriter.

The Sub-Advisors seek to evaluate the overall reasonableness of the brokerage commissions paid through familiarity with commissions charged on comparable transactions, as well as by comparing commissions paid by the Fund to reported commissions paid by others. In placing orders for the purchase and sale of securities for a Fund, the Sub-Advisors take into account such factors as price, commission (if any, negotiable in the case of national securities exchange transactions), size of order, difficulty of execution and skill required of the executing broker-dealer. The Sub-Advisors review on a routine basis commission rates, execution and settlement services performed, making internal and external comparisons.

The Sub-Advisors are authorized, consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended, when placing portfolio transactions for a Fund with a broker to pay a brokerage commission (to the extent applicable) in excess of that which another broker might have charged for effecting the same transaction on account of the receipt of research, market or statistical information. The term "research, market or statistical information" includes advice as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities or purchasers or sellers of securities; and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. A Sub-Advisor may use this research information in managing a Fund's assets, as well as the assets of other clients.

In order to reduce total operating expenses, the Funds may apply a portion of their brokerage commission dollars to offset custody expenses through a Commission Share Program offered by BBH. Except for implementing the policies stated above, there is no intention to place portfolio transactions with particular brokers or dealers or groups thereof. In effecting transactions in over-the-counter securities, orders are placed with the principal market-makers for the security being traded unless, after exercising care, it appears that more favorable results are available otherwise.

Although certain research, market and statistical information from brokers and dealers can be useful to a Fund and to the corresponding Sub-Advisor, it is the opinion of the management of the Funds that such information is only supplementary to the Sub-Advisor's own research effort, since the information must still be analyzed, weighed and reviewed by the Sub-Advisor's staff. Such information may be useful to the Sub-Advisor in providing services to clients other than the Funds, and not all such information is used by the Sub-Advisor in connection with the Funds. Conversely, such information provided to the Sub-Advisor by brokers and dealers through whom other clients of the Sub-Advisor effect securities transactions may be useful to the Sub-Advisor in providing services to the Funds.

In certain instances there may be securities that are suitable for a Fund as well as for one or more of the respective Sub-Advisor's other clients. Investment decisions for a Fund and for the Sub-Advisor's other clients are made with a view to achieving their respective investment objectives. It may develop that a particular security is bought or sold for only one client even though it might be held by, or bought or sold for, other clients. Likewise, a particular security may be bought for one or more clients when one or more clients are selling that same security. Some simultaneous transactions are inevitable when several clients receive investment advice from the same investment advisor, particularly when the same security is suitable for the investment objectives of more than one client. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as a Fund is concerned. However, it is believed that the ability of a Fund to participate in volume transactions will produce better executions for the Fund.

COMMISSIONS

The Funds paid the following brokerage commissions for the periods indicated:

For the Period	For the Year	For the Year
-------------------	-----------------	-----------------

	Ended 12/31/04	Ended 12/31/03	Ended 12/31/02
Emerging Growth Fund	\$169,656	\$113,871	\$ 82,261
Enhanced Dividend 30 Fund	\$ 19,122	\$ 15,462	\$ 9,315
Value Plus Fund	\$ 14,864	\$ 58,910	\$ 14,331
Growth & Income Fund	\$ 32,282	\$ 42,052	\$ 64,736
Balanced Fund	\$ 41,539	\$ 37,161	\$ 48,739
High Yield Fund	\$ 5,180	\$ 457	\$ 0
Conservative ETF Fund	\$ 486	--	--
Moderate ETF Fund	\$ 1,280	--	--
Aggressive ETF Fund	\$ 2,432	--	--
Enhanced ETF Fund	\$ 381	--	--

During the December 31, 2003 fiscal year, the higher commissions paid by the Value Plus Fund were due to restructuring of the portfolio as a result of a reorganization and the higher commissions paid by the Enhanced Dividend 30 Fund were due to increased assets.

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	For the Year Ended 2/31/04	For the Period Ended 12/31/03	For the Year Ended 06/30/03	For the Year Ended 06/30/02
Baron Small Cap Fund	\$ 16,664	\$ 15,005	\$ 12,177	\$ 19,291
Third Avenue Value Fund	\$111,671	\$102,822	\$ 48,624	\$ 47,906
Eagle Capital Appreciation Fund	\$ 26,377	\$ 69,510	\$ 27,831	\$ 17,986

During the fiscal period ended December 31, 2004, the amount of brokerage transactions and related commissions for the Funds directed to brokers due to research services provided were as follows:

	Brokerage Transactions Directed to Research -----	Brokerage Commissions from Research -----
Emerging Growth Fund	\$ 7,893,327	\$ 11,441
Balanced Fund	\$ 645,266	\$ 771
Value Plus Fund	\$ 4,890,015	\$ 5,889
Growth & Income Fund	\$ 4,706,779	\$ 5,474
Enhanced Dividend 30 Fund	\$33,245,669	\$ 18,447
Conservative ETF Fund	\$ 773,022	\$ 436
Moderate ETF Fund	\$ 2,172,713	\$ 1,280
Aggressive ETF Fund	\$ 3,868,805	\$ 2,432
Enhanced ETF Fund	\$ 805,727	\$ 381

Baron Capital Inc. may be deemed to be an affiliate of the Baron Small Cap Fund because it is an affiliate of BAMCO, Inc., the sub-advisor for the Fund. M.J. Whitman LLC and M.J. Whitman OTC may be deemed to be affiliates of the Third Avenue Value Fund because they are affiliates of Third Avenue Management LLC, the sub-advisor for the Fund. Listed below is information about the brokerage commissions paid to these affiliated brokers during the stated fiscal years.

<TABLE>
<CAPTION>

12-31-04 FISCAL YEAR

Broker	Fund	Amount of Commissions	Percentage of Aggregate Commissions Paid	Percentage of Aggregate Transactions Effected
-----	----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Baron Capital, Inc.	Baron Small Cap Fund	\$ 5,917	36%	40%
M.J. Whitman	Third Avenue Value Fund	\$ 93,693	84%	87%

</TABLE>

<TABLE>
<CAPTION>

12-31-03 FISCAL YEAR

Broker	Fund	Amount of Commissions	Percentage of Aggregate Commissions Paid	Percentage of Aggregate Transactions Effected
-----	----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Baron Capital, Inc.	Baron Small Cap Fund	\$ 5,422	36%	37%
M.J. Whitman	Third Avenue Value Fund	\$ 89,467	86%	86%

</TABLE>

During the fiscal year ended December 31, 2004, the Funds acquired securities of the Trust's regular broker-dealers as follows:

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<TABLE>
<CAPTION>

Fund	Broker-Dealer	Number of Shares at 12-31-04	Market Value at 12-31-04
<S>	<C>	<C>	<C>
Balanced Fund	Merrill Lynch & Co. Inc.	5,900	\$352,643
	Bank of America Securities	9,562	449,318
	Citigroup, Inc.	12,700	611,886
	JP Morgan Chase & Co.	7,100	276,971
	Morgan Stanley Dean Witter Discover & Co.	575,000	587,550
Value Plus Fund	Citigroup, Inc.	13,832	666,426
	Bank of America	10,780	506,552
	JP Morgan Chase & Co.	14,694	573,212
	Lehman Brothers Holdings	4,160	363,917
Growth & Income Fund	Bank of America	17,454	820,163
	Citigroup, Inc.	24,400	1,175,592
	Bear Stearns Companies	4,600	470,626
	JP Morgan Chase & Co.	24,400	951,844
	Merrill Lynch & Co.	10,300	615,631
	Morgan Stanley Dean Witter Discover & Co.	5,500	305,360
	National City	15,100	567,005
Core Bond Fund	Credit Suisse First Boston USA Inc.	515,000	512,319
	Morgan Stanley Dean Witter Discover & Co.	400,000	389,763
	Banc of America Commercial Mortgage	585,000	587,255
Enhanced Dividend 30 Fund	Citigroup, Inc.	15,200	732,336
	JP Morgan Chase & Co.	15,200	592,952
Money Market Fund	First Union Corp.	175,000	179,082
	JP Morgan Chase & Co.	500,000	511,731
	First Union Corp.	225,000	231,869
	Salomon Smith Barney	180,000	180,980
	Merrill Lynch & Co.	102,000	104,009
Eagle Capital Appreciation Fund	Bank of America Corp.	25,200	1,184,148
Third Avenue Value Fund	Instinet Group, Inc.	217,200	1,309,716

</TABLE>

PURCHASE, REDEMPTION AND PRICING OF SHARES

OFFERING PRICE

Shares of the Funds are offered at net asset value ("NAV") as defined in the Prospectus.

VALUATION OF SECURITIES

The share price, ("NAV") of the Funds' shares is determined as of the close of the regular session of trading on the New York Stock Exchange (currently 4:00 p.m. Eastern time), on each day the Trust is open for business. The Trust is open for business every day except Saturdays, Sundays and the following holidays: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. The Trust may also be open for business on other days in which there is sufficient trading in any Fund's portfolio securities that its net asset value might be materially affected. For a description of the methods used to determine the Funds' share price, see "Pricing of Fund Shares" in the Prospectus.

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Pursuant to Rule 2a-7 of the 1940 Act, the Money Market Fund values its portfolio securities on an amortized cost basis. The use of the amortized cost method of valuation involves valuing an instrument at its cost and, thereafter, assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. Under the amortized cost method of valuation, neither the amount of daily income nor the NAV of the Money Market Fund is affected by any unrealized appreciation or depreciation of the portfolio. The Board of Trustees

has determined in good faith that utilization of amortized cost is appropriate and represents the fair value of the portfolio securities of the Money Market Fund.

Pursuant to Rule 2a-7, the Money Market Fund maintains a dollar-weighted average portfolio maturity of 90 days or less, purchases only securities having remaining maturities of thirteen months or less and invest only in United States dollar-denominated securities determined by the Board of Trustees to be of high quality and to present minimal credit risks. If a security ceases to be an eligible security, or if the Board of Trustees believes such security no longer presents minimal credit risks, the Fund will dispose of the security as soon as possible. The maturity of U.S. Government obligations that have a variable rate of interest readjusted no less frequently than annually will be deemed to be the period of time remaining until the next readjustment of the interest rate.

The Board of Trustees has established procedures designed to stabilize, to the extent reasonably possible, the price per share of the Money Market Fund as computed for the purpose of sales and redemptions at \$1 per share. The procedures include a review of the Fund's portfolio holdings by the Board of Trustees to determine whether the Fund's NAV calculated by using available market quotations deviates more than one-half of one percent from \$1 per share and, if so, whether such deviation may result in material dilution or is otherwise unfair to existing shareholders. In the event the Board of Trustees determines that such a deviation exists, it will take corrective action as it regards necessary and appropriate, including the sale of portfolio securities prior to maturity to realize capital gains or losses or to shorten average portfolio maturities; withholding dividends; redemptions of shares in kind; or establishing a NAV per share by using available market quotations. The Board has also established procedures designed to ensure that the Money Market Fund complies with the quality requirements of Rule 2a-7.

While the amortized cost method provides certainty in valuation, it may result in periods during which the value of an instrument, as determined by amortized cost, is higher or lower than the price the Money Market Fund would receive if it sold the instrument. During periods of declining interest rates, the daily yield on shares of the Money Market Fund may tend to be higher than a like computation made by the fund with identical investments utilizing a method of valuation based upon market prices and estimates of market prices for all of its portfolio securities. Thus, if the use of amortized cost by the Money Market Fund resulted in a lower aggregate portfolio value on a particular day, a prospective investor in the Fund would be able to obtain a somewhat higher yield than would result from investment in a fund utilizing solely market values and existing investors would receive less investment income. The converse would apply in a period of rising interest rates.

Portfolio securities held by the Core Bond Fund or the High Yield Fund for which market quotations are readily available are generally valued at their most recent bid prices as obtained from one or more of the major market makers for such securities. Securities (and other assets) for which market quotations are not readily available are valued at their fair value as determined in good faith in accordance with procedures approved by and under the general supervision of the Board of Trustees. The Funds may use fair value pricing if the value of a security has been materially affected by events occurring before the Fund's pricing time but after the close of the primary markets on which the security is traded. The Funds may also use fair value pricing if reliable market quotations are unavailable due to infrequent trading. The use of fair value pricing has the effect of valuing a security based upon the price

a Fund might reasonably expect to receive if it sold that security but does not guarantee that the security can be sold at the fair value price. With respect to any portion of a Fund's assets that is invested in other mutual funds, that portion of the Fund's NAV is calculated based on the NAV of that mutual fund. The prospectus for the other mutual fund explains the circumstances and effects of fair value pricing for that fund.

The value of each security for which readily available market quotations exists is based on a decision as to the broadest and most representative market for such security. The value of such security is based either on the last sale price on a national securities exchange, or, in the absence of recorded sales, at the readily available closing bid price on such exchanges, or at the quoted bid price in the over-the-counter market. Securities listed on a foreign exchange are valued at the last quoted sale price available before the time net assets are valued. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. Debt securities are valued by a pricing service that determines valuations based upon market transactions for normal, institutional-size trading units of similar securities. Securities or other assets for which market quotations are not readily available are valued at fair value in accordance with procedures established by the Board. Such procedures include the use of independent pricing services, which use prices based upon yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market

conditions. All portfolio securities with a remaining maturity of less than 60 days are valued at amortized cost, which approximates market.

The accounting records of the Funds are maintained in U.S. dollars. The market value of investment securities, other assets and liabilities and forward contracts denominated in foreign currencies are translated into U.S. dollars at the prevailing exchange rates at the end of the period. Purchases and sales of securities, income receipts, and expense payments are translated at the exchange rate prevailing on the respective dates of such transactions. Reported net realized gains and losses on foreign currency transactions represent net gains and losses from sales and maturities of forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received.

REDEMPTION IN KIND

Each Fund reserves the right, if conditions exist which make cash payments undesirable, to honor any request for redemption or repurchase order by making payment in whole or in part in readily marketable securities chosen by the Trust and valued as they are for purposes of computing the Fund's net asset value (a redemption in kind). If payment is made in securities a shareholder may incur transaction expenses in converting these securities into cash. The Trust, on behalf of each Fund has elected, however, to be governed by Rule 18f-1 under the 1940 Act as a result of which each Fund is obligated to redeem shares or with respect to any one investor during any 90-day period, solely in cash up to the lesser of \$250,000 or 1% of the net asset value of the Fund at the beginning of the period.

PURCHASE IN KIND

Shares may be purchased by tendering payment in-kind in the form of marketable securities, including but not limited to, shares of common stock, provided the acquisition of such securities is consistent with the applicable Fund's investment objectives and is otherwise acceptable to the Sub-Advisor.

TAXATION OF THE FUNDS

Each Fund intends to qualify annually as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code").

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To qualify as a regulated investment company, each Fund must, among other things: (a) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of stock, securities or foreign currencies or other income derived with respect to its business of investing in such stock, securities or currencies; (b) diversify its holdings so that, at the end of each quarter of the taxable year, (i) at least 50% of the market value of the Fund's assets is represented by cash and cash items (including receivables), U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than 5% of the value of the Fund's total assets and not greater than 10% of the outstanding voting securities of such issuer and (ii) not more than 25% of the value of its total assets is invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies); or of two or more issuers that the Fund controls that are engaged in the same or similar trades or business or related trades or businesses; and (c) distribute at least 90% of its investment company taxable income (which includes, among other items, dividends, interest and net short-term capital gains in excess of net long-term capital losses) and its net tax-exempt interest income, if any, each taxable year.

As a regulated investment company, each Fund will not be subject to U.S. federal income tax on its investment company taxable income and net capital gains (the excess of net long-term capital gains over net short-term capital losses), if any, that it distributes to shareholders. The Fund intends to distribute to its shareholders, at least annually, substantially all of its investment company taxable income and net capital gains. The Funds will not be subject to the 4% federal excise tax imposed on registered investment companies that do not distribute all of their income and gains each calendar year because such tax does not apply to a registered investment company whose only shareholders are either tax-exempt pension trusts or segregated asset accounts of life insurance companies held in connection with variable annuity and/or variable life insurance policies.

A Fund's net realized capital gains from securities transactions will be distributed only after reducing such gains by the amount of any available capital loss carryforwards. Capital losses may be carried forward to offset any capital gains for eight years, after which any undeducted capital loss remaining

is lost as a deduction. The Funds' capital loss carryforwards for federal income tax purposes as of December 31, 2004 expire as follows:

	Amount -----	Expiration Date -----
Baron Small Cap Fund*	\$ 196,963	December 31, 2010
	392,508	December 31, 2011
Core Bond Fund	\$ 229,038	December 31, 2008
	22	December 31, 2011
	59,279	December 31, 2012
Eagle Capital Appreciation Fund*	\$1,451,753	December 31, 2009
	9,414,121	December 31, 2010
Enhanced Dividend 30 Fund	\$ 108,912	December 31, 2009
	448,962	December 31, 2010
	460,219	December 31, 2011
High Yield Fund	\$ 813,025	December 31, 2008
	6,124	December 31, 2009
	283,470	December 31, 2010
	1,376,648	December 31, 2011
Money Market Fund*	\$ 35,009	December 31, 2006
	58,431	December 31, 2007
	104,616	December 31, 2008
	244,587	December 31, 2009
	28	December 31, 2010
	130	December 31, 2012

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Third Avenue Value Fund*	\$3,123,630	December 31, 2010
	22,282	December 31, 2012
Value Plus Fund*	\$ 362,342	December 31, 2009
	3,973,380	December 31, 2010
	3,252,998	December 31, 2011

The capital loss carryforwards may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders.

* A portion of these capital losses may be limited under tax regulations.

From November 1, 2004 to December 31, 2004, the Funds incurred the following net losses. The Funds intend to elect to defer these losses and treat them as arising on January 1, 2005.

Amount -----	
Balanced Fund	\$ 10,810
Core Bond Fund	\$ 7,111
High Yield Fund	\$123,932

Certain reclassifications, the result of permanent differences between financial statement and income tax reporting requirements have been made to the components of capital. These reclassifications have no impact on the net assets or net asset value per share of the Funds and are designed to present the Funds' capital accounts on a tax basis.

FOREIGN TAXES

Tax conventions between certain countries and the United States may reduce or eliminate such taxes. It is impossible to determine the effective rate of foreign tax in advance since the amount of each applicable Fund's assets to be invested in various countries will vary.

FOREIGN INCOME TAXES: Net income or capital gains earned by any Fund investing in foreign securities may be subject to foreign income taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that entitle the Funds to a reduced tax rate or even a tax exemption on related income and gains. It is impossible to determine the effective rate of foreign tax in advance since the amount of these Funds' assets to be invested within various countries is not known. Plus, a Fund may elect to treat foreign income taxes as income taxes paid by its shareholders for U.S. federal income tax purposes, under U.S. federal income tax principals, if a Fund meets certain requirements. These requirements of a Fund include:

- o qualification as a regulated investment company;
- o satisfaction of certain distribution requirements; and
- o more than 50% of the value of that Fund's assets at the close of the taxable year must consist of stocks or securities of foreign corporations.

If a Fund makes this election, an amount equal to the foreign income taxes

paid by the Fund would be included in the income of its shareholders. The shareholders would then be allowed to credit their portions of this amount against their U.S. tax liabilities, if any, or to deduct it from their U.S. taxable income, if any. Shortly after any year for which it makes this election, a Fund will report to its shareholders, in writing, the amount per share of foreign tax that must be included in each shareholder's gross income and the amount which will be available for deduction or credit.

SPECIAL TAX CONSIDERATION: No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions. Certain limitations will be imposed on the extent to which the credit (but not the deduction) for foreign taxes may be claimed.

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DISTRIBUTIONS

Each Fund intends to distribute to its shareholders substantially all of its income and capital gains. Distributions of any net realized long-term and short-term capital gains earned by a Fund will be made at least annually. Because you do not own shares of the Funds directly, your tax situation is not likely to be affected by a Fund's distributions. The separate accounts, which issue your variable annuity contract or variable life policy, as the owner of the Funds' shares, may be affected. Each Fund's distributions may be taxed as ordinary income or capital gains (which may be taxable at different rates depending on the length of time the Fund holds its assets). Each Fund's distributions may be subject to federal income tax whether distributions are reinvested in Fund shares or received as cash.

FOREIGN WITHHOLDING TAXES

Income received by a Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries.

BACKUP WITHHOLDING

A Fund may be required to withhold U.S. federal income tax on all taxable distributions payable to shareholders who fail to provide the Fund with their correct taxpayer identification number or to make required certifications, or who have been notified by the Internal Revenue Service that they are subject to backup withholding. The current backup withholding rate is 28%. Corporate shareholders and certain other shareholders specified in the Code generally are exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's U.S. federal income tax liability.

OTHER TAXATION

The Trust is organized as a Massachusetts business trust and, under current law, neither the Trust nor any Fund is liable for any income or franchise tax in the Commonwealth of Massachusetts, provided that the Fund continues to qualify as a regulated investment company under Subchapter M of the Code.

TAXATION OF VARIABLE CONTRACTS

For a discussion of tax consequences of variable contracts, please refer to your insurance company's separate account prospectus.

Variable contracts purchased through insurance company separate accounts provide for the accumulation of all earnings from interest, dividends and capital appreciation without current federal income tax liability to the owner. Depending on the variable contract, distributions from the contract may be subject to ordinary income tax and a 10% penalty tax on distributions before age 59 1/2. Only the portion of a distribution attributable to income is subject to federal income tax. Investors should consult with competent tax advisors for a more complete discussion of possible tax consequences in a particular situation.

Section 817(h) of the Code provides that the investments of a separate account underlying a variable insurance contract (or the investments of a mutual fund, the shares of which are owned by the variable separate account) must be "adequately diversified" in order for the contract to be treated as an annuity or life insurance for tax purposes. The Department of the Treasury has issued regulations prescribing these diversification requirements. Each Fund intends to comply with these requirements. If a Fund failed to satisfy these requirements, a variable annuity or life insurance contract supported by an insurance company separate account invested in the Fund would not be treated as an annuity or life insurance for tax purposes and would no longer be eligible for tax deferral.

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PERFORMANCE INFORMATION

From time to time, quotations of a Fund's performance may be included in advertisements, sales literature or shareholder reports, if accompanied by performance of your insurance company's corresponding insurance separate account. These performance figures are calculated in the following manner:

YIELD:

Yields for a Fund used in advertising are computed by dividing the Fund's interest and dividend income for a given 30-day or one-month period, net of expenses, by the average number of shares entitled to receive distributions during the period, dividing this figure by the Fund's net asset value per share at the end of the period, and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. Income is calculated for purposes of yield quotations in accordance with standardized methods applicable to all stock and bond mutual funds. Dividends from equity investments are treated as if they were accrued on a daily basis, solely for the purpose of yield calculations. In general, interest income is reduced with respect to bonds trading at a premium over their par value by subtracting a portion of the premium from income on a daily basis, and is increased with respect to bonds trading at a discount by adding a portion of the discount to daily income. Capital gains and losses generally are excluded from the calculation.

Income calculated for the purposes of calculating a Fund's yield differs from income as determined for other accounting purposes. Because of the different accounting methods used, and because of the compounding assumed in yield calculations, the yield quoted for a Fund may differ from the rate of distributions of the Fund paid over the same period or the rate of income reported in the Fund's financial statements. For the 30-day period ended December 31, 2004, the Funds' yields were as follows:

Balanced Fund 1.31% High Yield Fund 6.49% Core Bond Fund 3.58%.

Yield quotations on investments in the Money Market Fund may be provided on both a current and an effective (compounded) basis. Current yields are calculated by determining the net change in the value of a hypothetical account for a seven calendar day period (base period) with a beginning balance of one share, dividing by the value of the account at the beginning of the base period to obtain the base period return, multiplying the result by (365/7) and carrying the resulting yield figure to the nearest hundredth of one percent. Effective yields reflect daily compounding and are calculated as follows:

$$\text{Effective yield} = (\text{base period return} + 1)^{\frac{365}{7}} - 1.$$

For purposes of these calculations, no effect is given to realized or unrealized gains or losses (the Money Market Fund does not normally recognize unrealized gains and losses under the amortized cost valuation method). The Money Market Fund's current and effective yields for the seven days ended December 31, 2004 were 2.13% and 2.15%, respectively, for Institutional Shares and 1.87% and 1.89%, respectively, for Service Class Shares.

TOTAL RETURN:

A Fund's standardized average annual total return is calculated for certain periods by determining the average annual compounded rates of return over those periods that would cause an investment of \$1,000 (with all distributions reinvested) to reach the value of that investment at the end of the periods. A Fund may also calculate non-standardized total return figures that represent aggregate (not annualized) performance over any period or year-by-year performance. Total returns do not reflect variable annuity contract or variable life policy fees or other expenses. If reflected returns would be lower.

<TABLE>
<CAPTION>
Average Annual
Total Return as of
December 31, 2004

	One Year	Five Years	Ten Years	Since Inception	Inception Date
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Enhanced Dividend 30 Fund	5.08%	-1.62%	N/A	-0.41%	5/1/99
Value Plus Fund	10.54%	1.36%	N/A	3.48%	5/1/98
Growth & Income Fund	10.10%	5.74%	N/A	5.18%	1/1/99
Balanced Fund	9.63%	6.99%	10.83%	10.89%	11/21/94
High Yield Fund	9.55%	8.20%	N/A	5.61%	5/1/99
Core Bond Fund	3.31%	6.33%	N/A	5.02%	1/1/99
Money Market Fund - Class I	1.35%	N/A	N/A	1.65%	5/1/01
Money Market Fund -Service	1.08%	N/A	N/A	0.93%	7/15/03

Baron Small Cap Fund	27.82%	9.61%	10.65%	9.46%	12/14/92
Third Avenue Value Fund	25.93%	13.29%	16.46%	14.15%	12/14/92
Eagle Capital Appreciation	14.89%	-10.00%	8.17%	7.13%	12/08/92
Emerging Growth Fund	12.06%	10.10%	15.86%	15.79%	11/21/94
Conservative ETF Fund	N/A	N/A	N/A	5.22%	7/16/04
Moderate ETF Fund	N/A	N/A	N/A	7.51%	7/16/04
Aggressive ETF Fund	N/A	N/A	N/A	8.62%	7/16/04
Enhanced ETF Fund	N/A	N/A	N/A	13.36%	7/16/04

The Funds may also advertise total return (a "nonstandardized quotation") that is calculated differently from average annual total return. A nonstandardized quotation of total return may be a cumulative return which measures the percentage change in the value of an account between the beginning and end of a period, assuming no activity in the account other than reinvestment of dividends and capital gains distributions.

The total returns of the Funds as calculated in this manner since inception are as follows:

Period Ended	Baron Small Cap Fund(1)	Emerging Growth Fund(2)	Third Avenue Value Fund(1)	Eagle Capital Appreciation Fund(3)	Enhanced Dividend 30 Fund(4)	Value Plus Fund(5)	Growth & Income Fund(6)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
12-31-95	21.11%	19.57%	45.65%	31.65%			
12-31-96	18.54%	11.16%	24.51%	13.95%			
12-31-97	25.08%	33.67%	30.42%	34.78%			
12-31-98	-0.61%	3.28%	18.41%	35.65%			
12-31-99	-2.57%	46.75%	-12.14%	35.51%		15.02%	
12-31-00	1.25%	29.62%	11.16%	-22.45%	- 2.95%	2.64%	12.16%
12-31-01	6.60%	-2.62%	15.23%	-27.94%	-11.45%	-0.88%	-5.28%
12-31-02	-14.05%	-22.31%	-17.49%	-30.47%	-22.67%	-26.65%	-14.90%
12-31-03	33.43%	47.26%	40.19%	32.24%	32.00%	29.72%	32.84%
12-31-04	27.82%	12.06%	25.93%	14.89%	5.08%	10.54%	10.10%

- (1) Inception was December 14, 1992.
- (2) Inception was November 21, 1994.
- (3) Inception was December 8, 1992.
- (4) Inception was May 1, 1999.
- (5) Inception was May 1, 1998.
- (6) Inception was January 1, 1999.

Period Ended	Balanced Fund(1)	High Yield Fund(2)	Core Bond Fund(3)	Conservative ETF Fund(4)	Moderate ETF Fund(4)	Aggressive ETF Fund(4)	Enhanced ETF Fund(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
12-31-95	24.56%						
12-31-96	16.78%						
12-31-97	18.61%						
12-31-98	5.44%						
12-31-99	9.62%						
12-31-00	12.71%	-0.68%	9.20%				
12-31-01	2.67%	6.93%	7.85%				
12-31-02	-9.09%	2.82%	7.93%				
12-31-03	21.57%	23.99%	3.49%				

 12-31-04 9.63% 9.55% 3.31%

</TABLE>

- (1) Inception was November 21, 1994.
- (2) Inception was May 1, 1999.
- (3) Inception was January 1, 1999.
- (4) Inception was July 16, 2004.

A nonstandardized quotation may also indicate average annual cumulative rates of return. The average annual cumulative rates of return of the Funds for the periods ended December 31, 2004 are as follows:

<TABLE>
 <CAPTION>
 Average Annual Cumulative Returns as of December 31, 2004

	One Year -----	Five Years -----	Ten Years -----	Since Inception -----	Inception Date -----
<S>	<C>	<C>	<C>	<C>	<C>
Enhanced Dividend 30 Fund	5.08%	-7.82%	N/A	-2.30%	5/1/99
Value Plus Fund	10.54%	7.00%	N/A	25.66%	5/1/98
Growth & Income Fund	10.10%	32.22%	N/A	35.38%	1/1/99
Balanced Fund	9.63%	40.21%	179.59%	184.34%	11/21/94
High Yield Fund	9.55%	48.32%	N/A	36.30%	5/1/99
Core Bond Fund	3.31%	35.91%	N/A	34.16%	1/1/99
Money Market Fund - Class I	1.35%	N/A	N/A	6.17%	5/1/01
Money Market Fund -Service	1.08%	N/A	N/A	1.36%	7/15/03
Baron Small Cap Fund	27.82%	58.21%	175.09%	197.02%	12/14/92
Third Avenue Value Fund	25.93%	86.59%	359.13%	392.47%	12/14/92
Eagle Capital Appreciation	14.89%	-40.97%	119.41%	129.50%	12/08/92
Emerging Growth Fund	12.06%	61.82%	335.75%	340.11%	11/21/94
Conservative ETF Fund	--	--	--	5.22%	7/19/04
Moderate ETF Fund	--	--	--	7.51%	7/19/04
Aggressive ETF Fund	--	--	--	8.62%	7/19/04
Enhanced ETF Fund	--	--	--	13.36%	7/19/04

</TABLE>

A nonstandardized quotation of total return will always be accompanied by the Fund's average annual total return as described above.

Any total return quotation provided for a Fund should not be considered as representative of the performance of the Fund in the future since the net asset value of shares of the Fund will vary based not only on the type, quality and maturities of the securities held in the Fund, but also on changes in the current value of such securities and on changes in the expenses of the Fund. These factors and possible differences in the methods used to calculate total return should be considered when comparing the total return of a Fund to total returns published for other investment companies or other investment vehicles. Total return reflects the performance of both principal and income.

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In connection with communicating its performance to current or prospective shareholders, a Fund also may compare these figures to the performance of other mutual funds tracked by mutual fund rating services, to the performance of various indices and investments for which reliable performance data is available. The performance figures of unmanaged indices may assume reinvestment of dividends but generally do not reflect deductions for administrative and management costs. The performance of the Funds may also be compared to averages, performance rankings, or other information prepared by recognized mutual fund statistical services. Evaluations of a Fund's performance made by independent sources may also be used in advertisements concerning the Fund. Sources for a Fund's performance information could include Asian Wall Street Journal, Barron's, Business Week, Changing Times, The Kiplinger Magazine, Consumer Digest, Financial Times, Financial World, Forbes, Fortune, Global Investor, Investor's Daily, Lipper Analytical Services, Inc.'s Mutual Fund Performance Analysis, Money, The New York Times, Personal Investing News, Personal Investor, Success, U.S. News and World Report, The Wall Street Journal and CDA/Weisenberger Investment Companies Services.

FINANCIAL STATEMENTS

The financial statements for the Trust for the fiscal period ended December 31, 2004 are incorporated herein by reference from the current annual report to shareholders. A copy of the annual report will be provided, without charge, to each person receiving this SAI.

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APPENDIX

Set forth below are descriptions of the ratings of Moody's and S&P, which represent their opinions as to the quality of the securities which they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and are not absolute standards of quality.

MOODY'S BOND RATINGS

Aaa. Bonds that are rated Aaa are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa. Bonds that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A. Bonds that are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa. Bonds that are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba. Bonds that are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B. Bonds that are rated B generally lack characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa. Bonds that are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca. Bonds that are rated Ca represent obligations that are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C. Bonds that are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Unrated. Where no rating has been assigned or where a rating has been suspended or withdrawn, it may be for reasons unrelated to the quality of the issue.

Should no rating be assigned, the reason may be one of the following:

1. An application for rating was not received or accepted.
2. The issue or issuer belongs to a group of securities that are not rated as a matter of policy.
3. There is a lack of essential data pertaining to the issue or issuer.
4. The issue was privately placed, in which case the rating is not published in Moody's publications.

Suspension or withdrawal may occur if new and material circumstances arise, the effect of which preclude satisfactory analysis; if there is no longer available reasonable up-to-date data to permit a judgment to be formed; if a bond is called for redemption; or for other reasons.

Note: Those bonds in the Aa, A, Baa, Ba and B groups that Moody's believes

possess the strongest investment attributes are designated by the symbols Aa-1, A-1, Baa-1, Ba-1 and B-1.

S&P'S BOND RATINGS

AAA. Bonds rated AAA have the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA. Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from higher rated issues only in a small degree.

A. Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in the highest rated categories.

BBB. Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.

BB, B, CCC, CC and C. Bonds rated BB, B, CCC, CC, and C are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of this obligation. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, they are outweighed by large uncertainties of major risk exposures to adverse conditions.

C1. The rating C1 is reserved for income bonds on which no interest is being paid.

D. Bonds rated D are in default, and payment of interest and/or repayment of principal is in arrears.

Plus (+) or Minus (-). The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR. Indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

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S&P'S COMMERCIAL PAPER RATINGS

A is the highest commercial paper rating category utilized by S&P, which uses the numbers 1+, 1, 2 and 3 to denote relative strength within its A classification. Commercial paper issues rated A by S&P have the following characteristics: Liquidity ratios are better than industry average. Long-term debt rating is A or better. The issuer has access to at least two additional channels of borrowing. Basic earnings and cash flow are in an upward trend. Typically, the issuer is a strong company in a well-established industry and has superior management.

MOODY'S COMMERCIAL PAPER RATINGS

Issuers rated Prime-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics: leading market positions in well-established industries; high rates of return on funds employed; conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earnings coverage of fixed financial charges and high internal cash generation; well-established access to a range of financial markets and assured sources of alternate liquidity.

Issuers rated Prime-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Issuers rated Prime-3 (or related supporting institutions) have an acceptable capacity for repayment of short-term promissory obligations. The effect of industry characteristics and market composition may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and the requirement for relatively high financial leverage. Adequate alternate liquidity is maintained.

TOUCHSTONE VARIABLE SERIES TRUST

-- TOUCHSTONE BARON SMALL CAP FUND
 -- TOUCHSTONE EMERGING GROWTH FUND
 -- TOUCHSTONE THIRD AVENUE VALUE FUND
 -- TOUCHSTONE EAGLE CAPITAL APPRECIATION FUND
 -- TOUCHSTONE ENHANCED DIVIDEND 30 FUND
 -- TOUCHSTONE VALUE PLUS FUND
 -- TOUCHSTONE GROWTH & INCOME FUND
 -- TOUCHSTONE BALANCED FUND
 -- TOUCHSTONE HIGH YIELD FUND
 -- TOUCHSTONE CORE BOND FUND
 -- TOUCHSTONE MONEY MARKET FUND
 -- TOUCHSTONE CONSERVATIVE ETF FUND
 -- TOUCHSTONE MODERATE ETF FUND
 -- TOUCHSTONE AGGRESSIVE ETF FUND
 -- TOUCHSTONE ENHANCED ETF FUND

INVESTMENT ADVISOR

Touchstone Advisors, Inc.
 221 East Fourth Street, Suite 300
 Cincinnati, Ohio 45202

DISTRIBUTOR

Touchstone Securities, Inc.
 221 East Fourth Street, Suite 300
 Cincinnati, Ohio 45202

ADMINISTRATOR, FUND ACCOUNTING
AGENT AND TRANSFER AGENT

Integrated Fund Services, Inc.
 221 East Fourth Street, Suite 300
 Cincinnati, Ohio 45202

STATEMENT OF ADDITIONAL INFORMATION

MAY 1, 2005

CUSTODIAN

Brown Brothers Harriman & Co.
 40 Water Street
 Boston, Massachusetts 02109

INDEPENDENT AUDITORS

Ernst & Young LLP
 1900 Scripps Center
 312 Walnut Street
 Cincinnati, Ohio 45202

<page>

PART C

OTHER INFORMATION

ITEM 23. EXHIBITS:

- (a) (1) Amended and Restated Declaration of Trust (13)
- (a) (2) Amendment to Declaration of Trust is filed herewith.
- (b) (1) By-Laws of the Trust. (13)
- (c) Inapplicable.
- (d) (1) Amended and Restated Investment Advisory Agreement. (6)
- (d) (2) Amended and Restated Sub-Advisory Agreement for the Value Plus Fund (Ft. Washington). (7)
- (d) (3) Sub-Advisory Agreement for the Core Bond Fund (Ft. Washington). (7)
- (d) (4) Amended and Restated Sub-Advisory Agreement for the Emerging Growth Fund (Westfield Capital Management). (7)
- (d) (5) Sub-Advisory Agreement for the High Yield Fund (Ft. Washington). (7)
- (d) (6) Sub-Advisory Agreement for the Enhanced Dividend 30 Fund (Todd). (7)

- (d) (7) Amendment to the Amended and Restated Investment Advisory Agreement adding the High Yield Fund, Small Cap Value Fund, and Enhanced 30 Fund. (7)
- (d) (8) Amendment to the Amended and Restated Investment Advisory Agreement adding the Touchstone Growth/Value Fund, Touchstone Equity Fund and Touchstone Money Market Fund. (11)
- (d) (9) Sub-Advisory Agreement for the Balanced Fund (OpCaP). (9)
- (d) (10) Sub-Advisory Agreement for the Emerging Growth Fund (Trust Company of the West). (10)
- (d) (11) Form of Sub-Advisory Agreement for the Growth & Income Fund (Deutsche) (11)
- (d) (12) Form of Sub-Advisory Agreement for the Baron Small Cap Fund (BAMCO, Inc.) (13)
- (d) (13) Form of Sub-Advisory Agreement for the Third Avenue Value Fund (Third Avenue) (13)
- (d) (14) Amendment to the Advisory Agreement adding breakpoints to the advisory fees. (13)
- (d) (15) Amendment to the Advisory Agreement adding the Baron Small Cap Fund and reducing the advisory fee paid by the Money Market Fund. (13)
- (d) (16) Amendment to the Advisory Agreement adding the Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Enhanced ETF Fund. (17)
- (d) (17) Form of Sub-Advisory Agreement for the Money Market Fund (Ft. Washington). (14)
- (d) (18) Form of Sub-Advisory Agreement for the Eagle Capital Appreciation Fund (Eagle). (15)
- (d) (19) Sub-Advisory Agreement for the Conservative ETF Fund. (17)
- (d) (20) Sub-Advisory Agreement for the Moderate ETF Fund. (17)
- (d) (21) Sub-Advisory Agreement for the Aggressive ETF Fund. (17)
- (d) (22) Sub-Advisory Agreement for the Enhanced ETF Fund. (17)
- (e) Form of Distribution Agreement. (13)
- (f) Trustee Deferred Compensation Plan. (10)
- (g) (1) Form of Custodian Agreement between Brown Brothers Harriman & Co. (BBH) and the Trust. (13)
- (g) (2) Form of Securities Lending Agreement with BBH. (16)
- (h) (1) Form of Restated and Amended Sponsor Agreement. (12)
- (h) (2) Amendment No. 1 to Restated and Amended Sponsor Agreement (15)
- (h) (3) Amendment No. 2 to Restated and Amended Sponsor Agreement. (15)
- (h) (4) Amendment No. 3 to Restated and Amended Sponsor Agreement. (17)
- (h) (5) Amendment No. 4 to Restated and Amended Sponsor Agreement. (17)
- (h) (6) Amendment No. 5 to Restated and Amended Sponsor Agreement. (17)
- (h) (7) Administration and Accounting Services Agreement (12)
- (h) (8) Form of Compliance Services Agreement. (17)
- (h) (9) Allocation Agreement for allocation of fidelity bond coverage. (15)
- (h) (10) Integrated Fund Services Anti-Money Laundering Program Service Agreement Addendum. (15)
- (h) (11) Administration, Accounting Services And Transfer Agency Agreement dated December 31, 2002. (15)
- (i) (1) Opinion of counsel. (4)
- (i) (2) Opinion of counsel regarding Growth & Income Fund and Bond Fund by Bingham Dana, LLP. (5)

- (i) (3) Opinion of counsel regarding Value Plus Fund by Bingham Dana, LLP. (5)
- (i) (4) Opinion of counsel regarding the High Yield Fund, Small Cap Value Fund, and Enhanced 30 Fund by Bingham Dana, LLP. (7)
- (j) Opinion of Independent Accountants is filed herewith.
- (k) Inapplicable.
- (l) Investment letter of initial shareholders. (4)
- (m) Plan of Distribution Pursuant to Rule 12b-1 for Service Class shares (14)
- (n) Amended Rule 18f-3 Plan Adopted With Respect To The Multiple Class Distribution System Of Touchstone Securities. (15)
- (o) Inapplicable.
- (p) (1) Code of Ethics of Touchstone Variable Series Trust. (16)
- (p) (2) Code of Ethics of Touchstone Securities, Inc. is filed herewith.
- (p) (3) Code of Ethics of Touchstone Advisors, Inc. is filed herewith.
- (p) (4) Code of Ethics of Todd Investment Advisors, Inc. is filed herewith.
- (p) (5) Code of Ethics of Westfield Capital Management Company, Inc. (17)
- (p) (6) Code of Ethics of Fort Washington Investment Advisors, Inc. is filed herewith.
- (p) (7) Code of Ethics of OpCap Advisors is filed herewith.
- (p) (8) Code of Ethics of TCW Investment Management Company is filed herewith.
- (p) (9) Code of Ethics of Deutsche Investment Management, Inc. is filed herewith.
- (p) (10) Code of Ethics of Eagle Asset Management, Inc. is filed herewith.
- (p) (11) Code of Ethics of BAMCO, Inc. (16)
- (p) (12) Code of Ethics of Third Avenue Management LLC is filed herewith.
- (q) (1) Power of Attorney for John F. Barrett (13)
- (q) (2) Power of Attorney for J. Leland Brewster II (13)
- (q) (3) Power of Attorney for Robert E. Stautberg (13)
- (q) (4) Power of Attorney for H. Jerome Lerner (13)
- (q) (5) Power of Attorney for Phillip R. Cox (13)
- (q) (6) Power of Attorney for John P. Zanotti (13)
- (q) (7) Power of Attorney for Jill T. McGruder (13)
- (q) (8) Power of Attorney for John R. Lindholm (15)
- (q) (9) Power of Attorney for Richard L. Brennan (17)
- (q) (10) Power of Attorney for Donald Siekmann (17)
- (1) Incorporated by reference from Post-Effective Amendment No. 2 to the Registration Statement as filed with the SEC via Edgar on April 29, 1996 (033-76566).
- (2) Incorporated by reference from Post-Effective Amendment No. 3 to the Registration Statement as filed with the SEC via Edgar on February 28, 1997 (033-76566).
- (3) Incorporated by reference from Post-Effective Amendment No. 5 to the Registration Statement as filed with the SEC via Edgar on February 13, 1998 (033-76566).
- (4) Incorporated by reference from Post-Effective Amendment No. 7 to the Registration Statement as filed with the SEC via Edgar on July 30, 1998 (033-76566).
- (5) Incorporated by reference from Post-Effective Amendment No. 9 to the

Registration Statement as filed with the SEC via Edgar on December 31, 1998 (033-76566).

- (6) Incorporated by reference from Post-Effective Amendment No. 10 to the Registration Statement as filed with the SEC via Edgar on February 12, 1999 (033-76566).
- (7) Incorporated by reference from Post-Effective Amendment No. 11 as filed with the SEC via Edgar on April 30, 1999 (033-76566).
- (8) Incorporated by reference from Post-Effective Amendment No. 12 as filed with the SEC via Edgar on April 28, 2000 (033-76566).
- (9) Incorporated by reference from Post-Effective Amendment No. 13 as filed with the SEC via Edgar on February 15, 2001 (033-76566).
- (10) Incorporated by reference from Post-Effective Amendment No. 14 as filed with the SEC via Edgar on April 27, 2001 (033-76566).
- (11) Incorporated by reference from Post-Effective Amendment No. 15 as filed with the SEC via EDGAR on March 1, 2002 (033-76566).
- (12) Incorporated by reference from Post-Effective Amendment No. 16 filed with the SEC via EDGAR May 1, 2002 (033-76566).
- (13) Incorporated by reference from Post-Effective Amendment No. 17 filed with the SEC via Edgar on January 31, 2003 (033-76566).
- (14) Incorporated by reference from Post-Effective Amendment No. 18 filed with the SEC via Edgar on April 28, 2003 (033-76566).
- (15) Incorporated by reference from Post-Effective Amendment No. 19 filed with the SEC via Edgar on October 31, 2003 (033-76566).
- (16) Incorporated by reference from Post-Effective Amendment NO. 20 filed with the SEC via EDGAR on April 30, 2004 (033-76566).
- (17) Incorporated by reference from Post-Effective Amendment No. 21 filed with the SEC via EDGAR on March 2, 2005 (033-76566).

ITEM 24. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE TRUST.

Inapplicable.

ITEM 25. INDEMNIFICATION.

Under Article V, Section 5.3 of the Trust's Declaration of Trust, (a) subject to the exceptions and limitations contained in paragraph (b) below: (i) every person who is or has been a Trustee or officer of the Trust shall be indemnified by the Trust, to the fullest extent permitted by law (including the 1940 Act) as currently in effect or as hereinafter amended, against all liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof; (ii) the words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal, administrative or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities. (b) No indemnification shall be provided hereunder to a Trustee or officer: (i) against any liability to the Trust or the Shareholders by reason of a final adjudication by the court or other body before which the proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office; (ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust; or (iii) in the event of a settlement involving a payment by a Trustee or officer or other disposition not involving a final adjudication as provided in paragraph (b) (i) or (b) (ii) above resulting in a payment by a Trustee or officer, unless there has been either a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office by the court or other body approving the settlement or other disposition or by a reasonable determination, based upon a review of readily available facts (as opposed to a full trial-type inquiry) that he did not engage in such conduct: (A) by a vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter); or (B) by written opinion of independent legal counsel. (c) Subject to the provisions of the 1940 Act, the Trust may maintain insurance for the protection of the Trust Property, its present or former Shareholders, Trustees, officers, employees, independent contractors and agents in such amount as the Trustees shall deem adequate to

cover possible tort liability (whether or not the Trust would have the

power to indemnify such Persons against such liability), and such other insurance as the Trustees in their sole judgment shall deem advisable. (d) The rights of indemnification herein provided shall be severable, shall not affect any other rights to which any Trustee or officer may now or hereafter be entitled, shall continue as to a Person who has ceased to be such a Trustee or officer and shall inure to the benefit of the heirs, executors and administrators of such Person. Nothing contained herein shall affect any rights to indemnification to which personnel other than Trustees and officers may be entitled by contract or otherwise under law. (e) Expenses of preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in paragraph (a) of this Section 5.3 shall be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 5.3, provided that either: (I) such undertaking is secured by a surety bond or some other appropriate security or the Trust shall be insured against losses arising out of any such advances; or (ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or an independent legal counsel in a written opinion, shall determine, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification. As used in this Section 5.3 a "Disinterested Trustee" is one (i) who is not an "Interested Person" of the Trust (including anyone who has been exempted from being an "Interested Person" by any rule, regulation or order of the Commission), and (ii) against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or had been pending. As used in this Section 5.3, the term "independent legal counsel" means an attorney who is independent in all respects from the Trust and from the person or persons who seek indemnification hereunder and in any event means an attorney who has not been retained by or performed services for the Trust or any person to be so indemnified within the five years prior to the Initial request for indemnification pursuant hereto.

Insofar as indemnification for liability arising under the Securities Act of 1933, as amended (the "1933 Act"), may be permitted to Trustees, officers and controlling persons of the Trust pursuant to the foregoing provisions, or otherwise, the Trust has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the Trust of expenses incurred or paid by a Trustee, officer or controlling person of the Trust in the successful defense of any action, suit or proceeding) is asserted by such Trustee, officer or controlling person in connection with the securities being registered, the Trust will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

ITEM 26. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISOR AND SUB-ADVISORS.

A. TOUCHSTONE ADVISORS, INC. (the "Advisor") is a registered investment adviser that provides investment advisory services to the Funds. The Advisor also serves as the investment adviser to Touchstone Investment Trust, Touchstone Strategic Trust and Touchstone Tax Free Trust, registered investment companies.

The following list sets forth the business and other connections of the directors and executive officers of the Advisor. Unless otherwise noted, the address of the corporations listed below is 221 E. Fourth Street, Cincinnati, Ohio 45202.

- (1) Jill T. McGruder, Director and Chief Executive Officer
 - (a) Senior Vice President and a Director of Fort Washington Brokerage Services, Inc., 400 Broadway, Cincinnati, Ohio, a broker-dealer.
 - (b) A Director of Capital Analysts Incorporated, 3 Radnor Corporate Center, Radnor, PA, an investment adviser and broker-dealer, IFS Fund Distributors, Inc., a broker-dealer, Touchstone Securities, Inc., a broker-dealer and Integrated Fund Services, Inc., a transfer agent.
 - (c) President, Chief Executive Officer and a Director of IFS Financial Services, Inc., a holding company.
 - (d) President and a Director of IFS Agency Services, Inc.,

- an insurance agency, W&S Financial Group Distributors, Inc., an insurance agency and IFS Systems, Inc., an information systems provider, 400 Broadway, Cincinnati, Ohio.
- (e) Senior Vice President of The Western-Southern Life Insurance Company, 400 Broadway, Cincinnati, Ohio, an insurance company.
 - (f) President and Trustee of Touchstone Strategic Trust, Touchstone Investment Trust, Touchstone Tax-Free Trust and Touchstone Variable Series Trust.
- (2) James R. Grifo, President
- (a) President of Touchstone Securities, Inc.
 - (b) Managing Director, Deutsche Asset Management, 885 Third Avenue, New York, NY until 2001
- (3) Patricia J. Wilson, Chief Compliance Officer
- (a) Chief Compliance Officer of Touchstone Securities, Inc.
- (4) Donald J. Wuebbing, Director/Chief Legal Officer/Secretary
- (a) Director of Touchstone Securities, Inc., IFS Agency Services, Inc., W&S Financial Group Distributors, Inc., IFS Systems, Inc., Integrated Fund Services, Inc., IFS Holdings, Inc., Capital Analysts Incorporated, Integrity Life Insurance Company, 515 West Market Street, Louisville, KY 40202, National Integrity Life Insurance Company, 515 West Market Street, Louisville, KY 40202 and WestAd Inc., 400 Broadway, Cincinnati, OH 45202
 - (b) Vice President and General Counsel of The Western and Southern Life Insurance Company
 - (c) Senior Vice President and Director of Fort Washington Brokerage Services, Inc., a broker-dealer
 - (d) Senior Vice President and Secretary of Columbus Life Insurance Company, 400 East Fourth Street, Cincinnati, OH 45202
 - (e) Secretary and a Director of Eagle Realty Group, LLC, 421 East Fourth Street, Cincinnati, OH 45202, IFS Financial Services, Inc. and Fort Washington Investment Advisors, Inc., 420 E. Fourth Street, Cincinnati, OH 45202
 - (f) Assistant Secretary and a Director of Eagle Realty Investments, Inc., 421 East Fourth Street, Cincinnati, OH 45202
- (5) Richard K. Taulbee, Vice President
- (a) Vice President of IFS Financial Services, Inc., IFS Agency Services, Inc., W&S Financial Group Distributors, Inc., Touchstone Securities, Inc., Capital Analysts Incorporated, Eagle Realty Investments, Inc., Fort Washington Brokerage Services, Inc., IFS Fund Distributors, Inc., IFS Systems, Inc. and WestAd Inc.
 - (b) Assistant Treasurer of Fort Washington Investment Advisors, Inc.
- (6) James J. Vance, Vice President & Treasurer
- (a) Vice President & Treasurer of The Western and Southern Life Insurance Company, Fort Washington Investment Advisors, Inc., IFS Financial Services, Inc., IFS Agency Services, Inc., W&S Financial Group Distributors, Inc., IFS Systems, Inc., Touchstone Securities, Inc., Columbus Life Insurance Company, Eagle Realty Group, LLC, Eagle Realty Investments, Inc., Integrity Life Insurance Company, National Integrity Life Insurance Company and WestAd Inc.
 - (b) Treasurer of Fort Washington Brokerage Services, Inc.

- (7) Terrie A. Wiedenheft - Chief Financial Officer
 - (a) Senior Vice President, Chief Financial Officer and Treasurer of Integrated Fund Services, Inc., Fort Washington Brokerage Services, Inc. and IFS Fund Distributors, Inc.
 - (b) Chief Financial Officer of IFS Financial Services, Inc. and Touchstone Securities, Inc.
 - (c) Treasurer & Controller of Touchstone Investment Trust, Touchstone Tax-Free Trust, Touchstone Strategic Trust and Touchstone Variable Series Trust.
 - (d) Assistant Treasurer of Fort Washington Investment Advisors, Inc.
- (8) James N. Clark - Director
 - (a) A Director of The Western and Southern Life Insurance Company, Western-Southern Life Assurance Company, Western & Southern Financial Group, Inc., Columbus Life Insurance Company, Eagle Realty Group, LLC, Eagle Realty Investments, Inc., IFS Financial Services, Inc., IFS Agency Services, Inc., IFS Systems, Inc., Touchstone Securities, Inc. and W&S Financial Group Distributors, Inc.
 - (b) Director and Vice President of Capital Analysts Incorporated
 - (c) Director and Secretary of WestAd Inc.
- (9) William A. Dent, Senior Vice President - Product Management and Marketing
 - (a) Marketing Director, Promontory Interfinancial Network, 1515 North Courthouse Road, Arlington, Virginia from 2002-2003.
 - (b) Senior Vice President, McDonald Investments, 800 Superior Avenue, Cleveland, OH from 1998-2001 and Managing Director of Key Asset Management, 800 Superior Avenue, Cleveland, OH, from 1991-1998.

B. FORT WASHINGTON INVESTMENT ADVISORS, INC. ("Ft. Washington") is a registered investment adviser that provides sub-advisory services to the Value Plus Fund, Core Bond Fund, High Yield Fund and Money Market Fund. The following list sets forth the business and other connections of the directors and executive officers of Ft. Washington.

- (1) Maribeth S. Rahe, President and Director
 - (a) Director of Todd Investment Advisors, Inc., 3160 National City Tower, Louisville, KY 40202
 - (b) President of United States Trust Company of New York until October 2003.
- (2) Nicholas P. Sargen, Senior Vice President, Chief Investment Officer and Director
 - (a) Director of Todd Investment Advisors, Inc.
 - (b) Managing Director, Global Marketing Strategies of JP Morgan Chase until April 2003
- (3) John F. Barrett, Chairman and Director
 - (a) President and Chief Executive Officer of The Western and Southern Life Insurance Company, Western-Southern Life Assurance Company and Western & Southern Financial Group
 - (b) Trustee of Touchstone Variable Series Trust, Touchstone Investment Trust, Touchstone Tax-Free Trust and Touchstone Strategic Trust
 - (c) A Director and Chairman of Columbus Life Insurance Company, Integrity Life Insurance Company and National Integrity Life Insurance Company
 - (d) A Director of Eagle Realty Group LLC, Eagle Realty Investments, Inc., Integrated Fund Services, Inc. and

IFS Holdings, Inc.

(e) Director, Chairman & CEO of WestAd, Inc.

(f) President and Trustee of Western & Southern Foundation

(4) James J. Vance, Vice President & Treasurer

See biography above

(5) Augustine A. Long, Managing Director - Marketing

(6) John J. O'Connor, Vice President - Research

(7) Michele Hawkins, Chief Compliance Officer

(8) Donald J. Wuebbeling - Secretary & Director
See biography above

(9) Margaret C. Bell, Vice President -Sales and Client Services

(10) Robert L. Walker, Director

(a) Director of Eagle Realty Group, LLC, Integrated Fund Services, Inc., Integrity Life Insurance Company and National Integrity Life Insurance Company

(11) Mark A. Frietch, Vice President

(12) Terrie A. Wiedenheft, Assistant Treasurer
See biography above

C. BAMCO, INC. ("BAMCO") is a registered investment adviser providing advisory services to the Baron Small Cap Fund. The address of BAMCO is 767 Fifth Avenue, New York, New York 10153. The following are the directors and executive officers of BAMCO.

(1) Ronald S. Baron - Chairman, CEO and CIO

(2) Clifford Greenberg - Director and Senior Vice President

(3) Linda Martinson - Director, Vice President, Secretary and General Counsel

(4) Susan Robbins - Director and Vice President

(5) Mordecai Schaja - Director, President and Chief Operating Officer

(6) Peggy Wong - Chief Financial Officer and Treasurer

(7) Gretta Heaney - Chief Compliance Officer

D. DEUTSCHE INVESTMENT MANAGEMENT INC. ("DIMA") is a registered investment adviser providing sub-advisory services to the Growth & Income Fund. The address of DIMA is 345 Park Avenue, New York, NY 10154. The following are the directors and executive officers of DIMA.

(1) William Shiebler - President, Chief Executive Officer & Director

(2) Thomas Eggers - Executive Vice President

(3) Leo Grohowski - Executive Vice President

(4) Gloria Neuland - Executive Vice President

(5) Stephen Burke - Executive Vice President

(6) Phillip Gallo - Chief Compliance Officer

(7) Evelyn Tressitt - Director & Chief Operating Officer

(8) Allen Smith - Secretary and Chief Legal Officer

(9) William Gagliardi - Director, Chief Financial Officer & Treasurer

E. OPCAP ADVISORS, INC. ("OpCap") is a registered investment adviser providing sub-advisory services to the Balanced Fund. The address of OpCap is Oppenheimer Tower, One World Financial Center, New York, NY 10281. The following are the directors and executive officers of OpCap.

- (1) Frances Poli - Chief Legal Officer
- (2) Colin Glinsman - Chief Investment Officer
- (3) John Maney - Chief Financial Officer
- (4) AnneMarie Mariano - Chief Compliance Officer
- (5) Bruce Koepfgen - Chief Legal Officer

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F. TCW INVESTMENT MANAGEMENT COMPANY ("TCW") is a registered investment adviser providing sub-advisory services to the Emerging Growth Fund. The address of TCW is 865 South Figueroa Street, Suite 1800, Los Angeles, CA 90017. The following are executive officers and directors of TCW:

- (1) Charles M. Hazard - Director
- (2) Arthur J. Bauernfeind - Director, Chairman and Chief Executive Officer
- (3) William A. Muggia - Director, President and Chief Investment Officer
- (4) Timothy L. Vaill - Director
- (5) Karen A. Digravio - Director, Chief Financial Officer, Chief Compliance Officer and Executive Vice President

G. WESTFIELD CAPITAL MANAGEMENT COMPANY, INC. ("Westfield") is a registered adviser providing sub-advisory services to the Emerging Growth Fund. The address of Westfield is One Financial Center, Boston, MA 02111. The following are the executive officers and directors of TCW:

- (1) Alvin R. Albe - Director, President and CEO
- (2) Thomas E. Larkin - Director and Vice Chairman
- (3) Marc I. Stern - Director and Chairman
- (4) William C. Sonneborn - Executive Vice President & Chief Operating Officer
- (5) Michael E. Cahill - General Counsel & Secretary
- (6) David S. Devito - Chief Financial Officer
- (7) Hilary G. Lord - Chief Compliance Officer
- (8) Robert D. Beyer, Executive Vice President and Chief Investment Officer

H. TODD INVESTMENT ADVISORS, INC. ("Todd") is a registered adviser providing sub-advisory services to the Enhanced Dividend 30 Fund, Conservative ETF Fund, Moderate ETF Fund, Aggressive ETF Fund and Enhanced ETF Fund. The address of Todd is 3160 National City Tower, Louisville, KY 40202. The following are officers and directors of Todd:

- (1) Bosworth M. Todd - Chairman and Director
- (2) Robert P. Bordogna - President, Chief Executive Officer, Chief Investment Officer
- (3) Maribeth S. Rahe - Director
- (4) Curtiss M. Scott, Jr. - Partner, Senior Equity Portfolio Manager
- (5) Gayle S. Dorsey - Partner, Private Client Services
- (6) Margaret C. Bell - Partner, Director of Marketing
- (7) Jennifer J. Doss, Partner, Secretary/Treasurer
- (8) John J. White, Partner, Director of Research
- (9) John C. Feduchak, Director of Managed Account Programs
- (10) Nicholas P. Sargen- Director
- (11) Christopher A. Bennett- Regional Director of Managed Account Programs
- (12) Michele Hawkins - Chief Compliance Officer

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I. THIRD AVENUE MANAGEMENT LLC ("Third Avenue") is a registered investment adviser providing sub-advisory services to the Third Avenue Value Fund. The address of Third Avenue is 767 Third Avenue, New York, NY 10107. The following are executive officers and directors of Third Avenue.

- (1) David Barse - President & Chief Executive Officer
- (2) Martin Whitman- Co-Chief Investment Officer
- (3) Willard Hall - Secretary, General Counsel & Chief Compliance Officer
- (4) Curtis Jensen- Co-Chief Investment Officer
- (5) Vincent Dugan- Chief Financial Officer

J. EAGLE ASSET MANAGEMENT, INC. ("Eagle") is a registered investment adviser providing advisory services to the Eagle Capital Appreciation Fund. The address of Eagle is 880 Carillon Parkway, St. Petersburg, FL 33716. The following are executive officers and directors of Eagle:

- (1) Richard Riess - Chief Executive Officer & Director
- (2) Stephen Hill - President & Chief Operating Officer
- (3) Richard Rossi - Executive Vice President
- (4) Thomas James - Chairman of the Board
- (5) Damian Sousa - Chief Compliance Officer

ITEM 27. PRINCIPAL UNDERWRITERS.

(a) Touchstone Securities, Inc. also acts as underwriter for Touchstone Strategic Trust, Touchstone Investment Trust and Touchstone Tax Free Trust. Unless otherwise noted, the address of the persons named below is 221 East Fourth Street, Cincinnati, Ohio 45202.

*The address is 420 East Fourth Street, Cincinnati, OH 45202

**The address is 400 Broadway, Cincinnati, OH 45202

(b)	NAME	POSITION WITH UNDERWRITER	POSITION WITH REGISTRANT
	-----	-----	-----
	James H. Grifo	President	Vice President
	Jill T. McGruder	Director	President/Trustee
	James N. Clark*	Director	None
	Patricia J. Wilson	Chief Compliance Officer	None
	Richard K. Taulbee*	Vice President	None
	James J. Vance*	Vice President & Treasurer	None
	Edward S. Heenan**	Controllor/Director	None
	Robert F. Morand**	Secretary	None
	Terrie A. Wiedenheft	Chief Financial Officer	Controllor/ Treasurer
	Donald J. Wuebbling	Director	None

(c) None

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ITEM 28. LOCATION OF ACCOUNTS AND RECORDS.

Touchstone Variable Series Trust
221 East Fourth Street
Cincinnati, OH 45202

Touchstone Advisors, Inc.
221 East Fourth Street
Cincinnati, OH 45202
(investment advisor)

Integrated Fund Services, Inc.
221 East Fourth Street, Suite 300

Cincinnati, OH 45202
(administrator, fund accounting agent and transfer agent)

Brown Brothers Harriman & Co.
40 Water Street
Boston, MA 02109
(custodian)

ITEM 29. MANAGEMENT SERVICES.

Not applicable.

ITEM 30. UNDERTAKINGS

Not applicable

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant certifies that it meets all of the requirements for effectiveness of this registrations statement under rule 485(b) under the Securities Act and has duly caused this amendment to its Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Cincinnati, Ohio on April 29, 2005.

TOUCHSTONE VARIABLE SERIES TRUST

By: /s/ Jill T. McGruder

President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on April 29, 2005.

SIGNATURE	TITLE
* John F. Barrett	Trustee
* Phillip R. Cox	Trustee
* H. Jerome Lerner	Trustee
* J. Leland Brewster II	Trustee
* Robert E. Stautberg	Trustee
* John P. Zanotti	Trustee
* John R. Lindholm	Trustee
* Donald C. Siekmann	Trustee
* Richard L. Brennan	Trustee
/s/ Jill T. McGruder	President and Trustee
----- Jill T. McGruder	
/s/ Terrie A. Wiedenheft	Treasurer
----- Terrie A. Wiedenheft	
/s/ Tina H. Bloom	
----- Tina H. Bloom *Attorney-in-Fact April 29, 2005	

EXHIBIT INDEX

1. Amendment to Declaration of Trust
2. Consent of Independent Accountants

3. Code of Ethics for Touchstone Securities, Inc.
4. Code of Ethics for Touchstone Advisors, Inc.
5. Code of Ethics for Todd Investment Advisors, Inc.
6. Code of Ethics for Fort Washington Investment Advisors, Inc.
7. Code of Ethics for OpCap Advisors, Inc.
8. Code of Ethics for TCW Investment Management Company
9. Code of Ethics for Deutsche Investment Management Inc.
10. Code of Ethics for Eagle Asset Management, Inc.
11. Code of Ethics for Third Avenue Management, Inc.

TOUCHSTONE VARIABLE SERIES TRUST

AMENDMENT TO AMENDED AND RESTATED AGREEMENT AND DECLARATION OF TRUST

The undersigned hereby certifies that he is the duly elected Assistant Secretary of Touchstone Variable Series Trust (the "Trust") and that pursuant to Section 8.3 of the Trust's Amended and Restated Agreement and Declaration of Trust, the Trustees at a meeting on February 19, 2004 at which a quorum was present, adopted the following resolutions:

APPROVAL OF NEW SERIES

RESOLVED, that four new series of shares of Touchstone Variable Series Trust (the 'Trust') be, and they hereby are, established and that such new series be, and hereby are, designated the 'Touchstone Aggressive ETF Fund', the 'Touchstone Moderate ETF Fund', the 'Touchstone Conservative ETF Fund' and the 'Touchstone Enhanced ETF Fund'; and

FURTHER RESOLVED, that the relative rights and preferences of the new series of shares shall be those rights and preferences set forth in Section 5.2 of the Trust's Amended and Restated Agreement and Declaration of Trust; and

FURTHER RESOLVED, that the Trust be, and it hereby is, authorized to issue and sell shares of each of the Touchstone Aggressive ETF Fund, the Touchstone Moderate ETF Fund, the Touchstone Conservative ETF Fund and the Touchstone Enhanced ETF Fund from time to time at its respective price per share of not less than the respective net asset value thereof; and

FURTHER RESOLVED, that the officers of the Trust be, and they hereby are, authorized and empowered to take any and all actions and to execute any and all documents and instruments, which they or any one of them in his sole discretion deem necessary, appropriate or desirable to implement the foregoing resolutions.

The undersigned certifies that the actions to effect the foregoing Amendments were duly taken in the manner provided by the Amended and Restated Agreement and Declaration of Trust, that the Amendments became effective on July 19, 2004.

The undersigned is causing this Certificate to be signed and filed as provided by Section 9.1 of the Amended and Restated Agreement and Declaration of Trust.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the 18th day of April, 2005.

/s/ Dawn R. Garvin

Dawn R. Garvin, Assistant Secretary

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the references to our firm under the captions "Financial Highlights" in the Prospectus and "Independent Registered Public Accounting Firm" in the Statement of Additional Information and to the incorporation by reference of our report dated February 14, 2005 on the financial statements and financial highlights of Touchstone Variable Series Trust, in Post-Effective Amendment Number 22 to the Registration Statement (Form N-1A, No. 33-76566), included in the Annual Report to Shareholders for the fiscal year ended December 31, 2004, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Cincinnati, Ohio
April 26, 2005

CODE OF ETHICS

TOUCHSTONE SECURITIES, INC.

Touchstone Securities, Inc. (the "Distributor") has adopted this Code of Ethics effective as of April 1, 2004, in accordance with the provisions of Rule 17j-1 under the Investment Company Act of 1940, as amended (the "1940 Act").

Rule 17j-1 under the 1940 Act generally prohibits deceitful, fraudulent or manipulative practices with respect to purchases or sales of securities held or to be acquired by investment companies. While this Code is designed to prevent violations of Rule 17j-1, it is possible to comply with the terms of this Code and nevertheless violate the general prohibitions set forth in Rule 17j-1. Those persons subject to this Code should, therefore, bear these general prohibitions in mind at all times.

A. GENERAL STANDARDS OF ETHICAL CONDUCT

Directors, officers and other Access Persons (as defined in this Code) have a duty at all times to place the interests of the investment companies ("Funds") for which the Distributor acts as the principal underwriter ahead of their own interests.

All personal securities transactions of these individuals must be conducted in compliance with this Code and in a manner that avoids any actual or potential conflict of interest or any abuse of the individual's position of trust and responsibility to the Distributor and the Funds.

All activities of these individuals also must be conducted in accordance with the fundamental standard that they may not take any inappropriate advantage of their positions with the Distributor.

B. STANDARDS OF CONDUCT FOR ACCESS PERSONS

1. Prohibited Purchases and Sales When a Fund Trade Is Pending

a. Prohibition

If an Access Person knows that an investment advisor, on behalf of any Fund, has placed a "buy" or "sell" order in a Covered Security on a particular day, the Access Person may not purchase or sell, directly or indirectly, the Covered Security or a Related Security on the same day if:

- o the Access Person has any direct or indirect beneficial ownership in the Covered Security or a Related Security or
- o the Access Person will acquire any direct or indirect

beneficial ownership in the Covered Security or a Related Security by reason of the purchase.

b. Exceptions

This prohibition does not apply to:

- o purchases or sales involving 500 or fewer shares of a Covered Security that is included in the Standard & Poor's 500 based on individual and aggregate transactions occurring within a 5 day period.
- o purchases or sales effected in any account or security tied to an index (QQQ, SPIDR, etc.) over which the Access Person has no direct or indirect influence or control
- o purchases or sales that are non-volitional on the part of the Access Person
 - o purchases that are part of an automatic dividend reinvestment plan
 - o sales that are part of an automatic withdrawal plan
- o purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities to the extent the rights were acquired from the issuer
- o sales of rights issued by an issuer pro rata to all holders of a class of its securities to the extent the rights were acquired from the issuer or
- o purchases or sales that the Compliance Officer approves in writing before the purchase or sale

c. Approval by the Compliance Officer

To obtain approval for a specific transaction, an Access Person should contact the Compliance Officer. The Access Person must disclose to the Compliance Officer all factors potentially relevant to a conflict of interest analysis that the Access Person is aware of, including the existence of any substantial economic relationship between his or her transaction and the Fund's transaction.

Generally the Compliance Officer will approve a transaction only if:

- o the transaction is only remotely potentially harmful to the Fund because it would be very unlikely to affect a highly institutional market
- o the transaction is clearly not economically related to the

- o securities to be purchased or sold by an investment advisor on behalf of the Fund or
- o the transaction is unlikely to result in any of the abuses described in Rule 17j-1.

2. Confidentiality

An Access Person may not reveal to any other person (except in the normal course of his or her duties on behalf of the Distributor) any information about securities transactions of a Fund or securities under consideration for purchase or sale by a Fund.

C. REPORTING

1. Duplicate Confirmations and Statements

Each Access Person must arrange for duplicate copies of broker trade confirmations and periodic statements of his or her brokerage accounts to be sent to the Compliance Officer.

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2. Holdings Reports

a. What Information Must Be Included in a Holdings Reports?

Each Access Person must submit written and signed reports containing information about each Covered Security in which the Access Person had any direct or indirect beneficial ownership ("Holdings Reports").

Each Holdings Report must include the following information:

- o title of each Covered Security in which the Access Person had any direct or indirect beneficial ownership
- o number of shares and/or principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership
- o name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person and
- o date the Holdings Report is submitted by the Access Person

If an Access Person is not required to report any information on a Holdings Report, the Access Person must submit a written and signed statement to that effect to the Compliance Officer by the date on which the Holdings Report is due.

b. When Must an Access Person Submit an Initial Holdings Report?

Each Access Person must submit to the Compliance Officer an Initial Holdings Report no later than 10 days after he or she becomes an Access Person. The information included in the Initial Holdings Report must reflect the Access Person's holdings as of the date he or she became an Access Person.

c. When Must an Access Person Submit Annual Holdings Reports?

Each Access Person must submit to the Compliance Officer an Annual Holdings Report no later than January 30 of each year. The information included in the Annual Holdings Report must reflect the Access Person's holdings as of the immediately preceding December 31.

d. Are There Any Exceptions to These Reporting Requirements?

An Access Person does not have to include in his or her Holdings Reports information about the following securities or accounts:

- o direct obligations of the government of the United States
- o bankers' acceptances
- o bank certificates of deposit
- o commercial paper
- o high quality short-term debt instruments including repurchase agreements
- o shares issued by open-end Funds
- o securities held in any account over which the Access Person has no direct or indirect influence or control and
- o transactions effected for any account over which the Access Person has no direct or indirect influence or control

2. Quarterly Transaction Reports

a. What Information Must Be Included in a Quarterly Transaction Report?

Each Access Person must submit a report ("Quarterly Transaction Report") containing information about:

- o every transaction in a Covered Security during the quarter

and in which the Access Person had any direct or indirect beneficial ownership and

- o every account established by the Access Person in which any securities were held during the quarter for the direct or indirect benefit of the Access Person.

information:
A Quarterly Transaction Report must include the following

- o date of each transaction in a Covered Security
- o title of the Covered Security
- o interest rate and maturity date of the Covered Security, if applicable
- o number of shares and/or principal amount of the Covered Security
- o nature of the transaction
- o price of the Covered Security at which the transaction was effected
- o name of the broker, dealer or bank with or through which the transaction was effected
- o name of the broker, dealer or bank with whom the Access Person established any new account
- o date the account was established and
- o date the Quarterly Transaction Report is submitted by the Access Person

If an Access Person is not required to report any information on a Quarterly Transaction Report, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 10 days after the end of the calendar quarter.

b. When Must an Access Person Submit a Quarterly Transaction Report?

A Quarterly Transaction Report must be submitted to the Compliance Officer no later than 10 days after the end of each calendar quarter.

c. Are There Any Exceptions To These Requirements?

- o Exceptions for Certain Securities and Accounts

An Access Person does not have to report transactions involving the following securities or accounts:

- o direct obligations of the government of the United States
- o bankers' acceptances

- o bank certificates of deposit
- o commercial paper
- o high quality short-term debt instruments including repurchase agreements
- o shares issued by open-end Funds
- o securities held in any account over which the Access Person has no direct or indirect influence or control and

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- o transactions effected for any account over which the Access Person has no direct or indirect influence or control

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 10 days after the end of the calendar quarter.

- o Exceptions Based On Duplicate Confirmations

In addition, an Access Person does not have to make a Quarterly Transaction Report for a calendar quarter if:

- o the report would duplicate information contained in broker trade confirmations or account statements received by the Compliance Officer no later than 10 days after the end of the calendar quarter and
- o all of the required information is contained in the broker trade confirmations or account statements.

If broker trade confirmations do not contain all of the required information, the Access Person must include the missing information in a Quarterly Transaction Report.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 10 days after the end of the calendar quarter.

D. COMPLIANCE OFFICER REVIEWS

In reviewing transactions, the Compliance Officer will take into account

the various exceptions included in this Code. Before making a determination that an Access Person has violated this Code, the Compliance Officer will give the Access Person an opportunity to supply additional information about the transaction in question.

E. SANCTIONS

The Board of Directors of the Distributor may impose sanctions on an Access Person for violations of this Code as it deems appropriate. Sanctions could include disgorgement of any profits realized by the Access Person as a result of the violation, a letter of censure or suspension in the Access Person's personnel file, or termination of the employment of the Access Person.

F. MISCELLANEOUS

All reports of securities transactions and any other information reported pursuant to this Code will be treated as confidential.

The Board of Directors of the Distributor may from time to time adopt interpretations of this Code as it deems appropriate.

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G. DEFINITIONS

"Access Person" means

- o any director, officer or general partner of the Distributor who, in the ordinary course of business, makes, participates in or obtains information regarding the purchase or sale of Covered Securities by a Fund or
- o any director, officer or general partner of the Distributor whose functions or duties in the ordinary course of business relate to the making of any recommendations to a Fund regarding the purchase or sale of Covered Securities

"Beneficial Ownership" is interpreted in the same manner as it would be under Rule 16a-1(a) (2) promulgated under the Securities Exchange Act of 1934.

"Control" has the same meaning as in Section 2(a) (9) of the 1940 Act.

"Covered Security" means a security as defined in Section 2(a) (36) of the 1940 Act (in effect, all securities), except that it does not include:

- o direct obligations of the government of the United States
- o bankers' acceptances
- o bank certificates of deposit
- o commercial paper

- o high quality short-term debt instruments, including repurchase agreements and
- o shares issued by open-end Funds

"Fund" means any investment company registered under the 1940 Act for which the Distributor serves as the principal underwriter.

"Purchase or sale of Covered Securities" includes, among other things, the writing of an option to purchase or sell Covered Securities.

"Related Security" means:

- o a security issued by the same issuer that issued the Covered Security
- o a security issued by an issuer under common control with the issuer that issued the Covered Security or
- o a security that gives the holder any contractual right with respect to the Covered Security, including options, warrants or other convertible securities

"Compliance Officer " means any person designated by the Distributor to administer this Code or to review reports required by this Code.

CODE OF ETHICS

TOUCHSTONE ADVISORS, INC.

Touchstone Advisors, Inc. (the "Advisor") has adopted this Code of Ethics effective as of February 1, 2005, in accordance with the provisions of Rule 17j-1 under the Investment Company Act of 1940, as amended (the "1940 Act") and Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") (collectively, the "SEC Rules").

The SEC Rules generally prohibit deceitful, fraudulent or manipulative practices with respect to purchases or sales of securities held or to be acquired by investment companies. While this Code is designed to prevent violations of the SEC Rules, it is possible to comply with the terms of this Code and nevertheless violate the general prohibitions set forth in the SEC Rules.

Notwithstanding the above, the Advisor, in its capacity as Advisor to the Touchstone Funds and the Touchstone Variable Series Trust, serves in a very limited capacity. The Advisor does not hold itself out as providing investment advice or make recommendations, enter orders on behalf of the funds, hold customer funds or securities but rather subcontracts those duties out to select sub-advisors. The Access Persons of the Advisor are not deemed to have access to or advance knowledge of portfolio selections or trading activities of the sub-advisors. None of the day-to-day activities of the sub-advisors are under the same management as the Advisor.

Access Persons of the sub-advisors must comply with their respective sub-advisor's Code of Ethics and must report their trading activities according to the provisions of their sub-advisor's Codes. The sub-advisors will on a quarterly basis, report to the Advisor any violations of their Codes of Ethics by any individuals with responsibilities involving the Touchstone Funds. As advisor to the Touchstone Funds, the Chief Compliance Officer of the Advisor must provide the Board of the Touchstone Funds an annual report describing any issues arising under either the Advisor's or any sub-advisors' Code of Ethics.

The Access Persons of the Advisor are subject to the Advisor's Code and should, therefore, bear these general standards of conduct in mind at all times as well as strict adherence to all applicable federal securities laws.

A. GENERAL STANDARDS OF ETHICAL CONDUCT

Access Persons (as defined in this Code) have a duty at all times to place the interests of the investment companies ("Funds") for which the Advisor acts as investment advisor ahead of their own interests.

All personal securities transactions of these individuals must be conducted in compliance with this Code and in a manner that avoids any actual or potential conflict of interest or any abuse of the individual's position of trust and responsibility to the Advisor and the Funds.

All activities of these individuals also must be conducted in accordance with the fundamental standard that they may not take any inappropriate advantage of their positions with the Advisor.

The Board of Directors of the Advisor may from time to time adopt interpretations of this Code, as it deems appropriate.

B. DEFINITIONS

"ACCESS PERSON" is defined as

1. any supervised person of the advisor who has access to non-public information regarding the funds' purchases or sales of securities;
2. any supervised person of the advisor who is involved in making securities recommendations to the funds or who have access to the advisors non-public recommendations; or
3. any supervised person who has access to nonpublic information regarding the portfolio holdings of affiliated mutual funds.

ACCESS PERSONS include:

- o any Director of the Advisor
- o any Officer of the Advisor
- o any General Partner of the Advisor or
- o any Advisory Person (as defined below) of the Advisor
- o any Investment Person (as defined below) of the Advisor
- o any administrative, technical or temporary employee or supervised person of the Advisor who may have access to information that would cause them to meet the definition of access person given above.

"ADVISORY PERSON" means

- o any employee of the Advisor (or of any company in a control relationship to the Advisor) who, in connection with his or her regular functions or duties, makes, participates in or obtains information regarding the purchase or sale of Covered Securities by a Fund
- o any employee of the Advisor (or of any company in a control relationship to the Advisor) whose functions relate to the making of any recommendations with respect to purchases or sales of Covered Securities by a Fund or
- o any natural person in a control relationship with the Advisor who obtains information regarding recommendations made to a Fund with regard to the purchase or sale of Covered Securities by a Fund
- o TAI DOES NOT HAVE ANY "ADVISORY PERSONS". Should someone become an Advisory Person of TAI, this Code would be amended to include appropriate restrictions on their trading activity.

"AUTOMATIC INVESTMENT PLAN" means a program in which regular periodic purchases (or withdrawals) are made automatically in (and or from) investment accounts in accordance with a predetermined schedule and allocation. An automatic investment plan includes a dividend reinvestment plan.

"BENEFICIAL OWNERSHIP" is interpreted in the same manner as it would be under Rule 16a-1(a) (2) promulgated under the Securities Exchange Act of 1934.

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"CHIEF COMPLIANCE OFFICER " means the person designated by the Advisor to administer this Code or to review reports required by this Code.

"CONTROL" has the same meaning as in Section 2(a) (9) of the 1940 Act.

"COVERED SECURITY" means a security as defined in Section 2(a) (36) of the 1940 Act (in effect, all securities), except that it does not include:

- o direct obligations of the government of the United States;
- o bankers' acceptances;
- o bank certificates of deposit;
- o commercial paper;
- o high quality short-term debt instruments, including repurchase agreements;
- o shares issued by open-end Funds unless the advisor or a control affiliate of the adviser acts as the investment advisor or principal; and
- o transactions in units of a unit investment trust as long as the trust is invested exclusively in unaffiliated mutual funds.

"FEDERAL SECURITIES LAWS" means the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the commission under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted thereunder by the Commission or the Department of the Treasury.

"FUND" means an investment company registered under the 1940 Act for which the Advisor serves as investment advisor.

"INITIAL PUBLIC OFFERING" means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.

"INVESTMENT PERSON" means

- o any employee of the Advisor (or of any company in a control relationship to the Advisor) who, in connection with his or her regular functions of duties, makes or participates in making recommendations regarding the purchase or sale of securities by a Fund or
- o any natural person who controls the Advisor and who obtains information concerning recommendations made to a Fund regarding the purchase or sale of securities by a Fund
- o THE ADVISOR DOES NOT HAVE ANY "INVESTMENT PERSONS". Should someone become an "Investment Person of the Advisor", this Code would be amended to include appropriate restrictions on their trading activity.

"LIMITED OFFERING" means an offering that is exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) or Section 4(6), (15 U.S.C. 77d(2) or 77d(6)) or pursuant to Rule 504, 505, or 506.

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"PURCHASE OR SALE OF COVERED SECURITIES" includes, among other things, the writing of an option to purchase or sell Covered Securities.

"RELATED SECURITY" means:

- o a security issued by the same issuer that issued the Covered Security;
- o a security issued by an issuer under common control with the issuer that issued the Covered Security; or
- o a security that gives the holder any contractual right with respect to the Covered Security, including options, warrants or other convertible securities.

C. STANDARDS OF CONDUCT FOR ACCESS PERSONS

1. Restrictions on Serving on Boards of Directors

An Access Person may not serve on the board of directors of a publicly traded company without prior approval from the Chief Executive Officer of their business unit.

2. Restrictions Involving Gifts

An Access Person may not accept (or give) in any calendar year gifts with a value of more than \$100 from any person (or to any person) that does business with the Advisor, directly or on behalf of any Fund.

This prohibition shall not apply to:

- o an occasional breakfast, lunch, dinner or reception, ticket to a sporting event or the theater, or comparable entertainment that is not so frequent, so costly nor so extensive as to raise any question of impropriety;
- o a breakfast, lunch, dinner, reception or cocktail party in conjunction with a bona fide business meeting; or
- o a gift approved in writing by the Chief Compliance Officer because the character or value of the gift would not raise any question of impropriety.

D. STANDARDS OF TRADING PRACTICES FOR ACCESS PERSONS

The Access Persons of the Advisor are not deemed to have access to or advance knowledge of portfolio selections or trading activities of the

sub-advisors. None of the day-to-day activities of the sub-advisors are under the same management or control as the Advisor. Due to the physical and business separation of the entities, Access Persons of the Advisor are not under any trading restrictions within their personal accounts or any account in which they have beneficial interest with the following exception:

ANY ACCESS PERSON OF THE ADVISOR MUST OBTAIN WRITTEN APPROVAL OF THE CHIEF COMPLIANCE OFFICER OR THEIR DESIGNATED REPRESENTATIVE PRIOR TO INVESTING IN AN INITIAL PUBLIC OFFERING OR LIMITED OFFERING.

All Access Persons are subject however, to the reporting requirements of this Code.

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An Access Person may not solicit gifts.

E. REPORTING

Note: The reporting requirements described in this section apply to Access Persons, which includes Directors, Officers, General Partners, Advisory Persons and Investment Persons.

1. Duplicate Confirmations and Statements

Each Access Person must arrange for duplicate copies of broker trade confirmations and periodic statements of his or her brokerage accounts to be sent to the Chief Compliance Officer or their designated representative. If this is designated to a representative, that representative will send periodic reports of all violations of the Code of Ethics to the Chief Compliance Officer. When the term "Chief Compliance Officer" is used in this section, it includes any designated representative.

2. Holdings Reports

a. What Information Must Be Included in a Holdings Reports?

Each Access Person must submit written and signed reports containing information about each Covered Security in which the Access Person had any direct or indirect beneficial ownership ("Holdings Reports").

Each Holdings Report must include the following information:

- o title of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;
- o number of shares and/or principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;
- o name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person; and
- o date the Holdings Report is submitted by the Access Person.

If an Access Person is not required to report any information on a Holdings Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer by the date on which the Holdings Report is due.

b. When Must an Access Person Submit an Initial Holdings Report?

Each Access Person must submit to the Chief Compliance Officer an Initial Holdings Report no later than 10 days after he or she becomes an Access Person. The information included in the Initial Holdings Report must reflect the Access Person's holdings as of the date he or she became an Access Person.

c. When Must an Access Person Submit Annual Holdings Reports?

Each Access Person must submit to the Chief Compliance Officer an Annual Holdings Report no later than January 30 of each year. The information included in the Annual Holdings Report must

reflect the Access Person's holdings as of the immediately preceding December 31.

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d. Are There Any Exceptions to These Reporting Requirements?

An Access Person does not have to include in his or her Holdings Reports information about the following securities or accounts:

- o direct obligations of the government of the United States
- o bankers' acceptances
- o bank certificates of deposit
- o commercial paper
- o high quality short-term debt instruments including repurchase agreements
- o transactions effected for any account over which the Access Person has no direct or indirect influence or control
- o shares issued by open-end Funds unless the advisor or a control affiliate of the adviser acts as the investment advisor or principal
- o transactions in units of a unit investment trust as long as the trust is invested exclusively in unaffiliated mutual funds
- o transactions effected pursuant to an automatic investment plan, including dividend reinvestment plans, unless the transaction overrides the set schedule or allocations of the plan

2. Quarterly Transaction Reports

a. What Information Must Be Included in a Quarterly Transaction Report?

Each Access Person must submit a report ("Quarterly Transaction Report") containing information about:

- o every transaction in a Covered Security during the quarter and in which the Access Person had any direct or indirect beneficial ownership and
- o every account established by the Access Person in which any securities were held during the quarter for the direct or indirect benefit of the Access Person.

A Quarterly Transaction Report must include the following

information:

- o date of each transaction in a Covered Security
- o title of the Covered Security
- o interest rate and maturity date of the Covered Security, if applicable
- o number of shares and/or principal amount of the Covered Security
- o nature of the transaction
- o price of the Covered Security at which the transaction was effected
- o name of the broker, dealer or bank with or through which the transaction was effected
- o name of the broker, dealer or bank with whom the Access Person established any new account
- o date the account was established and
- o date the Quarterly Transaction Report is submitted by the Access Person

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If an Access Person is not required to report any information on a Quarterly Transaction Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer no later than 10 days after the end of the calendar quarter.

b. When Must an Access Person Submit a Quarterly Transaction Report?

A Quarterly Transaction Report must be submitted to the Chief Compliance Officer no later than 10 days after the end of each calendar quarter.

c. Are There Any Exceptions To These Requirements?

o Exceptions for Certain Securities and Accounts

An Access Person does not have to report transactions involving the following securities or accounts:

- o direct obligations of the government of the United States
- o bankers' acceptances
- o bank certificates of deposit
- o commercial paper
- o high quality short-term debt instruments including repurchase agreements
- o shares issued by open-end Funds not managed by Advisory Personnel
- o securities held in any account over which the Access Person has no direct or indirect influence or control and
- o transactions effected for any account over which the Access Person has no direct or indirect influence or control

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer no later than 10 days after the end of the calendar quarter.

o Exceptions Based On Duplicate Confirmations

In addition, an Access Person does not have to make a Quarterly Transaction Report for a calendar quarter if:

- o the report would duplicate information contained in broker trade confirmations or account statements received by the Compliance Officer no later than 10 days after the end of the calendar quarter and
- o all of the required information is contained in the broker trade confirmations or account statements.

If broker trade confirmations do not contain all of the required information, the Access Person must include the missing information in a Quarterly Transaction Report.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer no later than 10 days after the end of the calendar quarter.

F. CHIEF COMPLIANCE OFFICER REVIEWS

In reviewing transactions, the Chief Compliance Officer will take into account the various exceptions included in this Code. Before making a determination that an Access Person has violated this Code, the Chief Compliance Officer will give the Access Person an opportunity to supply additional information about the transaction in question.

G. SANCTIONS

The Board of Directors or the Chief Compliance Officer of TAI may impose sanctions on an Access Person for violations of this Code as it deems appropriate. Sanctions could include

1. written warning
2. letter of censure or suspension
3. fine

4. disgorgement of any profits realized by the Access Person as a result of the violation
5. termination of the employment of the Access Person

H. "WHISTLEBLOWER" PROVISION

Persons becoming aware of a violation of the Code, the apparent or suspected violation must be reported promptly to the Chief Compliance Officer. All such reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Reports may be submitted anonymously should you wish. In addition, should the Chief Compliance Officer be involved in the violation or is unreachable, you may report a violation to the Chief Compliance Officer of the Touchstone Funds, the Chief Compliance Officer of Western & Southern Financial Group or the President or Chief Executive Officer of the Advisor. Any retaliation against an individual who reports a violation is prohibited and constitutes a further violation of the Code.

I. PRIVACY

All reports of securities transactions and any other information reported pursuant to this Code will be treated as confidential. Personal account information will be kept in a secure location and will be shredded when the retention requirement has been met.

J. DISTRIBUTION OF THE CODE OF ETHICS

All Access Persons must receive a copy of the Code of Ethics and must acknowledge receipt of the Code. The distribution of the Code to the Access Person and the acknowledgement from the Access Person to the Chief Compliance Officer that they have received the Code may be delivered by hard copy, fax, or email.

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K. TRAINING

All Access persons will receive training on the principles and procedures of the Advisor's Code of Ethics. This will occur within 10 days of when a person is deemed to be an Access person. Additional training will be delivered on any revisions made to the Code.

L. RECORDKEEPING

Rule 204A-1 and related amendments to Rule 204-2 require that records regarding the Code of Ethics are retain for certain periods of time. The following table sets forth the requirements for TAI's Code of Ethics.

<TABLE>
<CAPTION>

Item	Retention Period	Where Retained
<S> Code of Ethics	<C> 5 years after the date on which they were last in effect	<C> Office of Advisor first 2 years, easily accessible for 5 years
Records of Violations and Actions taken as result	5 years after the person ceases to be an access person	Office of Advisor first 2 years, easily accessible for 5 years
Copies of Access persons acknowledgement of receipt of Code	5 years after the person ceases to be an access person	Office of Advisor first 2 years, easily accessible for 5 years
List of Access Persons	List must include all access persons within the past 5 years	Office of Advisor first 2 years, easily accessible for 5 years
Holdings and transaction reports	5 years after the person ceases to be an access person	Office of Advisor first 2 years, easily accessible for 5 years
Records of any decisions approving acquisitions of IPO's or limited offering	5 years after the person ceases to be an access person	Office of Advisor first 2 years, easily accessible for 5 years

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TODD INVESTMENT ADVISORS, INC.

CODE OF ETHICS

Adopted February 1, 2005

SIGNATURE

DATE

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CODE OF ETHICS

I. INTRODUCTION

You are receiving this Code of Ethics (the "Code") because you are a director, an officer or employee of Todd Investment Advisors, Inc. (the "Advisor"). You have been entrusted with one of, if not the, most important asset the Advisor possesses our clients' confidence. You have a legal obligation to protect that confidence. That is, you owe a fiduciary duty to those whom the Advisor serves as an adviser or sub-adviser. No document can ensure that you meet this duty. This Code, however, is intended to help guide you in meeting this most important obligation. The Advisor fully expects you to conduct business within both the spirit and letter of this Code.

GENERAL PRINCIPLE

You must act with the highest standard of care, loyalty, integrity, and good faith as you seek to further the best interests of our clients.

You have a duty to place the interests of our clients ahead of your own interests. Accordingly, you must avoid activities, ownership interests, and business relationships that might interfere or appear to interfere with making decisions in the best interest of our clients.

THE CODE'S SCOPE

This Code cannot, and does not, address all instances where you must meet the duty to put our clients' interests first. Rather, this Code primarily focuses on the Advisor's policies concerning common circumstances where your interests may conflict with our clients' interests. In Section II, this Code addresses personal securities transactions. In Section III, this Code addresses confidentiality, gifts, political contributions, service as a director, and compliance with the law. Specifically, the Code addresses the following primary duties:

- o All of your personal securities transactions must be conducted in compliance with this Code and in a manner that avoids any actual or potential conflict of interest or any abuse of your position of trust and responsibility to the Advisor and our clients; and
- o All other activities must be conducted in accordance with the fundamental standard that you may not take any inappropriate advantage of your position with the Advisor.

II. PERSONAL SECURITIES TRANSACTIONS

A. Persons Covered by the Personal Securities Transactions Policies.

You are subject to the Personal Securities Transactions policies in this Code if you are an "Access Person." Certain provisions apply only to the subset of Access Persons who are "Advisory Persons." The Personal Securities Transaction section of this Code refers to Access Persons and Advisory Persons. You must determine if you fall within the definition of or both these person. Should you have questions when making this determination, contact the Chief Compliance Officer or her designated Compliance Officer. The Chief Compliance Officer is the person appointed by Advisor's Board of Directors to oversee the firm's adherence to the laws that govern the Advisor's activities. Compliance Officer means any person designated by the Chief Compliance Officer to administer this Code. The names and contact information of the Chief Compliance Officer and at least one of her designated Compliance Officer(s) are identified by name and on the last page of this Code.

Access Person means you are:

- o a director of the Advisor;
- o a officer of the Advisor;
- o a general partner of the Advisor; or
- o a Advisory Person (as defined below).

Advisory Person means:

- o any employee of the Advisor (or of any company in a control relationship to the Advisor) who, in connection with his or her regular functions or duties, makes, participates in or obtains information regarding the purchase or sale of Securities by a Client;
- o any employee of the Advisor (or of any company in a control relationship to the Advisor) whose functions relate to the making of any recommendations with respect to purchases or sales of Securities by a Client; or
- o any natural person in a control relationship with the Advisor who obtains information regarding recommendations made to a Client with regard to the purchase or sale of Securities by a Client.

B. Transactions Covered by the Personal Securities Transactions Policies.

The Personal Securities Transactions policies cover "Securities" in which you have a "Beneficial Interest."

"Beneficial Interest" means the opportunity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, to profit, share in any profit derived from, a transaction in the subject Securities. For this purpose "Securities" mean stocks, notes, bonds, debentures, and other evidences of indebtedness (including loan participations and assignments), limited partnership interests, shares or

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interests in investment companies, investment contracts, and all derivative instruments of the foregoing, such as options and warrants. Note that while Securities do not include futures or options on futures, the purchase and sale of such instruments ARE subject to the reporting requirements of this Code's Personal Securities Transactions policy.

An Access Person is deemed to have Beneficial Interest in the following:

- o Any Security owned individually by the Access Person;
- o Any Security owned jointly by the Access Person with others (for example, joint accounts, spousal accounts, partnerships, trusts and controlling interests in corporations); and
- o Any Security in which a member of the Access Person's Immediate Family has a Beneficial Interest if:
 - o The Security is held in an account over which the Access Person has decisions making authority (for example, the Access Person acts as trustee, executor, or guardian); or
 - o The Security is held in an account for which the Access Person acts as a broker or investment adviser representative.

In addition, an Access Person is presumed to have a Beneficial Interest in any Security in which a member of the Access Person's Immediate Family has a Beneficial Interest if the Immediate Family member resides in the same household as the Access Person. This presumption may be rebutted if the Access Person is able to provide the Chief Compliance Officer or her designated Compliance Officer with satisfactory assurances that the Access Person has no material Beneficial Interest in the Security and exercises no control over investment decisions made regarding the Security.

"Immediate Family" of an Access Person generally includes the following persons:

Child	Grandparent	Son-in-Law
Stepchild	Spouse	Daughter-in-Law
Grandchild	Sibling	Brother-in-Law
Parent	Mother-in-Law	Sister-in-Law
Stepparent	Father-in-Law	

Immediate Family includes adoptive relationships and other relationships that the Compliance Department determines could lead to the possible conflicts of interest, diversions or corporate opportunity, or appearances of impropriety that this Code is intended to prevent.

A "Material Beneficial Interest" is any Beneficial Interest that is equal to or in excess of 5% of the total outstanding security in question.

If you have any uncertainty as to whether you, as an Access Person, have a Beneficial Interest in a Security, you should ask the Chief Compliance Officer or her designated Compliance Officer. Such questions will be

resolved in accordance with, and this definition shall be subject to, the definition of "Beneficial Owner" found in Rules 16a-1(a)(2) and (5) promulgated under the Securities Exchange Act of 1934, as amended.

- C. Pre-Clearance Requirements for Access Persons. As an Access person, you must obtain authorization from the Chief Compliance Officer or her designated Compliance Officer before acquiring a beneficial interest in private placements and initial public offerings.

Private Placements. Acquisition of a Beneficial Interest in Securities in a private placement by Access Person must be pre-approved. The Chief Compliance Officer or her designated Compliance Officer will give permission only after considering, among other facts, whether the investment opportunity should be reserved for a client and whether the opportunity is being offered to the person by virtue of the person's position as an Access Person.

For purposes of this Code, a private placement is any offering of securities not required to be registered with the Securities and Exchange Commission because the offering is exempt under Section 4(2) or 4(6) of

the Securities Act of 1933 or pursuant to Rules 504, 505, or 506 promulgated under that Act. These sales usually require the completion of a questionnaire that makes the sales contingent on the offeree having a minimum net worth or annual income. The securities' resale is often restricted unless the securities are subsequently registered under the Securities Act of 1933.

Initial Public Offering ("IPO"). Any purchase of a Security in an initial public offering (other than a new offering of a registered open end investment company) must be pre-approved by the Chief Compliance Officer or her designated Compliance Officer.

For purposes of this Code, an IPO means an offering of Securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirement of Sections 13 or 15(d) of the Securities Exchange Act of 1934.

D. Pre-Clearance Requirements for Advisory Persons

General Requirement. Except for the transactions specified in the Exemptions Section in subsection G "Exemptions from Pre-clearance and

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Treatment as a Generally Prohibited Transaction" below, all Securities transaction, including purchases in an initial public offering and transactions in private placements, in which an Advisory Person has or acquires a Beneficial Interest must be pre-cleared with a Compliance Officer.

Pre-clearance Request Forms. Prior to entering an order for a Securities transaction that requires pre-clearance, the Advisory Person must complete a Pre-clearance Request Form and submit the completed form to the Chief Compliance Officer or her designated Compliance Officer. The Advisory Person must disclose to the Chief Compliance Officer or her designated Compliance Officer all factors potentially relevant to any potential conflicts of interest that the Advisory Person is aware of, including the existence of any Beneficial Interest related to his or her transaction and the Client's transaction.

E. Pre-Clearance Provisions Applicable to All Access Persons (Including Advisory Persons).

Criteria for Approval of Pre-clearance Authorizations. Generally the Compliance Officer will approve a transaction only if the transaction is unlikely to result in any of the abuses described in Investment Company Act Rule 17j-1 and Investment Advisers Act Rule 204A-1.

Length of Trade Authorization Approval. The authorization provided by the Chief Compliance Officer or her designated Compliance Officer is effective until the earlier of (1) its revocation, (2) the close of business on the trading day that the authorization is granted (for example, if authorization is provided on a Monday, it is effective until the close of business on Monday), or (3) the moment the Advisory Person learns that the information in the Pre-clearance Request Form is not accurate. If the Securities transaction is not placed within that period, a new authorization must be obtained before the Securities transaction is placed. No "Good Till Cancelled" orders may be placed due to the potential that they may violate the 3-day blackout period.

No Explanation Required for Refusals. In some cases, the Chief Compliance Officer or her designated Compliance Officer may refuse to authorize a Securities transaction for a reason that is confidential. Compliance Officers are not required to give an explanation for refusing to authorize a Securities transaction.

F. Prohibited Transactions.

Always Prohibited Securities Transactions- Applicable to Access Persons and Advisory Persons. The following Securities transactions are prohibited and will not be authorized under any circumstances:

Inside Information. Any transaction in a Security by an individual who possesses material nonpublic information regarding the Security or the issuer of the Security;

Market Manipulation. Transactions intended to raise, lower, or maintain the price of any Security or to create a false appearance of active trading;

Trades in Accordance with the Terms of the Security. Transactions in violation of or intended to circumvent any terms a security intended to protect the holders of that security. Such terms may include prohibitions on frequent and/or late trading.

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Others. Any other transaction deemed by the Compliance Officer to involve a conflict of interest, possible diversions of a client's opportunity, or an appearance of impropriety.

Generally Prohibited Transaction - Applicable to Advisory Persons. Except for the transactions specified in the Exemptions Section in subsection F below, the following Securities transactions are prohibited for all Advisory Persons.

Three-Day Blackout. If the Advisor, on behalf of a client, has

executed a trade in a Security, an Advisory Person may not purchase or sell, directly or indirectly, the Security or a Equivalent Security within 3 trading days before or after that client's trade if the Advisory Person has any Beneficial Interest in the Equivalent Security or a Security or will acquire any Beneficial Interest in the Security or a related Security by reason of the purchase.

60-Day Blackout Period. Sale of a Security in which an Advisory Person has a Beneficial Interest within 60 days of a purchase of the Security (or an Equivalent Security). Of course, Access Persons must place the interests of the clients first; they may not avoid or delay purchasing or selling a security for a client in order to profit personally. If a circumstance arises where an Advisory Person has a loss or a gain of 25% or greater during the 60-day holding period, then they may sell the Security after obtaining pre-clearance from the Chief Compliance Officer or her designated Compliance Officer to ensure that the 3-day blackout period will not be violated.

An Equivalent Security means any Security issued by the same entity as the issuer of a Security, including options, rights, stock appreciation rights, warrants, preferred stock, restricted stock, phantom stock, bonds, and other obligations of that company or security otherwise convertible into that security. Options on securities are included even if the Options Clearing Corporation or a similar entity issues them.

PLEASE SEE APPENDIX I FOR FURTHER CLARIFICATION ON THE 60-DAY BLACKOUT PERIOD.

- G. Exemptions from Pre-clearance and Treatment as a Generally Prohibited Transaction. The following Securities transactions are exempt from the pre-clearance requirements and the generally prohibited transaction restrictions set forth above.

De Minimis Transactions.

Equity Securities. Any equity Security transactions, or series or related transactions, effected over a five (5) trading day period, involving 500 or fewer shares in the aggregate of a Security included in the S&P 500.

Fixed Income Securities. Any fixed income Security transaction, or series of related transactions, effected over a period of five (5) trading days, involving \$10,000 principal amount or less in the aggregate.

Exempt Mutual Funds. Except for non-exempt mutual funds described in the next paragraph, any purchase or sale of a Security issued by any registered open-end investment company, including exchange-traded funds (ETF's). Examples of ETF's are SPDRS, QQQ's, MDY's, DIA's, WEBS, Diamonds, iShares, etc.

Non-Exempt Mutual Funds. Closed end funds, unit investment trust interests, and similar securities are not exempt from the pre-clearance and prohibited transaction provisions of this Code. ALSO, ANY MUTUAL FUND THAT IS ADVISED OR SUB-ADVISED BY THE ADVISOR, AND ANY FUND WHERE THE ADVISOR OR PRINCIPLE UNDERWRITER IS AN ENTITY UNDER COMMON CONTROL WITH THE ADVISOR ARE NOT EXEMPT FROM THE PRE-CLEARANCE AND PROHIBITED TRANSACTION PROVISIONS OF THIS CODE. PLEASE SEE APPENDIX II FOR THE CURRENT LIST OF NON-EXEMPT MUTUAL FUNDS. NOTE THAT APPENDIX II IS SUBJECT TO AMENDMENT FROM TIME TO TIME.

No Knowledge. Securities transactions where the Advisory Person has no knowledge of the transaction before it is completed (for example, Securities transactions effected for an Advisory Person by a trustee of a blind trust, or discretionary trades involving an investment partnership, or discretionary trades made in a managed account, in connection with which the Advisory Person is neither consulted nor advised of the trade before it is executed).

Certain Corporate Actions. Any acquisition of Securities through stock dividends, dividend reinvestments, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of Securities.

Systematic Investment Plans. Any acquisition of a Security pursuant to a systematic investment plan that has previously been approved pursuant to this Code. A systematic investment plan is on pursuant to which a prescribed investment will be made automatically on a regular, pre-determined basis without affirmative action by the Access Person.

Rights. Any acquisition of Securities through the exercise of rights issued by an issuer pro rata to all holder of a class of its Securities, to the extent the rights were acquired in the issue.

Miscellaneous. Any transaction in the following: (1) bankers acceptances, (2) bank certificates of deposit, (3) commercial paper, (4) repurchase agreements, (5) Securities that are the direct obligation of the U.S. Government, and (6) other Securities as may from time to time be designated in writing by the Compliance Department on the ground that the risk of abuse is minimal or non-existent.

H. Reporting Requirements

1. Initial and Periodic Disclosure of Personal Holdings by Access Persons. Within 10 days of becoming an Access Person (including Advisory Persons) each Access Person must submit written and signed reports containing information about each Security in which the Access Person had any direct

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or indirect beneficial ownership ("Holdings Reports"). The information included in the Initial Holdings Report must reflect the Access Person's holdings within 45 days of the date he or she became an Access Person.

Each Holdings Report must include the following information, preferably in the form of copies of the Access Person's brokerage statements:

- o title of each Security in which the Access Person had any direct or indirect beneficial ownership;
- o number of shares and/or principal amount of each Security in which the Access Person had any direct or indirect beneficial ownership;
- o name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person; and
- o date the Holdings Report is submitted by the Access Person.

If an Access Person is not required to report any information on a Holdings Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer or her designated Compliance Officer by the date on which the Holdings Report is due.

Any temporary workers, consultants, independent contractors or certain employees of affiliates (e.g., LDPs) who will be or are working with the Advisor for longer than 6 months will be required to report under the Code.

2. Annual Holdings Reports

Each Access Person must submit to the Chief Compliance Officer or her designated Compliance Officer an Annual Holdings Report no later than February 15th of each year. The information included in the Annual Holdings Report must reflect the Access Person's holdings as of the immediately preceding December 31st.

3. Quarterly Reporting Requirements

Within 30 calendar days of the end of each calendar quarter, each Access Person must submit a Quarterly Transaction Report to the Chief Compliance Officer or her designated Compliance Officer containing information about:

- o every transaction in a Security during the quarter and in which the Access Person had any Beneficial Interest, unless exempted under subsection H.5 below; and
- o every account established by or for the benefit of the Access Person that holds Securities in which the Access Person has a Beneficial Interest, unless exempted under subsection H.5 below .

A Quarterly Transaction Report must include the following information:

- o date of each transaction in a Security;
- o title of the Security;
- o interest rate and maturity date of the Security, if applicable;

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- o number of shares and/or principal amount of the Security;
- o nature of the transaction;
- o price of the Security at which the transaction was effected;
- o name of the broker, dealer or bank with or through which the transaction was effected;
- o name of the broker, dealer or bank with whom the Access Person established any new account;
- o date the account was established; and
- o date the Quarterly Transaction Report is submitted by the Access Person.

If an Access Person is not required to report any information on a Quarterly Transaction Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer or her designated Compliance Officer no later than 30 calendar days after the end of the calendar quarter.

4. Transactions and Periodic Statement Reporting Requirements. An Access Person must arrange for the Chief Compliance Officer or her designated

Compliance Officer to receive directly from any broker, dealer or bank that effects and Securities transaction in which the Access Person has or acquires a Beneficial Interest, duplicate copies of each confirmation for each such transaction and periodic statements for each account in which such Access Person has a Beneficial Interest. An Access Person must also arrange for the Chief Compliance Officer or her designated Compliance Officer to receive directly from any mutual fund company that Advisor provides mutual fund sub-advisory services for, duplicate copies of periodic statements (no less frequently than quarterly) for each account in which such Access Person has a Beneficial Interest.

IF AN ACCESS PERSON OPENS AN ACCOUNT AT A BROKER, DEALER, BANK, OR MUTUAL FUND THAT ADVISOR ADVISES OR SUB-ADVISES, THAT HAS NOT PREVIOUSLY BEEN DISCLOSED, THE ACCESS PERSON MUST IMMEDIATELY NOTIFY THE CHIEF COMPLIANCE OFFICER OR HER DESIGNATED COMPLIANCE OFFICER OF THE EXISTENCE OF THE ACCOUNT AND MAKE ARRANGEMENTS TO COMPLY WITH THE REQUIREMENTS SET FORTH HEREIN.

5. Exceptions for Certain Securities and Accounts

An Access Person does not have to report transactions involving the following securities or accounts:

- o direct obligations of the government of the United States;
 - o bankers' acceptances;
 - o bank certificates of deposit;
 - o commercial paper;
 - o high quality short-term debt instruments including repurchase agreements;
 - o Purchases of Securities under a dividend reinvestment plan;
 - o shares issued by open-end funds that are not advised or sub-advised by Advisor;
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- o securities held in any account over which the Access Person has no direct or indirect influence or control; and
 - o transactions effected for any account over which the Access Person has no direct or indirect influence or control; and
 - o shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are

funds advised, sub-advised, or principally underwritten by the Advisor or an entity under common control with the Advisor.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 30 days after the end of the calendar quarter.

6. Exceptions Based On Duplicate Confirmations

In addition, an Access Person does not have to make a Quarterly Transaction Report for a calendar quarter if:

- o the report would duplicate information contained in broker trade confirmations or account statements received by the Compliance Officer no later than 30 days after the end of the calendar quarter and
- o all of the required information is contained in the broker trade confirmations or account statements.

If broker trade confirmations do not contain all of the required information, the Access Person must include the missing information in a Quarterly Transaction Report.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 30 days after the end of the calendar quarter.

- I. Disclosure of Beneficial Interest by Advisory Persons. Advisory Persons are prohibited from recommending, implementing or considering any securities transactions for a client without having disclosed any material Beneficial Interest in the issuer or its affiliates to the Chief Compliance Officer or her designated Compliance Officer. If the Chief Compliance Officer or her designated Compliance Officer deems the disclosed interest to present a material conflict, the Advisory Person may not participate in any decision-making process regarding the securities of that issuer.

III. OTHER POTENTIAL CONFLICTS OF INTEREST

- A. Confidentiality. You are prohibited from revealing specific information relating to the investment intentions, activities or portfolios, except to persons whose responsibilities require knowledge of the information or as necessary to service client accounts. It is paramount that independence in the investment decision-making process be maintained.

As a matter of firm policy, the Advisor restricts the dissemination of client information and will not publish, provide or distribute non-public client information to nonaffiliated third parties, except as required or permitted by law. Nonpublic client information includes, but is not limited to, individual account holdings, transactions, balances, name, address, social security number, or other financial information.

B. Gifts.

Accepting Gifts. On occasion, you may be offered, or may receive without notice, gifts from clients, brokers, vendors, or other persons that do business with the Advisor, directly or on behalf of a Client. Acceptance of extraordinary or extravagant gifts is not permissible. Any such gifts must be declined or returned in order to protect the reputation and integrity of the Advisor. Gifts of a nominal value (i.e., gifts whose reasonable value is no more than \$100 per year), and customary business meals, entertainment (e.g., sporting events, theater tickets, etc.), and promotional items (e.g., pens, mugs, t-shirts, etc.) may be accepted so long as it is not so frequent, so costly, nor so extensive as to raise any question of impropriety.

Solicitation of Gifts. You may not solicit gifts or gratuities.

Giving Gifts. Excepting customary business meals, entertainment, and promotional items, you may not personally give gifts with an aggregate value in excess of \$100 per year to persons associated with securities or financial organizations, including exchanges, other member organizations, commodity firms, or clients of the firm.

C. Restrictions on Political Contributions. The Advisor is acutely aware of the actual and/or appearance of conflicts of interest when government officials or political candidates request political contributions from investment managers.

Neither Advisor nor any employees of the Advisor will engage, either directly or indirectly in any "Pay-to Play" activities. Pay-to-Play means the conduct of making political campaign contributions to, and soliciting political campaign contributions for, public officials in return for being considered eligible by public agencies to perform professional services. It is a violation of this Code to request or suggest to any person to make a political or charitable contribution or payment, for the purpose of obtaining or retaining advisory contracts with government entities, or which could appear to directly benefit the Advisor, nor may the Advisor reimburse an individual for his/her personal contribution or payment. This is an absolute ban-NO EXCEPTIONS.

D. Service to Unaffiliated Entities. You may serve in a an advisory or fiduciary capacity (e.g., member of a board of directors) of an entity that is not part of the Western & Southern Financial Group only after obtaining prior authorization from the Chief Executive Officer of the

- E. Compliance with Applicable Laws and the Advisor's Policies. You shall comply with the laws applicable to Advisor's conduct of its business. Specifically, you shall not, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client, or in connection with your personal trading conduct any of the following acts:
- o To employ any device, scheme or artifice to defraud;
 - o To make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement not misleading;
 - o To engage in any act, practice or course of business that operates or would operate as a fraud or deceit;
 - o To engage in any manipulative practice; or
 - o To engage in any manipulative practice with respect to securities, including price manipulation.

You also shall comply with all of the Advisor's policies and procedures, including those related to the use of non-public information, the voting of proxies, and the execution of trades on behalf of a client.

IV. COMPLIANCE WITH THE CODE OF ETHICS

- A. Investigating Violations of the Code. The Chief Compliance Officer is responsible for investigating any suspected violation of the Code and shall report any violations to Senior Management and any Board of Directors who are not subjects of the investigation.
- B. Annual Reports. The Chief Compliance Officer will review the Code at least once a year, in light of legal and business developments and experience in implementing the Code, and will report to the Board of Directors:
- o Summarizing existing procedures concerning personal investing and any changes in the procedures made during the past year;
 - o Identifying any violation requiring significant remedial action during the past year; and
 - o Identifying any recommended changes in existing restrictions or procedures based on its experience under the Code, evolving industry practices, or developments in applicable laws or

regulations.

- o Certify that the Advisor has adopted procedures reasonably necessary to prevent all employees from violating the Code.

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C. Remedies.

Sanctions. If the Chief Compliance Officer and the appropriate officers of the Advisor determines that an you have committed a violation of the Code, they may impose sanctions and take other actions as it deems appropriate, including a letter of caution or warning, suspension of personal trading rights, suspension of employment (with or without compensation), fine, and termination of the employment of the violator for cause. After discussions with the appropriate officers of the Advisor, the Compliance Department may also require any person who found to have violated this Code to reverse the transaction in question and forfeit any profit or absorb any loss associated or derived as a result. The amount of profit shall be calculated by the Compliance Department and/or the appropriate officers of the Advisor and shall be forwarded to a charitable organization selected by the appropriate officers of the Advisor. Finally, violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations. No member of the Compliance Department may review his or her own transactions.

Generally, the Advisor's guidelines for violations occurring over a calendar year will be:

1st Violation: Written warning and counseling

2nd Violation: \$50 fine to be donated to a charity determined by Management

3rd Violation: 60-day restriction of all personal trading privileges

4th Violation: Potential termination of employment with the Advisor

The above sanctions are merely guidelines, and the Advisor maintains the right to impose any sanctions in any out of order should it deems responsive to the violation.

Review. Whenever the Chief Compliance Officer or her designated Compliance Officer determines that a breach of this Code has occurred that merits remedial action, it will report to the relevant Board of Directors, information relating to the investigation of the violations, including any sanctions imposed.

D. Exceptions to the Code

Although exceptions to the Code will rarely, if ever, be granted, the Chief Compliance Officer may grant exceptions to the requirements of the Code on a case by case basis if the she finds that the proposed conduct involves no material opportunity for abuse. All such exceptions must be in writing and must be reported to the Board of Directors at their next regularly scheduled meeting after the exception is granted.

E. "Whistleblower" Provision

If you become aware of a violation of the Code, the apparent or suspected violation must be reported promptly to the Chief Compliance Officer or her designee. All such reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Reports may be submitted anonymously should you wish. In addition, should the Chief Compliance Officer or her designee be involved in the violation or is unreachable, you may report a violation to the Chief Compliance Officer or another Compliance Officer of the Western & Southern Financial Group. Any retaliation against an individual who reports a violation is prohibited and constitutes a further violation of the Code.

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V. RECORDKEEPING REQUIREMENTS

Advisor shall maintain and preserve in an easily accessible place:

- o A copy of this Code, or any other Code of Ethics, that was in effect within the previous 5 years.
- o A record of any violation of this Code and any action taken as a result of such violation for a period of 5 years following the end of the reporting year in which the violation occurred.
- o A record of any decision, and the reasons supporting the decision, that were used to approve an employee's trade that was deemed an exception to the provisions of this Code.
- o A copy of each report submitted under this Code for a period of 5 years.
- o A list of all persons who are, or within the past 5 years were, subject to the reporting requirements of the Code.

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Chief Compliance Officer:
Michele Hawkins
michele.hawkins@fortwashington
(513) 361-7652

Designated Compliance Officer:
Jennie Doss
jdoss@toddinvestment.com
(502)585-3121

Note that persons in addition to those listed above may also be designated to perform the functions of a Compliance Officer.

The Advisor has adopted this Code of Ethics, in accordance with the provisions of Rule 17j-1 under the Investment Company Act of 1940, as amended (the "1940 Act") as well as Investment Advisers Act ("Advisers Act") Rule 204A-1.

Effective date: February 1, 2005

APPENDIX I (THIS APPENDIX PART OF AND NOT IN ADDITION TO THE CODE)

GUIDANCE ON THE 60-DAY HOLDING PERIOD

Any profits realized by Access Persons on transactions in the same or equivalent securities within 60 days will be required to be disgorged to a charity chosen by the Advisor's senior management. This applies to the purchase and sale of a security within a 60-day period in any beneficially owned account.

The following are various questions and answers to help you understand this provision. If you have any further questions regarding this provision, you should contact the Compliance Officer.

Q: How is the 60-day period measured?

A: Days are measured in calendar days. If the purchase is considered to be made on day 0, day 61 is the first day a sale of those securities may be made without regard to the disgorgement of profits rule.

Q: How are profits measured when there is a series of purchases and sales within the 60 calendar day period?

A: A series of purchases and sales will be measured on a first-in, first-out basis until all purchases and sale transactions within a 60-day period are matched. The sum of the profits realized on these paired purchases and sales will be subject to disgorgement. No reduction will be made for losses.

Q: Is the short sale of a security considered a sale?

A: Yes, a short sale is considered a sale for all purposes (reporting, pre-clearance, and the 60-day holding period). Please note that naked short sales are prohibited under the Code.

Derivative Transactions

For the purposes of reporting, pre-clearance and the 60-day holding period, a transaction in any put or call option (except an option on an Exempt Security) or any future on a security (except a future on an Exempt Security), will be treated as a derivative transaction. For the purposes of this Code, derivative transactions will be divided into two categories: "call equivalent positions" and "put equivalent positions". A "call equivalent position" is treated and a purchase of the underlying security. Conversely, a "put equivalent position" is treated as a sale of the underlying security. Please note that writing or acquiring naked options are prohibited under the Code.

APPENDIX I (THIS APPENDIX PART OF AND NOT IN ADDITION TO THE CODE)

NON-EXEMPT MUTUAL FUNDS

Touchstone Core Bond Fund

Touchstone Emerging Growth Fund

Touchstone Growth Opportunities Fund

Touchstone High Yield Fund

Touchstone Large Cap Core Equity Fund

Touchstone Large Cap Growth Fund

Touchstone Micro Cap Growth Fund

Touchstone Ohio Insured Tax-Free Fund

Touchstone Small Cap Growth Fund

Touchstone Value Plus Fund

This Appendix II is subject to change. Please contact the Chief Compliance Officer or her designated Compliance Officer to ensure you have the current version.

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SUPPLEMENT TO CODE OF ETHICS
TODD INVESTMENT ADVISORS, INC.

OVERVIEW

Effective February 1, 2005 Todd Investment Advisors, Inc. amended its Code of Ethics. The following procedures shall be used as a supplement to the "Code" for the purposes of monitoring and providing additional oversight related to, pre-clearance procedures, transactions in securities purchased, sold, recommended or down-rated within Todd Investment Advisors, Inc. Equity Model ("Equity Model") and restrictions on political contributions. Directors of Todd Investment Advisors, that provide dual reporting under the parent company ("Fort Washington Investment Advisors, Inc.") will submit a quarterly certification via the compliance officer of Fort Washington, that they have met all of the requirements within Todd's Code of Ethics.

PRE-CLEARANCE REQUIREMENTS

Prior to executing personal transactions, each employee must receive clearance from the trading department.

Personal securities transactions of each trader must be cleared with another member of the trading department. Persons engaging in securities transactions shall keep a personal record of the person pre-clearing each transaction, the date of such pre-clearance, the time and nature of such transaction.

MODEL PORTFOLIO TRANSACTION RULES ("5-DAY RULE")

1. PURCHASES

Access Persons are prohibited from purchasing securities added to the Equity Model for 5 business days following the addition.

2. SELLS

Access Persons are prohibited from selling securities within the Equity Model that have been down-rated to the point where it is intended to be sold within client's accounts for 5 business days following the down-rating. (Exceptions may be allowed on a case-by-case basis in the event that client and fund sales have been completed prior to the expiration of the five-day period.)

SPECIAL RULES FOR PERSONS IN SENSITIVE POSITIONS

In addition to the procedures outlined above, certain additional restrictions are applicable to all employees who are in a position to recommend and/or approve the purchase of a security by a client.

Each person identified must disclose his or her ownership in a security or related option that he or she recommends or approves for purchase or sell by a client to the President of Todd Investment Advisors, Inc. The President may require additional information as to any such ownership or position and may, in consultation with members of the Investment Committee, require sale of the stock or closure of the option position by such person to avoid the appearance of any impropriety or conflict. The Company shall maintain a written record of such disclosures and any actions taken in response to them.

RECORDKEEPING

The trading department will maintain a list of securities that have been added or down-rated within the Equity Model within the specified 5 business day period. The equity portfolio managers are responsible for prompt revision of the list to reflect changes as they occur.

As required by the Code of Ethics, all transactions must receive pre-clearance, including those involving securities within the Equity Model.

RESTRICTIONS ON POLITICAL CONTRIBUTIONS

Todd Investment Advisors condemns "pay-to-play" practices and therefore, neither Todd Investment Advisors nor any of its employees or immediate family members are to make political contributions to candidates for political office who could influence the selection of investment advisors by public funds. In August of 1999, The SEC proposed a rule that would prohibit an advisor from providing

services to a government client for two years after contributions are made to State and Local officials (and candidates for their positions) who are able to influence the selection of an advisor. We concur with the de minimis exception which states that the two-year timeout does not apply to contributions of \$250 or less made to a candidate for whom the person making the contribution can vote. Employees of Todd Investment Advisors, Inc. are also prohibited from soliciting campaign contributions for those elected officials able to influence the selection of an advisor.

All employees of Todd are required to keep records of their political contributions and to submit this information monthly to Jennie Doss, Compliance Officer.

Print Name

Signature

Date

[LOGO]
FORT WASHINGTON
INVESTMENT ADVISORS, INC.

FORT WASHINGTON INVESTMENT ADVISORS, INC.

CODE OF ETHICS

Adopted February 1, 2005

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CODE OF ETHICS

FORT WASHINGTON INVESTMENT ADVISORS, INC.

=====
I. INTRODUCTION

You are receiving this Code of Ethics (the "Code") because you are a director, an officer or employee of Fort Washington Investment Advisors, Inc. (the "Advisor"). You have been entrusted with one of, if not the, most important asset the Advisor possesses - our clients' confidence. You have a legal obligation to protect that confidence. That is, you owe a fiduciary duty to those whom the Advisor serves as an adviser or sub-adviser. No document can ensure that you meet this duty. This Code, however, is intended to help guide you in meeting this most important obligation. The Advisor fully expects you to conduct business within both the spirit and letter of this Code.

GENERAL PRINCIPLE

You must act with the highest standard of care, loyalty, integrity, and good faith as you seek to further the best interests of our clients.

You have a duty to place the interests of our clients ahead of your own interests. Accordingly, you must avoid activities, ownership interests, and business relationships that might interfere or appear to interfere with making decisions in the best interest of our clients.

THE CODE'S SCOPE

This Code cannot, and does not, address all instances where you must meet the duty to put our clients' interests first. Rather, this Code primarily focuses on the Advisor's policies concerning common circumstances where your interests may conflict with our clients' interests. In Section II, this Code addresses personal securities transactions. In Section III, this Code addresses confidentiality, gifts, political contributions, service as a director, and compliance with the law. Specifically, the Code addresses the following primary duties:

- o All of your personal securities transactions must be conducted in compliance with this Code and in a manner that avoids any actual or potential conflict of interest or any abuse of your position of trust and responsibility to the Advisor and our clients; and
- o All other activities must be conducted in accordance with the fundamental standard that you may not take any inappropriate advantage of your position with the Advisor.

II. PERSONAL SECURITIES TRANSACTIONS

A. Persons Covered by the Personal Securities Transactions Policies.

You are subject to the Personal Securities Transactions policies in this Code if you are an "Access Person." Certain provisions apply only to the subset of Access Persons who are "Advisory Persons." The Personal Securities Transaction section of this Code refers to Access Persons and Advisory Persons. You must determine if you fall within the definition of or both these person. Should you have questions when making this determination, contact the Chief Compliance Officer or her designated Compliance Officer. The Chief Compliance Officer is the person appointed by Advisor's Board of Directors to oversee the firm's adherence to the laws that govern the Advisor's activities. Compliance Officer means any person designated by the Chief Compliance Officer to administer this Code. The names and contact information of the Chief Compliance Officer and at least one of her designated Compliance Officer(s) are identified by name and on the last page of this Code.

Access Person means you are:

- o a director of the Advisor;
- o a officer of the Advisor;
- o a general partner of the Advisor; or
- o a Advisory Person (as defined below).

Advisory Person means:

- o any employee of the Advisor (or of any company in a control relationship to the Advisor) who, in connection with his or her regular functions or duties, makes, participates in or obtains information regarding the purchase or sale of Securities by a Client;
- o any employee of the Advisor (or of any company in a control relationship to the Advisor) whose functions relate to the making of any recommendations with respect to purchases or sales of Securities by a Client; or
- o any natural person in a control relationship with the Advisor who obtains information regarding recommendations made to a Client with regard to the purchase or sale of Securities by a Client.

B. Transactions Covered by the Personal Securities Transactions Policies.

The Personal Securities Transactions policies cover "Securities" in which you have a "Beneficial Interest."

"Beneficial Interest" means the opportunity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, to profit, share in any profit derived from, a transaction in

the subject Securities. For this purpose "Securities" mean stocks, notes, bonds, debentures, and other evidences of indebtedness (including loan participations and assignments), limited partnership interests, shares or

interests in investment companies, investment contracts, and all derivative instruments of the foregoing, such as options and warrants. Note that while Securities do not include futures or options on futures, the purchase and sale of such instruments are subject to the reporting requirements of this Code's Personal Securities Transactions policy.

An Access Person is deemed to have Beneficial Interest in the following:

- o Any Security owned individually by the Access Person;
- o Any Security owned jointly by the Access Person with others (for example, joint accounts, spousal accounts, partnerships, trusts and controlling interests in corporations); and
- o Any Security in which a member of the Access Person's Immediate Family has a Beneficial Interest if:
 - o The Security is held in an account over which the Access Person has decisions making authority (for example, the Access Person acts as trustee, executor, or guardian); or
 - o The Security is held in an account for which the Access Person acts as a broker or investment adviser representative.

In addition, an Access Person is presumed to have a Beneficial Interest in any Security in which a member of the Access Person's Immediate Family has a Beneficial Interest if the Immediate Family member resides in the same household as the Access Person. This presumption may be rebutted if the Access Person is able to provide the Chief Compliance Officer or her designated Compliance Officer with satisfactory assurances that the Access Person has no material Beneficial Interest in the Security and exercises no control over investment decisions made regarding the Security.

"Immediate Family" of an Access Person generally includes the following persons:

Child	Grandparent	Son-in-Law
Stepchild	Spouse	Daughter-in-Law

Grandchild	Sibling	Brother-in-Law
Parent	Mother-in-Law	Sister-in-Law
Stepparent	Father-in-Law	

Immediate Family includes adoptive relationships and other relationships that the Compliance Department determines could lead to the possible conflicts of interest, diversions or corporate opportunity, or appearances of impropriety that this Code is intended to prevent.

A "Material Beneficial Interest" is any Beneficial Interest that is equal to or in excess of 5% of the total outstanding security in question.

If you have any uncertainty as to whether you, as an Access Person, have a Beneficial Interest in a Security, you should ask the Chief Compliance Officer or her designated Compliance Officer. Such questions will be

resolved in accordance with, and this definition shall be subject to, the definition of "Beneficial Owner" found in Rules 16a-1(a)(2) and (5) promulgated under the Securities Exchange Act of 1934, as amended.

- C. Pre-Clearance Requirements for Access Persons. As an Access person, you must obtain authorization from the Chief Compliance Officer or her designated Compliance Officer before acquiring a beneficial interest in private placements and initial public offerings.

Private Placements. Acquisition of a Beneficial Interest in Securities in a private placement by Access Person must be pre-approved. The Chief Compliance Officer or her designated Compliance Officer will give permission only after considering, among other facts, whether the investment opportunity should be reserved for a client and whether the opportunity is being offered to the person by virtue of the person's position as an Access Person.

For purposes of this Code, a private placement is any offering of securities not required to be registered with the Securities and Exchange Commission because the offering is exempt under Section 4(2) or 4(6) of the Securities Act of 1933 or pursuant to Rules 504, 505, or 506 promulgated under that Act. These sales usually require the completion of a questionnaire that makes the sales contingent on the offeree having a minimum net worth or annual income. The securities' resale is often restricted unless the securities are subsequently registered under the Securities Act of 1933.

Initial Public Offering ("IPO"). Any purchase of a Security in an initial

public offering (other than a new offering of a registered open end investment company) must be pre-approved by the Chief Compliance Officer or her designated Compliance Officer.

For purposes of this Code, an IPO means an offering of Securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirement of Sections 13 or 15(d) of the Securities Exchange Act of 1934.

D. Pre-Clearance Requirements for Advisory Persons

General Requirement. Except for the transactions specified in the Exemptions Section in subsection G "Exemptions from Pre-clearance and Treatment as a Generally Prohibited Transaction" below, all Securities transaction, including purchases in an initial public offering and transactions in private placements, in which an Advisory Person has or acquires a Beneficial Interest must be pre-cleared with a Compliance Officer.

Pre-clearance Request Forms. Prior to entering an order for a Securities transaction that requires pre-clearance, the Advisory Person must complete a Pre-clearance Request Form and submit the completed form to the Chief

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Compliance Officer or her designated Compliance Officer. The Advisory Person must disclose to the Chief Compliance Officer or her designated Compliance Officer all factors potentially relevant to any potential conflicts of interest that the Advisory Person is aware of, including the existence of any Beneficial Interest related to his or her transaction and the Client's transaction.

E. Pre-Clearance Provisions Applicable to All Access Persons (Including Advisory Persons).

Criteria for Approval of Pre-clearance Authorizations. Generally the Compliance Officer will approve a transaction only if the transaction is unlikely to result in any of the abuses described in Investment Company Act Rule 17j-1 and Investment Advisers Act Rule 204A-1.

Length of Trade Authorization Approval. The authorization provided by the Chief Compliance Officer or her designated Compliance Officer is effective until the earlier of (1) its revocation, (2) the close of business on the trading day that the authorization is granted (for example, if authorization is provided on a Monday, it is effective until the close of business on Monday), or (3) the moment the Advisory Person learns that the information in the Pre-clearance Request Form is not accurate. If the Securities transaction is not placed within that period, a new

authorization must be obtained before the Securities transaction is placed. No "Good Till Cancelled" orders may be placed due to the potential that they may violate the 3-day blackout period.

No Explanation Required for Refusals. In some cases, the Chief Compliance Officer or her designated Compliance Officer may refuse to authorize a Securities transaction for a reason that is confidential. Compliance Officers are not required to give an explanation for refusing to authorize a Securities transaction.

F. Prohibited Transactions.

Always Prohibited Securities Transactions- Applicable to Access Persons and Advisory Persons. The following Securities transactions are prohibited and will not be authorized under any circumstances:

Inside Information. Any transaction in a Security by an individual who possesses material nonpublic information regarding the Security or the issuer of the Security;

Market Manipulation. Transactions intended to raise, lower, or maintain the price of any Security or to create a false appearance of active trading;

Trades in Accordance with the Terms of the Security. Transactions in violation of or intended to circumvent any terms a security intended to protect the holders of that security. Such terms may include prohibitions on frequent and/or late trading.

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Others. Any other transaction deemed by the Compliance Officer to involve a conflict of interest, possible diversions of a client's opportunity, or an appearance of impropriety.

Generally Prohibited Transaction - Applicable to Advisory Persons. Except for the transactions specified in the Exemptions Section in subsection F below, the following Securities transactions are prohibited for all Advisory Persons.

Three-Day Blackout. If the Advisor, on behalf of a client, has executed a trade in a Security, an Advisory Person may not purchase or sell, directly or indirectly, the Security or a Equivalent Security within 3 trading days before or after that client's trade if the Advisory Person has any Beneficial Interest in the Equivalent Security or a Security or will acquire any Beneficial Interest in the Security or a related Security by reason of the purchase.

60-Day Blackout Period. Sale of a Security in which an Advisory

Person has a Beneficial Interest within 60 days of a purchase of the Security (or an Equivalent Security). Of course, Access Persons must place the interests of the clients first; they may not avoid or delay purchasing or selling a security for a client in order to profit personally. If a circumstance arises where an Advisory Person has a loss or a gain of 25% or greater during the 60-day holding period, then they may sell the Security after obtaining pre-clearance from the Chief Compliance Officer or her designated Compliance Officer to ensure that the 3-day blackout period will not be violated.

An Equivalent Security means any Security issued by the same entity as the issuer of a Security, including options, rights, stock appreciation rights, warrants, preferred stock, restricted stock, phantom stock, bonds, and other obligations of that company or security otherwise convertible into that security. Options on securities are included even if the Options Clearing Corporation or a similar entity issues them.

PLEASE SEE APPENDIX I FOR FURTHER CLARIFICATION ON THE 60-DAY BLACKOUT PERIOD.

- G. Exemptions from Pre-clearance and Treatment as a Generally Prohibited Transaction. The following Securities transactions are exempt from the pre-clearance requirements and the generally prohibited transaction restrictions set forth above.

De Minimis Transactions.

Equity Securities. Any equity Security transactions, or series or related transactions, effected over a five (5) trading day period, involving 500 or fewer shares in the aggregate of a Security included in the S&P 500.

Fixed Income Securities. Any fixed income Security transaction, or series of related transactions, effected over a period of five (5) trading days, involving \$10,000 principal amount or less in the aggregate.

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Exempt Mutual Funds. Except for non-exempt mutual funds described in the next paragraph, any purchase or sale of a Security issued by any registered open-end investment company, including exchange-traded funds (ETF's). Examples of ETF's are SPDRS, QQQ's, MDY's, DIA's, WEBS, Diamonds, iShares, etc.

Non-Exempt Mutual Funds. Closed end funds, unit investment trust interests, and similar securities are not exempt from the

pre-clearance and prohibited transaction provisions of this Code. ALSO, ANY MUTUAL FUND THAT IS ADVISED OR SUB-ADVISED BY THE ADVISOR, AND ANY FUND WHERE THE ADVISOR OR PRINCIPLE UNDERWRITER IS AN ENTITY UNDER COMMON CONTROL WITH THE ADVISOR ARE NOT EXEMPT FROM THE PRE-CLEARANCE AND PROHIBITED TRANSACTION PROVISIONS OF THIS CODE. PLEASE SEE APPENDIX II FOR THE CURRENT LIST OF NON-EXEMPT MUTUAL FUNDS. NOTE THAT APPENDIX II IS SUBJECT TO AMENDMENT FROM TIME TO TIME.

No Knowledge. Securities transactions where the Advisory Person has no knowledge of the transaction before it is completed (for example, Securities transactions effected for an Advisory Person by a trustee of a blind trust, or discretionary trades involving an investment partnership, or discretionary trades made in a managed account, in connection with which the Advisory Person is neither consulted nor advised of the trade before it is executed).

Certain Corporate Actions. Any acquisition of Securities through stock dividends, dividend reinvestments, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of Securities.

Systematic Investment Plans. Any acquisition of a Security pursuant to a systematic investment plan that has previously been approved pursuant to this Code. A systematic investment plan is on pursuant to which a prescribed investment will be made automatically on a regular, pre-determined basis without affirmative action by the Access Person.

Rights. Any acquisition of Securities through the exercise of rights issued by an issuer pro rata to all holder of a class of its Securities, to the extent the rights were acquired in the issue.

Miscellaneous. Any transaction in the following: (1) bankers acceptances, (2) bank certificates of deposit, (3) commercial paper, (4) repurchase agreements, (5) Securities that are the direct obligation of the U.S. Government, and (6) other Securities as may from time to time be designated in writing by the Compliance Department on the ground that the risk of abuse is minimal or non-existent.

H. Reporting Requirements

1. Initial and Periodic Disclosure of Personal Holdings by Access Persons. Within 10 days of becoming an Access Person (including Advisory Persons) each Access Person must submit written and signed reports containing information about each Security in which the Access Person had any direct

or indirect beneficial ownership ("Holdings Reports"). The information included in the Initial Holdings Report must reflect the Access Person's holdings within 45 days of the date he or she became an Access Person.

Each Holdings Report must include the following information, preferably in the form of copies of the Access Person's brokerage statements:

- o title of each Security in which the Access Person had any direct or indirect beneficial ownership;
- o number of shares and/or principal amount of each Security in which the Access Person had any direct or indirect beneficial ownership;
- o name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person; and
- o date the Holdings Report is submitted by the Access Person.

If an Access Person is not required to report any information on a Holdings Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer or her designated Compliance Officer by the date on which the Holdings Report is due.

Any temporary workers, consultants, independent contractors or certain employees of affiliates (e.g., LDPs) who will be or are working with the Advisor for longer than 6 months will be required to report under the Code.

2. Annual Holdings Reports

Each Access Person must submit to the Chief Compliance Officer or her designated Compliance Officer an Annual Holdings Report no later than February 15th of each year. The information included in the Annual Holdings Report must reflect the Access Person's holdings as of the immediately preceding December 31st.

3. Quarterly Reporting Requirements

Within 30 calendar days of the end of each calendar quarter, each Access Person must submit a Quarterly Transaction Report to the Chief Compliance Officer or her designated Compliance Officer containing information about:

- o every transaction in a Security during the quarter and in which the Access Person had any Beneficial Interest, unless exempted under subsection G.5 below; and
- o every account established by or for the benefit of the Access Person that holds Securities in which the Access Person has a

Beneficial Interest, unless exempted under subsection G.5 below .

A Quarterly Transaction Report must include the following information:

- o date of each transaction in a Security;
 - o title of the Security;
 - o interest rate and maturity date of the Security, if applicable;
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- o number of shares and/or principal amount of the Security;
 - o nature of the transaction;
 - o price of the Security at which the transaction was effected;
 - o name of the broker, dealer or bank with or through which the transaction was effected;
 - o name of the broker, dealer or bank with whom the Access Person established any new account;
 - o date the account was established; and
 - o date the Quarterly Transaction Report is submitted by the Access Person.

If an Access Person is not required to report any information on a Quarterly Transaction Report, the Access Person must submit a written and signed statement to that effect to the Chief Compliance Officer or her designated Compliance Officer no later than 30 calendar days after the end of the calendar quarter.

4. Transactions and Periodic Statement Reporting Requirements.

An Access Person must arrange for the Chief Compliance Officer or her designated Compliance Officer to receive directly from any broker, dealer or bank that effects and Securities transaction in which the Access Person has or acquires a Beneficial Interest, duplicate copies of each confirmation for each such transaction and periodic statements for each account in which such Access Person has a Beneficial Interest. An Access Person must also arrange for the Chief Compliance Officer or her designated Compliance Officer to receive directly from any mutual fund company that Advisor provides mutual fund sub-advisory services for, duplicate copies of periodic statements (no less frequently than

quarterly) for each account in which such Access Person has a Beneficial Interest.

IF AN ACCESS PERSON OPENS AN ACCOUNT AT A BROKER, DEALER, BANK, OR MUTUAL FUND THAT ADVISOR ADVISES OR SUB-ADVISES, THAT HAS NOT PREVIOUSLY BEEN DISCLOSED, THE ACCESS PERSON MUST IMMEDIATELY NOTIFY THE CHIEF COMPLIANCE OFFICER OR HER DESIGNATED COMPLIANCE OFFICER OF THE EXISTENCE OF THE ACCOUNT AND MAKE ARRANGEMENTS TO COMPLY WITH THE REQUIREMENTS SET FORTH HEREIN.

5. Exceptions for Certain Securities and Accounts

An Access Person does not have to report transactions involving the following securities or accounts:

- o direct obligations of the government of the United States;
- o bankers' acceptances;
- o bank certificates of deposit;
- o commercial paper;
- o high quality short-term debt instruments including repurchase agreements;
- o Purchases of Securities under a dividend reinvestment plan;
- o shares issued by open-end funds that are not advised or sub-advised by Advisor;

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- o securities held in any account over which the Access Person has no direct or indirect influence or control; and
- o transactions effected for any account over which the Access Person has no direct or indirect influence or control; and
- o shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are funds advised, sub-advised, or principally underwritten by the Advisor or an entity under common control with the Advisor.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 30 days after the end of the calendar quarter.

6. Exceptions Based On Duplicate Confirmations

In addition, an Access Person does not have to make a Quarterly Transaction Report for a calendar quarter if:

- o the report would duplicate information contained in broker trade confirmations or account statements received by the Compliance Officer no later than 30 days after the end of the calendar quarter and
- o all of the required information is contained in the broker trade confirmations or account statements.

If broker trade confirmations do not contain all of the required information, the Access Person must include the missing information in a Quarterly Transaction Report.

If an Access Person does not make a Quarterly Transaction Report because of this exception, the Access Person must submit a written and signed statement to that effect to the Compliance Officer no later than 30 days after the end of the calendar quarter.

- I. Disclosure of Beneficial Interest by Advisory Persons. Advisory Persons are prohibited from recommending, implementing or considering any securities transactions for a client without having disclosed any material Beneficial Interest in the issuer or its affiliates to the Chief Compliance Officer or her designated Compliance Officer. If the Chief Compliance Officer or her designated Compliance Officer deems the disclosed interest to present a material conflict, the Advisory Person may not participate in any decision-making process regarding the securities of that issuer.

III. OTHER POTENTIAL CONFLICTS OF INTEREST

- A. Confidentiality. You are prohibited from revealing specific information relating to the investment intentions, activities or portfolios, except to persons whose responsibilities require knowledge of the information or as necessary to service client accounts. It is paramount that independence in the investment decision-making process be maintained.

As a matter of firm policy, the Advisor restricts the dissemination of client information and will not publish, provide or distribute non-public client information to nonaffiliated third parties, except as required or permitted by law. Nonpublic client information includes, but is not limited to, individual account holdings, transactions, balances, name, address, social security number, or other financial information.

B. Gifts.

Accepting Gifts. On occasion, you may be offered, or may receive without notice, gifts from clients, brokers, vendors, or other persons that do business with the Advisor, directly or on behalf of a Client. Acceptance of extraordinary or extravagant gifts is not permissible. Any such gifts must be declined or returned in order to protect the reputation and integrity of the Advisor. Gifts of a nominal value (i.e., gifts whose reasonable value is no more than \$100 per year), and customary business meals, entertainment (e.g., sporting events, theater tickets, etc.), and promotional items (e.g., pens, mugs, t-shirts, etc.) may be accepted so long as it is not so frequent, so costly, nor so extensive as to raise any question of impropriety.

Solicitation of Gifts. You may not solicit gifts or gratuities.

Giving Gifts. Excepting customary business meals, entertainment, and promotional items, you may not personally give gifts with an aggregate value in excess of \$100 per year to persons associated with securities or financial organizations, including exchanges, other member organizations, commodity firms, or clients of the firm.

- C. Restrictions on Political Contributions. The Advisor is acutely aware of the actual and/or appearance of conflicts of interest when government officials or political candidates request political contributions from investment managers.

Neither Advisor nor any employees of the Advisor will engage, either directly or indirectly in any "Pay-to Play" activities. Pay-to-Play means the conduct of making political campaign contributions to, and soliciting political campaign contributions for, public officials in return for being considered eligible by public agencies to perform professional services. It is a violation of this Code to request or suggest to any person to make a political or charitable contribution or payment, for the purpose of obtaining or retaining advisory contracts with government entities, or which could appear to directly benefit the Advisor, nor may the Advisor reimburse an individual for his/her personal contribution or payment. This is an absolute ban-NO EXCEPTIONS.

- D. Service to Unaffiliated Entities. You may serve in a an advisory or fiduciary capacity (e.g., member of a board of directors) of an entity that is not part of the Western & Southern Financial Group only after obtaining prior authorization from the Chief Executive Officer of the Advisor.

- E. Compliance with Applicable Laws and the Advisor's Policies. You shall comply with the laws applicable to Advisor's conduct of its business.

Specifically, you shall not, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client, or in connection with your personal trading conduct any of the following acts:

- o To employ any device, scheme or artifice to defraud;
- o To make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement not misleading;
- o To engage in any act, practice or course of business that operates or would operate as a fraud or deceit;
- o To engage in any manipulative practice; or
- o To engage in any manipulative practice with respect to securities, including price manipulation.

You also shall comply with all of the Advisor's policies and procedures, including those related to the use of non-public information, the voting of proxies, and the execution of trades on behalf of a client.

IV. COMPLIANCE WITH THE CODE OF ETHICS

- A. Investigating Violations of the Code. The Chief Compliance Officer is responsible for investigating any suspected violation of the Code and shall report any violations to Senior Management and any Board of Directors who are not subjects of the investigation.
- B. Annual Reports. The Chief Compliance Officer will review the Code at least once a year, in light of legal and business developments and experience in implementing the Code, and will report to the Board of Directors:
- o Summarizing existing procedures concerning personal investing and any changes in the procedures made during the past year;
 - o Identifying any violation requiring significant remedial action during the past year; and
 - o Identifying any recommended changes in existing restrictions or procedures based on its experience under the Code, evolving industry practices, or developments in applicable laws or regulations.
 - o Certify that the Advisor has adopted procedures reasonably necessary to prevent all employees from violating the Code.
- C. Remedies.

Sanctions. If the Chief Compliance Officer and the appropriate officers of

the Advisor determines that an you have committed a violation of the Code, they may impose sanctions and take other actions as it deems appropriate, including a letter of caution or warning, suspension of personal trading

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rights, suspension of employment (with or without compensation), fine, and termination of the employment of the violator for cause. After discussions with the appropriate officers of the Advisor, the Compliance Department may also require any person who found to have violated this Code to reverse the transaction in question and forfeit any profit or absorb any loss associated or derived as a result. The amount of profit shall be calculated by the Compliance Department and/or the appropriate officers of the Advisor and shall be forwarded to a charitable organization selected by the appropriate officers of the Advisor. Finally, violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations. No member of the Compliance Department may review his or her own transactions.

Generally, the Advisor's guidelines for violations occurring over a calendar year will be:

1st Violation: Written warning and counseling

2nd Violation: \$50 fine to be donated to a charity determined by Management

3rd Violation: 60-day restriction of all personal trading privileges

4th Violation: Potential termination of employment with the Advisor

The above sanctions are merely guidelines, and the Advisor maintains the right to impose any sanctions in any out of order should it deems responsive to the violation.

Review. Whenever the Chief Compliance Officer or her designated Compliance Officer determines that a breach of this Code has occurred that merits remedial action, it will report to the relevant Board of Directors, information relating to the investigation of the violations, including any sanctions imposed.

D. Exceptions to the Code

Although exceptions to the Code will rarely, if ever, be granted, the Chief Compliance Officer may grant exceptions to the requirements of the Code on a case by case basis if the she finds that the proposed conduct involves no material opportunity for abuse. All such exceptions must be in writing and must be reported to the Board of Directors at their next regularly scheduled meeting after the exception is granted.

E. "Whistleblower" Provision

If you become aware of a violation of the Code, the apparent or suspected violation must be reported promptly to the Chief Compliance Officer or her designee. All such reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Reports may be submitted anonymously should you wish. In addition, should the Chief Compliance Officer or her designee be involved in the violation or is unreachable, you may report a violation to the Chief Compliance Officer or another Compliance Officer of the Western & Southern Financial Group. Any retaliation against an individual who reports a violation is prohibited and constitutes a further violation of the Code.

V. RECORDKEEPING REQUIREMENTS

Advisor shall maintain and preserve in an easily accessible place:

- o A copy of this Code, or any other Code of Ethics, that was in effect within the previous 5 years.
- o A record of any violation of this Code and any action taken as a result of such violation for a period of 5 years following the end of the reporting year in which the violation occurred.
- o A record of any decision, and the reasons supporting the decision, that were used to approve an employee's trade that was deemed an exception to the provisions of this Code.
- o A copy of each report submitted under this Code for a period of 5 years.
- o A list of all persons who are, or within the past 5 years were, subject to the reporting requirements of the Code.

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Chief Compliance Officer:
Michele Hawkins
michele.hawkins@fortwashington
(513) 361-7652

Designated Compliance Officer:
Jennifer Casson
jennifer.casson@fortwashington.com
(513) 361-7928

Note that persons in addition to those listed above may also be designated to perform the functions of a Compliance Officer.

The Advisor has adopted this Code of Ethics, in accordance with the provisions of Rule 17j-1 under the Investment Company Act of 1940, as amended (the "1940 Act") as well as Investment Advisers Act ("Advisers Act") Rule 204A-1.

Effective date: February 1, 2005

APPENDIX I (THIS APPENDIX IS A PART OF AND NOT IN ADDITION TO THE CODE)

GUIDANCE ON THE 60-DAY HOLDING PERIOD

Any profits realized by Access Persons on transactions in the same or equivalent securities within 60 days will be required to be disgorged to a charity chosen by the Advisor's senior management. This applies to the purchase and sale of a security within a 60-day period in any beneficially owned account.

The following are various questions and answers to help you understand this provision. If you have any further questions regarding this provision, you should contact the Compliance Officer.

Q: How is the 60-day period measured?

A: Days are measured in calendar days. If the purchase is considered to be made on day 0, day 61 is the first day a sale of those securities may be made without regard to the disgorgement of profits rule.

Q: How are profits measured when there is a series of purchases and sales within the 60 calendar day period?

A: A series of purchases and sales will be measured on a first-in, first-out basis until all purchases and sale transactions within a 60-day period are matched. The sum of the profits realized on these paired purchases and sales will be subject to disgorgement. No reduction will be made for losses.

Q: Is the short sale of a security considered a sale?

A: Yes, a short sale is considered a sale for all purposes (reporting, pre-clearance, and the 60-day holding period). Please note that naked short sales are prohibited under the Code.

Derivative Transactions

For the purposes of reporting, pre-clearance and the 60-day holding period, a transaction in any put or call option (except an option on an Exempt Security) or any future on a security (except a future on an Exempt Security), will be treated as a derivative transaction. For the purposes of this Code, derivative transactions will be divided into two categories: "call equivalent positions" and "put equivalent positions". A "call equivalent position" is treated and a purchase of the underlying security. Conversely, a "put equivalent position" is treated as a sale of the underlying security. Please note that writing or acquiring naked options are prohibited under the Code.

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APPENDIX II (THIS APPENDIX IS A PART OF AND NOT IN ADDITION TO THE CODE)

NON-EXEMPT MUTUAL FUNDS

Touchstone Core Bond Fund

Touchstone Emerging Growth Fund

Touchstone Growth Opportunities Fund

Touchstone High Yield Fund

Touchstone Large Cap Core Equity Fund

Touchstone Large Cap Growth Fund

Touchstone Micro Cap Growth Fund

Touchstone Ohio Insured Tax-Free Fund

Touchstone Small Cap Growth Fund

Touchstone Value Plus Fund

This Appendix II is subject to change. Please contact the Chief Compliance Officer or her designated Compliance Officer to ensure you have the current version.

INTRODUCTION

This Code of Ethics (the "Code") is based on the principle that you, as an officer or employee of Allianz Global Investors of America L.P. ("the Company") and its affiliated divisions or subsidiaries, including ADAM Capital Management LLC, Allianz Hedge Fund Partners L.P., Allianz Private Client Services LLC, Allianz Private Equity Partners, Inc., Alpha Vision Capital Management, Cadence Capital Management LLC, Nicholas-Applegate Capital Management LLC, NFJ Investment Group L.P., OCC Distributors LLC, OpCap Advisors LLC, Oppenheimer Capital LLC, PA Fund Management LLC, PA Managed Accounts LLC, PA Retail Holdings LLC, PA CD Distributors LLC, and PEA Capital LLC, (collectively, the Company or "AGI Advisers"), owe a fiduciary duty to the shareholders of the registered investment companies (the "Funds") and other clients (together with the Funds, the "Advisory Clients") for which the Company serves as an adviser or sub-adviser. Accordingly, you must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of our Advisory Clients. If you are covered by another code of an AGI Adviser or Allianz Group Company, this Code shall not apply to you.

At all times, you must:

1. PLACE THE INTERESTS OF OUR ADVISORY CLIENTS FIRST. As a fiduciary, you must scrupulously avoid serving your own personal interests ahead of the interests of our Advisory Clients. You may not cause an Advisory Client to take action, or not to take action, for your personal benefit rather than the benefit of the Advisory Client. For example, you would violate this Code if you caused an Advisory Client to purchase a security you owned for the purpose of increasing the price of that Security. Likewise, in connection with your regular functions and duties, you would violate this Code if you made a personal investment in a security that might be an appropriate investment for an Advisory Client without first considering the security as an investment for the Advisory Client.
2. CONDUCT ALL OF YOUR PERSONAL SECURITIES TRANSACTIONS IN FULL COMPLIANCE WITH THIS CODE AND THE COMPANY INSIDER TRADING POLICY. The Company encourages you and your family to develop personal investment programs. However, you must not take any action in connection with your personal investments that could cause even the appearance of unfairness or impropriety. Accordingly, you must comply with the policies and procedures set forth in this Code. Failure to comply with this Code may result in disciplinary action, including termination of employment. In addition, you must comply with the policies and procedures set forth in the Company Insider Trading Policy and Procedures, which is attached to this Code as Appendix I. Questions regarding these policies and procedures should be addressed with your local Compliance Officer.
3. AVOID TAKING INAPPROPRIATE ADVANTAGE OF YOUR POSITION. The receipt of investment opportunities, gifts or gratuities from persons seeking business with the Company directly or on behalf of an Advisory Client of an AGI Adviser could call into question the independence of your business judgment. In addition, information concerning the identity of security holdings and financial circumstances of an Advisory Client is confidential. You may not use personal or account information of any client of the Company except as permitted by the Company's Privacy Policy (Appendix IV to this Code). Accordingly, you must comply with the policies and procedures set forth in this Code under the heading Fiduciary Duties.
4. COMPLY WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS. In connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by an Advisory Client, you are not permitted to: (i) defraud such client in any manner; (ii) mislead such client, including making a statement that omits material facts; (iii) engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client; (iv) engage in any manipulative practice with respect to such client; or (v) engage in any manipulative practices with respect to securities, including price manipulation.

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QUESTIONS

Questions regarding this Code should be addressed to your local Compliance Officer. As of the effective date of this Code, the Compliance Officers are: ANNE-MARIE PITALE (AGI-East, Allianz Hedge Fund Partners, Allianz Private Client Services, Allianz Private Equity Partners, OCC Distributors, OpCap Advisors, Oppenheimer Capital, PA CD Distributors, PA Fund Management, PA Managed Accounts, PA Retail Holdings, and PEA Capital); VIRGINIA CAMP (AGI-West); MARY ELLEN MELENDEZ (Cadence); LIZ HOLCOMB (NFJ); and BETH ANN COLEMAN (ADAM Capital Management, Alpha Vision Capital Management and Nicholas-Applegate). The Compliance Committee members are Frank Poli, Anne-Marie Pitale, Youse Guia, and Beth Ann Coleman.

I. COVERED PERSONS

Based upon your activities and role within the Company, you will be placed in one or more of the following categories. Provisions of the Code pertaining to the pre-clearance requirements and certain prohibited transactions may apply to more than one category.

- A. "NON-ACCESS PERSON" means any director, officer, or employee of an AGI Adviser that does NOT, in connection with their regular duties, makes, participates in, or has access to nonpublic information regarding the purchase or sale of Covered Securities by the Advisory Clients of an AGI Adviser, or does NOT have access to nonpublic information regarding the portfolio holdings of affiliated mutual funds. It also includes individuals who are not deemed an "interested person" of a Fund within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, i.e. outside Fund Trustees.
- B. "ACCESS PERSON" means any director, officer, Portfolio Employee, or employee of an AGI Adviser who, in connection with their regular duties, makes, participates in, or has access to nonpublic information regarding the purchase or sale of Covered Securities by the Advisory Clients of an AGI Adviser, or has access to nonpublic information regarding the portfolio holdings of affiliated mutual funds.
- C. "PORTFOLIO EMPLOYEE" means any employee of an AGI Adviser who, in

connection with their regular functions and duties, makes, or participates in making, recommendations regarding the purchase or sale of securities on behalf of any Advisory Client, provides information or advice to a Portfolio Manager, or helps execute a portfolio manager's recommendations. Generally, Portfolio Employees includes, but is not limited to, portfolio managers, research analysts and traders.

II. COVERED SECURITIES

THE FOLLOWING LIST IDENTIFIES THE "COVERED SECURITIES" OR "SECURITIES" THAT ARE DEEMED SUBJECT TO THE REQUIREMENTS OF THE CODE:

Any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or shares of closed-end investment companies, or any shares in proprietary funds of the Company and other mutual funds sub-advised by the employee's operating entity (collectively "Mutual Funds" 1), in general, any interest or instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any security. The purchase or sale of a Security includes, among other things, the writing of an option to purchase or sell a Security.

THE DEFINITION OF SECURITIES ALSO INCLUDES SECURITY FUTURES(2) AND FUTURES AND OPTIONS ON ANY GROUP OR INDEX OF SECURITIES (AS DEFINED IN THE INVESTMENT COMPANY ACT OF 1940).

(1) AGI mutual funds includes funds available through the AGI 401(k), Auto Invest Program and Deferred Compensation Plan. For a listing of sub-advised funds, see your local Compliance Officer.

(2) A security future is a contract of sale for future delivery of a single security or a narrow-based security index.

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III. ACCOUNTS COVERED UNDER THE CODE

All accounts where an employee is deemed to have beneficial ownership are subject to the provisions of this Code. For purposes of this Code, Beneficial Ownership shall be interpreted in the same manner as the definition contained in the provision of Section 16 of the Securities Exchange Act of 1934 under Rule 16a-1(a) (2).

Generally, you are considered to have Beneficial Ownership of Securities if you have or share a direct or indirect pecuniary interest in the Securities.

You have a pecuniary interest in Securities if you have the opportunity to directly benefit or share in any profit derived from a transaction in the Securities.

THE FOLLOWING ARE EXAMPLES OF A PERSON HAVING BENEFICIAL OWNERSHIP OF SECURITIES:

- a. Securities held in the name of the officer or employee of any AGI Adviser.
- b. Securities held by members of your immediate family sharing the same household.

Immediate family includes any spouse, domestic partner, child, stepchild, grandchild, parent, stepparent, grandparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and any adoptive relationship(3)

- c. Your interest as a general partner in Securities held by a general or limited partnership.
- d. Your interest as a manager-member in the Securities held by a limited liability company.

- e. Your ownership of Securities as a trustee where either you or members of your immediate family have a vested interest in the principal or income of the trust.
- f. Your ownership of a vested beneficial interest in a trust.
- g. Your status as a settler of a trust, unless the consent of all of the beneficiaries is required in order for you to revoke the trust.

 You do not have an indirect Pecuniary Interest in Securities held by a corporation, partnership, a limited liability company or other entity in which you hold an equity interest, unless you are a controlling equity holder or you have (or share) investment control over the Securities held by the entity.

 The final determination of Beneficial Ownership is a question to be determined in light of the facts for each particular case. If in doubt, employees should consult with their local Compliance Officer. Additional guidance on Beneficial Ownership can be found in Appendix II.

 3 Please direct any questions concerning the definition of "immediate family" to either your local Compliance Officer or the Human Resources Department.

IV. EXEMPT SECURITIES

The following securities and transactions are exempt from the pre-clearance and certain reporting requirements under the Code ("Exempt Securities"):

- A. Direct obligations of the government of the United States, including fixed income securities issued by agencies or instrumentalities of, or are unconditionally guaranteed by the government of the U.S.
- B. Bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and high quality short-term debt instruments(4).
- C. Shares of money market funds.
- D. Purchases of Covered Securities under a dividend reinvestment plan.
- E. Purchases of Covered Securities by exercise of rights issued to the holders of a class of Securities pro rata, to the extent they are issued with respect to Securities of which you have Beneficial Ownership.
- F. Acquisitions or dispositions of Covered Securities as the result of a stock dividend, stock split, reverse stock split, merger, consolidation, spin-off or other similar corporate distribution or reorganization applicable to all holders of a class of Securities of which you have Beneficial Ownership.
- G. Dispositions of Securities of a private issuer, i.e. private placements.
- H. Commodities, futures and options traded on a commodity exchange, including currency futures.
- I. Short sales, puts, calls, straddles, or options on any Exempt Security.
- J. Shares of non-proprietary registered open-end investment companies that are not advised or sub-advised by the employee's operating entity nor advised by a control affiliate of the employee's operating entity.
- K. Transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated open-end investment companies.
- L. Shares of exchange-traded funds (ETF's). Examples of ETF's are SPDRS, QQQs, MDYs, DIAs, WEBS, Diamonds, iShares, etc.
- M. Exchange-traded futures and options on broadly-based indices.
- N. (For employees of NFJ only) Shares of any issuer not currently owned in any NFJ Advisory Clients' accounts and not currently contemplated by

any NFJ portfolio manager for purchase in any such Advisory Clients' accounts, i.e. a determination would need to be made that the shares that the NFJ employee wishes to transact in does not conflict with any NFJ client account whereby the security is held in or eligible to be held in any NFJ client account.

4 Defined as any instrument that has a maturity at issuance of less than 366 days and that is rated by one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization, including repurchase agreements.

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EXEMPT SECURITIES CONTINUED

- O. *(For Non-Access Persons only) Purchases or sales that do not exceed 2,000 shares per day, per Large-Cap Issuer⁵.
- P. *(For Non-Access Persons only) Purchases or sales up to the lesser of 1,000 shares or \$10,000 per calendar week, per issuer of stock other than stock issued by a Large-Cap Issuer.
- Q. Purchases or sales up to \$100,000 per calendar month per issuer of fixed-income Securities issued by U.S. corporations.
- R. Purchases or sales up to \$1,000,000 per calendar month per issuer of fixed-income Securities issued by Qualified Foreign Governments⁶.
- S. Other specific transactions as may be exempted by your local Compliance Officer or the Compliance Committee based upon a determination that the transaction(s) do not interfere or appear to interfere with making decisions in the best interest of our Advisory Clients. On a case-by-case basis, a Compliance Officer or the Compliance Committee may exempt a specific transaction from any of the provisions of this Code except for the provisions set forth in the Reporting and Certification section. All requests to exempt a transaction must be in writing and forwarded to your local Compliance Officer for approval prior to your executing the transaction.

CAUTION

Qualified Foreign Governments, Large-Cap Issuers and broadly based indices may change from time to time. Accordingly, you may purchase a Covered Security deemed to be an EXEMPT SECURITY only to find that when you wish to sell them, you may not do so without prior approval from your local Compliance Officer.

*THE PRE-CLEARANCE EXEMPTION FOR THESE ITEMS DOES NOT APPLY FOR EMPLOYEES OF AN AGI ADVISER THAT IS BASED IN NEW YORK. SUCH EMPLOYEES MUST PRE-CLEAR THESE TRANSACTIONS THROUGH CTI-ITRADE. REFER TO THE GENERAL PRE-CLEARANCE REQUIREMENTS SECTION FOR FURTHER DETAILS.

5 A Large-Cap Issuer is an issuer with a total market capitalization in excess of five billion dollars. Information concerning large-cap issuers is available on the Internet. If you are unsure whether a security is a large-cap issue, contact a Compliance Officer.

6 A Qualified Foreign Government is a national government of a developed country with outstanding fixed-income securities in excess of fifty billion dollars.

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V. GENERAL PRE-CLEARANCE REQUIREMENTS

A. ACCESS PERSONS AND PORTFOLIO EMPLOYEES

- a) All Access Persons and Portfolio Employees must pre-clear their personal securities transactions by either submitting a Pre-Clearance Request Form (Appendix XI) to a designated pre-clearance personnel or submitting such request through a designated system that is implemented at your location. Exempt Securities and Mutual Fund transactions, as defined in the Code, are not subject to pre-clearance requirements.
- b) All pre-clearance approvals are effective until the close of business on the day that pre-clearance is given (4:00 P.M EST). If the individual submitting the request wishes to execute a trade in the same Security or an equivalent Security on subsequent days, a new pre-clearance request must be

submitted. GTC (good till canceled) orders will not be cleared.

B. NEW YORK OR NICHOLAS-APPLEGATE EMPLOYEES

- a) All Non-Access Persons, Access Persons, and Portfolio Employees who are employees of an AGI Adviser that is located in New York as well as all Access Persons and Portfolio Employees who are employees of Nicholas-Applegate, must pre-clear all personal security transactions by submitting a Trade Request Form through CTI iTrade (Appendix XII). If you have any questions regarding the use of CTI, please call the AGI-NY Compliance Hot-Line at (212) 739-3186 or your local Nicholas-Applegate Compliance Officer. See Appendix V for instructions on how to use CTI iTrade.
- b) Investment management personnel that are employees of Nicholas-Applegate must receive written authorization for all non-exempt personal securities transactions from the Chief Investment Officer ("CIO") or a senior portfolio manager.

VI. PROHIBITED TRANSACTIONS

A. ACCESS PERSON

- a) Same day securities may not be purchased or sold by an Access Person if, at the time of pre-clearance, there is a pending buy or sell order on the relevant trading desk on behalf of an Advisory Client in the same Security or an equivalent Security⁷. Such orders by an Access Person can only be purchased or sold on the following day that the Advisor Client(s) order has been executed.
- b) Securities may not be purchased or sold if, at the time of pre-clearance, you knew or should have known that an Advisory Client would be trading in the same security or an equivalent Security on the same day.
- c) If you are an Access Person, you may not acquire Beneficial Ownership of any securities in an initial public offering (as defined in Rule 17j-1).

7 An equivalent Security of a given Security is (i) a Security issuable upon exercise, conversion or exchange of the given Security, (ii) a Security exercisable to purchase, convertible into or exchangeable for the given Security, or (iii) a Security otherwise representing an interest in or based on the value of the given Security.

B. PORTFOLIO EMPLOYEES

- a) Same day securities may not be purchased or sold by a Portfolio Employee if, at the time of pre-clearance, there is a pending buy or sell order on the relevant trading desk on behalf of an Advisory Client in the same Security or an equivalent Security⁷. Such orders by a Portfolio Employee can only be purchased or sold on the following day that the Advisor Client(s) order has been executed or withdrawn.
- b) Securities may not be purchased or sold if, at the time of pre-clearance, you knew or should have known that an Advisory Client would be trading in the same security or an equivalent Security on the same day.
- c) If you are a Portfolio Employee (or a person that has been identified as having access to the same information, i.e. portfolio managers, research analysts, traders), you may not purchase or sell Securities during the period beginning three days before and ending three days after the day on which an Advisory Client trades in the same Security or an equivalent Security.

NOTE; If you are a Portfolio Employee (or a person that has been identified as having access to the same information), and you pre-clear a Securities transaction prior to the commencement of an Advisory Client trading in the same Security or an equivalent Security, it may not be deemed a violation of this Code unless you knew or should have known that the Advisory Client would be trading in that Security or an equivalent Security within three days after your trade.

- d) If you are a Portfolio Employee, you may not profit from the purchase and sale, or sale and purchase, within 30 calendar days, of the same Securities or equivalent Securities (other than Exempt Securities) of which you have Beneficial Ownership. Any such short-term trade must be unwound, or if that is not practical, the profits must be contributed to a charitable organization. NOTE: additional guidance on this restriction can be found in Appendix III.

You are considered to profit from a short-term trade if Covered Securities of which you have Beneficial Ownership are sold for more than the purchase price of the same Securities or equivalent Securities, even though the Securities purchased and the Securities sold are held of record or beneficially by different persons or entities.

- e) If you are a Portfolio Employee of any AGI Adviser, you are prohibited from transactions involving puts, calls, straddles, options and/or short sales unless the security is an Exempt Security or the transaction is approved by your CIO and your local Compliance Officer.
- f) If you are a Portfolio Employee, you may not acquire Beneficial Ownership of any Securities in an initial public offering (as defined in Rule 17j-1).

C. OPPENHEIMER AND PRIVATE CLIENT SERVICES EMPLOYEES

- a) If you are an employee of Oppenheimer Capital or Allianz Private Client Services, you are prohibited from transactions involving puts, calls, straddles, options, and/or short sales in any Security within the Oppenheimer Capital Recommended List.
- b) If you are an employee of Oppenheimer Capital or Allianz Private Client Services, you may not purchase or sell Securities during the period ending three days after the day on which the Oppenheimer Large Cap Value Model (#50995) and the Value Fund (#63140) trades in the same Security or an equivalent Security.

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D. TRADING RESTRICTIONS IN REGISTERED OPEN-END INVESTMENT COMPANIES

- a) Excessive trading in registered open-end investment companies ("mutual funds") is strictly prohibited. No employee may engage in transactions that are in violation of a fund's stated policy as disclosed in its prospectus and statement of additional information.

- b) Trading in Mutual Funds where the Company is the Adviser or Sub-Adviser:

Employees may not purchase and sell, or sell and purchase the same Mutual Fund, in any 30-day period, regardless of whether those transactions occurred in a single account (e.g., a brokerage account, a 401(k) account, a deferred compensation account, PIMCO Auto-Invest Program, etc.) or across multiple accounts in which the employee has beneficial interest.

- i. This prohibition will not apply, however, with respect to purchases made pursuant to an automatic payroll investment feature in the PIMCO Auto-Invest Program, a deferred compensation, 401(k) or retirement plan (e.g., purchases of mutual fund shares every pay period in an employee's 401(k) plan). In order to rely on this exception, your investment options in such plans may not be changed more than once each month.
- ii. This prohibition will not apply with respect to automatic reinvestments of dividends, income or interest received from the mutual fund.
- iii. This prohibition will not apply to purchases and sales of a mutual fund security that are made by a fund of funds in which an employee invests, as long as the employee's operating entity does not manage or sub-advise that fund of funds.

VII. PRIVATE PLACEMENTS

If you are an Access Person, you may not acquire Beneficial Ownership

of any Securities in a private placement(8), unless you have received prior written approval from your local CIO and your local Compliance Officer. Approval will be not be given unless a determination is made that the investment opportunity should not be reserved for one or more Advisory Clients, and that the opportunity to invest has not been offered to you solely by virtue of your position. The form for requesting private placement approval is attached to this Code (Appendix XIII).

If you are a Portfolio Employee and you have acquired Beneficial Ownership of Securities in a private placement, you must disclose your investment when you play a part in any consideration of an investment by an Advisory Client in the issuer of the Securities, and any decision to make such an investment must be independently reviewed by your local CIO or a Portfolio Manager who does not have Beneficial Ownership of any Securities of the issuer.

8 A private placement is an offering of ownership in a new or secondary issue to a single investor or group of investors. The sale or placement is usually made through an investment banker and the securities' public resale restricted if they are not registered under the Securities Exchange Act of 1933.

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VIII. USE OF BROKER-DEALERS AND BROKERAGE ACCOUNTS

To assist in the implementation of the Code and meet regulatory requirements, all New York and San Diego based employees must maintain their personal brokerage and trading accounts (which they are deemed to have Beneficial Ownership) with a "Designated Broker"* (currently Charles Schwab-see appendix VI for further details). It is preferred that all other employees of an AGI Adviser use a designated broker, although it is not required. If you are an employee with a Designated Broker, you are required to transfer your account(s) to the Designated Broker within a reasonable period of time from your initial commencement of employment. There will be no costs charged by the Designated Broker associated with transferring your personal brokerage/trading accounts. If you are maintaining a brokerage account other than with a Designated Broker, you are required to immediately disclose this to your local compliance department. Based upon the determination by the appropriate Compliance Officer, certain exemptions may be granted that would allow the employee to continue maintaining his or her personal brokerage/trading accounts with a non-designated broker.

All employees that are maintaining a brokerage or trading account with a non-designated broker must ensure that duplicate copies of account statements and transactional confirms are sent directly to the attention of your local compliance department (if regularly prepared). The confirmations and statements must, in the aggregate, provide enough detail that would show the name of the broker, account number, date of transaction, whether it was a buy/sell, security name, amount of transaction, and the price.

Most brokers require that an AGI Adviser provide a Rule "407" letter which acknowledges that your account is held by such broker and requests that the broker provide the relevant compliance department with duplicate client account statements and transactional confirms. Your local Compliance Officer will execute this letter for any of your beneficially owned accounts that have been approved by Compliance.

Employees are not required to comply with the provisions under this section if their brokerage or trading account 1) is fully managed by a third party, and 2) exclusively holds Exempt Securities and is unable to hold any Covered Securities.

* Note transactions in registered open-end investment companies are not required to be executed through a designated broker.

IX. REPORTING AND CERTIFICATION

A. INITIAL REPORTING AND CERTIFICATION FOR NEW EMPLOYEES

Within 10 days following the commencement of employment at an AGI Adviser, all employees are required to complete and submit the Initial Acknowledgement Certification and the Initial Listing of Personal Securities Holdings, Mutual Fund and Brokerage Accounts forms to your local compliance department (See Appendix VII and VIII). The information supplied must be current as of a date no more than 45 days before becoming an employee.

B. QUARTERLY TRANSACTIONAL REPORTING FOR NON-DESIGNATED BROKER ACCOUNT(S)

All employees that maintain a brokerage, Mutual Fund or trading account with a non-designated broker AND do not have duplicate copies of account statements and transactional confirms being sent directly to the attention of your local compliance department, must complete and submit a Quarterly Transaction Report for all "Covered Securities" within 30 days following the end of each calendar quarter (Appendix IX). It is at the discretion of your local Compliance Officer to implement the quarterly reporting requirement for all other brokerage, Mutual Fund or trading accounts that the compliance department may be receiving duplicate account information.

C. ANNUAL REPORTING AND CERTIFICATION

Within 10 days following the end of the calendar year, all "active" employees are required to complete and submit the Annual Listing of Securities Holdings and Certification of Compliance form to your local compliance department (See Appendix X). The information supplied must be current as of a date no more than 45 days before the annual report is submitted. For all Non-Access Persons, Access Persons, and Portfolio Employees who are employees of an AGI Adviser that is located in New York, this requirement is satisfied by certifying the Code of Ethics Certification and the Brokerage Account Certification through CTI iTrade within 10 days following the end of the calendar year.

X. FIDUCIARY DUTIES

A. GIFTS

No employee ("Employee") of an AGI Adviser shall receive (or give) any gift or other consideration in merchandise, service, or otherwise that is excessive in value or frequency from (or to) any person, firm, corporation, association or other entity ("Outside Entity") that does business with or on behalf of the Funds, an Advisory Client or the Company.

- a. Gifts and entertainment must be reasonable in terms of frequency and value. It may be reasonable to give or receive gifts at a more frequent basis under certain limited circumstance, i.e. holiday season.
- b. Do not accept gifts, favors, entertainment or other things of value which could influence your decision-making or make you feel beholden to a person or an Outside Entity.
- c. Do not offer gifts, favors, entertainment or other things of value that could be viewed as overly generous or aimed at influencing decision-making or making an Outside Entity feel beholden to an AGI Adviser.
- d. Entertainment situations may only be used to foster and promote business relationships with Outside Entities
- e. You may attend business meals, business related conferences, sporting events and other entertainment events at the expense of the giver, so long as the expense is reasonable and both you and the giver are present.
- f. Gifts should not be sent to an Employee's home. If they are, the Employee must discourage this practice in the future.
- g. You may RECEIVE gifts from an Outside Entity so long as their aggregate annual value does not exceed the equivalent of \$100. You may GIVE gifts to an Outside Entity so long as the aggregate annual value does not exceed the equivalent of \$100.

- h. You may not accept or offer air transportation nor may you accept hotel or other accommodations without obtaining prior written approval from your local Compliance Officer. You must also obtain prior written approval from your supervisor (the person to whom you report) for all air travel, conferences, and business events that require overnight accommodations.
- i. Under no circumstances should cash gifts or cash equivalents be given to or accepted from an Outside Entity.

B. SERVICE AS DIRECTOR

If you are a Portfolio Employee, you may not serve on the board of directors or other governing board of a publicly traded entity, unless you have received the prior written approval of the local Chief Legal Officer or your local Compliance Officer. Approval will not be given unless a determination is made that your service on the board would be consistent with the interests of the Advisory Clients. If you are permitted to serve on the board of a publicly traded entity, you will be isolated from those Portfolio Employees who make investment decisions with respect to the securities of that entity, through a "Chinese Wall" or other procedures.

C. PRIVACY POLICY

You must abide by the Company Privacy Policy (the "Privacy Policy") which is attached to this Code of Ethics as Appendix IV. The Privacy Policy is designed to protect personal and account information of clients from disclosure to any non-affiliated third parties, except as required or permitted by law or certain circumstances and when duly authorized by a Compliance Officer or director of the Company. You will be responsible for attesting to your compliance with the Privacy Policy in your Annual Certification of Compliance.

D. POLITICAL AND CHARITABLE CONTRIBUTIONS

You are prohibited from making political contributions for the purpose of obtaining or retaining advisory contracts with government entities. In addition, you must not consider your operating entity's current or anticipated business relationships as a factor in soliciting political or charitable contributions. For any questions relating to political and charitable contributions, you should contact your local Compliance Officer.

XI. REMEDIAL ACTION

The Company reserves the right to cancel any trade (without prior notice and at the employee's expense) or to instruct you to cancel a trade at your expense. The Company may suspend or revoke your trading privileges at any time. Employee trading violations can result in penalties ranging from cancellation of an offending trade to termination of your employment. Any loss from an impermissible trade will be charged to the employee and any profits may be forfeited. Violations may also lead to civil or criminal proceedings and penalties. Failure to pre-clear trades or comply with any of the reporting requirements may result in sanctions including fines. All fines collected will be donated to an approved charity.

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XII. REPORTING VIOLATIONS

All employees are required to promptly report "apparent" or "suspected" violations in addition to actual or known violations of the Code to the local Compliance Officer. Examples of the types of reporting required include, but are not limited to, noncompliance with applicable laws, rules and regulations; fraud or illegal acts involving any aspect of the operating entity's business; material misstatements in regulatory filings, internal books and records, client records or reports; activity that is harmful to clients, including fund shareholders; and deviations from required controls and procedures that safeguard clients and the operating entity. All such reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Retaliation against an individual who reports a violation is prohibited and constitutes a further violation of this Code. You are encouraged to seek advice from your local Legal Counsel with respect to any action which may violate the Code. For any questions relating to the reporting of violations, please refer to the Policy for Reporting Suspicious Activity and Concerns about Accounting Matters found in the Compliance section of the Company Intranet. You may also contact the Group Compliance Manager at (949) 219-2217.

XIII. REPORTS TO MANAGEMENT AND TRUSTEES

A. BOARD REVIEW OF SIGNIFICANT REMEDIAL ACTION AND ANNUAL REPORT

In connection with the Company advised funds, local Compliance Officers will, at least annually, inform the Funds' Board of Directors or Trustees as well as Company senior management, of any significant remedial action taken in response to a violation of the Code. A significant remedial action means any action that has a significant financial effect on the violator, such as a material disgorgement of profits, imposition of a significant fine, demotion, suspension or

termination.

The annual report will, at a minimum contain the following:

1. A summary of existing procedures concerning personal investing and any changes in the procedures made during the past year;
2. A description of any issues arising under the Code of Ethics or procedures since the last report to the Funds' Board, as the case may be, including, but not limited to, information about material violations of the Code or procedures and sanctions imposed in response to the material violations, and;
3. Certify that the Company, and its affiliates, have adopted procedures reasonably necessary to prevent all employees from violating the Code and that the Compliance Officer has reviewed at least annually the adequacy of the Code and the effectiveness of its implementation.

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XIV. RECORDKEEPING REQUIREMENTS

The Company shall maintain and preserve in an easily accessible place:

- A. A copy of this Code, or any other Code of Ethics, that was in effect within the previous 5 years.
- B. A record of any violation of this Code and of any action taken as a result of such violation for a period of 5 years following the end of the reporting year in which the violation occurs.
- C. A record of any decision, and the reasons supporting the decision, that were used to approve an employee's trade that was deemed an exception to the provisions of this Code.
- D. A record of all written acknowledgements of receipt of the Code and amendments for each person covered under the Code within the past 5 years. These records must be kept for 5 years after the individual ceases to be an employee of the operating entity.
- E. A copy of each report submitted under this Code for a period of 5 years.
- F. A list of all persons who are, or within the past 5 years were, subject to the reporting requirements of the Code.
- G. A record of any decision, and the reasons supporting the decision, that were used to approve an employee's investment in a private placement for at least 5 years after the reporting year in which approval was granted.
- H. A record of persons responsible for reviewing Access Persons' reports during the last 5 years.
- I. A copy of reports provided to a Fund's Board of Directors regarding the Code.

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APPENDIX I

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.

INSIDER TRADING POLICY AND PROCEDURES

SECTION I. POLICY STATEMENT ON INSIDER TRADING

A. Policy Statement on Insider Trading

Allianz Global Investors of America L.P. ("the Company") and its division or its subsidiaries, including, Pacific Investment Management Company LLC, Allianz Hedge Fund Partners L.P., Allianz Private Client Services LLC, Allianz Private Equity Partners LLC, Cadence Capital Management LLC, Nicholas-Applegate Capital Management LLC, NFJ Investment Group L.P., OCC Distributors LLC, OpCap Advisors LLC, Oppenheimer Capital LLC, PA Fund Management LLC, PA Managed Accounts LLC, PA Retail Holdings LLC, PA CD Distributors LLC, PEA Capital LLC, ADAM Capital Management LLC and Alpha Vision Capital Management LLC (collectively, the Company or AGI Advisers) forbid any of their officers, directors or employees from trading, either personally or on behalf of others (such as, mutual funds and private accounts managed by an AGI Adviser), on the basis of material

non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as "insider trading". This is a group wide policy.

The term "insider trading" is not defined in the federal securities laws, but generally is used to refer to the situation when a person trades while aware of material non-public information or communicates material non-public information to others in breach of a duty of trust or confidence.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

- (1) trading by an insider, while aware of material, non-public information; or
- (2) trading by a non-insider, while aware of material, non-public information, where the information was disclosed to the non-insider in violation of an insider's duty to keep it confidential; or
- (3) communicating material, non-public information to others in breach of a duty of trust or confidence.

This policy applies to every such officer, director and employee and extends to activities within and outside their duties at the Company. Every officer, director and employee must read and retain this policy statement. Any questions regarding this policy statement and the related procedures set forth herein should be referred to your local Compliance Officer.

The remainder of this memorandum discusses in detail the elements of insider trading, the penalties for such unlawful conduct and the procedures adopted by the Company to implement its policy against insider trading.

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1. TO WHOM DOES THIS POLICY APPLY?

This Policy applies to all employees, officers and directors (direct or indirect) of the Company ("Covered Persons"), as well as to any transactions in any securities participated in by family members, trusts or corporations controlled by such persons. In particular, this Policy applies to securities transactions by:

- o the Covered Person's spouse;
- o the Covered Person's minor children;
- o any other relatives living in the Covered Person's household;
- o a trust in which the Covered Person has a beneficial interest, unless such person has no direct or indirect control over the trust;
- o a trust as to which the Covered Person is a trustee;
- o a revocable trust as to which the Covered Person is a settlor;
- o a corporation of which the Covered Person is an officer, director or 10% or greater stockholder; or
- o a partnership of which the Covered Person is a partner (including most investment clubs) unless the Covered Person has no direct or indirect control over the partnership.

2. WHAT IS MATERIAL INFORMATION?

Trading on inside information is not a basis for liability unless the information is deemed to be material. "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities.

Although there is no precise, generally accepted definition of materiality, information is likely to be "material" if it relates to significant changes affecting such matters as:

- o dividend or earnings expectations;
- o write-downs or write-offs of assets;
- o additions to reserves for bad debts or contingent liabilities;
- o expansion or curtailment of company or major division operations;

- o proposals or agreements involving a joint venture, merger, acquisition;
- o divestiture, or leveraged buy-out;
- o new products or services;
- o exploratory, discovery or research developments;
- o criminal indictments, civil litigation or government investigations;
- o disputes with major suppliers or customers or significant changes in the relationships with such parties;
- o labor disputes including strikes or lockouts;
- o substantial changes in accounting methods;
- o major litigation developments;
- o major personnel changes;
- o debt service or liquidity problems;
- o bankruptcy or insolvency;
- o extraordinary management developments;
- o public offerings or private sales of debt or equity securities;
- o calls, redemptions or purchases of a company's own stock;
- o issuer tender offers; or
- o recapitalizations.

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Information provided by a company could be material because of its expected effect on a particular class of the company's securities, all of the company's securities, the securities of another company, or the securities of several companies. Moreover, the resulting prohibition against the misuses of "material" information reaches all types of securities (whether stock or other equity interests, corporate debt, government or municipal obligations, or commercial paper) as well as any option related to that security (such as a put, call or index security).

Material information does not have to relate to a company's business. For example, in *Carpenter v. U.S.*, 108 U.S. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a reporter for *The Wall Street Journal* was found criminally liable for disclosing to others the dates that reports on various companies would appear in the *Journal* and whether those reports would be favorable or not.

3. WHAT IS NON-PUBLIC INFORMATION?

In order for issues concerning insider trading to arise, information must not only be "material", it must be "non-public". "Non-public" information is information which has not been made available to investors generally. Information received in circumstances indicating that it is not yet in general circulation or where the recipient knows or should know that the information could only have been provided by an "insider" is also deemed "non-public" information.

At such time as material, non-public information has been effectively distributed to the investing public, it is no longer subject to insider trading restrictions. However, for "non-public" information to become public information, it must be disseminated through recognized channels of distribution designed to reach the securities marketplace.

To show that "material" information is public, you should be able to point to some fact verifying that the information has become generally available, for example, disclosure in a national business and financial wire service (Dow Jones or Reuters), a national news service (AP or UPI), a national newspaper (*The Wall Street Journal*, *The New York Times* or *Financial Times*), or a publicly disseminated disclosure document (a proxy statement or prospectus). The circulation of rumors or "talk on the street", even if accurate, widespread and reported in the media, does not constitute the requisite public disclosure. The information must not only be publicly disclosed, there must also be adequate time for the market as a whole to digest the information. Although timing may vary depending upon the circumstances, a good rule of thumb is that information

is considered non-public until the third business day after public disclosure.

Material non-public information is not made public by selective dissemination. Material information improperly disclosed only to institutional investors or to a fund analyst or a favored group of analysts retains its status as "non-public" information which must not be disclosed or otherwise misused. Similarly, partial disclosure does not constitute public dissemination. So long as any material component of the "inside" information possessed by the Company has yet to be publicly disclosed, the information is deemed "non-public" and may not be misused.

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INFORMATION PROVIDED IN CONFIDENCE. It is possible that one or more directors, officers, or employees of the Company may become temporary "insiders" because of a duty of trust or confidence. A duty of trust or confidence can arise: (1) whenever a person agrees to maintain information in confidence; (2) when two people have a history, pattern, or practice of sharing confidences such that the recipient of the information knows or reasonably should know that the person communicating the material non-public information expects that the recipient will maintain its confidentiality; or (3) whenever a person receives or obtains material non-public information from certain close family members such as spouses, parents, children and siblings. For example, personnel at the Company may become insiders when an external source, such as a company whose securities are held by one or more of the accounts managed by an AGI Adviser, discloses material, non-public information to AGI Adviser's portfolio managers or analysts with the expectation that the information will remain confidential.

As an "insider", the Company has a duty not to breach the trust of the party that has communicated the "material, non-public" information by misusing that information. This duty may arise because an AGI Adviser has entered or has been invited to enter into a commercial relationship with the company, client or prospective client and has been given access to confidential information solely for the corporate purposes of that company, client or prospective client. This duty remains whether or not an AGI Adviser ultimately participates in the transaction.

INFORMATION DISCLOSED IN BREACH OF A DUTY. Analysts and portfolio managers at an AGI Adviser must be especially wary of "material, non-public" information disclosed in breach of corporate insider's duty of trust or confidence that he or she owes the corporation and shareholders. Even where there is no expectation of confidentiality, a person may become an "insider" upon receiving material, non-public information in circumstances where a person knows, or should know, that a corporate insider is disclosing information in breach of a duty of trust and confidence that he or she owes the corporation and its shareholders. Whether the disclosure is an improper "tip" that renders the recipient a "tippee" depends on whether the corporate insider expects to benefit personally, either directly or indirectly, from the disclosure. In the context of an improper disclosure by a corporate insider, the requisite "personal benefit" may not be limited to a present or future monetary gain. Rather, a prohibited personal benefit could include a reputational benefit, an expectation of a "quid pro quo" from the recipient or the recipient's employer by a gift of the "inside" information.

A person may, depending on the circumstances, also become an "insider" or "tippee" when he or she obtains apparently material, non-public information by happenstance, including information derived from social situations, business gatherings, overheard conversations, misplaced documents, and "tips" from insiders or other third parties.

4. IDENTIFYING MATERIAL INFORMATION

Before trading for yourself or others, including investment companies or private accounts managed by the Company, in the securities of a company about which you may have potential material, non-public information, ask yourself the following questions:

- i. Is this information that an investor could consider important in making his or her investment decisions? Is this information that could substantially affect the market price of the securities if generally disclosed?
- ii. To whom has this information been provided? Has the information been effectively communicated to the marketplace by being published in The Financial Times, Reuters, The Wall Street Journal or other publications of general circulation?

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Given the potentially severe regulatory, civil and criminal sanctions to which you the Company and its personnel could be subject, any director, officer and

employee uncertain as to whether the information he or she possesses is "material non-public" information should immediately take the following steps:

- i. Report the matter immediately to a Compliance Officer or the Chief Legal Officer of the Company;
- ii. Do not purchase or sell the securities on behalf of yourself or others, including investment companies or private accounts managed by an AGI Adviser; and
- iii. Do not communicate the information inside or outside the Company, other than to a Compliance Officer or the Chief Legal Officer of the Company.

After the Compliance Officer or Chief Legal Officer has reviewed the issue, you will be instructed to continue the prohibitions against trading and communication or will be allowed to trade and communicate the information.

5. PENALTIES FOR INSIDER TRADING

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include: civil injunctions, treble damages, disgorgement of profits, jail sentences, fines for the person who committed the violation of up to three times, the profit gained or loss avoided, whether or not the person actually benefited, and fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, any violation of this policy statement can be expected to result in serious sanctions by the Company, including dismissal of the persons involved.

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SECTION II. PROCEDURES TO IMPLEMENT THE POLICY AGAINST INSIDER TRADING

A. Procedures to Implement the Policy Against Insider Trading

The following procedures have been established to aid the officers, directors and employees of an AGI Adviser in avoiding insider trading, and to aid an AGI Adviser in preventing, detecting and imposing sanctions against insider trading. Every officer, director and employee of an AGI Adviser must follow these procedures or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties.

TRADING RESTRICTIONS AND REPORTING REQUIREMENTS

1. No employee, officer or director of the Company who is aware of material non-public information relating to the Company or any of its affiliates or subsidiaries, including Allianz AG, may buy or sell any securities of the Company, including Allianz AG, or engage in any other action to take advantage of, or pass on to others, such material non-public information.
2. No employee, officer or director of the Company who is aware of material non-public information which relates to any other company or entity in circumstances in which such person is deemed to be an insider or is otherwise subject to restrictions under the federal securities laws may buy or sell securities of that company or otherwise take advantage of, or pass on to others, such material non-public information.
3. No employee, officer or director of the Company shall engage in a securities transaction with respect to the securities of Allianz AG, except in accordance with the specific procedures published from time to time by the Company.
4. No employee shall engage in a personal securities transaction with respect to any securities of any other company, except in accordance with the specific procedures set forth in the Company's Code of Ethics.
5. Employees shall submit reports concerning each securities transaction in accordance with the terms of the Code of Ethics and verify their personal ownership of securities in accordance with the procedures set forth in the Code of Ethics.
6. Because even inadvertent disclosure of material non-public information to others can lead to significant legal difficulties, officers, directors and employees of the Company should not discuss any potentially material non-public information concerning the Company or other companies, including other officers, employees and directors, except as specifically required in the performance of their duties

B. Information Barrier Procedures

The Insider Trading and Securities Fraud Enforcement Act in the US require the establishment and strict enforcement of procedures reasonably designed to prevent the misuse of "inside" information. Accordingly, you should not discuss material non-public information about the Company or other companies with anyone, including other employees, except as required in the performance of your regular duties. In addition, care should be taken so that such information is secure. For example, files containing material non-public information should be sealed; access to computer files containing material non-public information should be restricted.

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C. Resolving Issues Concerning Insider Trading

The federal securities laws, including the US laws governing insider trading, are complex. If you have any doubts or questions as to the materiality or non-public nature of information in your possession or as to any of the applicability or interpretation of any of the foregoing procedures or as to the propriety of any action, you should contact your Compliance Officer. Until advised to the contrary by a Compliance Officer, you should presume that the information is material and non-public and you should not trade in the securities or disclose this information to anyone.

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APPENDIX II

GUIDANCE ON BENEFICIAL OWNERSHIP

1. Securities Held By Family Members

(a) Example 1-A:

X and Y are married. Although Y has an independent source of income from a family inheritance and segregates her funds from those of her husbands, Y contributes to the maintenance of the family home. X and Y have engaged in joint estate planning and have the same financial adviser. Since X and Y's resources are clearly significantly directed towards their common property, they will be deemed to be beneficial owners of each other's securities.

(b) Example 1-B:

X and Y are separated and have filed for divorce. Neither party contributes to the support of the other. X has no control over the financial affairs of his wife. Neither X nor Y is a beneficial owner of the other's securities.

(c) Example 1-C:

X's adult son Z lives in X's home. Z is self-supporting and contributes to household expenses. X is a beneficial owner of Z's securities.

(d) Example 1-D:

X's mother A lives alone and is financially independent. X has power of attorney over his mother's estate, pays all her bills and manages her investment affairs. X borrows freely from A without being required to pay back funds with interest, if at all. X takes out personal loans from A's bank in A's name, the interest from such loans being paid from A's account. X is a significant heir of A's estate. X is a beneficial owner of A's securities.

2. Securities Held by a Company

(a) Example 2-A:

O is a holding company with 5 shareholders. X owns 30% of the shares of the company. Although O does no business on its own, it has several wholly-owned subsidiaries which manufacture oil-related products. X has beneficial interest in the securities owned by O.

3. Securities Held in Trust

(a) Example 3-A:

X is trustee of a trust created for his two minor children. When both of X's children reach 21, each will receive an equal share of

the corpus of the trust. X is a beneficial owner of the securities in the trust.

(b) Example 3-B:

X is trustee of an irrevocable trust for his daughter. X is a director of the issuer of the equity securities held by the trust. The daughter is entitled to the income of the trust until she is 25 years old, and is then entitled to the corpus. If the daughter dies before reaching 25, X is entitled to the corpus. X should report the holdings and transactions of the trust as his own.

APPENDIX III

GUIDANCE ON SHORT TERM PROFIT RECOVERY
PORTFOLIO EMPLOYEES ONLY

Section VII.d. of the Code provides for the disgorgement of any profit realized by Portfolio Employee (e.g. portfolio managers, research analysts, traders) on transactions in the same or equivalent security within 30 days. This applies to the purchase and sale (or sale and purchase) of a security within a 30-day period in any beneficially owned account.

The following are various questions and answers to help you understand this provision. If you have any further questions regarding this provision, you should contact your local Compliance Officer.

Q. How is the 30-day period measured?

A. A purchase or sale is ordinarily deemed to occur on trade date. If the purchase is considered to be made on day 0, day 31 is the first day a sale of those securities may be made without regard to the profit of recovery rule.

Q. How are profits measured when there is a series of purchases and sales within the 30 calendar day period?

A. A series of purchases and sales will be measured on a first-in, first-out basis until all purchases and sale transactions within a 30-day period are matched. The sum of the profits realized on these paired purchases and sales will be subject to disgorgement. No reduction will be made for losses.

Q. In calculating the amount of profit that can be recovered, does it matter in what order the transactions occur?

A. No, even if the sale precedes the purchase, these transactions will be matched if they occur with a 30-day period.

Q. Is the short sale of a security considered a sale?

A. Yes, a short sale is considered a sale for all purposes (reporting, pre-clearance, and the 30-day profit recovery rule). It is important to keep in mind that when the profits are computed under the 30-day rule, the order of the transactions is not relevant in calculating profit; for example, a sale (or short sale) can be matched against a subsequent purchase. Please note that naked short sales are prohibited under the Code of Ethics.

DERIVATIVE TRANSACTIONS

For the purposes of reporting, pre-clearance and the 30-day profit recovery rule, a transaction in any put or call option (except an option in an Exempt Security or index) or any future on a security (except a future on an Exempt Security or index), will be treated as a derivative transaction. For the purposes of this Code, derivative transactions will be divided into two categories: "call equivalent positions" and "put equivalent positions". A "call equivalent position" is treated as a purchase of the underlying security. Conversely, a "put equivalent position" is treated as a sale of the underlying security. Please note that writing or acquiring naked options are prohibited under the Code of Ethics.

APPENDIX IV

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.

PRIVACY POLICY

We consider customer privacy to be a fundamental aspect of our relationship with clients and are committed to maintaining the confidentiality, integrity and security of our current, prospective and former clients' personal information. To ensure our client's privacy, we have developed policies that are designed to protect this confidentiality, while allowing client needs to be served.

In the course of providing clients with products and services, we may obtain non-public personal information about clients which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from client transactions, from a client's brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

As a matter of policy, we do not disclose any personal or account information provided by clients or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to a client's personal and account information, but are solely permitted to use this information to provide the specific service or as otherwise permitted by law. We may also provide a client's personal and account information to their respective brokerage or financial advisory firm, Custodian, and/or to their financial adviser or consultant.

We reserve the right to disclose or report personal information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law to cooperate with regulators or law enforcement authorities, to protect our rights or property or upon reasonable request by any mutual fund in which a client has chosen to invest. In addition, we may disclose information about a client or a client's accounts to a non-affiliated third party only if we receive a client's written request or consent.

We may share client information with our affiliates in connection with servicing a client's account or to provide a client with information about products and services that we believe may be of interest to them. The information we share may include, for example, a client's participation in our mutual funds or other investment programs, a client's ownership of certain types of accounts (such as IRAs), or other data about a client's accounts. Our affiliates, in turn, are not permitted to share client information with non-affiliated entities, except as required or permitted by law.

We take seriously our obligation to safeguard client non-public personal information. In addition to this policy, we have also implemented procedures that are designed to restrict access to a client's non-public personal information only to internal personnel who need to know that information in order to provide products or services to such clients. In addition, we have physical, electronic, and procedural safeguards in place to guard a client's non-public personal information.

This privacy policy is applicable to the following entities: ADAM Capital Management LLC, Allianz Global Investors of America L.P., Allianz Hedge Fund Partners L.P., Allianz Private Client Services LLC, Allianz Private Equity Partners LLC, Cadence Capital Management LLC, Nicholas-Applegate Capital Management LLC, NFJ Investment Group L.P., OCC Distributors LLC, OpCap Advisors LLC, Oppenheimer Capital LLC, PA Fund Management LLC, PA Managed Accounts LLC, PA Retail Holdings LLC, PA CD Distributors LLC, PEA Capital LLC, PIMCO Advisors VIT Funds, PIMCO Funds: Multi-Manager Series, PIMCO Funds: Pacific Investment Management Series, PIMCO Specialty Markets, PIMCO Commercial Mortgage Securities Trust, Inc., and the Municipal Advantage Fund, Inc.

APPENDIX V

INSTRUCTIONS FOR USING ITRADE

Welcome to iTrade, the automated software system that enables eligible employees the ability to receive quick and efficient notification that their personal transaction request is permitted for trading through the employee's personal brokerage account. Pre-clearance for all eligible employees is based upon requirements contained within the Company Code of Ethics (the "Code"). It is important that each employee read and understand the Code of Ethics so that you are fully aware of what the Code requires.

The Code is based upon the principle that officers and employees of the Company and its affiliated divisions and subsidiaries owe a fiduciary duty to both the shareholders of the registered investment companies and all other clients where

the Company serves as an adviser or sub-adviser ("Advisory Clients"). Accordingly, all employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interest of our Advisory Clients.

In order to assist the AGI-NY and Nicholas-Applegate Compliance Departments with administering the Code, ALL EMPLOYEES THAT ARE LOCATED IN A NEW YORK OPERATING ENTITY AS WELL AS WITHIN NICHOLAS-APPLEGATE ARE REQUIRED TO PRE-CLEAR EVERY PERSONAL TRANSACTION THROUGH THE ITRADE SYSTEM. Transactions that are excluded from having to be entered into iTrade are those transactions that are for Exempt Securities, i.e. direct obligations of the U.S. Government, certificates of deposit, shares of registered open-ended investment companies, ETF's, exchange traded futures and options on broadly-based indices. For a complete listing of Exempt Securities, please refer to the Code.

Below are instructions on how to begin using the iTrade system, and instructions on how to enter electronically Personal Securities Transaction Requests.

A. LOGGING INTO ITRADE (NEW YORK BASED EMPLOYEES ONLY)

To begin using iTrade, you must first launch your Internet Explorer Web browser. Once the Internet Explorer Web browser has been launched, click on the Compliance section of the Company Intranet. In the compliance section click on the New York Employee Personal Trading link, shown below.

[LOGO] CTI-iTrade Pre-Clearance Form

At the Login Screen, type your Employee Code (the name by which you are known to iTrade) and your Password. Your iTrade Employee Code is the first letter of your first name followed by the first 7 letters of your last name. PLEASE CALL THE AGI-NY COMPLIANCE HOT-LINE AT (212) 739-3186 FOR YOUR PASSWORD. Employees should change their password after initially logging in. Password resets can also be handled by Compliance. For visual security, asterisks appear in place of your password characters.

CTI ITRADE LOG-IN SCREEN

[GRAPHIC OMITTED]

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B. TO CHANGE YOUR ITRADE PASSWORD

Click on the Change Password hyperlink on the left frame of the browser screen.

Step 1: Enter the following information in the fields provided:
Current Password;
New Password;
Verify New Password (to assure that you didn't enter it incorrectly).

Step 2: Click on the [Change] button. You will either be informed that your password has been changed or you will be given a reason why it could not be changed.

Once your correct Login Name and Password are entered, click on the [Login] button.

If you receive the message "iTrade is currently unavailable", this indicates that iTrade is not available at the current time. iTrade is only available from 9:30am to 4:00pm EST. Please try again during these hours.

C. INITIAL BROKERAGE ACCOUNT CERTIFICATION

When you login to iTrade for the first time, you will be shown a list of brokerage account number(s) that have been associated to your name within iTrade. The list of account(s) represents all accounts that each employee has previously reported to Compliance, based upon the employee's determination that he or she has Beneficial Ownership. Beneficial Ownership is determined if the employee has an opportunity to directly benefit or share in any profit derived from any security transactions within the account, i.e. Accounts held in the name of the employee, and immediate family sharing the same household including spouse, child, stepchild, grandchild, parent, etc. All accounts where the employee is deemed to have Beneficial Ownership are subject to the requirements of the Code.

You will be asked to review the list of accounts and submit a certification that all of your Brokerage Accounts have been properly identified within iTrade. YOU MUST SUBMIT THE ELECTRONIC CERTIFICATION WITHIN 10 DAYS FROM THE DATE OF YOUR FIRST TRANSACTION IS ENTERED INTO ITRADE.

To certify the list of accounts, choose one of the following options:

1. If the information is complete and accurate, click the [Certify Now] button.
2. If the information is incorrect and/or needs to be revised click the [Certify Later] button and report any errors or additional brokerage accounts to the Compliance Department.

[GRAPHIC OMITTED]

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D. SUBMITTING A TRADE REQUEST

Once you have completed the Brokerage Account Certification, iTrade will bring you to the "Request screen". In order to submit a request for pre-clearance, all required fields must be completed. The required fields are as follows:

1. SELECTING THE SECURITY

To enter a trade request, you must first enter a ticker symbol in the appropriate field for the security you wish to buy or sell. In order to identify the ticker in the security list, select the ticker for the trade request from the Security Lookup screen:

This can be done several ways:

(a) IF YOU KNOW THE TICKER OF THE SECURITY:

STEP 1: Type in the ticker and then Click on the [Lookup] button to the right hand side of the field. The system will give you the choices that are close to, or match what you typed in.

STEP 2: Select the ticker of the security you wish to trade by clicking on the hyperlink.

STEP 3: CTI iTrade will fill in the SECURITY NAME, SECURITY CUSIP and SECURITY TYPE automatically on the Trade Request.

(b) IF YOU DON'T KNOW THE FULL TICKER OF THE SECURITY YOU WOULD LIKE TO TRADE:

STEP 1: Type in the first few letters followed by an asterisk* and then Click the [Lookup] button

For Example: If you want to buy shares of Intel and all you remember are the first few Letters, type in int* then hit [Lookup]

STEP 2: If any tickers are found they are displayed on a new screen. Select the hyperlink of the one you want.

STEP 3: CTI iTrade will automatically fill in the SECURITY NAME, SECURITY CUSIP and SECURITY TYPE on the Trade Request.

(c) IF YOU ONLY KNOW THE NAME OF THE SECURITY YOU WOULD LIKE TO TRADE:

STEP 1: Go to the SECURITY NAME field, type in an asterisk *, a few letters of the name and another asterisk * (For Example: for American Brands type in *AMER*)

STEP 2: Any securities whose name have `AMER' in them will be displayed. Select the hyperlink of the one you want.

STEP 3: CTI iTrade will automatically fill in the TICKER, SECURITY NAME, SECURITY CUSIP and SECURITY TYPE on the Trade Request.

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(d) IF THE SECURITY YOU WOULD LIKE TO TRADE IS NOT LOCATED IN THE [LOOKUP] SCREEN YOU WILL NEED TO CONTACT THE AGI-NY COMPLIANCE HOT-LINE AT (212) 739-3186 OR YOUR LOCAL NICHOLAS-APPLEGATE COMPLIANCE OFFICER. THE COMPLIANCE DEPARTMENT WILL ADD THE SECURITY TO ITRADE, SO THAT IT CAN DETERMINE IF THE TRADE REQUEST IS PERMISSIBLE. CTI ITRADE SCREEN FOR LOCATING A TICKER.

[GRAPHIC OMITTED]

2. COMPLETING THE REQUEST ON ITRADE

In order to complete the Request Screen, the following fields must be completed:

- (a) BROKERAGE ACCOUNT - Click on the dropdown arrow to the right of the field and select the account to be used for the trade.
- (b) TRANSACTION TYPE - Click on the dropdown arrow to the right of the field and select the type of transaction you wish to make: Buy, Sell, Cover Short, or Sell Short. (NOTE: if you are a Portfolio Employee of any AGI Adviser, you are not permitted to affect Short sales, puts, calls, straddles, or options. Please refer to Code for additional information on the restrictions that apply to this group of employees).
- (c) PRICE - Fill in the anticipated price at which you expect to execute the trade.

[GRAPHIC OMITTED]

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3. SUBMITTING THE REQUEST ON ITRADE

Once all the required fields on the iTrade Request Screen have been completed:

STEP 1: Click the [Submit Request] button to send the request through iTrade.

STEP 2: A grid displaying the transactional information will appear. Review the information and Click on the [Confirm] button if all appears correct.

[GRAPHIC OMITTED]

STEP 3: A screen will appear confirming whether or not the trade request has been pre-cleared/approved for trading through the employee's personal brokerage account. If the transaction has been denied, a message box will appear that offers a general explanation. If you have any questions about a denial, please contact the AGI-NY Compliance Hot-Line at (212) 739-3186 or your local Nicholas-Applegate Compliance Officer.

If the transaction has been approved, print out the confirmation as a record of the trade. You may now proceed and execute the Transactions in your personal brokerage account.

To continue with another transaction request, click on [Return To Request]. Otherwise, you can log-out of iTrade.

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4. EXITING WITHOUT SUBMITTING THE TRADE REQUEST

If a decision is made to not submit the trade request before clicking the [Confirm] button, simply exit from the browser by clicking on the Logout hyperlink on the lower left side of the screen (or click the X button in the upper right corner of the screen).

5. STARTING OVER

To clear everything on the screen and start over, Click the [Cancel] button on the confirmation screen. This will bring you back to the trade request screen. Click the [Clear Screen] button and enter a new trade request.

6. VIEW CODE OF ETHICS

To view the Company Code of Ethics in iTrade, Click on the View Ethics Code

hyperlink on the left frame of your browser screen. If you have any questions please call the AGI-NY Compliance Hot-Line at (212)739-3186 or your local Nicholas-Applegate Compliance Officer.

APPENDIX VI

charles Schwab

Allianz Global Investors of America L.P.
Designated Brokerage Program -- Offered by Charles Schwab

SCHWAB AS A DESIGNATED BROKER

Allianz Global Investors of America L.P., and its affiliated divisions or subsidiaries ("AGI") have chosen Schwab as a designated broker based on the products that Schwab offers at competitive prices and on the high level of service Schwab provides to its clients.

AS A SCHWAB CUSTOMER, YOU CAN CHOOSE FROM A RANGE OF FINANCIAL SOLUTIONS

You will have access to:

- o Schwab's extensive local branch network with over 300 branches nationwide.
- o Personalized assistance from Schwab Investment Consultants.
- o A full range of self-directed retirement plans, including Traditional, Roth, SEP, SIMPLE, Rollover IRAs and Qualified Retirement Plan (QRP).
- o Schwab's Mutual Fund OneSource Service, which includes over 1,000 no-load Mutual Funds, including certain PIMCO products and funds from other prominent fund families, all available without transaction fees².
- o Experts in a variety of fields including Schwab Bond Specialists, who average more than 10 years' experience and focus exclusively on the fixed income markets. These specialists can offer you regional expertise as well as a wide selection of fixed income investments. Please call Tom Brophy at 800-856-1748 for assistance with specific fixed income needs.
- o Convenient services such as online bill payment, electronic money transfers and automated trading.

AS AN ALLIANZ GLOBAL INVESTORS OF AMERICA L.P. EMPLOYEE YOUR SPECIAL BENEFITS INCLUDE:

- o Toll-free access to a dedicated Schwab service team at 1-888-621-3933 and a customized website to further explain your benefits and to help you get started:
<http://www.schwabexclusive.com/23262>
- o Preferred pricing on equity trades placed online from \$19.95 to as low as \$8
- o Account Service Fees waived
- o Reduced account minimum requirement to \$2,500 for Schwab One accounts³
- o Customized seminars and workshops on investing, retirement, and estate planning

PREFERRED PRICING FOR ALLIANZ GLOBAL INVESTORS OF AMERICA L.P

Schwab and AGI-U.S. have negotiated special pricing for transactions on U.S. equity trades on behalf of all employees of the designated affiliates of AGI-U.S. This table provides the basic pricing schedule, which varies based on your household assets held at Schwab.

<TABLE>
<CAPTION>

HOUSEHOLD ASSETS	ONLINE EQUITY TRADES	ONLINE MUTUAL FUND TRADES	OPTIONS	PENNY STOCKS
<S>	<C>	<C>	<C>	<C>
OVER \$1 MILLION	\$8 (unlimited shares)	\$39.00	\$9.95 plus \$1.40 per contract	\$8 (unlimited shares)
\$500,000 - \$999,999	\$9.95 (5,000 shares; .01 each additional share)	\$39.00	\$9.95 plus \$1.40 per contract	\$9.95 (unlimited shares)
\$100,000 - \$499,999	\$9.95 (1,000 shares; .01 each additional share)	\$39.00	\$9.95 plus \$1.40 per contract	\$9.95 (unlimited shares)
\$10,000 - \$99,999	19.95 (1,000 shares; .015 each additional share)	\$39.00	\$9.95 plus \$1.40 per contract	\$19.95 (unlimited shares)

</TABLE>

Pricing subject to change based on household asset level; please see the Charles Schwab Pricing Guide on Schwab.com for additional information. Corporate negotiated pricing supercedes retail pricing.

Offer is only available for U.S.-domiciled, dollar-based retail accounts held at Charles Schwab & Co., Inc. This offer does not apply to accounts held with Independent Investment Advisors at Schwab, Schwab Private Client or U.S. Trust.

CHOOSE SCHWAB -- CALL 1-888-621-3933 BETWEEN 8:30 A.M. AND 5:00 P.M. EASTERN TIME.

Schwab has established a dedicated client support line for AGI-U.S. employees to help you get started. Simply call the toll-free number above to receive assistance with the following:

- o Streamlined account opening by phone
- o Asset transfer assistance
- o Service recommendations
- o Introductions to specialists
- o Appointments in Schwab Investor Centers
- o Answers about your exclusive benefits

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IT'S EASY TO OPEN A SCHWAB ACCOUNT.

The easiest way to open a Schwab account is to call the client support line for AGI-U.S. employees at the toll-free number above. You'll also find the applications and forms you need in your information package. If you need additional applications or forms, you can call your team or simply:

- o Download and print forms--including transfer of account forms--online at www.schwabexclusive.com/23262 OR
- o Stop by any local Schwab Investment Center near you

THE CLOSEST BRANCHES TO ALLIANZ GLOBAL INVESTORS OF AMERICA L.P. OFFICE LOCATIONS ARE LISTED BELOW. Please be sure to identify yourself as part of the Allianz Global Investors of America L.P. or one of its legal entities' Designated Brokerage program.

<TABLE>

<S>	<C>	<C>
NEW YORK, NY 1211 Avenue of the Americas	NEW YORK, NY 60 E. 42nd Street Near 5th Avenue	NEW YORK, NY Lincoln Center 1886 Broadway
NEW YORK, NY 1360 Third Street at 77th Street	NEW YORK, NY 46 Wall Street	NEW YORK, NY 2 Penn Plaza
NEW YORK, NY 300 Park Avenue at 50th Street	STAMFORD, CT 300 Atlantic St.	GREENWICH, CT 289 Greenwich Ave. Suite 400

Or, to find a Schwab Investment Center near you call 1-888-621-3933

- (1) Allianz Global Investors of America L.P. its affiliated divisions or subsidiaries includes employees from the following operating entities: Allianz Hedge Fund Partners L.P., Allianz Private Client Services LLC, Allianz Private Equity Partners, Inc., OCC Distributors LLC, Oppenheimer Capital LLC, PA Fund Management LLC, PA Managed Accounts LLC, PA Retail Holdings LLC, PA CD Distributors LLC, and PEA Capital LLC.
- (2) Schwab's short-term transaction fee will be charged on redemptions of funds (except certain SchwabFunds) bought through Schwab's Mutual Fund OneSource(R) service (and certain other funds) with no transaction fee and held for 180 days or less. If you pay a transaction fee to purchase a fund, you will also pay a transaction fee when you sell it as well. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Schwab receives remuneration from participating fund companies. Fund shares may be purchased from the fund company directly with no transaction fee.

Investors should carefully consider information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by calling Schwab at 800-435-4000. Please read the prospectus carefully before investing. You may also view, download and print a prospectus by clicking on Prospectuses & Reports.

- (3) The standard minimum opening is \$10,000 for Schwab One accounts. If you are opening a Schwab One account between \$2,500-\$4,999, please either call 1-888-621-3933 or mail your application to Charles Schwab & Co., Inc. P.O. Box 2976, Phoenix, AZ 85062-2976.

APPENDIX VII

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.

INITIAL ACKNOWLEDGEMENT CERTIFICATION

CODE OF ETHICS
and
INSIDER TRADING POLICY AND PROCEDURES

I hereby certify that I have read and understand the attached Allianz Global Investors of America's Code of Ethics and Insider Trading Policy and Procedures (the "Code"). Pursuant to such Code, I recognize that I must disclose or report all personal securities holdings and transactions required to be disclosed or reported thereunder and comply in all other respects with the requirements of the Code. I understand that any failure to comply in all aspects with the foregoing and these policies and procedures may lead to sanctions including dismissal. I hereby agree to abide by all of the Code's requirements as it relates to my employment with Alliance Global Investors of America.

Date: _____
Signature

Print Name

APPENDIX VIII

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.

INITIAL LISTING OF
PERSONAL SECURITIES HOLDINGS,
MUTUAL FUND AND BROKERAGE ACCOUNTS

I hereby certify that the following is a complete and accurate listing as of the date hereof, of all beneficially owned brokerage accounts or Mutual Fund accounts and Covered Securities held therein. I understand that I must provide this information to my local compliance department no later than ten (10) calendar days after my start date. Failure to comply within this time period will be considered a violation of the Company Code of Ethics.

I. BROKERAGE AND MUTUAL FUND ACCOUNTS MAINTAINED: I maintain the following brokerage accounts or Mutual Fund accounts with brokerage facilities (list below or attach the most recent account statement containing ALL information required below):

<TABLE>
<CAPTION>

Name on Account	Name of Brokerage Firm	Account Number(s)	Relationship to Account Holder
<S>	<C>	<C>	<C>

Use additional sheets if necessary.

II. SECURITIES OWNED: List each Covered Security held in the account(s) listed above or attach the most recent brokerage or Mutual Fund account statement(s) containing ALL information required below:

Security Name	Security Type (CS, Bond, MF, etc.)	# of Shares	Market Value or Principal Amount	Date Acquired
<S>	<C>	<C>	<C>	<C>

Use additional sheets if necessary.

Except where exceptional circumstances exist, accounts are required to be held with a Designated Broker. Accordingly, unless I am granted approval to maintain these accounts outside of a Designated Broker, I agree to transfer them as soon as possible (generally thirty days or less) to a Designated Broker. Pending transfer of these accounts to a Designated Broker, I will not effect any brokerage transactions in these accounts and I will arrange for my local compliance department to receive a duplicate copy of monthly statements for each such account.

III. Request to Maintain Outside Brokerage Accounts: I hereby request approval to maintain one or more of the brokerage accounts listed in Section I above, based on the following: Please check the appropriate box(es).

- The account is independently managed and I am not involved in investment selections through recommendation, advice, prior review or otherwise, or I am a passive beneficiary of the account and am not involved in the investment decisions.
List account(s): _____
Name of Investment Manager and/or family relationship:

- A participant in the account is employed by another asset management firm or brokerage firm that requires the account to be maintained at such firm. I will arrange for duplicate confirmations and monthly statements to be sent to my local compliance department.
List account(s): _____
- Other (explain) _____
List account(s): _____

By signing this form, I acknowledge that I have received and understand the Company Code of Ethics and Insider Trading Policy and Procedures. I agree to abide by the provisions of the Code and to promptly notify my local compliance department of any changes to the above information.

----- /----- /-----
 (Sign Name) (Date)

 (Print Name)

 (Employee Position/Title)

 LOCAL COMPLIANCE GROUP:

|_ | Approved |_ | Not Approved

 Signature

APPENDIX IX

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.
 QUARTERLY TRANSACTION REPORT

As a Company employee, you are required to report your personal security transactional information to your local compliance department NO LATER THAN 30 CALENDAR DAYS AFTER THE END OF EACH CALENDAR QUARTER unless the personal security transaction(s), executed in your brokerage or Mutual Fund account(s), meets one of the following criteria:

- 1) Your account is maintained with a designated broker whereby your local compliance department is aware of and has access to your personal security transactions via confirms and personal account statements;
- 2) Your account is maintained with a non-designated broker that has been approved by your local compliance department whereby the compliance department is receiving duplicate copies of your transactional confirms and personal account statements; or
- 3) Your quarterly security transactions involved securities that are exempt(1) from the reporting provisions pursuant to the Company Code even though such security transactions were executed in an account maintained with an approved non-designated broker that is unable to provide duplicate confirms or personal account statements.

Complete the section of this Form if you have effected a Covered Security transaction in your beneficially owned brokerage, Mutual Fund or trading account that does not meet any of the above criteria. You must provide this information on such security transactions to your local compliance department no later than the 30th calendar day following the end of the calendar quarter.

The following are my Covered Securities transactions that have not been reported to my local Compliance Department:

<TABLE>
 <CAPTION>

Date	Buy/Sell	Security Name and Ticker or CUSIP (if applicable, interest & maturity date)	Number of Shares and Principal Amount (if applicable)	Unit Price	Broker Name	Account Number
<S>	<C>	<C>	<C>	<C>	<C>	<C>

</TABLE>

By signing this document, I am certifying that I have met the quarterly reporting requirements pursuant to the Allianz Global Investors of America's Code in regards to disclosing my beneficially owned brokerage account(s) and any securities transactions that were effected in such account(s) for this quarterly reporting period.

-----/-----/-----
Date

Signature

(1) You do not have to report any transactions that were executed in the following securities: 1) U.S. Government Securities, 2) Bank Certificates of Deposit, 3) Banker's Acceptances, 4) Commercial Paper, 5) High Quality Short-Term Debt Instruments (including repurchase agreements), 6) U.S. Government Agency Securities, 7) Exchange Traded Mutual Funds ("ETF's"), 8) Money Market Funds, and 9) Exchange traded futures and options on broadly-based indices.

APPENDIX X

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.
ANNUAL LISTING OF SECURITIES HOLDINGS
AND CERTIFICATION OF COMPLIANCE

I hereby acknowledge that I have read and understand the Allianz Global Investors of America's Code of Ethics and Insider Trading Policy and Procedures (the "Code") and recognize the responsibilities and obligations incurred by my being subject to the Code. Furthermore, I certify that I have complied with the requirements of the Code for the year ended December 31, _____, and that I have disclosed or reported all personal securities holdings and transactions required to be disclosed or reported thereunder, and complied in all other respects with the requirements of the Code. I further certify that I understand the amendments and new rules regarding Mutual Funds dated January 1, 2004 and will adhere to the trading restrictions in the open-end registered funds that I own and will not engage in any excessive trading in any funds that I have invested in.

For personal securities account(s) held at Charles Schwab & Co. or a pre-approved non-designated broker(s), I hereby authorize delivery of transactional confirms and account statement(s) in such account(s) to my local compliance department as deemed necessary pursuant to Rule 204-2(a)(12) of the Investment Advisers Act of 1940. I acknowledge that all of my personal securities accounts are reflected completely and accurately as shown below and all securities beneficially owned by me are reflected accurately in such accounts (see below). I also agree to cooperate fully with any investigation or inquiry as to whether a possible violation of the Code has occurred.

A. BROKERAGE AND MUTUAL FUND ACCOUNTS MAINTAINED: I maintain the following brokerage accounts or Mutual Fund accounts with brokerage facilities (list below or attach the most recent account statement containing ALL information required below):

<TABLE>
<CAPTION>

Name of Account	Account Held At	Account Number	Relationship to Account Holder
<S>	<C>	<C>	<C>

</TABLE>

Use additional sheets if necessary.

B. SECURITIES OWNED: Check the applicable box

- My local compliance department has access to my transactions in Covered Securities that are held and traded in my personal securities account(s) with Charles Schwab & Co. or with any other brokerage firm that is providing duplicate copies of transactional confirmations and account statements for my personal securities account(s) to my local compliance department as shown above.
- My local compliance department does not receive any securities holdings or transactional information on my beneficially owned account(s). Therefore, I have attached a list of all Covered Securities that are beneficially owned by me in such account(s) that are shown above.

-----/-----/-----
Date

Signature

APPENDIX XI

EMPLOYEE TRADE PRECLEARANCE FORM

PLEASE USE A SEPARATE FORM FOR EACH SECURITY AND SEND A COPY OF THIS COMPLETED FORM TO YOUR LOCAL COMPLIANCE DEPARTMENT

<TABLE>
<S> <C> <C> <C>

Name of Employee (please print)

Operating Entity Employed by: Name of Your Supervisor Telephone Number () Date

Brokerage Account Number Brokerage Firm Telephone Number () Sales Representative (if applicable)

Buy Sell TICKER SYMBOL Target Price: \$

Table with columns: INTENDED QUANTITY, NAME OF SECURITY, (1) Portfolio Employee?, (2) Access Person?, Private Placement?, (1) Traded Security in Prior 30 days?, (1) Short Sale?, Special Instructions. Includes sub-columns for Yes/No and a note: 'If yes, please use Private Placement Request Form'.

</TABLE>

<TABLE>
<S> <C> <C>

Approvals-DO NOT WRITE IN THIS SECTION

Trade Has Been Date Approved: Approved By
Approved Not Approved

</TABLE>

APPROVALS ARE VALID UNTIL THE CLOSE OF BUSINESS ON THE DAY APPROVAL HAS BEEN GRANTED. ACCORDINGLY, GTC (GOOD TILL CANCELED) ORDERS ARE PROHIBITED. IF A TRADE IS NOT EXECUTED BY THE CLOSE OF BUSINESS, YOU SUBMIT A NEW PRECLEARANCE REQUEST. OBTAINING PRECLEARANCE SATISFIES THE PRECLEARANCE REQUIREMENTS OF THE COMPANY CODE OF ETHICS (THE "CODE") AND DOES NOT IMPLY COMPLIANCE WITH THE CODE'S OTHER PROVISIONS.

PRECLEARANCE PROCEDURES APPLY TO TRANSACTIONS IN A COVERED SECURITY (AS DEFINED IN THE CODE) WITHIN AN EMPLOYEES' BENEFICIALLY OWNED ACCOUNT(S) THAT INCLUDES BUT IS NOT LIMITED TO: ALL ACCOUNTS IN THE NAME OF THE EMPLOYEE OR THE EMPLOYEE'S SPOUSE OR MINOR CHILDREN, IMMEDIATE FAMILY MEMBERS OF THE EMPLOYEE, ALL ACCOUNTS IN WHICH ANY SUCH PERSONS HAVE A BENEFICIAL INTEREST, AND ALL OTHER ACCOUNTS OVER WHICH ANY SUCH PERSON EXERCISES ANY INVESTMENT DISCRETION. PLEASE SEE THE CODE FOR THE COMPLETE DESCRIPTION OF ACCOUNTS THAT ARE SUBJECT TO THE REQUIREMENTS OF THE CODE.

BY SIGNING BELOW, THE EMPLOYEE CERTIFIES THE FOLLOWING: THE EMPLOYEE AGREES THAT THE ABOVE ORDER IS IN COMPLIANCE WITH THE COMPANY CODE OF ETHICS AND IS NOT BASED ON KNOWLEDGE OF AN ACTUAL CLIENT ORDER WITHIN THE PREVIOUS THREE CALENDAR DAYS IN THE SECURITY THAT IS BEING PURCHASED OR SOLD, OR KNOWLEDGE THAT THE SECURITY IS BEING CONSIDERED FOR PURCHASE OR SALE IN ONE OR MORE SPECIFIC CLIENT ACCOUNTS, OR KNOWLEDGE OF A CHANGE OR PENDENCY OF A CHANGE OF AN INVESTMENT MANAGEMENT RECOMMENDATION. THE EMPLOYEE ALSO ACKNOWLEDGES THAT HE/SHE IS NOT IN POSSESSION OF MATERIAL, INSIDE INFORMATION PERTAINING TO THE SECURITY OR ISSUER OF THE SECURITY.

Employee Signature: Date

- (1) All employees who are categorized as Portfolio Employees, as defined by the Code, are prohibited from entering into the following transactions: 1) purchases of IPO's, 2) Profiting from sales in a security held less than 30 days, or 3) short selling.
- (2) All employees who are categorized as Access Persons, as defined by the Code, are prohibited from entering into the following transactions: 1) purchases of IPO's.

APPENDIX XII

PRE-CLEARANCE TRADE REQUEST FORM FOR CTI ITRADE USERS

[GRAPHIC OMITTED]

APPENDIX XIII

ALLIANZ GLOBAL INVESTORS OF AMERICA L.P.
PRIVATE PLACEMENT APPROVAL REQUEST FORM

(MUST ATTACH A COPY OF THE PRIVATE PLACEMENT MEMORANDUM, OFFERING MEMORANDUM OR ANY OTHER RELEVANT DOCUMENTS)

Date Submitted: ___/___/___ Employee Name: _____

Dpt/Job Title: _____ Entity/Employee Group: _____

1. Name of the Sponsor's corporation, partnership or other entity:

a) Name of private placement: _____

2. The sponsor's corporation, partnership, or other entity is: Public Private

3. Describe the business to be conducted by the issuer of the private placement:

4. Nature of your participation: Stockholder Selling Agent
 General Partner limited partner Other: _____

5. Have you received, or will you receive "selling compensation" in connection with the transaction? YES NO If yes, describe the nature of your compensation: _____

6. Size of offering (if a fund-provide size of fund): _____

7. Size of your participation as a percentage of total shares or units outstanding: _____

8. Have you or do you intend to recommend, refer, or solicit others in any way in connection with this investment? YES NO
If Yes, please describe: _____

9. Has this private placement been made available to any client account where either you, or the person you report to, exercise investment discretion? YES NO
If no, state why: _____

10. Describe how you became aware of this private placement: _____

11. To the best of your knowledge, will this private placement result in an IPO within the next 12-18 months? YES NO

Approved Disapproved _____ Date: ___/___/___
Division Head Signature

Approved Disapproved _____ Date: ___/___/___

CODE OF ETHICS

FEBRUARY 1, 2005

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COMPLIANCE

TCW

EMPLOYEE POLICY

FEBRUARY 2005

[GRAPHIC]

I. INTRODUCTION

The TCW Group, Inc. is the parent of several companies which act as investment adviser or manager of investment companies, corporate pension funds, other institutions and individuals. As used in this Code of Ethics, "TCW" refers to The TCW Group, Inc., all of its subsidiaries and affiliated partnerships that are investment advisers registered with the Securities and Exchange Commission, and Trust Company of the West.

This Code of Ethics is based on the principle that the officers, directors and employees of TCW owe a fiduciary duty to, among others, TCW's clients. In light of this fiduciary duty, you should conduct yourself in all circumstances in accordance with the following general principles:

- o You must at all times place the interests of TCW's clients before your own interests.
- o You must conduct all of your personal investment transactions consistent with this Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of your position of trust and responsibility.
- o You should adhere to the fundamental standard that investment advisory personnel should not take inappropriate advantage of their positions to their personal benefit.
- o You should adhere to the principle that information concerning the identity of security holdings and financial circumstances of clients is

confidential.

- o You should comply with those applicable federal securities laws and TCW policies as issued from time to time applicable to your group.
- o Communications with clients or prospective clients should be candid and fulsome. They should not only be true and complete, but they should not have the effect to mislead or misrepresent. This applies to all marketing and promotional materials.
- o Independence in investment-decision making should be paramount.
- o Decisions affecting clients are to be made with the goal of providing equitable and fair treatment as among them.

C1

COMPLIANCE
TCW
EMPLOYEE POLICY
FEBRUARY 2005

[GRAPHIC]

Although it is sometimes difficult to determine what behavior is necessary or appropriate to adhere to these general principles, this Code contains several guidelines for proper conduct. TCW values its reputation for integrity and professionalism. That reputation is the firm's most valuable asset. To that end, actions of employees should be consistent and in furtherance of this reputation. In the end, the effectiveness of TCW's policies regarding ethics depends on the judgment and integrity of its employees rather than on any set of written rules. Accordingly, you must be sensitive to the general principles involved and to the purposes of the Code in addition to the specific guidelines and examples set forth below. If you are uncertain as to whether a real or apparent conflict exists in any particular situation between your interests and those of TCW's clients, you should consult the General Counsel or Chief Compliance Officer immediately.

Each Access Person has received this Code of Ethics and any amendments thereto, receipt of which shall be acknowledged in writing by the Access Person, as defined below. Written acknowledgements shall be maintained by the Compliance Department in accordance with applicable recordkeeping requirements. The form of acknowledgement shall be determined by the Compliance Department in consultation with the Legal Department.

C2

COMPLIANCE
TCW
EMPLOYEE POLICY
FEBRUARY 2005

[GRAPHIC]

II. PERSONAL INVESTMENT TRANSACTIONS POLICY

Laws and ethical standards impose on TCW and its employees duties to avoid conflicts of interest between their personal investment transactions and transactions TCW makes on behalf of its clients. In view of the sensitivity of this issue, it is important to avoid even the appearance of impropriety. The following personal investment transaction policies are designed to reduce the possibilities for such conflicts and or inappropriate appearances, while at the same time preserving reasonable flexibility and privacy in personal securities transactions.

Except as otherwise noted, TCW's restrictions on personal investment transactions apply to all Access Persons. "ACCESS PERSONS" include all TCW directors, officers and employees, except directors who (i) do not devote substantially all working time to the activities of TCW, and (ii) do not have access to information about the day-to-day investment activities of TCW. (1) Every employee should consider himself or herself an Access Person unless otherwise specifically exempted by the Approving Officers or unless he or she falls within a class exempted by the Approving Officers. This policy governs your investments in securities. "SECURITIES" include any interest or instrument commonly known as a security, including stocks, bonds, shares of mutual funds and other investment companies, options, warrants, financial commodities, other derivative products and interests in privately placed offerings and limited partnerships, including hedge funds.

GENERAL PRINCIPLES REGARDING SECURITIES TRANSACTIONS OF ACCESS PERSONS AND TCW DIRECTORS

No Access Person or TCW director may purchase or sell, directly or indirectly, for his or her own account, or any account in which he or she may have a

beneficial interest:

- o Any security (or related option or warrant) that to his or her knowledge TCW is buying or selling for its clients, until such buying or selling is completed or canceled.
- o Any security (or related option or warrant) that to his or her knowledge is under active consideration for purchase or sale by TCW for its clients.

The term "BENEFICIAL INTEREST" is defined by rules of the SEC. Generally, under the SEC rules, a person is regarded as having a beneficial interest in securities held in the name of:

- (1) The Outside Directors of The TCW Group, Inc. are not deemed to be Access Persons because they (i) are not a "SUPERVISED PERSON" as defined in Section 202(a)(25) of the Investment Advisers Act of 1940; (ii) do not have access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund; and (iii) are not involved in making securities recommendations to clients, or who have access to such recommendations that are nonpublic.

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- o A husband or wife or domestic partner;
- o A minor child;
- o A relative or significant other sharing the same house;
- o Anyone else if the Access Person:
 - (i) obtains benefits substantially equivalent to ownership of the securities;
 - (ii) can obtain ownership of the securities immediately or at some future time; or
 - (iii) can vote or dispose of the securities.

An example where an Access Person would have a "beneficial interest" includes trades in a relative's brokerage account if the Access Person is authorized to do trades for that brokerage account, regardless of whether the Access Person actually does trades.

If you act as a fiduciary with respect to funds and accounts managed outside of TCW (for example, if you act as the executor of an estate for which you make investment decisions), you will have a beneficial interest in the assets of that fund or account. Accordingly, any securities transactions you make on behalf of that fund or account will be subject to the general trading restrictions set forth above. You should review the restrictions on your ability to act as a fiduciary outside of TCW set forth under "Outside Activities -- Outside Fiduciary Appointments."

PRECLEARANCE PROCEDURES

Each Access Person must obtain preclearance for any personal investment transaction in a security if such Access Person has, or as a result of the transaction acquires, any direct or indirect beneficial ownership in the security. Preclearance is not necessary for exempt securities or Outside Fiduciary Accounts. "EXEMPT securities" are securities (or securities obtained in transactions) described in the subsection titled "Securities or Transactions Exempt From Personal Investment Transactions Policy." "OUTSIDE FIDUCIARY ACCOUNTS" are certain fiduciary accounts outside of TCW for which you have received TCW's approval to act as fiduciary and which TCW has determined qualify to be treated as Outside Fiduciary Accounts under this Personal Investment Transactions Policy. Separate certification procedures will apply for securities transactions executed on behalf of Outside Fiduciary Accounts in lieu of preclearance.

You must obtain preclearance for all non-exempt securities transactions by completing and signing the Request for Personal Investment Transactions Approval Form provided for that purpose by TCW and by obtaining the signature of the TCW Personal Securities Administrator. You will be required to make certain certifications each time you trade a security, including that you have no knowledge that would violate the general trading principles set forth above. The

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You must complete an approved securities transaction by the end of the business day following the day that you obtain preclearance. If the transaction is not completed within these time requirements, you must obtain a new preclearance, including one for any uncompleted portion of the transaction. Post-approval is not permitted under this Code of Ethics. If TCW determines that you completed a trade before approval or after the clearance expires, you will be considered to be in violation of the Code.

Note that preclearance will ordinarily be given on the day you request it if it is received before the daily processing cutoffs at 6:30 am or 10:30 am (Los Angeles time); however if you are in an Asian office, preclearance for these requests will ordinarily be given on the next business day.

You must also obtain pre-clearance from the Approving Officers to open a personal TCW separately managed account. "APPROVING OFFICERS" are (i) one of Alvin Albe or Marc Stern and (ii) one of Michael Cahill or Hilary Lord.

TRADING RESTRICTIONS

In addition to the more general restrictions discussed above, TCW has adopted other restrictions on personal investment transactions.

Remember these are limits on what you can do directly or indirectly, for your own account or for any account in which you may have a "beneficial interest." Except as otherwise noted below, the trading restrictions do not apply to Outside Fiduciary Accounts.

NO ACCESS PERSON MAY:

- o Enter into an uncovered short sale.
 - o Write an uncovered option.
 - o Acquire any non-exempt security in an initial public offering (IPO). (Remember - under NASD rules, you may also be prohibited from participating in any initial equity public offering). "INITIAL PUBLIC OFFERING" means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.
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- o Purchase securities offered in a hedge fund, other private placement or other limited offering (other than those sponsored by TCW) except with the prior approval of the Approving Officers. Requests for transfers of interests in TCW-sponsored private placements other than estate planning or court mandated are required to be pre-approved by the Approving Officers. Contact the Personal Securities Administrator who will coordinate the request for approval. In considering approval, the Approving Officers will take into consideration whether the investment opportunity you have been offered should be reserved for TCW's clients and whether the opportunity is being offered to you by virtue of your position with TCW. If you or your department wants to purchase on behalf of a TCW client the security of an issuer or its affiliate where you have a beneficial interest (including through an Outside Fiduciary Account) in the securities of that issuer through a private placement, you must first disclose your interest to an Approving Officer. In such event, the Approving Officers will independently review the proposed investment decision. Written records of any such circumstance should be sent to the Personal Securities Administrator. "LIMITED OFFERING OR PRIVATE PLACEMENT" means an offering that is exempt from registration under the Securities Act of 1933 pursuant to section 4(2) or section 4(6) or pursuant to Rule 504, 505 or 506 or under the Securities Act of 1933. Note that a CBO or CDO is considered a limited offering or private placement.
 - o Purchase or sell any security that is subject to a firm-wide

restriction or a department restriction by his or her department.

- o Purchase or otherwise acquire any third party mutual fund advised or subadvised by TCW (See myTCW, Department Resources, Legal Department, Prohibited Third Party Mutual Funds).
- o Have more than four "roundtrip" trades in the TCW Galileo Funds ("GALILEO FUND(S)"), other than the Galileo Money Market Fund, in a calendar year. A "ROUNDRIP TRADE" is any purchase followed by a redemption in any single Galileo Fund. This in effect means that LIFO (last in, first out) applies for matching purposes. Also, the dollar amount of the purchase and the redemption need not match or even correlate to one another for there to be a roundtrip trade. Pre-instructed transactions that occur automatically following the instruction ("AUTO-TRADES"), such as dividend or distribution reinvestments, paycheck contributions, and periodic or automatic withdrawal programs are not counted as a purchase or sale for the purpose of determining whether a round trip transaction has occurred.

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- o Redeem shares of a Galileo Fund within 15 days of the purchase of a share in that Galileo Fund (other than the Galileo Money Market Fund or an Auto-Trade).
 - o Make more than one reallocation in the TCW Profit Sharing and Savings Plan (the "TCW 401(K) PLAN") per calendar quarter.
 - o Make more than one reallocation in the TCW 401(k) Plan within a 15 day period [60 days for Investment Personnel - see below].

Note that the redemption fees imposed by any Galileo Fund will be applicable to transactions in the TCW 401(k) Plan.

ADDITIONALLY - NO INVESTMENT PERSONNEL (SEE DEFINITION NEXT PAGE) WHO EITHER MANAGE OR OTHERWISE PROVIDE ADVICE OR EXECUTION SERVICES FOR A REGISTERED INVESTMENT COMPANY (INCLUDING THE GALILEO FUNDS) MAY:

- o Profit from the purchase or sale, or sale and purchase, of the same (or equivalent) securities within 60 calendar days. This applies to any security, whether or not it is held in any client portfolio at TCW. You should also note that this prohibition would effectively limit the utility of options trading and short sales of securities and could make legitimate hedging activities less available. Any profits realized on such short term trades will be subject to disgorgement.
- o Redeem shares of a Galileo Fund within 60 days of the purchase of a share in that Galileo Fund (other than the Galileo Money Market Fund or an Auto-Trade).
- o Make more than one reallocation in the TCW 401(k) Plan within a 60 day period.

"INVESTMENT PERSONNEL" include any portfolio manager or securities analyst or securities trader who provide information or advice to a portfolio manager or who helps execute a portfolio manager's decisions. Because of TCW's portfolio management support structure, securities analysts and securities traders should assume that they are subject to the trading restrictions unless they have received specific confirmation to the contrary from the Chief Compliance Officer. Note that a person's status or duties may change which could result in him or her subsequently being subject to this trading restriction. If you have any questions resulting from such a change, you should consult with the Chief Compliance Officer.

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ADDITIONALLY - NO PORTFOLIO MANAGER MAY:

- o Purchase or sell any security for his or her own account or any

Outside Fiduciary Account for a period of ten days before that security is bought or sold on behalf of any TCW client for which the portfolio manager serves as portfolio manager. Violation of this prohibition will require reversal of the transaction and any resulting profits will be subject to disgorgement.

- o Purchase any security for his or her own account or any Outside Fiduciary Account for a period of ten days after that security is sold or sell any security for his or her own account or any Outside Fiduciary Account for a period of ten days after that security is bought on behalf of any TCW client for which the portfolio manager serves as portfolio manager. In addition, any portfolio manager who manages a registered investment company may not purchase or sell any security for his or her own account or any Outside Fiduciary Account for the period of ten days after that security is bought or sold on behalf of registered investment company for which the portfolio manager serves as investment manager. Violation of these prohibitions will require reversal of the transaction and any resulting profits will be subject to disgorgement.

Any profits required to be disgorged will be given to a charity under TCW's direction.

SECURITIES OR TRANSACTIONS EXEMPT FROM PERSONAL INVESTMENT TRANSACTIONS POLICY

The following securities or transactions are exempt from some aspects of the personal investment transactions policy:

- (a) U.S. Government Securities.
- (b) Bank Certificates of Deposit.
- (c) Bankers' Acceptances.
- (d) Commercial Paper or other high quality short-term debt instruments (investment grade, maturity not greater than thirteen months) including repurchase agreements.
- (e) Shares in money market mutual funds.
- (f) Shares of (i) open-end investment companies (mutual funds) other than mutual funds advised by TCW or its affiliates, (ii) exchange traded funds ("ETFs") and (iii) securities issued by Societe Generale(2) S.A (list of mutual funds subadvised by TCW on myTCW, Department Resources, Legal Department).
- (g) Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds, none of which are advised by TCW or its affiliates (list of mutual funds subadvised by TCW on myTCW, Department Resources, Legal Department).
- (h) Securities purchased on behalf of an Access Person for an account over which the Access Person has no direct or indirect influence or control.

(2) All securities issued by Societe Generale S.A. or its affiliates are restricted as to purchase by all TCW managed accounts.

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- (i) Securities purchased through an automatic investment program.
"AUTOMATIC INVESTMENT PROGRAM" means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An automatic investment plan includes a dividend reinvestment plan.
- (j) Security purchases effected upon the exercise of rights issued by the issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.
- (k) Stock index futures and nonfinancial commodities (e.g., pork belly contracts).
- (l) Securities acquired in connection with the exercise of an option.

However, if cash is received in connection with the exercise of the option, the transaction must be pre-cleared. The purchase or writing (sale) of an option is not an exempt transaction.

The following reference table summarizes the pre-clearance and reporting requirements for exempt securities or transactions.

[SEE REFERENCE TABLE ON NEXT PAGE]

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<TABLE>
<CAPTION>

Type of Exempt Securities or Transactions	Pre-clearance	Reporting on Quarterly Reports	Reporting on Initial or Annual Report
<S> U.S. Government Securities.	<C> No	<C> No	<C> No
Bank Certificates of Deposit.	No	No	No
Bankers' Acceptances.	No	No	No
Commercial Paper or other high quality short-term debt instruments (investment grade, maturity not greater than thirteen months) including repurchase agreements.	No	No	No
Shares in (i) open-end investment companies (mutual funds), (ii) shares of ETFs; (iii) securities issued by Societe Generale S.A. or (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds not advised by TCW or its affiliates.	No	Only shares of the Galileo Funds (exclusive of Galileo Money Market Fund)	Only shares of the Galileo Funds (exclusive of Galileo Money Market Fund)
Securities purchased on behalf of an Access Person for an account over which the Access Person has no direct or indirect influence or control.	No	No	No
Securities purchased through an automatic investment program.	No	No	No
Security purchases effected upon the exercise of rights issued by the issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.	No	Yes	Yes
Stock index futures and nonfinancial commodities.	No	No	No
Interests in TCW-sponsored limited partnerships or other TCW-sponsored private placements.	No, unless a transfer.	Yes	Yes
Securities acquired in connection with the exercise of an option.	No, unless cash received in connection with exercise of the option.	Yes, security received must be reported.	Yes

</TABLE>

Personal investment transactions in exempt securities are still subject to TCW's policy on inside information.

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ACCOUNTS IN WHICH GALILEO FUNDS ARE TO BE HELD

All purchases and redemptions by Access Persons of any Galileo Fund are to be done exclusively through a "TCW ACCOUNT." A "TCW Account" means (a) an account maintained at TCW through the Private Client Services Department ("PCS"), or (b) an account maintained directly with the Galileo Funds' transfer agent (PFPC, Inc.) and (c) in the case of an Individual Retirement Account ("IRA"), through

an IRA established through PCS where Mellon Bank, N.A., is the custodian. Transactions in the Galileo Money Market Funds and redemptions (but not purchases) of shares of the Galileo Funds out of existing third party accounts currently held are excepted from this requirement, but ONLY IF the accounts are direct accounts and not omnibus accounts. A direct account is that which specifically identifies the beneficial owner with the Galileo Funds' transfer agent.

REPORTING OF TRANSACTIONS

Quarterly Reports. All Access Persons must file with the Personal Securities Administrator quarterly reports of personal investment transactions (including transactions in the Galileo Funds) by the 10th day of January, April, July and October or, if that day is not a business day, then the first business day thereafter. See the above chart for a list of the personal securities transactions a Access Person must report. Every Access Person must file a quarterly report when due even if such person made no purchases or sales of securities during the period covered by the report. You are charged with the responsibility for making the quarterly reports. Any effort by TCW to facilitate the reporting process does not change or alter that responsibility.

The report must be on the form provided by TCW. Since the form may change over time, you should see the form posted on myTCW in the Compliance Department section under Department Resources.

Broker Statements and Trade Confirmations. All Access Persons are required to direct brokers of accounts (including bank accounts that trade securities) in which they have a beneficial interest to supply to TCW, on a timely basis, duplicate copies of trade confirmations and copies of periodic broker account statements. This requirement does not apply to Outside Fiduciary Accounts, to accounts that hold only third party mutual funds or to TCW Accounts that exclusively hold shares of the Galileo Funds. To maximize the protection of your privacy, you should direct your brokers to send this information to:

Trust Company of the West
P.O. Box 71940
Los Angeles, CA 90017

Initial Holdings Reports. All Access Persons are required to file with the Personal Securities Administrator an Initial Holdings Report listing all securities in which the person has a beneficial interest within 10 days of becoming an Access Person. All information in Initial Holdings Reports must be current as of a date no more than 45 days prior to the date the person became an Access Person. See the chart on page C10 for the list of securities which do not have to be reported.

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Annual Holdings Reports. All Access Persons are required to file with the Personal Securities Administrator an Annual Holdings Report which provides a listing of all securities in which the person a beneficial interest as of December 31 of the preceding year. All information in Annual Holdings Reports must be current as of a date no more than 45 days prior to the date the report was submitted. See the chart on page C10 for the list of securities which do not have to be reported.

See the reference table below for a summary of different reporting forms required to be filed.

REPORTING REQUIREMENTS REFERENCE TABLE

If you are an "Access Person"

Then you must file:

- (1) Personal Investment Transactions Approval Form prior to trading;
- (2) Quarterly Reports;
- (3) Initial Holdings Report;
- (4) Annual Holdings Report;
- (5) Broker Statements and Trade Confirmations; and
- (6) an Annual Compliance Certification.

There are no additional reporting requirements for Investment Personnel

If you have any questions about the Personal Investment Transactions Policy,

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III. POLICY STATEMENT ON INSIDER TRADING

The professionals and staff of TCW occasionally come into possession of material, non-public information (often called "INSIDE INFORMATION "). Various federal and state laws, regulations and court decisions, as well as general ethical and moral standards, impose certain duties with respect to the use of this inside information. The violation of these duties could subject both TCW and the individuals involved to severe civil and criminal penalties and the resulting damage to reputation. SEC Rules adopted in 2000 provide that any purchase or sale of a security while "having awareness" of inside information is illegal without regard to whether the information was a motivating factor in making a trade. TCW views seriously any violation of this policy statement. Violations constitute grounds for disciplinary sanctions, including dismissal.

Within an organization or affiliated group of organizations, courts may attribute one employee's knowledge of inside information to another employee or group that later trades in the affected security, even if there had been no actual communication of this knowledge. Thus, by buying or selling a particular security in the normal course of business, TCW personnel other than those with actual knowledge of inside information could inadvertently subject TCW to liability. Alternatively, someone obtaining inside information in a legitimate set of circumstances may inadvertently restrict the legitimate trading activities of other persons within the company.

The risks in this area can be significantly reduced through the conscientious use of a combination of trading restrictions and information barriers designed to confine material non-public information to a given individual, group or department (so-called "CHINESE WALLS "). One purpose of this Policy Statement is to establish a workable procedure for applying these techniques in ways that offer significant protection to TCW and its personnel, while providing flexibility to carry on TCW's investment management activities on behalf of our clients.

See the attached Reference Table if you have any questions on this Policy or who to consult in certain situations. Please note that references in this Policy to the General Counsel and Chief Compliance Officer include persons who they have authorized in their respective departments to handle matters under this Policy.

TCW POLICY ON INSIDER TRADING

Trading Prohibition - No officer, director or employee of TCW may buy or sell a security, including bonds, convertible securities, options, or warrants in a company, either for themselves or on behalf of others, while in possession of material, non-public information about the company. This means that you may not buy or sell securities for yourself or anyone, including your spouse, a relative, friend, or client and you may not recommend that anyone else buy or sell a security of a company on the basis of inside information regarding that company.

Communication Prohibition - No officer, director or employee of TCW may communicate material, non-public information to others who have no official need to know. This is known as "tipping," which is also a violation of the insider trading laws, even if the "tipper" did not personally benefit. Therefore, you should not discuss such information acquired on the job with your spouse or with friends, relatives, clients, or anyone else outside of TCW except on a need-to-know basis relative to your duties at TCW. If you convey material non-public information to another person, even inadvertently, it is possible that the other person, if he or she trades on such information would violate insider trading laws. This is known as "tippee liability." You should remember that you may obtain material, non-public information about entities sponsored by TCW, like its mutual funds, and it is illegal to communicate such information in violation of TCW's policies.

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WHAT IS MATERIAL INFORMATION?

Information is "MATERIAL" when a reasonable investor would consider it important in making an investment decision. Generally, this is information whose disclosure could reasonably be expected to have an effect on the price of a company's securities. The general test is whether a reasonable investor would consider it important in deciding whether or not to buy or sell a security in the company. The information could be positive or negative.

Whether something is material must be evaluated relative to the company in whose securities a trade is being considered -- a multi-million dollar contract may be immaterial to Boeing but material to a smaller capitalization company. Some examples of material information are: dividend changes; earnings results; changes in previously released earnings estimates; significant merger, joint venture or acquisition proposals or agreements; stock buy back proposals; tender offers; rights offerings; new product releases or schedule changes; significant accounting write-offs or charges; credit rating changes; changes in capital structure (e.g. stock splits); accounting changes; major technological discoveries or breakthroughs; major capital investment plans; major contract awards or cancellations; governmental investigations; major litigation or disposition of litigation; liquidity problems; and extraordinary management developments or changes.

Material information may also relate to the market for a company's securities. Information about a significant order to purchase or sell securities may, in some contexts, be deemed material. Similarly, pre-publication information regarding reports to be issued in the financial press may also be deemed material. For example, the Supreme Court upheld the criminal convictions of insider traders who capitalized on pre-publication information about the Wall Street Journal's "Heard on the Street" column.

Since there is no clear or "bright line" definition of what is material, assessments sometimes require a fact specific inquiry. For this reason, if you have questions about whether information is material, please direct them to the [Director of Research or your Department Head and, if further inquiry is desired or required, the General Counsel or the Chief Compliance Officer.

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WHAT IS NON-PUBLIC INFORMATION?

Information is "PUBLIC" when it has been disseminated broadly to investors in the marketplace. Tangible evidence of dissemination is the best indication that the information is public. For example, information is public after it has become available to the general public through a public filing with the SEC or some other governmental agency, the Dow Jones "tape", release by Standard & Poors or Reuters or publication in the Wall Street Journal or some other publication of general circulation. Information remains non-public until a reasonable time elapses after it is disseminated. While there is no specific rule, generally trading 24 hours after the public dissemination of information would not be prohibited (though the wait period may be shorter where a press release is involved).

WHAT ARE SOME EXAMPLES OF HOW TCW PERSONAL COULD OBTAIN INSIDE INFORMATION AND WHAT YOU SHOULD DO IN THESE CASES ?

In the context of TCW's business, the following are some examples of how a person could come into possession of insider information:

(a) Board of Directors Seats or Observation Rights

TCW officers, directors and employees are sometimes asked to sit or act as an observer on the Board of Directors of public companies - sometimes in connection with their duties at TCW and sometimes not. These public companies will generally have restrictions on their Board members' or observers' trading in the companies' securities except during specified "window periods" following the public dissemination of financial information. As noted elsewhere in the Code of Ethics, service as a director of a non-TCW company requires approval and, if approval is given, it will be subject to the implementation of procedures to safeguard against potential conflicts of interest or insider trading, such as Chinese Wall procedures or placing the securities on a restricted list. Anyone who desires to serve on a Board of Directors or as a Board Observer should contact the Personal Securities Administrator who will obtain any necessary approvals and notify the Legal Department so that the appropriate Chinese Wall and/or restricted securities listing can be made.

Cases of fund managers sitting on Boards of public companies have been highlighted in the press and have underlined that the effect of

inadequate safeguards could be to inadvertently render securities "illiquid" in the hands of TCW. In order to mitigate against this risk, anyone sitting on a board of public company should consider the Chinese Wall Procedures below as applicable to them and should abide by them. If the Board seat is held in connection with TCW clients and there is some legitimate need to communicate the information, it may be done within the confines and procedures set forth in the Chinese Wall memorandum and procedures. The Compliance Officer, General Counsel or attorney for the applicable strategy should be contacted if there are any questions.

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Portfolio Managers sitting on Boards of public companies in connection with an equity position that they manage should be mindful of SEC filing obligations under Section 16 of the Securities Exchange Act of 1934 as well as the possibility of being required to give back profits (or so called "short swing profits") on purchases and sales of shares held in client accounts within a 6-month period. Similar concerns arise in the context of companies where there is an intent to control or there is an arrangement with others to attempt to influence or control a public company. The product attorney should be consulted in these situations and outside counsel should be involved as necessary.

(b) Deal-Specific Information

Under certain circumstances, an employee may receive insider information for a legitimate purpose in the context of a transaction in which a TCW entity or account is a potential participant or in the context of forming a confidential relationship. This "deal-specific information" may be used by the department to which it was given for the purpose for which it was given. Generally, if a confidentiality agreement is to be signed, it should be assumed that insider information is included. However, even in the absence of a confidentiality agreement, insider information may be received where there is an oral agreement or an expectation that you will maintain the information as confidential. In addition, if the persons providing or receiving the information have a pattern or practice of sharing confidences so that the recipient knows or reasonably should know that the provider expects the information to be kept confidential such pattern or practice is sufficient to form a confidential relationship. The SEC rules further provide that there is a presumed duty of trust and confidence when a person receives material non-public information from his or her spouse, parent, child or sibling.

Material non public or deal-specific information may be given in connection with TCW's making a direct investment in a company in the form of equity or debt; it may also involve a purchase by TCW of a debt or equity security in a secondary transaction or in the form of a participation. This type of situation typically arises in mezzanine financings, loan participations, bank debt financings, venture capital financing, purchases of distressed securities, oil and gas investments and purchases of substantial blocks of stock from insiders. You should remember that even though the investment for which the deal-specific information is being received may not be a publicly traded security, the company may have other classes of publicly traded securities that are publicly traded and the receipt of the information by TCW can affect the ability of other parts of the organization to trade in those securities. For the foregoing reasons, if you are to receive any deal-specific information or material, non-public information on a company with any class of publicly traded securities (whether domestic or foreign), please contact the TCW product attorney for your area, who will then implement the appropriate Chinese Wall and trading procedures.

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(c) Creditors' Committees

On occasion an investment may go into default and TCW is a significant participant. In that case, TCW may be asked to participate on a

Creditors' Committee. Creditors' Committees are often involved in intensive negotiations involving restructuring, work-outs, recapitalizations and other significant events that would affect the company and are given access to insider information. TCW's sitting on such a committee could substantially affect its ability to trade in securities in the company and, therefore, before sitting on any official Creditors' Committee, you must first get the approval of the General Counsel or the Chief Compliance Officer and then the appropriate Chinese Wall and trading procedures will be implemented. If you sit on an informal Creditors' Committee, these restrictions may not apply, but you should consult with the attorney for the product area for confirmation.

(d) Information about TCW Products

Persons involved with the management of limited partnerships, trusts and mutual funds (closed-end and open-end) which themselves issue securities could come into possession of material information about those funds that is not generally known to their investors or the public and that could be considered inside information. For example, plans with respect to dividends could be considered insider information and buying or selling securities in a TCW product with knowledge that there will be an imminent change in dividends would be a violation of the policy. Another example would be if there were to be a large scale buying or selling program or a sudden shift in allocation that was not generally known, this could be considered inside information. Disclosing holdings of the Galileo mutual funds or CVT on a selective basis could be viewed as an improper disclosure of non-public information and should not be done. In the event of inadvertent or non-intentional disclosure of material non-public information, the person making the disclosure should immediately contact the product attorney or General Counsel. This is because TCW will be required to make prompt disclosure as soon as reasonably practicable (but in no event after the later of 24 hours after the disclosure or the commencement of the next day's trading on the New York Stock Exchange).

TCW currently discloses holdings of the Galileo funds and CVT on a monthly basis beginning on the 15th day following the end of that month (or, if not a business day, the next business day thereafter). Disclosure of these funds' holdings at other times require special confidentiality procedures and must be pre-cleared with the product attorney. Persons involved with management of these funds and, in particular, portfolio managers and investment personnel, but also support and administrative personnel, should be sensitive to the fact that they have access to such information. Department Heads for each product area, the head of mutual funds for TCW and the in-house attorney for the product area are responsible for notifying the Personal Securities Administrator of this type of inside information so she can impose appropriate restrictions, and advise her when the information becomes public or stale, so that the restriction can be removed.

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(e) Contacts with Public Companies

For TCW, contacts with public companies represent an important part of our research efforts. TCW makes investment decisions on the basis of the firm's conclusions formed through such contacts and analysis of publicly available information. Difficult legal issues arise, however, when, in the course of these contacts, a TCW employee becomes aware of material, non public information. This could happen, for example, if a company's Chief Financial Officer prematurely discloses quarterly results to an analyst or an investor relations representative makes a selective disclosure of adverse news to a handful of investors. In such situations, TCW must make a judgment as to its further conduct. If an issue arises in this area, a research analyst's notes could become subject to scrutiny and they have become increasingly the target of plaintiffs' attorneys in securities class actions.

This area is one of particular concern to the investment business and, unfortunately, it is one with a great deal of legal uncertainty. In a notable 1983 case, the U.S. Supreme Court recognized explicitly the important role of analysts to ferret out and analyze information as necessary for the preservation of a healthy market. It also recognized that questioning of corporate officers and insiders is an important part of this information gathering process. The Court thus framed

narrowly the situations in which analysts receiving insider information would be required to "disclose or abstain" from trading (generally where the corporate insider was disclosing for an improper purpose, such as personal benefit, and the analyst knows it). However, the Securities and Exchange Commission has declared publicly its disfavor with the case and since then has brought enforcement proceedings indicating that they will take strict action against what they see as "selective disclosures" by corporate insiders to securities analysts, even where the corporate insider was getting no personal benefit and was trying to correct market misinformation. Thus, the status of company-to-analyst contacts has been characterized as "a fencing match on a tightrope" and a noted securities professor has said that the tightrope is now electrified.

Because of this uncertainty, caution is the recommended course of action. If an analyst receives what he or she believes is insider information and if you feel you received it in violation of a corporate insider's fiduciary duty or for his personal benefit, you should make reasonable efforts to achieve public dissemination of the information and restrict trading until then. The Director of Research or your Department Head should be contacted if you have questions or doubts and they will contact the General Counsel or the Chief Compliance Officer if required.

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WHAT IS THE EFFECT OF RECEIVING INSIDE INFORMATION?

The person actually receiving the inside information is subject to the trading and communication prohibitions discussed above. However, since TCW is a company, questions arise as to how widely that information is to be attributed throughout the company. Naturally, the wider the attribution, the greater the restriction will be on other persons and departments within the company. Therefore, anyone receiving insider information should be aware that the consequences can extend well beyond themselves or even their departments.

In the event of receipt of insider information by an employee, the company will generally (1) establish a Chinese Wall around the individual or a select group or department; and/or (2) place a "firm wide restriction" on securities in the affected company which would bar any purchases or sales of the securities by any department or person within TCW, whether for a client or personal account (absent specific approval from the legal department). In connection with the Chinese Wall protocol, those persons falling within the Chinese Wall would be subject to the trading prohibition and, except for need-to-know communications to others within the Chinese Wall, the communication prohibition discussed above. The breadth of the Chinese Wall and the persons included within it would have to be determined on a case-by-case basis. In these circumstances, the Chinese Wall procedures are designed to "isolate" the inside information and access to it by an individual or select group in order to allow the remainder of the company not to be affected by it. In any case where a Chinese Wall is imposed, the Chinese Wall procedures discussed below must be strictly observed.

DOES TCW MONITOR TRADING ACTIVITIES?

The Compliance Department conducts reviews trading in public securities listed on the "RESTRICTED SECURITIES List." The Compliance Department surveys transactions effected by employees and client accounts for the purpose of, among other things, identifying transactions that may violate laws against insider trading and, when necessary, investigating such trades.

PENALTIES AND ENFORCEMENT BY SEC AND PRIVATE LITIGANTS

The Director of Enforcement of the SEC has said that the SEC pursues all cases of insider trading regardless of the size of transaction and regardless of the persons involved. Updated and improved detection, tracking and surveillance technique in the past few years have strengthened enforcement efforts by the SEC as well as the stock exchanges. This surveillance is done routinely in many cases or can be based on informants in specific cases.

Penalties for violations are severe for both the individual and possibly his or her employer. These could include:

- o Giving up all profits made (or losses avoided) trebled.

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- o Fines of up to \$1 million
- o Jail up to 10 years
- o Civil lawsuits by shareholders of the company in question.

The regulators, the market and TCW view violations seriously.

WHAT YOU SHOULD DO IF YOU DO IF YOU HAVE A QUESTION ABOUT INSIDE INFORMATION?

Before executing any trade for yourself or others, including clients of TCW, you must consider whether you have access to material, non-public information. If you believe you have received oral or written material, non-public information, you should discuss the situation immediately with the attorney responsible for the product area, the General Counsel or the Chief Compliance Officer who will determine whether the information is of a nature requiring restrictions on use and dissemination and when any restrictions should be lifted. You should not discuss the information with anyone else within or outside TCW.

TCW'S CHINESE WALL PROCEDURES

"Before I built a wall I'd ask to know what was I walling in or walling out."
Robert Frost, Mending Wall (1914)

The Securities and Exchange Commission has long recognized that procedures designed to isolate material non-public information to specific individuals or groups can be a legitimate means of curtailing attribution of knowledge of this inside information to an entire company. These types of procedures are typical in multi-service broker-dealer investment banking firms and are known as Chinese Wall procedures. In those situations where TCW believes insider information can be isolated, the following Chinese Wall procedures would apply. These Chinese Wall procedures are designed to "quarantine" or "isolate" the individuals or select group of persons within the Chinese Wall.

Identification of the Walled-In Individual or Group

The persons subject to the Chinese Wall procedures will be identified by name or group designation. If the Chinese Wall procedures are applicable simply because of someone serving on a Board of Directors of a public company in a personal capacity, it is likely that the Chinese Wall will apply exclusively to that individual, although in certain circumstances it may be appropriate to expand the wall. Where the information is received as a result of being on a Creditors' Committee, serving on a Board in a capacity related to TCW's investment activities or receipt of deal-specific information, the walled in group will generally refer to the product management group associated with the deal and, in some cases, related groups or groups that are highly interactive with that group. Determination of the breadth of the Chinese Wall is fact-specific and must be made by the attorney for the product area, the General Counsel or the Chief Compliance Officer. Therefore, as noted above, it is important to advise them if you come into possession of material, non-public information.

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Isolation of Information

Fundamental to the concept of a Chinese Wall is that the inside information be effectively quarantined to the walled-in group. The two basic procedures that must be followed to accomplish this are as follows:

(a) Restrictions on Communications

Communications regarding the inside information or the subject company should only be held with persons within the walled-in group on a need-to-know basis or with the General Counsel, attorney for the product area or Chief Compliance Officer. Communications should be discreet and should not be held in the halls, in the lunchroom or on cellular phones. In some cases it may be appropriate to use code names for the subject company as a precautionary measure. If persons outside the group are aware of your access to information and ask you about the target company, they should be told simply that you are not at liberty to discuss it. On occasion, it may be desirable to discuss the matter with someone at TCW outside the group. No such communications should be held without first receiving the prior clearance of the General

Counsel, attorney for the product area or the Chief Compliance Officer. In such case, the person outside the group and possibly his or her entire department, will thereupon be designated as "inside the wall" and will be subject to all the Chinese Wall restrictions in this memo.

(b) Restrictions on Access to Information

The files, computers and offices where confidential information is physically stored should generally be made inaccessible to persons not within the walled-in group. In certain circumstances, there is adequate and physical segregation of the group whereby access would be very limited. However, in other cases where there is less physical segregation between the group and others, additional precautionary measures should be taken to make sure that any confidential non-public information is kept in files securely and not generally accessible.

Trading Activities by Persons Within the Wall

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Persons within the Chinese Wall are prohibited from buying or selling securities in the subject company, whether on behalf of TCW, clients or in personal transactions. This restriction would not apply in the following two cases: (1) Where the affected persons have received deal-specific information, the persons are permitted to use the information to consummate the deal for which it was given; and (2) In connection with a liquidation of a client account in full, the security in the affected account may be liquidated if the client has specifically instructed TCW to liquidate the account in its entirety and if no confidential information has been shared with the client. In this circumstance, TCW would attribute the purchase or sale as having been effected at the direction of the client rather than pursuant to TCW's discretionary authority and TCW would be acting merely in an executory capacity - again, assuming no confidential information has been shared with the client. The liquidating portfolio manager should confirm to the Compliance Department in connection with such a liquidation that no confidential information has been shared with the client.

Note that if the transaction permitted under paragraph (1) is a secondary trade (versus a direct company issuance), counsel should be consulted to determine disclosure obligations to the counterparty of the insider information in our possession.

Termination of Chinese Wall Procedures

When the information has been publicly disseminated and a reasonable time has elapsed, or if the information has become stale, the Chinese Wall procedures with respect to the information can generally be eliminated. This is particularly true where the information was received in an isolated circumstance such as an inadvertent disclosure to an analyst or receipt of deal-specific information. However, persons who by reason of an ongoing relationship or position with the company are more exposed to the receipt of such information on a frequent basis (for example, being a member of the Board of Directors or on a Creditors' Committee) would ordinarily be subject to the Chinese Wall procedures on a continuing basis and may be permitted to trade only during certain "window periods" when the company permits such "access" persons to trade.

IT WILL BE THE RESPONSIBILITY OF EACH GROUP HEAD TO ENSURE THAT MEMBERS OF HIS OR HER GROUP ARE ABIDING BY THESE CHINESE WALL PROCEDURES IN EVERY INSTANCE.

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Reference Table

<TABLE> <CAPTION> Topic <S>	You should contact: <C>
If you have a question about whether information is "material" or "non-public"	First: The Director of Research or your Department Head. If further inquiry is needed or desired, the General Counsel or Chief Compliance Officer

If you wish to take a Board of Directors seat (Pre-approval is required)	The Personal Securities Administrator
If you have a question about obtaining deal-specific information (preclearance is required)	TCW attorney responsible for product area or General Counsel or Chief Compliance Officer.
If you have a question about sitting on a Creditors Committee (Pre-approval is required)	General Counsel, TCW attorney responsible for the product area or Chief Compliance Officer
If you have a question about whether you have received inside information on TCW commingled funds (e.g. partnerships, trusts, mutual funds)	Department Head for product area or for mutual funds or such group's attorney (who will notify Personal Securities Administrator)
If you have questions about whether you have received material non-public information about a company Officer	First: The Director of Research or your Department Head. If further inquiry is needed or desired, General Counsel or Chief Compliance Officer
If you have questions about the Insider Trading Policy in general	General Counsel or Chief Compliance Officer
If you need to have a Chinese Wall set up	TCW Attorney responsible for product area, or General Counsel or Chief Compliance Officer
If you have questions about who is "within" or "outside" a Chinese Wall	TCW Attorney responsible for product area, or General Counsel
If you have questions about the securities listed on the Restricted Securities List	Personal Securities Administrator
If you have questions about terminating a Chinese Wall	TCW Attorney responsible for product area, or General Counsel or Chief Compliance Officer
If you want permission to buy or sell a security listed on the Restricted Securities List	Personal Securities Administrator who will contact the attorney who is responsible for Section 13/16 issues, the General Counsel or Chief Compliance Officer
If you have questions about Section 13/16 issues	TCW Attorney responsible for Section 13/16, or General Counsel or Chief Compliance Officer

</TABLE>

CERTAIN OPERATIONAL PROCEDURES IN CONNECTION WITH ENFORCEMENT OF INSIDER INFORMATION AND INSIDER TRADING POLICIES

The following are certain operational procedures that will be followed to ensure communication of insider trading policies to TCW's employees and enforcement thereof by the Company.

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Maintenance of Restricted List

TCW will maintain a list of the securities for which TCW is generally limited firm-wide from engaging in transactions - the Restricted List. This list is maintained by the Personal Securities Administrator, who distributes it to the following personnel in all TCW offices: all traders, portfolio managers, analysts, investment control, securities clearance, as well as certain other individuals. This list is issued whenever there is an addition, deletion or modification, as well as periodically if there have been no changes. In some cases, the list may note a partial restriction, e.g. restricted as to purchase, restricted as to sale, or restricted as to a particular group or person. The Personal Securities Administrator maintains an annotated copy of the list which explains why each item is on it, and has a section giving the history of every item that has been deleted. This Annotated List is distributed to the General Counsel and the Chief Compliance Officer, as well as any additional persons, which either of them may approve.

The Restricted List is updated whenever there is a change, which the Personal Securities Administrator has confirmed should be added with the General Counsel, the Chief Compliance Officer, or the in-house attorney who handles the Section 13/16 issues.

The General Counsel, Chief Compliance Officer or attorney who handles Section 13/16 issues must approve any exemption, which is then documented by the Personal Securities Administrator. The Restricted List includes securities for foreign and domestic public reporting companies where TCW personnel serve as

Directors, Board Observers, officers or a member of official Creditors' Committee, where TCW personnel have material, non-public information or have an agreement or arrangement to maintain information as confidential. Once a Company is placed on the Restricted List, any purchase or sale as specified on the list (whether a personal trade or on behalf of a client account) must be cleared with the Personal Securities Administrator (or other member of the Compliance Department) who will consult as appropriate with an attorney in the Legal Department, the General Counsel, or the Chief Compliance Officer. In certain circumstances where a group continuously receives material non-public information as part of its strategy, a global Chinese Wall will be imposed on the Department in lieu of placing all of the issuers for which it has information on the Restricted List.

Consent to Service on Board of Directors and Creditors' Committees

In order to monitor situations where material, non-public information may become available by reason of a board position, employees are required to obtain consent for accepting positions on non-TCW boards of directors. Similarly, consent is required for employees to sit on Creditors' Committees. See "Policy Statement and Procedures on Insider Information and Insider Trading."

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IV. GIFTS, PAYMENTS AND PREFERENTIAL TREATMENT

GIFTS AND ENTERTAINMENT RECEIVED BY EMPLOYEES

Gifts or entertainment that are excessive or extravagant provide the actual or apparent potential for conflict of interest affecting an employee's duties and independence of judgment to TCW's clients or TCW. Therefore, it is TCW's policy that gifts or entertainment of this nature are prohibited, whether to the employee or his or her family, domestic partners, relatives, friends or designees.

GIFTS. "GIFT" means anything of value received without paying its reasonable fair value. For example, gifts include favors, money, credit, special discounts on goods or services, free services, loans of goods or money, tickets to sports or entertainment events, trips and hotel expenses. If something falls within the definition of "Entertainment" as described below, it does not fall within the category of gifts.

Employees should never solicit gifts from suppliers, clients, brokers, or any other entity with which the firm does business.

As a general rule, you should not accept gifts that are of excessive value. While there is no absolute definition of "excessive", you should exercise good judgment to assure that no gift that is or could be reasonably viewed as excessive in value is accepted. Generally, gifts with a cost of less than of \$100 would not be viewed as excessive and those over \$100 would be, although the context might permit the receipt of such a gift over \$100 if approval is given (in the manner described below). The receipt of cash gifts by employees is absolutely prohibited.

ENTERTAINMENT. "ENTERTAINMENT" generally means the attendance by you and/or your guests at a meal, sporting event, theater production or comparable event where the expenses are paid by the business relation who invited you. It might also include payment of travel or accommodation expenses at a conference or an out-of-town event. In all cases, the host for the event must be personally present at the event; otherwise, it would then be viewed as a gift.

As a general rule, you should not accept an invitation that involves entertainment expenses unless they are not excessive and are usual and customary. No set of absolute rules exists and judgment must be exercised. The context, circumstances and frequency must be considered. For example, where the event is more business related in subject (e.g. a business conference), greater latitude may be acceptable, whereas in a purely amusement context (e.g. an out-of-town sporting event) more restriction may be required. If you believe entertainment might be excessive or if the entertainment falls into one of the categories identified below, you should seek approval.

APPROVALS. In some cases approval is advisable, and in others it is mandatory. If approval is called for, you should seek it from both (a) the Head of your Department or your supervisor (if you are the Department Head) and (b) any one of the Chief Compliance Officer, the Chief Risk Officer or the General Counsel. Any persons approving gifts or entertainment should keep a written record of approvals, on a calendar year basis.

Approval MUST be obtained if:

- o The gift or entertainment involves the payment of out-of-town travel or accommodation expenses.
- o This does not apply to payment of accommodations by a sponsor of an industry, company or business conference held within the U.S. involving multiple attendees from outside TCW where your expenses are being paid by the sponsor on the same basis as those of other attendees; however, if the sponsor is paying travel expenses, approval is required. Also, if the accommodations or travel are paid in connection with a trip abroad, approval should be sought.
- o A gift is reasonably believed to have a cost in excess of \$100 but you feel it is appropriate. Unless the gift appears excessive to a reasonable person, this does not apply to:
 - o A business gift being made from a business or corporate gift list to you on the same basis as other recipients of the sponsor. For example Christmas gifts.
 - o Gifts from a donor to celebrate a transaction or event and that are given to a wide group of recipients. For example, closing dinner gifts
- o You reasonably believe that the entertainment might be excessive but you feel it is appropriate.
- o A gift is received from one business relation more than twice in a calendar year.
- o You are entertained on a personal basis by a hosting business relation more than twice in a calendar year. A "personal basis" is one involving a relatively small group of people as opposed to a function or event attended by several unrelated attendees (e.g. a fundraising dinner or a party).

You are advised to seek approval if:

- o You are not sure if the entertainment is excessive but feel it is appropriate.
- o You cannot judge whether a gift would have a cost over \$100.

If a gift is over \$100 and is not approved as being otherwise appropriate, you should (a) reject or return the gift or (b) if returning the gift could damage friendly relations between a third party and TCW, give it to the Chief Compliance Officer who will donate it to charity.

GIFTS AND ENTERTAINMENT GIVEN BY EMPLOYEES

It is acceptable for you to give gifts or favors to the extent they are appropriate and suitable under the circumstances, meet the standards of ethical business conduct, are not excessive in value and involve no element of concealment. The \$100 test for excessiveness applies to the giving of gifts, as well as the receiving of gifts (as noted above). Entertainment that is reasonable and appropriate for the circumstances is an accepted practice to the extent that it is both necessary and incidental to the performance of TCW's business.

You should note that for public pension plans and in some cases other clients, entertainment or gifts may have to be disclosed by TCW in response to client questionnaires and may reflect unfavorably on TCW in obtaining business. In some

cases they may even lead to disqualification. Therefore, discretion and restraint is advised. In addition, you must be in a position to report any such gifts or entertainment if the question arises.

OTHER CODES OF ETHICS

You should be aware that sometimes a client imposes more stringent codes of ethics than those set forth above. If you are subject to a client's code of ethics, you should abide by it.

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V. OUTSIDE ACTIVITIES

OUTSIDE EMPLOYMENT

Each employee is expected to devote his or her full time and ability to TCW's interests during regular working hours and such additional time as may be properly required. TCW discourages employees from holding outside employment, including consulting. If you are considering taking outside employment, you must submit a written request to your Department Head. The request must include the name of the business, type of business, type of work to be performed, and the days and hours that the work will be performed. If your Department Head approves your request, it will be submitted to Alvin Albe for final approval.

An employee may not engage in outside employment that: (a) interferes, competes, or conflicts with the interest of TCW; (b) encroaches on normal working time or otherwise impairs performance; (c) implies TCW's sponsorship or support of an outside organization; or (d) reflects directly or indirectly adversely on TCW. Corporate policy prohibits outside employment in the securities brokerage industry. Employees must abstain from negotiating, approving or voting on any transaction between TCW and any outside organization with which they are affiliated, whether as a representative of TCW or the outside organization except in the ordinary course of their providing services for TCW and on a fully disclosed basis.

If you have an approved second job, you are not eligible to receive compensation during an absence from work which is the result of an injury on the second job and outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness or refusal to work overtime. Should any of these situations occur, approval may be withdrawn.

Any other outside activity or venture that is not covered by the foregoing, but that may raise questions, should be cleared with Alvin Albe.

SERVICE AS DIRECTOR

No officer, portfolio manager, investment analyst or securities trader may serve as a director or in a similar capacity of any non-TCW company or institution, whether or not it is part of your role at TCW, without prior approval of the Approving Officers. You do not need approval to serve on the board of a private family corporation for your family or any charitable, professional, civic or nonprofit entities that are not clients of TCW and have no business relations with TCW. If you receive approval, it will be subject to the implementation of procedures to safeguard against potential conflicts of interest, such as Chinese Wall procedures or placing securities of the company on a restricted list. TCW may withdraw approval if senior management concludes that withdrawal is in TCW's interest. Also, if you serve in a director capacity which does not require approval but circumstances later change which would require such approval (e.g. the company enters into business relations with TCW or becomes a client), you must then get approval. See the attached sample of a Report on Outside Directorships which you should use to seek any approval (Exhibit C-F).

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FIDUCIARY APPOINTMENTS

No employee may accept appointments as executor, trustee, guardian, conservator,

general partner or other fiduciary, or any appointment as a consultant in connection with fiduciary or active money management matters, without the prior approval of the Approving Officers. This policy does not apply to appointments involving personal estates or service on the board of a charitable, civic, or nonprofit company where the Access Person does not act as an investment adviser for the entity's assets. If TCW grants you approval to act as a fiduciary for an account outside TCW, it may determine that the account qualifies as an Outside Fiduciary Account. Securities traded by you as a fiduciary will be subject to the TCW Personal Investment Transactions Policy.

COMPENSATION, CONSULTING FEES AND HONORARIUMS

If you have received proper approval to serve in an outside organization or to engage in other outside employment, you may retain all compensation paid for such service unless otherwise provided by the terms of the approval. You should report the amount of this compensation to Alvin Albe. You may not retain compensation received for services on boards of directors or as officers of corporations where you serve in the course of your employment activities with TCW. You may also retain honorariums received by you for publications, public speaking appearances, instruction courses at educational institutions, and similar activities. You should direct any questions concerning the permissible retention of compensation to Alvin Albe.

PARTICIPATION IN PUBLIC AFFAIRS

TCW encourages its employees to support community activities and political processes. Normally, voluntary efforts take place outside of regular business hours. If voluntary efforts require corporate time, you should obtain prior approval from Alvin Albe. If you wish to accept an appointive office, or run for elective office, you must first obtain approval from Alvin Albe. You must campaign for an office on your own time and may not use TCW property or services for such purposes without proper reimbursement to TCW.

In all cases, employees participating in political activities do so as individuals and not as representatives of TCW. To prevent any interpretation of sponsorship or endorsement by TCW, you should not use either the TCW name or its address in material you mail or funds you collect, nor, except as necessary biographical information, should TCW be identified in any advertisements or literature.

SERVING AS TREASURER OF CLUBS, CHURCHES, LODGES

An employee may act as treasurer of clubs, churches, lodges, or similar organizations. However, you should keep funds belonging to such organizations in separate accounts and not commingle them in any way with your personal funds or TCW's funds.

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VI. POLITICAL ACTIVITIES AND CONTRIBUTIONS

INTRODUCTION: POLITICAL CONTRIBUTIONS & ACTIVITIES

In the US, both federal and state laws impose limitations, and in some cases restrictions, on certain kinds of political contributions and activities. These laws apply not only to US citizens, but also to foreign nationals and both US and foreign corporations, and other institutions. Accordingly, TCW has adopted policies and procedures concerning political contributions and activities

regarding federal, state and local candidates, officials and political parties.

THIS POLICY REGARDING ACTIVITIES AND POLITICAL CONTRIBUTIONS APPLIES TO TCW AND ALL EMPLOYEES. FAILURE TO COMPLY WITH THESE RULES COULD RESULT IN CIVIL OR CRIMINAL PENALTIES FOR TCW AND THE INDIVIDUALS INVOLVED.

These policies are intended solely to comply with these laws and regulations and to avoid any appearance of impropriety. These policies are not intended otherwise to interfere with an individual's right to participate in the political process.

OVERVIEW OF POLICY ON POLITICAL ACTIVITIES AND CONTRIBUTIONS

The following summarizes the key elements of the Policy on Political Activities and Contributions. You are responsible for being familiar and complying with the complete policy that follows this summary.

If you have any questions about political contributions or activities, contact Michael Cahill.

- o Neither TCW nor anyone working on behalf of TCW may solicit or make a political contribution for the purpose of assisting the firm in obtaining or retaining business.
- o Use of TCW facilities for political purposes is only authorized for activities allowed by law and consistent with this policy. For more information, see the section below entitled: "Rules for Political Activities on Firm Premises and for Using Firm Resources."
- o Contributions by TCW itself: Federal law prohibits political contributions by TCW (or in TCW's name) in support of candidates for federal office. While some states do allow such contributions, there are legal restrictions on corporate donations to state and local candidates, so any firm contributions must be approved by Michael Cahill.
- o Contributions by TCW employees: Employees of TCW are free to give to candidates for federal, state and local office as a matter of personal choice. However, you must pre-clear with Michael Cahill any contributions to state and local political officials or candidates if, to your knowledge, they serve, or are seeking a position, on the governing board of any TCW client or potential TCW client.

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- o Political contributions to U.S. candidates by persons who are not US citizens or permanent resident aliens ("foreign nationals") or by foreign businesses are prohibited by law.
 - o Each individual is responsible for remaining within federal, state, and local contribution limits on political contributions and adhering to applicable contribution reporting requirements.
 - o Use of TCW's address on political contributions should be avoided unless required by law.

POLICY ON POLITICAL ACTIVITIES AND CONTRIBUTIONS

General Rules

(a) Political Contributions to obtain or retain business

All persons are PROHIBITED from making or soliciting political contributions where the purpose is to assist TCW in obtaining or retaining business.

(b) Solicitations of TCW Employees on Behalf of Federal, State, or Local Candidates or Committees

No employee shall apply pressure, direct or implied, on any other employee that infringes upon an individual's right to decide whether, to whom, in what capacity, or in what amount or extent, to engage in political activities.

(c) Contributions and Solicitations

(i) Solicitations/invitations of firm personnel

All employees must comply with the following procedure when

soliciting political contributions to candidates, party committees or political committees. Solicitations or invitations to fundraisers must:

- o Originate from the individual's home address.
- o Make clear that the solicitation is not sponsored by TCW.
- o Make clear that the contribution is voluntary on the part of the person being solicited.

(ii) General Prohibitions

All employees are prohibited from:

- o Making political solicitations under the auspices of the firm, unless authorized by Michael Cahill. Use of firm letterhead is prohibited.
- o Causing TCW to incur additional expenses by using its resources for political solicitations, such as postage.
- o Reimbursing others for political contributions.

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-
- o Doing indirectly or through another person anything prohibited by these policies and procedures.

(iii) Political Contributions and Activities by Foreign Nationals

Foreign nationals and non-permanent resident aliens are prohibited by law from:

- o Making contributions, donations, expenditures, or disbursements (either directly or indirectly) in connection with any federal, state or local elections.
- o Contributing or donating to federal, state or local political party committees.
- o Making disbursements for federal, state or local electioneering communications.

Rules for Individuals

(a) Responsibility for Personal Contribution Limits

Federal law and the laws of many states and localities establish contribution limits for individuals and political committees. It is your responsibility to know and remain within those limits. Keep in mind that in some jurisdictions contribution limits apply to the aggregate of all your contributions within the jurisdiction.

(b) State and Local Elections

All personnel must pre-clear any proposed contributions to state and local political officials if, to your knowledge, those individuals now serve or are seeking a position on the governing board of a TCW client.

Rules for Political Activities on TCW Premises and for Using TCW Resources

(a) Federal, State, and Local Elections

All employees are prohibited from:

- o Causing TCW to incur additional expenses by using firm resources for political activities. This would include expenditures such as the use of photocopier paper for political flyers, or TCW-provided refreshments at a political event. (There are some exceptions to this ban. See below under "On Premises Activities Relating to Federal Elections. ")

AND

- o Directing subordinates to participate in federal, state, and/or local fundraising or other political activities, except where those subordinates have voluntarily agreed to participate in such

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(b) On Premises Activities Relating to Federal Elections

Federal law and firm policy allow individuals to engage in limited personal, volunteer political activities on company premises on behalf of a federal candidate. Such activities are permitted IF AND ONLY IF:

- o The political activities are isolated and incidental (they may not exceed one hour per week or four hours per month).
- o The activities do not prevent the individual from completing normal work and do not interfere with TCW's normal activity.
- o The activities do not raise the overhead of TCW (e.g., using firm facilities that result in long distance phone charges, facsimile charges, postage or delivery charges, etc.).

AND

- o The activities do not involve services performed by other employees (secretaries, assistants, or other subordinates) unless the other employees are VOLUNTARILY engaging in the political activities in question.

(c) Volunteers Who are of Subordinate Rank

Any employee considering the use of the services of a subordinate employee (whether or not in the same reporting line) for political activities must inform the subordinate that his or her participation is STRICTLY VOLUNTARY, and that he or she may decline to participate without risk of retaliation or any adverse job action.

(d) On Premises Activities Relating to State and Local Elections

The laws and limitations on corporate political contributions and activities vary significantly from state to state. In general, the guidelines and policies set forth above, for activities related to federal elections should be followed. If you have questions, you may contact Michael Cahill for more information.

Rules for TCW

(a) Federal Elections

TCW is prohibited from:

- o Making or facilitating contributions to federal candidates from corporate treasury funds.
- o Making or facilitating contributions or donations to federal political party committees and making donations to state and local political party committees if the committees use the funds for federal election activity.

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[GRAPHIC]

- o Using corporate facilities, resources, or employees for federal political activities other than for making corporate communications to its officers, directors, stockholders, and their families.
- o Making partisan communications to its "rank and file" employees or to the public at large.

(b) Contributions to State and Local Candidates and Committees

The laws and limitations on corporate political contributions and activities vary significantly from state to state. All TCW employees must obtain

pre-clearance from Michael Cahill PRIOR to:

- o Using TCW's funds for any political contributions to state or local candidates.
- o Making any political contribution in TCW's name.

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FEBRUARY 2005

[GRAPHIC]

VII. OTHER EMPLOYEE CONDUCT

PERSONAL FINANCIAL RESPONSIBILITY

It is important that employees properly manage their personal finances, particularly in matters of credit. Imprudent personal financial management may affect job performance and lead to more serious consequences for employees in positions of trust. In particular, you are not permitted to borrow from clients, or from providers of goods or services with whom TCW deals, except those who engage in lending in the usual course of their business and then only on terms offered to others in similar circumstances, without special treatment. This prohibition does not preclude borrowing from individuals related to you by blood or marriage.

TAKING ADVANTAGE OF A BUSINESS OPPORTUNITY THAT RIGHTFULLY BELONGS TO TCW

Employees must not take for their own advantage an opportunity that rightfully belongs to TCW. Whenever TCW has been actively soliciting a business opportunity, or the opportunity has been offered to it, or TCW's funds, facilities or personnel have been used in pursuing the opportunity, that opportunity rightfully belongs to TCW and not to employees who may be in a position to divert the opportunity for their own benefits.

Examples of improperly taking advantage of a corporate opportunity include:

- o Selling information to which an employee has access because of his/her position.
- o Acquiring any real or personal property interest or right when TCW is known to be interested in the property in question.
- o Receiving a commission or fee on a transaction which would otherwise accrue to TCW.
- o Diverting business or personnel from TCW.

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[GRAPHIC]

DISCLOSURE OF INTEREST IN A TRANSACTION

If you have any interest in a transaction (whether the transaction is on behalf of a client or on behalf of the firm), that interest must be disclosed to the General Counsel or Chief Compliance Officer. Disclosure will allow assessment of potential conflicts of interest and how they should be addressed. You do not need to report any interest that is otherwise reported in accordance with the Personal Investment Transactions Policy. For example, conducting business with a vendor or service provider that is related to your or our family should be disclosed.

CORPORATE PROPERTY OR SERVICES

Employees are not permitted to act as principal for either themselves or their immediate families in the supply of goods, properties, or services to TCW, unless approved by Alvin Albe. Purchase or acceptance of corporate property or use of the services of other employees for personal purposes are also

prohibited. This would include the use of inside counsel for personal legal advice absent approval from the General Counsel or use of outside counsel for personal legal advice at TCW's expense.

USE OF TCW STATIONERY

It is inappropriate for employees to use official corporate stationery for either personal correspondence or other non-job-related purposes.

GIVING ADVICE TO CLIENTS

TCW cannot practice law or provide legal advice. You should avoid statements that might be interpreted as legal advice. You should refer questions in this area to Michael Cahill. You should also avoid giving clients advice on tax matters, the preparation of tax returns, or investment decisions, except as may be appropriate in the performance of an official fiduciary or advisory responsibility, or as otherwise required in the ordinary course of your duties.

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[GRAPHIC]

VIII. CONFIDENTIALITY

All information relating to past, current and prospective clients is highly confidential and is not to be discussed with anyone outside the organization under any circumstance. One of the most sensitive and difficult areas in TCW's daily business activities involves information regarding investment plans or programs and possible or actual securities transactions by TCW.

Consequently, all employees will be required to sign and adhere to a Confidentiality Agreement.

IX. EXEMPTIVE RELIEF

The Approving Officers, consisting of (i) one of Alvin Albe or Marc Stern and (ii) one of Michael Cahill or Hilary Lord, will review and consider any proper request of an Access Person for relief or exemption from any remedy, restriction, limitation or procedure contained in this Code of Ethics which is claimed to cause a hardship for such an Access Person or which may involve an unforeseen or involuntary situation where no abuse is involved. Exemptions of any nature may be given on a specific basis or a class basis, as the Approving Officers determine. The Approving Officers may also grant exemption from an Access Person status to any person or class of persons it determines do not warrant such status. Under appropriate circumstances, the Approving Officers may authorize a personal transaction involving a security subject to actual or prospective purchase or sale for TCW clients, where the personal transaction would be very unlikely to affect a highly institutional market, where the TCW officer or employee is not in possession of Inside Information, or for other reasons sufficient to satisfy the Approving Officers that the transaction does not represent a conflict of interest, involve the misuse of inside information or convey the appearance of impropriety. The Approving Officers shall meet on an ad hoc basis, as deemed necessary upon written request by an Access Person, stating the basis for his or her request for relief. The Approving Officers' decision is solely within their complete discretion.

X. SANCTIONS

Upon discovering a violation of this Code, TCW may impose such sanctions as it deems appropriate, including, but not limited to, a reprimand (orally or in writing), a reversal of any improper transaction and disgorgement of the profits from the transaction, demotion, and suspension or termination of employment.

XI. REPORTING SUSPICIOUS ACTIVITY

If a TCW employee suspects that violations of this Code might be occurring at TCW, the activity should be reported immediately to the employee's supervisor. Supervisors who are notified of any such activity must immediately report it to the Chief Compliance Officer. Any employee who does not feel comfortable reporting this activity to the relevant supervisor may instead contact the Chief Compliance Officer.

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XII. ANNUAL COMPLIANCE CERTIFICATION

TCW will require all Access Persons and TCW directors to certify annually that (i) they have read and understand the terms of this Code of Ethics and recognize the responsibilities and obligations incurred by their being subject to this Code, and (ii) they are in compliance with the requirements of this Code, including but not limited to the personal investment transactions policies contained in this Code.

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[GRAPHIC]

CODE OF ETHICS

EMPLOYEE CERTIFICATION

I have read and understand the terms of the Code of Ethics of The TCW Group, Inc. dated February 2005, as amended. I recognize the responsibilities and obligations incurred by me as a result of my being subject to this Code of Ethics. I hereby agree to abide by the Code of Ethics and certify that I am in compliance with the Code of Ethics.

(Signature)

(Date)

(Print name)

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Deutsche Bank

Deutsche Asset Management - U.S. Code of Ethics

[GRAPHIC OMITTED]

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Deutsche Bank [LOGO]

Effective Date:

Approver: Robert Kloby

Owner: DeAM Compliance

Contact Person: Joseph Yuen

Functional Applicability: DeAM U.S. Personnel

Geographic Applicability: Americas

Last Revision Date: January 1, 2005

Next Review Date: January 1, 2006

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DEUTSCHE ASSET MANAGEMENT
U.S. CODE OF ETHICS

I. OVERVIEW

The Deutsche Asset Management - U.S. Code of Ethics ("the Code") sets forth the specialized rules for business conduct and guidelines for the personal investing activities that generally are required of employees involved in the United States investment management areas of the Deutsche Bank Group and its affiliates (collectively "Deutsche Asset Management" or "DeAM").¹

The provisions of the Code shall apply to all DeAM Employees in the U.S., as categorized in the Definition Section (Section III) and such other employees as the Compliance Department ("Compliance")² may determine from time to time. The Code supplements the Deutsche Bank Code of Professional Conduct and the Deutsche Asset Management Compliance Policies and Procedures Manual ("Compliance Manual") available at the following link:

<http://docbase.backoff.nyc.dbna.com/Policy:/Compliance/Deutsche Asset Management/Deutsche Asset Management>

Each Employee must observe these policies, as well as abide by the additional principles and rules set forth in the Code, and any other applicable legal vehicle or division specific policies and obligations.

It is essential that all Deutsche Bank employees understand and adhere to Deutsche Bank's commitment to act with fairness, decency and integrity in all of its business dealings. As part of this commitment, Member of the Board of Managing Directors, Tessen von Heydebreck, and Henry Klehm, Global Head of Compliance have introduced the Deutsche Bank Global Compliance Core Principles ("GCCP"). The GCCP set forth core principles regarding a wide range of regulatory and conduct related issues, and provide guidance to promote the highest standards of ethical conduct. This document is available at the following link:

http://docbase.backoff.nyc.dbna.com/Policy:/Global/Group/DB Docs/C. Effective/Global_Compliance_DB Group: Global Compliance Core Principles

Von Heydebreck and Klehm stress that all Deutsche Bank employees are expected to review and act in compliance with the GCCP.

The Code and any amendments thereof will be provided to all employees of DeAM. All employees must acknowledge receipt of the Code within ten (10) days of hire and on an annual basis at a time set forth by DeAM Compliance, within the Code of Ethics Annual

¹ Deutsche Asset Management is the marketing name in the U.S. for the asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas (formerly Bankers Trust Co.), Deutsche Bank Securities Inc. (limited applicability, see Schedule A), Deutsche Asset Management Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Investment Management Americas Inc. (and its affiliates, including Scudder Investor Services, Inc. and Scudder Distributors Inc.), Scudder Trust Company and RREEF America L.L.C.

² "Compliance" refers to the DB Americas centralized Compliance Unit (generally referred to herein as "Central Compliance," and/or its unit specifically designated to the DeAM business unit: "DeAM Compliance").

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Acknowledgement. All employees must also acknowledge receipt of any amendments made to the Code if such determination is made by DeAM Compliance that such acknowledgement should occur prior to the next Code of Ethics Annual Acknowledgement period.

You may find the latest version of the Code at the following link:

http://nyc.compliance.cc.intranet.db.com/nd_nyc/code.shtml

II. GENERAL RULE

DeAM Employees will, in varying degrees, participate in or be aware of fiduciary and investment services provided to registered investment companies, institutional investment clients, employee benefit trusts and other types of investment advisory accounts. The fiduciary relationship mandates adherence to the highest standards of conduct and integrity. We will at all times conduct ourselves with integrity and distinction, putting first the interests of our clients.

Accordingly, personnel acting in a fiduciary capacity must carry out their duties for the exclusive benefit of the client accounts. Consistent with this fiduciary duty, the interests of DeAM clients take priority over the investment desires of DeAM and DeAM personnel. All DeAM personnel must conduct themselves in a manner consistent with the requirements and procedures set forth in the Code.

|_| There must be no conflict, or appearance of conflict, between the self-interest of any Employee and the responsibility of that Employee to Deutsche Bank, its shareholders or its clients.^3

|_| Employees must never improperly use their position with Deutsche Bank for personal or private gain to themselves, their family or any other person.

DeAM Employees may also be required to comply with other policies imposing separate requirements. Specifically, they may be subject to laws or regulations that impose restrictions with respect to personal securities transactions, including, but not limited to, Section 17(j) and Rule 17j-1 under the Investment Company Act of 1940 (the "Act"). The purpose of this Code of Ethics is to ensure that, in connection with his or her personal trading, no Employee (as defined below) shall conduct any of the following acts upon a client account:

- o To employ any device, scheme or artifice to defraud;
- o To make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement not misleading;

^3 The rules herein cannot anticipate all situations which may involve a possible conflict of interest. If an Employee becomes aware of a personal interest that is, or might be, in conflict with the interest of a client, that person should disclose the potential conflict to DeAM Compliance or Legal prior to executing any such transaction.

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- o To engage in any act, practice or course of business that operates or would operate as a fraud or deceit; or
- o To engage in any manipulative practice.

Any violations of the Code of Ethics must be reported to designated Compliance person. The Chief Compliance Officer will receive periodic reports of all violations of the Code of Ethics.

III. DEFINITIONS

A. "Investment Personnel" shall mean and include:

Portfolio Managers, traders and analysts (and other Employees who work directly with Portfolio Managers in an assistant capacity). As those responsible for making investment decisions (or participating in such decisions) in client accounts or providing information or advice to Portfolio Managers or otherwise helping to execute or implement the

Portfolio Managers' recommendations, Investment Personnel occupy a comparatively sensitive position, and thus, additional rules outlined herein apply to such individuals.

B. "Access Person" shall mean and include:

- (i) Officers and directors of DeAM entities and officers and directors of DeAM-sponsored investment companies who are affiliated persons of DeAM entities. Also included are Employees of these entities who have access to timely information relating to investment management activities, research and/or client portfolio holdings as well as those who in the course of their job regularly receive access to client trading activity (this would generally include members of the Investment Operations and Treasurer's Offices). Also included here are persons in a control relationship (as defined in Section 2(a)(9) of the Act) to DeAM who obtain information concerning investment recommendations made to any client account.
- (ii) Any other personnel with responsibilities related to the asset management business or frequent interaction with Access Persons or Investment Personnel as determined by Compliance (e.g., Legal, Compliance, Risk, Operations, Sales & Marketing, as well as certain long-term temporary Employees and consultants).

C. "Non-Access Person" shall mean and include:

DeAM personnel who are not defined in Section III A. or B. above, and who have access to neither client trading activity nor recommendations made in relation to any client account. An example includes Employees of the Mutual Funds Call Center in Chicago.

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D. "Employees" is a general term which shall include all DeAM employees, including Investment Personnel, Access Persons and Non-Access Persons as well as those non-DeAM employees who are subject to this Code of Ethics (see III.B.(ii) above).

E. "Accounts" shall mean all securities accounts, whether brokerage or otherwise, securities held directly outside of accounts and shall include open-end and closed-end Mutual Fund accounts.

F. "Employee Related Account" of any person subject to the Code shall mean:

- (i) The Employee's own Accounts;
- (ii) The Employee's spouse's/domestic partner's Accounts and the Accounts of minor children and other relatives living in the Employee's home;
- (iii) Accounts in which the Employee, his/her spouse/domestic partner, minor children or other relatives living in their home have a beneficial interest (i.e., share in the profits even if there is no influence on voting or disposition of the shares); and
- (iv) Accounts (including corporate Accounts and trust Accounts) over which the Employee or his/her spouse/domestic partner exercises investment discretion or direct or indirect influence or control.

NOTE: ANY PERSON SUBJECT TO THE CODE IS RESPONSIBLE FOR COMPLIANCE WITH THESE RULES WITH RESPECT TO ANY EMPLOYEE RELATED ACCOUNT, AS APPLICABLE.

G. "Securities" shall include equity or debt securities, derivatives of securities (such as options, warrants, and ADRs), futures, commodities,

securities indices, exchange-traded funds, government and municipal bonds and similar instruments, but do not include:

- (i) Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements.

H. "Mutual Funds" shall include all mutual funds (open-end and closed-end mutual funds), but will exclude:

- (i) Shares of open-end money market mutual funds (unless otherwise directed by Compliance).

IV. RESTRICTIONS

For purposes of the Code, a prohibition or requirement applicable to any Employee applies also to transactions in Securities and Mutual Funds for any of that Employee's Employee Related Accounts, including transactions executed by that Employee's spouse or relatives living in that Employee's household (see definition under III.F.).

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A. General

- (i) The Basic Policy: Employees have a personal obligation to conduct their investing activities and related Securities and Mutual Fund transactions lawfully and in a manner that avoids actual or potential conflicts between their own interests and the interests of Deutsche Asset Management and its clients. Employees must carefully consider the nature of their DeAM responsibilities - and the type of information that he or she might be deemed to possess in light of any particular Securities and Mutual Fund transaction - before engaging in that transaction.
- (ii) Material Nonpublic Information: Employees in possession of material nonpublic information about or affecting Securities or their issuer are prohibited from buying or selling such Securities or advising any other person to buy or sell such Securities. See also Compliance Manual -- Confidential, Material, Non-Public Information, Chinese Walls, Insider Trading and Related Matters Policy.
- (iii) Corporate and Departmental Restricted Lists: Employees are not permitted to buy or sell any Securities that are included on the Corporate Restricted List (available on the intranet) and/or other applicable departmental restricted lists.
- (iv) "Frontrunning:" Employees are prohibited from buying or selling Securities, Mutual Funds or other instruments in their Employee Related Accounts so as to benefit from the Employee's knowledge of the Firm's or a client's trading positions, plans or strategies, or forthcoming research recommendations.

B. Specific Blackout Period Restrictions

- (i) SAME-DAY RULE: Investment Personnel and Access Persons shall not knowingly effect the purchase or sale of a Security for an Employee Related Account on a day during which any client account has a "buy" or "sell" order for the same Security, until that order is executed or withdrawn.
- (ii) 7-DAY RULE: Investment Personnel shall not effect the purchase or sale of a Security for an Employee Related Account within seven calendar days before or seven calendar days after the same Security is traded (or contemplated to be traded) for by a client account with which the individual is associated.
- (iii) G-CUBE RULE: Investment Personnel and other persons with real time access to a global research sharing system platform (e.g., "GERP"⁴) shall not effect the

^4 GERP (Global Equity Research Portal) is a web-based application (Active Equity businesses) allowing for the publishing and dissemination of research and model portfolios in real-time by the Global Sector Teams, Portfolio Selection Teams, Local Research Teams, designated PIC/PB users and Small Cap Teams to Portfolio Managers, who will use GERP for investment recommendations and portfolio construction for clients.

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purchase or sale of a Security for an Employee Related Account within seven calendar days before or seven calendar days after the same Security (a) is added to/deleted from or has its weighting changed in the "Model" Portfolio; or (b) has its internal rating upgraded or downgraded; or (c) has research coverage initiated.

- (iv) Employees must always act to avoid any actual or potential conflict of interest between their DeAM duties and responsibilities and their personal investment activities. To avoid potential conflicts, absent specific written approval from their Managing Officer⁵ and Compliance, Employees should not personally invest in Securities issued by companies with which they have significant dealings on behalf of DeAM, or in investment vehicles sponsored by the companies. Additional rules that apply to Securities transactions by Employees, including the requirement for Employees to pre-clear personal Securities transactions and rules regarding how Employee Related Accounts must be maintained, are described in more detail later in this Code of Ethics.
- (v) Deutsche Bank Securities: During certain times of the year, all Deutsche Bank Employees are prohibited from conducting transactions in the equity and debt Securities of Deutsche Bank, which affect their beneficial interest in the Firm. Central Compliance generally imposes these "blackout" periods around the fiscal reporting of corporate earnings. Blackouts typically begin two days prior to the expected quarterly or annual earnings announcement and end after earnings are released publicly. Additional restricted periods may be required for certain individuals and events, and Compliance will announce when such additional restricted periods are in effect.
- (vi) EXCEPTIONS TO BLACKOUT PERIODS (above items i, ii, and iii only)

The following are exempt from the specified blackout periods:

- |_ | The purchase or sale of 500 shares or less in companies comprising the S&P 500 Index;
- |_ | ETFs (Exchange-Traded Funds - e.g., SPDRs or "Spiders" (S&P 500 Index), DIAs or "Diamonds" (Dow Jones Industrial Average), etc.);
- |_ | Government and municipal bonds;
- |_ | Currency and Interest Rate Futures;
- |_ | Securities indices;
- |_ | Shares purchased under an issuer sponsored Dividend Reinvestment Plan ("DRIPs"), other than optional purchases;

⁵ For purposes of this policy, "Managing Officer" is defined as an officer of

at least the Managing Director level to whom the Employee directly or indirectly reports, who is in charge of the Employee's unit (e.g., a Department Head, Division Head, Function Head, Group Head, General Manager, etc).

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|_| To the extent acquired from the issuer, purchases effected upon the exercise of rights issued pro rata to holders of a class of Securities; and

|_| Securities purchased under an employer sponsored stock purchase plan or upon the exercise of employee stock options.

Note: Transactions in derivative instruments, including warrants, convertible Securities, futures and options, etc. shall be restricted in the same manner as the underlying Security.

C. New Issues (IPOs)

Investment Personnel, Access Persons and Non-Access Persons are prohibited from purchasing or subscribing for Securities pursuant to an initial public offering. This prohibition applies even if Deutsche Bank (or any affiliate of Deutsche Bank) has no underwriting role and/or is not involved with the distribution.

D. Short-Term Trading

Employees must always conduct their personal trading activities lawfully, properly and responsibly, and are encouraged to adopt long-term investment strategies that are consistent with their financial resources and objectives. Deutsche Bank generally discourages short-term trading strategies, and Employees are cautioned that such strategies may inherently carry a higher risk of regulatory and other scrutiny. In any event, excessive or inappropriate trading that interferes with job performance or compromises the duty that Deutsche Bank owes to its clients and shareholders will not be tolerated.

30-DAY RULE: Employees are prohibited from transacting in the purchase and sale, or sale and purchase, of the same (or equivalent) Securities and Mutual Funds within 30 calendar days. The 30-day holding period also applies to each short vs. the box sale, which is the only short sale permitted activity. Therefore, for purposes of this section, the assumption is a last in, first out (LIFO) order of transaction in a particular Security and Mutual Fund. The following are exempted from this restriction:

|_| Shares purchased under an issuer sponsored Dividend Reinvestment Plan ("DRIPs"), other than optional purchases;

|_| To the extent acquired from the issuer, purchases effected upon the exercise of rights issued pro rata to holders of a class of Securities;

|_| Securities purchased under an employer sponsored stock purchase plan;

|_| Securities pre-cleared and purchased with a specific stop-limit provision attached;

|_| Mutual Funds subject to periodic purchase plans (i.e., can be sold once within 30 days after a periodic purchase); and,

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|_| Fixed Income Mutual Funds investing in government bonds with "short-term" in their name.

E. Restricted List

All Deutsche Bank Employees are prohibited from buying or selling any Securities that are included on the Corporate Restricted List and/or other applicable departmental restricted lists. The Corporate Restricted List is available on the intranet at:

http://cct-grl-prd.svc.btco.com/corp/cct/grl/grl_init.htm

(It is also available through the "Americas Portal" at <http://americasportal.cc.db.com/> listed under "Employee Trading".)

Please see Compliance Manual -- Restricted List: Overview & Instructions Policy.

F. Private Placements

Prior to effecting a transaction in private Securities (i.e., Securities not requiring registration with the Securities and Exchange Commission and sold directly to the investor), all Employees must first, in accordance with Deutsche Bank policy, obtain the approval of his/her supervisor and then pre-clear the transaction with the Central Compliance Department, including completing the questionnaire. Any person who has previously purchased privately-placed Securities must disclose such purchases to the Compliance Department before he or she participates in a fund's or an advisory client's subsequent consideration of an investment in the Securities of the same or a related issuer.

V. COMPLIANCE PROCEDURES

A. Designated Brokerage Accounts

All Employees must obtain the explicit permission of the Central Compliance Department prior to opening a new Employee Related Account. Upon joining Deutsche Bank, new Employees are required to disclose all of their Employee Related Accounts (as

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previously defined) to Central Compliance and must carry out the instructions provided to conform such accounts, if necessary, to the Firm's policies.

Under no circumstance is an Employee permitted to open or maintain any Employee Related Account that is undisclosed to Compliance. Also, the policies, procedures and rules described throughout this Code of Ethics apply to all Employee Related Accounts.

Accordingly, all Employees are required to open and maintain their Employee Related Accounts in accordance with the Deutsche Bank Employee/Employee-Related Trading Policy, including directing their brokers to supply duplicate copies of transaction confirmations and periodic account statements, as well as additional division-specific requirements, if any.

B. Pre-Clearance

Proposed Securities and closed-end Mutual Fund transactions must be pre-cleared by all Employees with the Central Compliance Department (and approved by a Supervisor) in accordance with the Deutsche Bank Employee/Employee-Related Trading Policy via the intranet based Employee Trade Request ("ETR") system prior to their being placed with the broker. Such approvals are good only for the day on which they are issued. Employees are personally responsible for ensuring that the proposed transaction does not violate the Firm's policies or applicable securities laws and regulations by virtue of the Employee's Deutsche Bank responsibilities or information he or she may possess about the Securities or their issuer.

The following are exempted from the pre-clearance requirement:

- Open-end Mutual Funds;
- Direct obligations of the Government of the United States;
- Shares purchased under an issuer sponsored Dividend Reinvestment Plan ("DRIPs"), other than optional purchases;
- Accounts expressly exempted by Central Compliance which are managed under the exclusive direction of an outside money manager;
- Securities pre-cleared and purchased with a specific stop-limit provision attached do not require additional pre-clearance prior to execution;
- To the extent acquired from the issuer, purchases effected upon the exercise of rights issued pro rata to holders of a class of Securities; and
- Securities purchased under an employer sponsored stock purchase plan.

C. Scudder Proprietary Mutual Fund Holdings

All Employees are required to maintain their holdings of Scudder proprietary mutual funds in the Deutsche Bank 401(k) Plan, in E*Trade or Deutsche Bank Alex Brown brokerage accounts, or directly with Scudder Investments.

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D. Reporting Requirements

- (i) Disclosure of Employee Related Accounts/Provision of Statements

As stated in Section V. COMPLIANCE PROCEDURES (A. Designated Brokerage Accounts) above, upon joining Deutsche Bank, new Employees are required to disclose all of their Employee Related Accounts to Central Compliance, and must carry out the instructions provided to conform such Accounts, if necessary, to Deutsche Bank policies.

In addition, pursuant to Rule 17j-1 of the Act, no later than ten (10) days after an individual becomes an Employee (i.e., joining/transferring into DeAM, etc.), he or she must also complete and return a "Personal Securities Holdings Report" (filed during the "new hire" Code of Ethics Annual Acknowledgement) for Securities and Mutual Fund holdings to DeAM Compliance (see iii. Annual Acknowledgement of Personal Securities Holdings below).

(ii) Quarterly Personal Securities Trading Reports ("PSTs")

Pursuant to Rule 17j-1 of the Act, within thirty (30) days of the end of each calendar quarter, all Employees must submit to DeAM Compliance a PST report for Securities and Mutual Fund transactions, unless exempted by a division-specific requirement, if any.

All PSTs that have reportable personal Securities and Mutual Fund transactions for the quarter will be reviewed by the appropriate designated supervisory and/or Compliance person. Employees that do not have any reportable transactions in a particular quarter must indicate as such in the reporting system for the respective quarter.

The following types of transactions do not have to be reported:

- o Transactions effected in an account in which the employee has no direct or indirect influence or control (i.e. discretionary/managed accounts) do not have to be reported.
- o Transactions in mutual funds subject to periodic purchase plans are not required to be reported quarterly, but holdings in such are still required to be reported annually (see iii. below).
- o Transactions effected pursuant to an automatic investment plan or as a result of a dividend reinvestment plan do not have to be reported.
- o Transactions in the following:

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- o Bankers' Acceptances;
- o Bank Certificates of Deposits (CDs);
- o Commercial Paper;
- o Money Markets;
- o Direct Obligations of the U.S. Government;
- o High Quality, Short-Term Debt Instruments (including repurchase agreements); and,
- o Open-End MONEY MARKET Mutual Funds (unless specifically directed by DeAM Compliance)

(iii) Annual Acknowledgement of Personal Securities Holdings

All Employees must submit to DeAM Compliance on an annual basis at a date specified by DeAM Compliance, a Personal Securities Holdings Report for all Securities and Mutual Fund holdings, unless exempted by a division-specific requirement, if any.

A new employee must submit this report within ten (10) days of hire or rehire. This report must be submitted once within each twelve (12) month period and the information submitted must be current within forty-five (45) calendar days of the report or forty-five (45) days prior to the hire date, in the case of a new employee.

All Personal Securities Holdings will be reviewed by the appropriate designated supervisory and/or Compliance person. Employees that do not have any reportable securities holdings must indicate as such in the reporting system.

The following types of holdings do not have to be reported:

- o Securities held in accounts over which the employee had no direct or indirect influence or control (i.e. discretionary/managed accounts) do not require reporting.
- o Bankers' Acceptances;
- o Bank Certificates of Deposits (CDs);
- o Commercial Paper;
- o Money Markets;
- o Direct Obligations of the U.S. Government;
- o High Quality, Short-Term Debt Instruments (including repurchase agreements); and,
- o Open-End MONEY MARKET Mutual Funds (unless specifically directed by DeAM Compliance)

(iv) Annual Acknowledgement of Accounts

Once each year, at a date to be specified by Central Compliance, each Employee must acknowledge that they do or do not have brokerage and Mutual Fund Accounts. Employees with brokerage and Mutual Fund Accounts must acknowledge each Account.

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E. Confirmation of Compliance with Policies

Annually, each Employee is required to acknowledging that he or she has received the Code, as amended or updated, and confirm his or her adherence to it. Understanding and complying with the Code and truthfully completing the Acknowledgment is the obligation of each Employee. Failure to perform this obligation may result in disciplinary action, including dismissal, as well as possible civil and criminal penalties. (See Section I. OVERVIEW)

VI. OTHER PROCEDURES/RESTRICTIONS

A. Service on Boards of Directors

Service on Boards of publicly traded companies should be limited to a small number of instances. However, such service may be undertaken after approval from the regional head of Deutsche Asset Management and Compliance, based upon a determination that these activities are consistent with the interests of DeAM and its clients. Employees serving as directors will not be permitted to participate in the process of making investment decisions on behalf of clients which involve the subject company.

DeAM Compliance will periodically present updates on such information to the DeAM Investment Committee for review and approval.

B. Outside Business Affiliations

Employees may not maintain outside business affiliations (e.g., officer, director, governor, trustee, part-time employment, etc.) without the prior written approval of the appropriate senior officer of their respective business units after consultation with Compliance (see request form in the Appendix), and disclosure to the Office of the Secretary as required.

C. Executorships

The duties of an executor are often arduous, time consuming and, to a considerable extent, foreign to our business. As a general rule, DeAM discourages acceptance of executorships by members of the organization. However, business considerations or family relationships may make it desirable to accept executorships under certain wills. In all cases (other than when acting as Executor for one's own spouse, parent or spouse's parent), it is necessary for the individual to have the written authorization of the Firm to act as an executor. All such existing or prospective relationships should be reported in writing to DeAM Compliance.

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When DeAM Employees accept executorships under clients' wills, the organization considers these individuals to be acting for DeAM and that fees received for executors' services rendered while associated with the firm are exclusively DeAM income. In such instances, the Firm will indemnify the individual and the individual will be required at the time of qualifying as executor to make a written assignment to DeAM Compliance of any executor's fees due under such executorships. Copies of this assignment and DeAM's authorization to act as executor are to be filed in the client's file.

Generally speaking, it is not desirable for members of the organization to accept executorships under the wills of persons other than a client, a spouse or a parent. Authorization may be given in other situations assuming that arrangements for the anticipated workload can be made without undue interference with the individual's responsibilities to DeAM. For example, this may require the employment of an agent to handle the large amount of detail which is usually involved. In such a case, the Firm would expect the individual to retain the commission. There may be other exceptions which will be determined based upon the facts of each case.

D. Trusteeships

It can be desirable for members of the organization to act individually as trustees for clients' trusts. Such relationships are not inconsistent with the nature of our business. As a general rule, DeAM does not accept trustee's commissions where it acts as investment counsel. As in the case of most executorships, all trusteeships must

have the written approval of the Firm.

It is recognized that Employees may be asked to serve as trustees of trusts which do not employ DeAM. The Firm will normally authorize Employees to act as trustees for trusts of their immediate family. Other non-client trusteeships can conflict with our clients' interests so that acceptance of such trusteeships will be authorized only in unusual circumstances.

E. Custodianships and Powers of Attorney

It is expected that most custodianships will be for minors of an individual's immediate family. These will be considered as automatically authorized and do not require written approval of the Firm. However, the written approval of DeAM (see Appendix) is required for all other custodianships.

Entrustment with a Power of Attorney to execute Securities transactions on behalf of another requires written approval of the Firm. Authorization will only be granted if DeAM believes such a role will not be unduly time consuming or create conflicts of interest.

F. Gifts

The information contained herein is the property of Deutsche Bank Group and may not be copied, used or disclosed in whole or in part, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, reprographic, recording or otherwise) without the prior written permission of Deutsche Bank Group.

Units of the Deutsche Bank Group may neither solicit nor accept inducements.⁶ However, gifts offered or received which have no undue influence on providing financial services are not generally prohibited. Special circumstances may apply to Employees acting in certain capacities within the organization.⁷ If you have questions regarding the capacity in which you are acting, consult the Compliance Group.

(i) Accepting Gifts

Employees are prohibited from soliciting personal payment or gift to influence, support or reward service, transaction or business involving Deutsche Bank, or that appears to be made or offered in anticipation of future service, transaction or business opportunity. A payment or gift includes any fee, compensation, remuneration or thing of value.

The acceptance of some types of unsolicited reasonable business gifts are permissible, providing the following requirements are met:

1. Cash gifts of any amount are prohibited. This includes cash equivalents such as gift certificates, bonds, securities or other items that may be readily converted to cash.
2. Gifts, other than cash, given in connection with special occasions (e.g., promotions, retirements, weddings), of reasonable value as defined by the Business Group's procedures are permissible.
3. Reasonable and conventional business courtesies, such as joining a client or vendor in attending sporting events, golf outings or concerts, provided that such activities involve no more than the customary amenities.
4. The cost of working session meals or reasonable related expenses involving the discussion or review of business matters related to Deutsche Bank may be paid by the client, vendor or others, provided that such costs would have otherwise been reimbursable to

the Employee by Deutsche Bank in accordance with its travel and entertainment and expense reimbursement policies.

^6 Under the Bank Bribery Act and other applicable laws and regulations, severe penalties may be imposed on anyone who offers or accepts such improper payments or gifts. If you receive or are offered an improper payment or gift, or if you have any questions as to the application or interpretation of Deutsche Bank's rules regarding the acceptance of gifts, you must bring the matter to the attention of the Compliance Department.

^7 In accordance with regulations and practices in various jurisdictions, as well as the rules of the New York Stock Exchange and the National Association of Securities Dealers, Inc. certain Employees may be subject to more stringent gift-giving and receiving guidelines. In general, these rules apply to the receipt of gifts by and from "associated persons" or where such gratuity is in relation to the business of the employer. If you have any questions regarding your role relative to these rules contact the Compliance Group.

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The Employee must report to their management gifts received according to the procedures established within their Business Group. Business Group Management is responsible for ensuring relevant gift information is documented in the Business Group's log of gifts and the log is forwarded to the Compliance Group on request. Business Group Management will bring apparent or perceived issues to the attention of the Compliance Group.

(ii) Gift Giving (to Persons other than Government Officials)

In appropriate circumstances, it may be acceptable for Deutsche Bank Employees to extend gifts to clients or others who do business with Deutsche Bank. Employees should be certain that the gift does not give rise to a conflict of interest, or appearance of conflict, and that there is no reason to believe that the gift violates applicable codes of conduct of the recipient.

Employees may make business gifts at Deutsche Bank's expense, provided:

1. The gift is not cash or a cash equivalent - regardless of amount.
2. The gift is of reasonable value in the circumstances, and should not exceed a value of U.S. \$100 unless the specific prior approval of an appropriate manager is obtained.
3. The gift is lawful and in accordance with regulatory rules and generally accepted business practices of the governing jurisdictions.
4. The Employee is authorized to give gifts by his/her Business Group Management and follows all procedures established within his/her Group.

Business Group Management will ensure that relevant gift information is documented in the Business Group's log of gifts and that the log is forwarded to the Compliance Group on a monthly basis. Business Group Management is responsible for bringing any apparent or perceived issues to the attention of the Compliance Group.

(iii) Gifts to Government Officials

The Compliance Department must be contacted prior to making gifts to a governmental employee or official. Various governmental agencies, legislative bodies and jurisdictions may have rules and regulations regarding the receipt of gifts by their employees or officials. In some cases, government employees or officials may be prohibited from accepting any gifts. (See next section for additional rules regarding political contributions.)

(iv) Non-Cash Compensation

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Employees, Registered Representatives and Associated Persons of Deutsche Asset Management broker-dealer affiliates must also comply with National Association of Securities Dealers, Inc. (NASD(R)) Rules governing the payment of Non-Cash Compensation. Non-Cash Compensation encompasses any form of compensation received in connection with the sale and distribution of variable contracts and investment company securities that is not cash compensation, including, but not limited to, merchandise, gifts and prizes, travel expenses, meals and lodging.

For more information on the policy refer to the Scudder Distributors Inc. Written Supervisory Procedures and the Scudder Investor Services, Inc. Written Supervisory Procedures.

G. Rules for Dealing with Governmental Officials and Political Candidates

(i) Corporate Payments or Political Contributions No corporate payments or gifts of value may be made to any outside party, including any government official or political candidate or official, for the purpose of securing or retaining business for Deutsche Bank or influencing any decision on its behalf.

o The Federal Election Campaign Act prohibits corporations and labor organizations from using their general treasury funds to make contributions or expenditures in connection with federal elections, and therefore Deutsche Bank departments may not make contributions to U.S. Federal political parties or candidates.

o Corporate contributions to political parties or candidates in jurisdictions not involving U.S. Federal elections are permitted only when such contributions are made in accordance with applicable local laws and regulations, the prior approval of a member of the DeAM Executive Committee has been obtained and the Deutsche Bank Americas Regional Cost Committee has been notified.

Under the Foreign Corrupt Practices Act, Bank Bribery Law, Elections Law and other applicable regulations, severe penalties may be imposed on Deutsche Bank and on individuals who violate these laws and regulations. Similar laws and regulations may also apply in various countries and legal jurisdictions where Deutsche Bank does business.

(ii) Personal Political Contributions

No personal payments or gifts of value may be made to any outside party, including any government official or political candidate or official, for the purpose of securing business for Deutsche Bank or influencing any decision on its behalf.

Employees should always exercise care and good judgment to avoid making any political contribution that may give rise to a conflict of interest or the appearance

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of conflict. For example, if a DeAM business unit engages in business with a particular governmental entity or official, DeAM Employees should avoid making personal political contributions to officials or candidates who may appear to be in a position to influence the award of business to Deutsche Bank.

(iii) Entertainment of Government Officials

Entertainment and other acts of hospitality toward government or political officials should never compromise or appear to compromise the integrity or reputation of the official or Deutsche Bank. When hospitality is extended, it should be with the expectation that it will become a matter of public knowledge.

H. Confidentiality

Employees must not divulge contemplated or completed securities transactions or trading strategies of DeAM clients to any person, except as required by the performance of such person's duties and only on a need-to-know basis. In addition, the Deutsche Bank standards contained in the Compliance Manual -- Confidential, Material, Non-Public Information, Chinese Walls, Insider Trading and Related Matters Policy, as well as those within the Code of Professional Conduct must be observed.

VII. SANCTIONS

Any Employee who violates the Code may be subject to disciplinary actions, including possible dismissal. In addition, any Securities transactions executed in violation of the Code, such as short-term trading or trading during blackout periods, may subject the Employee to sanctions, ranging from warnings and trading privilege suspensions to financial penalties, including but not limited to, unwinding the trade and/or disgorging of the profits. Finally, violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

VIII. INTERPRETATIONS AND EXCEPTIONS

Compliance shall have the right to make final and binding interpretations of the Code and may grant an exception to certain of the above restrictions, as long as no abuse or potential abuse is involved. Each Employee must obtain approval from DeAM Compliance before taking action regarding such an exception. Any questions regarding the applicability, meaning or administration of the Code shall be referred in advance of any contemplated transaction to DeAM Compliance.

In addition, DeAM has an Ethics Committee that is empowered to administer, apply, interpret and enforce the Code.

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APPENDIX

SCHEDULE A

The following entities⁸ have adopted the Deutsche Asset Management Code of Ethics:

DB Investment Managers, Inc.

Deutsche Asset Management Inc. (formerly Morgan Grenfell Inc.)

Deutsche Investment Management Americas Inc.

DB Absolute Return Strategies

Investment Company Capital Corp.

Scudder Distributors Inc.

Scudder Financial Services, Inc.

Scudder Investor Services, Inc.

Scudder Trust Company

RREEF America L.L.C.

⁸ The references in the document to DeAM Employees include employees of the entities that have adopted the Deutsche Asset Management Code of Ethics.

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SCHEDULE B

SUPPLEMENT
TO THE

DEUTSCHE ASSET MANAGEMENT - U.S CODE OF ETHICS

RREEF America L.L.C. ("RREEF")

A-1. Effective Date. This Supplement to the Deutsche Asset Management - U.S. Code of Ethics (the "Code") shall be effective February 1, 2004. The Code and this Supplement shall replace and supersede the RREEF America L.L.C. Code of Ethics (Last Updated December 2002).

A-2. Applicability. The restrictions of the Code applying to Investment Personnel shall apply only to those Employees of RREEF who are Investment Personnel employed on the RREEF Securities Investment Team. The restrictions of the Code applying to Access Persons shall apply only to (i) those RREEF Employees, officers or directors who, with respect to any registered investment company or other securities investment advisory client, make any recommendation, participate in the determination of which recommendation will be made, or whose principal functions or duties relate to the determination or which recommendations will be made, or who, in connection with his or her duties, obtain any timely information concerning recommendations on Securities being made by RREEF, or (ii) those RREEF Employees who are designated as covered under this Supplement to the Code by DeAM Compliance or its designee.

A-3. Additional Trading Restrictions. In addition to the restrictions set forth in the Code, no RREEF Employee identified in Section A-2 of this Supplement shall, without the prior written approval of DeAM Compliance, acquire or sell any Real Estate Securities in any Employee Related Account. Approvals of acquisitions will be granted only in extraordinary circumstances. Real Estate Securities shall include all publicly-traded Securities issued by any Real Estate Investment Trust ("REIT"), as well as publicly-traded Securities issued by companies if at least 50% of their revenues, or at least 50% of the market value of their assets, are attributable to the ownership, construction, management or sale of residential, commercial or industrial real estate. These companies may include real estate master limited partnerships and real estate brokers and developers.

A-4. Adoption of the Deutsche Bank Americas Code of Professional Conduct. The terms of the Deutsche Bank Americas Code of Professional Conduct are hereby incorporated into this Supplement and those Employees of RREEF identified in Section A-2 of this Supplement shall be subject to and covered by such terms.

A-5. Conflict. In the event of any conflict or discrepancy between the terms of the Code and this Supplement with respect to any RREEF Employee, the terms of this Supplement shall govern.

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 DeAM - U.S. Code of Ethics Sanctions

Violation	Sanction
<S>	<C>
Failure to Obtain Pre-Clearance ¹	

Managing Director, Director and Vice President (also Portfolio Managers and Investment Personnel regardless of level)	
1st Violation	Written Warning
2nd Violation	\$200.00 Fine
3rd Violation +	Trading Prohibited for 30 Days ² and \$500.00 Fine

Below Vice President	
1st Violation	Written Warning
2nd Violation	\$100.00 Fine
3rd Violation +	Trading Prohibited for 30 days ² and \$250.00 Fine

Failure to Comply with the with Same Day Rule ³	

Portfolio Manager

1st Violation	Unwind the Trade/Disgorgement of Profit and Written Warning
2nd Violation	Unwind the Trade/Disgorgement of Profit and \$200.00 Fine
3rd Violation +	Unwind the Trade/Disgorgement of Profit and \$500.00 Fine

Investment Personnel (Non-Portfolio Manager)

1st Violation	Potentially Unwind the Trade/Disgorgement of Profit and Written Warning
2nd Violation	Potentially Unwind the Trade/Disgorgement of Profit and \$150.00 Fine
3rd Violation +	Potentially Unwind the Trade/Disgorgement of Profit and \$400.00 Fine

Access Person

1st Violation	Potentially Unwind the Trade/Disgorgement of Profit and Written Warning
2nd Violation	Potentially Unwind the Trade/Disgorgement of Profit and \$100.00 Fine
3rd Violation +	Potentially Unwind the Trade/Disgorgement of Profit and \$300.00 Fine

Failure to Comply with the 7-Day Rule^{^3}

Portfolio Manager

1st Violation	Unwind the Trade/Disgorgement of Profit and Written Warning
2nd Violation	Unwind the Trade/Disgorgement of Profit and \$200.00 Fine
3rd Violation +	Unwind the Trade/Disgorgement of Profit and \$500.00

Investment Personnel (Non-Portfolio Manager)

1st Violation	Potentially Unwind the Trade/Disgorgement of Profit and Written Warning
2nd Violation	Potentially Unwind the Trade/Disgorgement of Profit and \$100.00 Fine
3rd Violation +	Potentially Unwind the Trade/Disgorgement of Profit and \$250.00 Fine

Failure to Comply with the with 30 Day Hold Rule

Managing Director, Director and Vice President

1st Violation	Written Warning
2nd Violation	\$200.00 Fine
3rd Violation +	Trading Prohibited for 30 Days ² and \$500.00 Fine

Below Vice President

1st Violation	Written Warning
2nd Violation	\$100.00 Fine
3rd Violation +	Trading Prohibited for 30 days ² and \$250.00 Fine

This schedule continues on the following page.

^{^1} Portfolio Managers and other Investment Personnel, regardless of position held, are subject to the pre-clearance sanctions for Managing Directors, Directors and Vice Presidents.

^{^2} The Compliance Department will take financial hardship into consideration in applying a trading prohibition. Please see important notes below for more information regarding financial hardship.

^{^3} The Compliance Department will take into consideration the employee's knowledge of portfolio trading and the severity and frequency of the violation in determining whether the trade should be broken and profit disgorged and the amount of the fine, if any. Second and third violations of the 7-day and Same Day rules within the same year will result in the escalation of fines and disciplinary action similar to other second and third violations and depending on the circumstances as indicated above. Any violations, along with attendant sanctions, will be noted in the employee's personnel file.

IMPORTANT NOTES FOLLOW THIS PAGE

DeAM - U.S. Code of Ethics Sanctions continued

Violation	Sanction
Failure to File / Incomplete / Late 17j-1 Reporting (Quarterly Personal Securities Trading Reporting)	
1st Violation - Filed by:	
First Period Level ⁴	Written Warning
Second Period Level	\$100.00 Fine
Third Period Level	\$150.00 Fine
Forth Period Level +	Trading Prohibited for 30 Days ² and \$250.00 Fine
2nd Violation - Filed by:	
First Period Level	\$150.00 Fine
Second Period Level	\$200.00 Fine
Third Period Level	Trading Prohibited for 30 Days ² and \$300.00 Fine
Forth Period Level +	Severe Disciplinary Action (Possible Termination)
3rd Violation - Filed by:	
First Period Level	\$200.00 Fine
Second Period Level	Trading Prohibited for 30 Days ² and \$400.00 Fine
Third Period Level +	Severe Disciplinary Action (Possible Termination)
Failure to File / Incomplete / Late Code of Ethics Annual Acknowledgement (including 17-j1 Annual Personal Holdings Report)	
Code of Ethics Annual Acknowledgement Period during the month of October. Filed by:	
October 31 through November 15	Written Warning
November 16 through November 30	\$100.00 Fine
December 1 through December 15	\$150.00 Fine
December 16 through December 30 +	\$200.00 Fine

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² The Compliance Department will take financial hardship into consideration in applying a trading prohibition. Please see important notes below for more information regarding financial hardship.

⁴ Period Levels are defined by DeAM Compliance and generally follow approximate 15-day periods that are adjusted for the calendar month. The First Period Level begins immediately after the due date of the respective filing. You will be notified of these levels in specific communications from DeAM Compliance when warranted.

Important Notes

- o If payment for any fine is not received by the due date, a report will be made to Senior Management regarding this delinquency, and the employee will be subject to further sanctions, including a substantial escalation of the fine (including, possibly, the doubling of the fine amount).
- o Asset Management Compliance will consider certain Code of Ethics infractions on a case-by-case basis in determining a final decision on the technicality or materiality of the violation itself, as well as the (if applicable) ensuing sanctions and/or fines levied on the employee. Asset Management Compliance will solely determine the factors used in arriving in any decisions made apart from this DeAM Sanctions Schedule.

- o Final disciplinary sanctions will be determined by the Compliance Department and Senior Management, which will take into consideration such factors, which include, but are not limited to, the period of time between violations, financial hardship, the employee's knowledge of portfolio trading and trading system technical difficulties. For example, violations occurring within a 24-month period will be taken into consideration, but will not be given full weight in the determination of disciplinary action. Financial hardship may include the inability to pay for tuition and medical expenses and the inability to purchase a home.

- o All violations will be reviewed on a rolling 1-year period and sanctions for second and third violations will be applicable if the violations occur within the same year.

- o Multiple simultaneous violations will be subject to all the applicable sanctions. For example, a portfolio manager who fails to obtain pre-clearance (2nd violation) and simultaneously violates the Same Day Rule (2nd violation), will be subject to a \$400.00 fine and disgorgement of profit.

- o Continued violation of the DeAM - U.S. Code of Ethics may subject you to severe penalties, including possible termination.

EAGLE ASSET MANAGEMENT, INC.
CODE OF ETHICS

I. STATEMENT OF GENERAL POLICY

Eagle Asset Management ("Eagle", "we" or "us") is a registered investment adviser and acts as investment manager or adviser to clients including registered investment companies. In this capacity, we serve as fiduciaries and owe our Clients an undivided duty of loyalty. We must avoid even the appearance of a conflict that may compromise the trust Clients have placed in us and must insist on strict adherence to fiduciary standards and compliance with all applicable federal and state securities laws.

The specific provisions and reporting requirements of this Code of Ethics governs the personal securities trading of Eagle employees. The purpose of these guidelines is to ensure that Employees of Eagle will not benefit improperly from advance knowledge of actual or probable Eagle activity in a security. The guidelines are based on the general principle that Employees must conduct their personal trading activities in a manner which avoids both actual and potential conflicts of interest with clients of Eagle.

II. DEFINITIONS

Access Person. The term "access person" means any director, officer, or advisory person of Eagle Asset Management, Inc. ("Eagle").

Advisory Person. The term "advisory person" of Eagle means (a) any employee of Eagle (or of any company in a control relationship to Eagle) who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a security in a client account, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (b) any natural person in a control relationship to Eagle who obtains information concerning recommendations made to a client with regard to the purchase or sale of a security. "Advisory Person" includes any investment person of Eagle.

Beneficial Ownership. "Beneficial ownership" shall be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder. "Beneficial ownership" includes accounts of a spouse, child, parent, sibling resident in the access person's home, as well as accounts of another person if by reason of any contract, understanding, relationship, agreement or other arrangement the access person obtains therefrom benefits substantially equivalent to those of ownership. Access person should contact the designated compliance officer regarding any questions they have concerning what constitutes beneficial ownership.

1

Buy or Sell Program. A "buy or sell program" is a planned program for the purchase or sale of a security for at least 10% of accounts in a particular Eagle objective. Buy or sell programs may be completed in one day, or they may extend for two or more days.

Control. The term "control shall have the same meaning as that set forth in Section 2(a)(9) of the Investment Company Act of 1940. A natural person shall be presumed not to be a "control person for this purpose, unless a contrary determination is made by the SEC.

Controlled Account. A "controlled account" is a brokerage account in which an employee has a beneficial ownership interest, or for which an employee has discretionary authority (e.g., trustee of a trust account).

Convertible Security. For purposes of these Guidelines, a "convertible security" e.g., convertible bond, convertible preferred stock, shall include the underlying common stock to which it can be converted.

Designated Compliance Officer. The term "designated compliance officer" shall mean the Eagle officer(s) designated by Eagle's President as being responsible for receiving reports or notices and performing such other duties as required by this Code of Ethics.

Employee Security Transaction. An "employee security transaction" is any purchase or sale of securities for (1) a "Controlled Account" or (2) a "Family Member Account".

Family Member. A "family member" is an employee's immediate family - spouse, child, parent, sibling - sharing the same household.

Immediate Family Member Account. A "family member account" is a brokerage account of a member of an employee's immediate family - spouse, child,

parent, sibling - sharing the same household.

Investment Company. The term "investment company" means a company registered as such under the Investment Company Act of 1940 and for which Eagle is the investment adviser.

Investment Person. An "investment person" is any portfolio manager, research analyst, securities trader, or portfolio reviewer of Eagle.

Large Order. A "large order" is either a single order or a block (aggregated) order for the purchase or sale of a security amounting to 5,000 or more shares of a stock or 1,000 bonds.

Private Placement Private Placement" means a limited offering exempt from registration pursuant to Rules 504, 505 or 506 or under Section 4(2) or 4(6) of the Securities Act of 1933.

Purchase or Sale of a Security. "Purchase or sale of a security" includes, inter alia, the writing of an option to purchase or sell a security.

Security. "Security" includes stock, notes, bonds, debentures, private placement securities and other evidences of indebtedness (including loan participations and assignments), limited partnership interests, registered open-end investment companies (mutual funds), investment contracts, and all derivative instruments, such as options and warrants. Security also includes futures and options on futures Any questions as to whether a particular investment constitutes a "security" should be referred to the designated compliance officer.

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III. PROHIBITED ACTS

A. ALL EMPLOYEES

1. DISCLOSURE OF CONFIDENTIAL INFORMATION. Employees are prohibited from revealing information relating to the investment intentions, activities or portfolios of Advisory Clients except to persons whose responsibilities require knowledge of the information or to regulatory authorities who have appropriate jurisdiction with respect to such matters.

2. GIFTS AND ENTERTAINMENT. Employees are prohibited from soliciting, accepting or giving of gifts or gratuities, except for gifts of a nominal value (i.e., gifts whose reasonable value is no more than \$100 a year) and customary business lunches, dinners, entertainment (e.g., sporting events), and promotional items (e.g., pens, mugs, T-shirts). If a Person receives any gift that might be prohibited under this Code, that person promptly must inform the Compliance Officer.

3. TAKING ADVANTAGE OF CORPORATE OPPORTUNITIES. Employees are prohibited from taking personal advantage of any opportunity properly belonging to the Advisory Clients. This includes, but is not limited to, acquiring Securities for one's own account that would otherwise be acquired for Advisory Clients.

4. USING POSITION OR INFLUENCE FOR PERSONAL BENEFIT AT EXPENSE OF CLIENTS. Employees are prohibited from causing or attempting to cause an Advisory Client to purchase, sell or hold any Security in a manner calculated to create any personal benefit to the Eagle Employee.

5. OUTSIDE BUSINESS ACTIVITIES. Outside business activities must be disclosed to the Compliance Officer. These include, but are not limited to, being appointed an officer or director of a public or private company, any activity where compensation is received, or the making of a private investment. Written approval will be required to satisfy regulatory requirements.

6. HEDGE FUNDS, INVESTMENT PARTNERSHIPS, INVESTMENT CLUBS. No employee shall participate in an investment partnership without first being approved by the Compliance Officer. If approval is granted the employee must arrange to have periodic statements sent to compliance.

7. PERSONAL SECURITY TRANSACTIONS (INCLUDING IMMEDIATE FAMILY MEMBERS)

(a) No Employee shall conduct a transaction while in possession of "INSIDE" MATERIAL NONPUBLIC INFORMATION regarding the Security or the issuer of the Security;

(b) No Employee shall purchase any securities in an INITIAL PUBLIC OFFERING (other than a new offering of a registered open-end investment company).

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(c) No Employee shall enter into a transaction intended to raise, lower, or maintain the price of any Security or to create A FALSE APPEARANCE OF

ACTIVE TRADING.

- (d) No ACCESS PERSON may buy any "Security" on any day for which Eagle (i) either has a buy program in place or is actively considering a buy program or (ii) is executing a large purchase order. The restriction on employee purchases of such securities shall continue through the end of the day when the buy program is completed, discontinued, or dropped from active consideration; or when the large purchase order is executed.
- (e) No ACCESS PERSON may sell any "Security" on any day for which Eagle (i) either has a sell program in place or is actively considering a sell program or (ii) is executing a large sale order. The restriction on employee sales of such securities shall continue through the end of the day when the sell program is completed, discontinued, or dropped from active consideration, or when the large order is executed.
- (f) No ACCESS PERSON may purchase a Security within 60 CALENDAR DAYS of the sale of that Security (or an Equivalent Security), and any sale of a Security within 60 CALENDAR DAYS of the purchase of the Security (or an Equivalent Security) if the transaction would result in a profit. Only in instances where an access person agrees to give up all profits from such transaction to a charitable organization designated by Eagle would the transaction be allowed. (* Does not apply to transactions involving RJF Stock)
- (g) No Employee may purchase and redeem shares of the same Mutual Fund within 60 CALENDAR DAYS.
- (h) ANY OTHER TRANSACTION deemed by the Pre-Clearance Officer to involve a conflict of interest, possible diversion of corporate opportunity, or an appearance of impropriety.

B. INVESTMENT PERSONNEL

1. IPO ALLOCATION POLICY Portfolio Managers and traders must comply with the Statement of General Policy Regarding IPO Allocations, which is attached as Appendix A to this Code. In general, the policy prohibits improper actions taken in order to obtain greater access to Initial Public Offerings ("IPO's"). Portfolio managers and traders should not purchase or commit to purchase from certain brokers additional shares of an IPO in the immediate after-market trading in order to obtain larger IPO allocations. Portfolio managers and traders should not engage in excessive trading or increase portfolio turnover in order to obtain larger IPO allocations by generating more commission business for brokers that provide access to IPOs.

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2. SERVICING AS A DIRECTOR In addition to the disclosure requirements detailed in Section III A. 5 above, Investment Persons may not serve on the board of directors of a publicly-traded company not affiliated with Eagle absent prior written approval by the Compliance Officer. This approval rarely will be granted and, if granted, normally will require that the relevant Investment Person be isolated, through "Chinese Wall" or other procedures, from those making investment decisions related to the issuer on whose board the Investment Person sits.

C. PORTFOLIO MANAGER

1. SEVEN DAY BLACK- OUT PERIOD. A Portfolio Manager may not purchase or sell a security for his/her personal account or controlled account within seven calendar days, either preceding or subsequent thereto, of a purchase or sale program, or a large order, for the same security initiated by the Portfolio Manager. For example, if the Portfolio Manager initiates and completes a buy program for his or her advisory accounts on June 1, June 9 is the first day the Portfolio Manager may trade that security for a personal or controlled account.

2. CONTRARY TRADES. Portfolio managers who trade contrary to his Eagle buy or sell program activity in a security within seven calendar days before or after the conclusion of Eagle's activity must submit a memo to Eagle's Compliance Officer or his designee explaining the decision to buy/sell contrary to Eagle activity.

IV. PRE-CLEARANCE:

A. TRANSACTIONS REQUIRING PRE-CLEARANCE:

I. ALL EMPLOYEES: (INCLUDING IMMEDIATE FAMILY MEMBERS)

Any transaction involving an open end registered investment company (mutual fund) where Eagle is an adviser to the Fund or is affiliated with the Fund UNLESS done as part of a periodic investment (including 401k plans) or redemption plan (i.e. systematic withdrawal). Allocations for these periodic

investments or redemptions must have INITIAL PRE-CLEARANCE. Any ALLOCATION CHANGES or TRANSACTIONS outside of a previously approved periodic investment or redemption plan must also receive pre-clearance. PRE-CLEARANCE IS NOT NECESSARY FOR TRANSACTIONS INVOLVING A MONEY MARKET MUTUAL FUND OR MUTUAL FUNDS THAT ARE NOT AFFILIATED WITH EAGLE OR ADVISED BY EAGLE.

II. ACCESS PERSONS AND INVESTMENT PERSONS: (INCLUDING IMMEDIATE FAMILY MEMBERS)

In addition to the pre-clearance requirement above, and subject to the exemptions below, each person shall pre-clear trades in all other securities (see definition of "Securities" in Section II) *Please note that hedge funds, private placements and limited partnerships are included in the definition of security. If unsure whether an instrument is considered a security contact the compliance officer for guidance.

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B. TRANSACTIONS EXEMPT FROM PRE-CLEARANCE:

- (1) Purchases or sales in any account over which the access person has no direct or indirect influence or control.
- (2) Purchases or sales which are non-volitional on the part of either the access person or an investment company.
- (3) Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities to the extent such rights were acquired from such issuer, and sales of such rights so acquired.
- (4) Any acquisition of Securities through stock dividends, dividend reinvestments, stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of securities.
- (5) Options on a broad-based, publicly traded market basket or index of stocks (the S&P 500 index); covered-call options on underlying securities presently held in employee personal accounts; repurchase agreements and U.S. Government Securities; Raymond James Financial stock; securities purchased as part of an automatic dividend reinvestment plan; certificates of deposit; and other securities determined to be "riskless" by Compliance.

C. PRE-CLEARANCE PROCEDURES:

A trade preclearance request will be submitted via a preclearance request form (see Appendix I) or via email to the compliance officer at Eagle-Compliance Email address. Decisions will be logged and initialed by the Compliance Officer, or designee, in the preclearance log book. The compliance officer will respond via email or phone to the person making the request with the approval or denial. Employees can not enter a trade order until approval is granted.

Access Persons and Investment Persons must pre-clear all personal "Security" transactions for both Controlled Accounts and Family Member Accounts. If a restriction applies, the proposed transaction will not be allowed. If no restriction applies, the transaction will be approved. Trade preclearance approvals are only valid for that day in which approval is granted.

- (a) If a purchase transaction is approved, as described above, and Eagle subsequently initiates a buy program, or executes a large purchase order, for the same security on the same day, the employee must immediately sell the security in question. Any pretax profit from the subsequent sale transaction will be paid into Eagle's error account, and any loss will be borne by the employee.

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- (b) If a sale transaction is approved, as described above, and Eagle subsequently initiates a sale program, or executes a large sale order, for the same security on the same day, the employee must immediately buy back the security in question. Any pretax profit from the subsequent purchase transaction will be paid into Eagle's error account, and any loss will be borne by the employee.
- (c) Amounts paid into Eagle's error account under (a) and (b) above will be contributed annually to a charity

selected by Eagle.

V. REPORTS.

A. NON-EMPLOYEE DIRECTORS:

Non-employee directors of Eagle are not subject to the restrictions and preclearance requirements of the Code, provided they have no knowledge of pending or current Eagle program trading activity in the securities they are trading. Such directors must provide an annual certification that with respect to all security transactions during the preceding year, the director was not aware of any Eagle program activity relating to the security in question when the transaction was effected.

B. EMPLOYEES, ACCESS PERSONS AND INVESTMENT PERSONS: (INCLUDING IMMEDIATE FAMILY MEMBERS)

Aside from the Exemptions outlined in Section VI below, the following reporting requirements apply to Employees, Access Persons and Investment Persons.

1. INITIAL HOLDINGS REPORT Any person who becomes an Employee, Access Person or Investment Person of Eagle must submit, within 10 days of becoming such designation, an Initial Holdings Report (see Appendix K) listing all securities that he or she holds in an investment account. The Report will be sent by (and should be returned to) the Pre-Clearance Officer.

2. QUARTERLY TRANSACTION REPORTS Every Employee, Access Person and Investment Person must arrange for the Compliance Officer to receive directly from the broker, dealer, mutual fund company or bank in question, duplicate copies of each confirmation and periodic statement for any Securities Transaction during the quarter in an investment account. All copies must be received no later than 10 days after the end of the calendar quarter.

Each confirmation or statement must disclose the following information:

1. the date of the transaction;
2. the title (and interest rate and maturity date, if applicable);

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3. the number of shares and principal amount;
4. the nature of the transaction (e.g., purchase, sale);
5. the price of the Security; and
6. the name of the broker, dealer, fund company or bank through which the trade was effected.

If an Employee is not able to arrange for duplicate confirmations and statements to be sent that contain the information required above, the Employee promptly must submit Quarterly Transaction Reports within 10 days after the completion of each calendar quarter to the Compliance Officer. In accordance with Raymond James Financial corporate policy, all employee brokerage accounts must be maintained with Raymond James Brokerage. All persons opening or maintaining a brokerage account outside of Raymond James must receive written permission from the Compliance Officer.

3. ANNUAL HOLDINGS REPORT Each Employee, Access Person and Investment Person must submit an Annual Holdings Report (see Appendix K) with attached statement listing all securities in an investment Account. The information in the Annual Holdings Report must be current as of a date no more than 30 days before the report is submitted. The annual holdings report must contain the following information:

- (i) The name of any broker, dealer, mutual fund company or bank with whom the access person maintains an account in which any securities are held for the direct or indirect benefit of the access person;
- (ii) The date that the report is submitted by the access person.

VI. EXEMPTION, DISCLAIMERS, AND AVAILABILITY OF REPORTS

A. EXEMPTIONS FROM REPORTING REQUIREMENTS

1. Securities Transactions involving the following circumstances or Securities are exempt from Section IV and V reporting requirements: (1) neither the Access Person nor an Immediate Family Member had any direct or indirect influence or control over the transaction; (2) Securities directly issued by the U.S. Government; (3) bank certificates of deposits; (4) Mutual Fund or Registered Investment Companies that are not affiliate with Eagle or advised by Eagle. (5) other Securities as may from time to time be designated in writing by the Code of Ethics Review Committee based on a determination that the risk of abuse is minimal or non-existent.

2. Notwithstanding the provisions of Section V-B2. above, no Employee shall be required to make a Quarterly Transaction Report where such report would duplicate information recorded by Eagle pursuant to Rule 204-2(a) of the Investment Advisers Act of 1940.

B. DISCLAIMERS

Any report of a Securities Transaction for the benefit of a person other than the individual in whose account the transaction is placed may contain a statement that the report should not be construed as an admission by the person making the report that he or she has any direct or indirect beneficial ownership in the Security to which the Report relates.

C. AVAILABILITY OF REPORTS

All information supplied pursuant to this Code may be available for inspection by the President of Eagle, the Code of Ethics Review Committee, the Compliance Officer, the Pre-Clearance Officer, the Access Person's department manager (or designee), any party to which any investigation is referred by any of the foregoing, the Securities and Exchange Commission, any self-regulatory organization of which Eagle is a member, and any state securities commission with appropriate jurisdiction.

VII. CODE OF ETHICS REVIEW COMMITTEE

The Code of Ethics Review Committee shall investigate material Code violations or suspected violations of the Code and, as appropriate, take such actions as necessary or prescribed in the personal trading violation sanctions guidelines. The Committee also shall review the Code at least once a year, in light of legal and business developments and experience in implementing the Code. Members of the Committee consist of Eagle's President and Chief Operating Officer, Corporate Counsel, Treasurer, Portfolio Management Representative and Chief Compliance Officer.

Employees who either willfully or negligently violate the provisions of the Code may be subject to any or all of the following sanctions: Formal Written Warning and Written Reprimand (with copy to supervisor and personnel file), Bans on Personal Trading, Monetary Penalty, Disgorgement of Trading Profits, Suspension or Termination. The Code of Ethics Review Committee is charged with the responsibility of conducting informational hearings, assessing mitigating factors, and imposing sanctions consistent with the Code's Sanction Guidelines.

Eagle Code of Ethics Personal Trading Violation Sanctions Matrix

<TABLE>
<CAPTION>

SANCTIONS APPLICABLE TO EMPLOYEES:

VIOLATION	SANCTION GUIDELINE+ *
<p><S> *Commission of a Prohibited Act not otherwise specifically addressed in this Code section</p>	<p><C> 1st Offense or more: Monetary penalty, freeze trading accounts for 30-90 days and/or suspension or termination</p>
<p>No broker statements or confirms on file or no evidence that duplicate statements have been requested</p>	<p>1st Offense: Written warning 2nd Offense: (after 30 days of no action) Written reprimand and/or monetary penalty 3rd Offense: (after 60 days of no action) Monetary penalty, freeze trading accounts for 30-90 days and/or suspension or termination</p>
<p>*Trading without receiving appropriate pre-clearance or trading outside the approval period</p>	<p>1st Offense: Written warning 2nd Offense: Written reprimand and/or monetary penalty 3rd Offense (or more): Monetary penalty, freeze trading accounts for 30-90 days and/or suspension or termination</p>
<p>*Trading after being denied approval</p>	<p>1st Offense or more: Monetary penalty, freeze trading accounts for 30-90 days and/or suspension or termination</p>
<p>Failure to file an Initial or Annual Holdings Report</p> <p>Failure to file an Annual Code Acknowledgement and Certification Form</p>	<p>1st Offense: (not filed within 10 days) Written warning 2nd Offense: (not filed within 10 days on more than one occasion or not filed within 30 days) Written reprimand and/or monetary penalty 3rd Offense: (not filed within 10 days on more than two occasions or not filed within 60 days) Monetary penalty, freeze trading accounts for 30-90 days and/or suspension/termination</p>
<p>Violation of the Gift and Entertainment Policy.</p>	<p>1st Offense: Written warning. Return of the gift, or reimbursement of the</p>

unauthorized entertainment expense, to the donor/payer.
 2nd Offense: Written reprimand and/or monetary penalty. Return of the gift, or reimbursement, as outlined above.
 3rd Offense: Monetary penalty and/or suspension or termination. Return or reimbursement.

<CAPTION>

SANCTIONS APPLICABLE TO ACCESS PERSONS (IN ADDITION TO ALL SANCTIONS APPLICABLE TO EMPLOYEES):

VIOLATION	SANCTION GUIDELINE+ *
<S> *Selling a security within 60 days of a purchase of the same security or purchasing a security within 60 days of the sale of the same security resulting in a profit	<C> 1st offense: Written Reprimand and/or Monetary Penalty 2nd or more offenses: Monetary Penalty, Freeze Trading accounts for 30-90 days and/or Suspension/Termination profit.
Serving on the Board of a publicly-traded company without prior written consent	1st offense: Written Reprimand and/or Monetary Penalty 2nd or more offenses: Monetary Penalty, Freeze Trading accounts for 30-90 days and/or Suspension/Termination

<CAPTION>

SANCTIONS APPLICABLE TO PORTFOLIO MANAGERS (IN ADDITION TO ALL SANCTIONS APPLICABLE TO EMPLOYEES AND ACCESS PERSONS):

VIOLATION	SANCTION GUIDELINE+ *
<S> * Trading within the 7 day blackout period	<C> 1st offense or more offenses: Monetary Penalty, Freeze Trading accounts for 30-90 days and/or Suspension/Termination

</TABLE>

* Includes Disgorgement of Trading Profits
 + The Code of Ethics Review Committee will take into consideration any mitigating circumstances when applying sanctions

The Compliance Administrator will arrange for a meeting of the Code of Ethics Review Committee in cases where a violation has occurred and the guidelines suggest a monetary penalty, written reprimand or more serious action.

The following schedule details the monetary penalties that may be applied for each offense.

AVP and Staff - \$100-\$500	Senior Vice President	- \$1,000-\$2,500
Vice President- \$500-\$1,000	Managing Director and above	- \$2,500-\$5,000 +

VIII. OTHER GUIDELINES

As employees of Raymond James Financial, Inc., Eagle employees are expected to comply with all guidelines set forward by Raymond James Financial, Inc. in regard to personal transactions.

IX. COMPLIANCE

In order to facilitate compliance with these guidelines, all access persons must supply a copy of the confirm (or have duplicate confirms sent) on ALL trades to the Chief Compliance Officer or his designee within one business day, or as soon as may be practical, after the trade date of such transaction. All employees must also arrange to have duplicate confirms of Mutual Fund transactions forwarded to the Chief Compliance Officer. If an employee opens a new brokerage account, either at Raymond James & Associates, Inc. or an unaffiliated firm, he or she must immediately advise the Chief Compliance Officer or his designee.

X. RECORD KEEPING

Eagle must keep copies of the code of ethics, records of violations of the code and actions taken as a result of the violations, and copies of each employee's written acknowledgment of receipt of the code. Eagle must keep a record of the names of access persons, the holdings and transaction reports made by access persons, and records of decisions approving access persons' personal trading. All these records are retained for five years with the most recent two years in an easily accessible place, in an appropriate office of the investment adviser

Appendix I

TRADE AUTHORIZATION REQUEST

- (1) Name of person requesting authorization: _____
- (2) Name security: _____
- (3) Maximum # of shares or units to be purchased or sold or amount of bond:

- (4) Check if applicable: ___ Purchase ___ Sale
- (5) Do you possess material nonpublic information regarding the security or the issuer of the security? ___ Yes ___ No
- (6) To your knowledge, are the securities (or equivalent securities) being considered for purchase or sale by any Advisory Client? ___ Yes ___ No
- (7) Are the securities being acquired in an Initial Public Offering? ___ Yes ___ No
- (8) Are the securities being acquired in a Private Placement? ___ Yes ___ No
- (9) If you are a Portfolio Manager, has any account you managed purchased or sold these securities (or equivalent securities) within the past seven calendar days or do you expect the account to purchase or sell these securities (or equivalent securities) within seven calendar days after your purchase or sale? ___ Yes ___ No
- (10) Have you or any account covered by the Code's pre-authorization provisions purchased or sold these securities (or equivalent securities) in the prior 60 days? ___ Yes ___ No

I have read the currently effective Code of Ethics, and believe that the proposed trade complies fully with the requirements of the Code.
<page>

Signature

Print Name

Authorized: _____
Date: _____

Appendix J

EMPLOYEE BROKERAGE ACCOUNTS

The compliance Department is updating its records for monitoring employee trading. Please fill out the following and return.

Do you, personally or as a trustee of an account, or any family members, as described in the Eagle Code of Ethics, have any outside brokerage accounts?
Yes _____ No _____

If yes, please list the name of the brokerage house, name on the account, your relationship to the account and account number for each.

Do you, personally, as trustee or as beneficiary of an account, or any family members, as described in the Eagle Code of Ethics, have any Raymond James accounts?

Yes _____ No _____

If yes, please list all account numbers, name on the account, your relationship to the account and approximate date each account was opened.

Account #	Name(s) on Account	Relationship
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Name (Please Print)

Signature

Date

Appendix K REPORT OF SECURITIES HOLDINGS

Person: _____ Initial or Annual Report? (Circle one)

As required by Rule 17j-1 and Eagle's Code of Ethics, the following is my statement of securities holdings for which I may have a direct or indirect beneficial interest. As described in the Eagle Code of Ethics, this includes the securities holdings of myself, family members (spouse, minor child, or related adult living in the same household as myself) and the securities holdings of a Trust in which I am Trustee or in which I have a beneficial interest.

- 1) For securities holdings that are held in brokerage accounts, please list the name of the brokerage house, the name on the account, relationship to you, and the account number for each.

PLEASE ATTACH THE MOST RECENT MONTHLY STATEMENT FOR EACH ACCOUNT.

<TABLE>
<CAPTION>

BROKERAGE FIRM <S>	NAME OF ACCOUNT <C>	RELATIONSHIP <C>	ACCOUNT NUMBER <C>
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

</TABLE>

- 2) For securities holdings that are not held in brokerage accounts which are held in physical form, including Hedge Funds and Private Placements please list:

<TABLE>
<CAPTION>

SHARES <S>	NAME OF ISSUER / FUND <C>	REGISTERED IN THE NAME OF: <C>	Relationship <C>
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

</TABLE>

Please attach additional sheets, if necessary.

3) I ___do/___ do not have any securities holdings that I am required to report pursuant to the requirements as stated above.

Signature: _____ Date: _____

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EAGLE ASSET MANAGEMENT, INC.

POLICY AND PROCEDURES ON INSIDER TRADING

SECTION I. POLICY STATEMENT ON INSIDER TRADING

A. Policy Statement on Insider Trading

Eagle Asset Management, Inc. forbids any employee from trading, either personally or on behalf of others (such as, mutual funds and private accounts managed by Eagle Asset Management, Inc.), based on material nonpublic information or communicating material nonpublic information to others in violation of the law. This conduct is frequently referred to as "insider trading." Eagle Asset Management's policy applies to every employee and extends to activities within and outside their duties at Eagle Asset Management, Inc. Every employee must read and retain this policy statement. Any questions regarding Eagle Asset Management's policy and procedures should be referred to the Compliance Administrator.

The term "insider trading" is not defined in the federal securities laws, but generally is used to refer to the use of material nonpublic information to trade in securities (whether or not one is an "insider") or to communications of material nonpublic information to others.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

- 1) trading by an insider while in possession of material nonpublic information, or
- 2) trading by a non-insider, while in possession of material nonpublic information where the information either was disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated, or
- 3) communicating material nonpublic information to others.

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The elements of insider trading and the penalties for such unlawful conduct are discussed below. If, after reviewing this policy statement, you have any questions you should consult the Compliance Administrator.

1. Who is an Insider?

The concept of "insider" is broad. It includes officers, directors and employees of a company. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and as a result is given access to information solely for the company's purposes. A temporary insider can include, among others, a company's attorneys, accountants, consultants, bank lending officers, and the employees of such organizations. In addition, Eagle Asset Management, Inc. may become a temporary insider of a company it advises or for which it performs other services. According to the Supreme Court, the company must expect the outsider to keep the disclosed nonpublic information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

2. What is Material Information?

Trading on inside information is not a basis for liability unless the information is material. "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions,

or information that is reasonably certain to have a substantial effect on the price of a company's securities. Information that employees should consider material includes, but is not limited to: dividend changes, earnings estimates, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments.

Material information need not be derived directly from the company whose securities are at issue. For example, in *Carpenter v. U.S.*, 108 U.S. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Journal and whether those reports would be favorable or not.

3. What is Nonpublic Information?

Information is nonpublic until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal or other publications of general circulation would be considered public.

4. Bases for Liability

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i. Fiduciary Duty Theory

In 1980, the Supreme Court found that there is no general duty to disclose before trading on material nonpublic information, but that such a duty arises only where there is a fiduciary relationship. That is, there must be a relationship between the parties to the transaction such that one party has a right to expect that the other party will disclose any material nonpublic information or refrain from trading. *Chiarella v. U.S.*, 445 U.S. 22 (1980).

In *Dirks v. SEC*, 463 U.S. 646 (1983), the Supreme Court stated alternate theories under which non-insiders can acquire the fiduciary duties of insiders: they can enter into a confidential relationship with the company through which they gain information (e.g., attorneys, accountants), or they can acquire a fiduciary duty to the company's shareholders as "tippees" if they are aware or should have been aware that they have been given confidential information by an insider who has violated his fiduciary duty to the company's shareholders.

However, in the "tippee" situation, a breach of duty occurs only if the insider personally benefits, directly or indirectly, from the disclosure. The benefit does not have to be pecuniary, but can be a gift, a reputational benefit that will translate into future earnings, or even evidence of a relationship that suggests a quid pro quo.

ii. Misappropriation Theory

Another basis for insider trading liability is the "misappropriation" theory, where liability is established when trading occurs on material nonpublic information that was stolen or misappropriated from any other person. In *U.S. v. Carpenter*, supra, the Court found, in 1987, a columnist defrauded The Wall Street Journal when he stole information from the Journal and used it for trading in the securities markets. It should be noted that the misappropriation theory can be used to reach a variety of individuals not previously thought to be encompassed under the fiduciary duty theory. (Misappropriated - properly come into contact with insider information and then improperly use information)

5. Penalties for Insider Trading

Penalties for trading on or communicating material nonpublic information are severe, both for individuals involved in such lawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include:

- o civil injunctions
- o treble damages
- o disgorgement of profits

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- o jail sentences of up to ten years and related fines of up to \$2,500,000

- o fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefitted,
- o civil fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided, and
- o suspension or bar from the securities business.
- o suspended or barred from working in securities industry.

In addition, any violation of this policy statement can be expected to result in serious sanctions by Eagle Asset Management, Inc., including dismissal of the persons involved.

* * *

SECTION II. PROCEDURES TO IMPLEMENT EAGLE ASSET MANAGEMENT, INC. INVESTMENT ADVISER'S POLICY

A. Procedures to Implement Eagle Asset Management, Inc. Investment Adviser's Policy Against Insider Trading

The following procedures have been established to aid the employees of Eagle Asset Management, Inc. in avoiding insider trading, and to aid Eagle Asset Management, Inc. in preventing, detecting and imposing sanctions against insider trading. Every officer, director and employee of Eagle Asset Management, Inc. must follow these procedures or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties. If you have any questions about these procedures you should consult the Compliance Administrator.

1. Identifying Inside Information

Before trading for yourself or others, including investment companies or private accounts managed by Eagle Asset Management, Inc., in the securities of a company about which you may have potential inside information, ask yourself the following questions:

- i. Is the information material? Is this information that an investor would consider important in making his or her investment decisions? Is this information that would substantially affect the market price of the securities if generally disclosed?

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- ii. Is the information nonpublic? How did you obtain it? To whom has this information been provided? Has the information been effectively communicated to the marketplace by being published in Reuters, The Wall Street Journal or other publications of general circulation?

If, after consideration of the above, you believe that the information is material and nonpublic, or if you have questions as to whether the information is material and nonpublic, you should take the following steps.

- i. Report the matter immediately to the Chief Compliance Officer.
- ii. Do not purchase or sell the securities on behalf of yourself or others, including investment companies or private accounts managed by Eagle Asset Management, Inc..
- iii. Do not communicate the information inside or outside Eagle Asset Management, Inc., other than to the Chief Compliance Officer.
- iv. After the Chief Compliance Officer, has reviewed the issue, you will be instructed to continue the prohibitions against trading and communication, or you will be allowed to trade and communicate the information.

2. Personal Securities Trading

All employees of Eagle Asset Management, Inc. shall be in compliance with the Eagle Code of Ethics Transaction Guidelines and shall submit to the Compliance Administrator, a report of every securities transaction in which they, their families (including the spouse, minor children and adults living in the same household as the employee), and trusts of which they are trustees or in which they have a beneficial interest, have participated within one business day after the trade date of such transaction. This report shall include the name of the security, date of the transaction, quantity, price, and broker-dealer through which the transaction was effected. The requirement may be satisfied by sending duplicate confirmations of such trades to the Compliance Administrator.

At the Compliance Administrator's discretion, he may request that the broker-dealer send the duplicate confirms.

3. Restricting Access to Material Nonpublic Information

Information in your possession that you identify as material and nonpublic may not be communicated to anyone, including persons within Eagle Asset Management, Inc., except as provided in paragraph 1 above. In addition, care should be taken so that such information is secure. For example, files containing material nonpublic information should be sealed; access to computer files containing material nonpublic information should be restricted.

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4. Resolving Issues Concerning Insider Trading

If, after consideration of the items set forth in paragraph 1, doubt remains as to whether information is material or nonpublic, or if there is any unresolved question as to the applicability or interpretation of the foregoing procedures, or as to the propriety of any action, it must be discussed with the Chief Compliance Officer before trading or communicating the information to anyone.

NOTE: IF THE CHIEF COMPLIANCE OFFICER IS UNAVAILABLE, QUESTIONS CAN BE DIRECTED TO EAGLE'S CORPORATE COUNSEL.

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(Supervisors Only)

* * *

SECTION III. SUPERVISORY PROCEDURES

A. Supervisory Procedures

The role of Chief Compliance Officer, is critical to the implementation and maintenance of Eagle Asset Management's policy and procedures against insider trading. Supervisory Procedures can be divided into two classifications - prevention of insider trading and detection of insider trading.

1. Prevention of Insider Trading

To prevent insider trading, Chief Compliance Officer or his designee, should:

- i. provide, on a regular basis, communications to familiarize employees of Eagle Asset Management's policy and procedures,
- ii. answer questions regarding Eagle Asset Management's policy and procedures,
- iii. resolve issues of whether information received by an employee of Eagle Asset Management, Inc. is material and nonpublic,
- iv. review on a regular basis and update as necessary Eagle Asset Management's policy and procedures, [and]
- v. when it has been determined that an employee of Eagle Asset Management, Inc. has material nonpublic information,

1. implement measures to prevent dissemination of such information, and

2. if necessary, restrict officers, directors and employees from trading the securities, [and

- vi. promptly review, and either approve or disapprove, in writing, each request of an employee for clearance to trade in specified securities.]

2. Detection of Insider Trading

To detect insider trading, Chief Compliance Officer or his designee, should:

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- i. review the trading activity reports filed by each employee,

ii. review the trading activity of mutual funds and private accounts managed by Eagle Asset Management, Inc.,

iii. review trading activity of Eagle Asset Management's own account,

and

iv. coordinate the review of such reports with other appropriate employees of Eagle Asset Management, Inc.

3. Special Reports to Management

Promptly, upon learning of a potential violation of Eagle Asset Management's Policy and Procedures to Detect and Prevent Insider Trading, the Chief Compliance Officer or his designee, should prepare a written report to management providing full details and recommendations for further action.

4. Annual Reports to Management

On an annual basis, the Chief Compliance Officer or his designee, should prepare a written report to the management of Eagle Asset Management, Inc. setting forth the following:

- i. a summary of existing procedures to detect and prevent insider trading,
- ii. full details of any investigation, either internal or by a regulatory agency, of any suspected insider trading and the results of such investigation,
- iii. an evaluation of the current procedures and any recommendations for improvement, and
- iv. a description of Eagle Asset Management's internal communications regarding insider trading, including the dates of such communications since the last report to management.

EAGLE
ASSET MANAGEMENT, INC.

INITIAL / ANNUAL CERTIFICATION

I hereby acknowledge receipt of the Eagle Code of Ethics and the Policy and Procedures On Insider Trading. I certify that I have thoroughly reviewed these instructions and understand the policies and regulations therein. I have been offered an opportunity to ask questions about any provisions which are unclear. To the best of my knowledge, I have complied with the provisions of these documents during the past year, or since the beginning of my employment if later, and I agree to continue to abide by the provisions of these documents.

Name:

Sign

Date

Appendix A

EAGLE ASSET MANAGEMENT, INC.
Statement of General Policy Regarding IPO Allocations

- o Portfolio managers and traders should not take any improper action in order to obtain greater access to IPOs.
- o Portfolio managers and traders should not engage in excessive trading or increase portfolio turnover in order to obtain larger IPO allocations by generating more commission business for brokers that provide access to IPOs.
- o Portfolio managers and traders should not purchase or commit to purchase

from certain brokers additional shares of an IPO in the immediate after-market trading in order to obtain larger IPO allocations, i.e., portfolio managers and traders should not explicitly or implicitly engage in a quid pro quo between the initial IPO allocation and the subsequent after-market purchases by Eagle. (However, absent such an explicit or implicit quid pro quo, portfolio managers and traders properly can determine to fill an unfilled IPO order with purchases in the secondary market from the same broker from whom they acquired the IPO shares.)

- o Portfolio managers and traders should not pay commissions to certain brokers in excess of customary and reasonable commissions in order to obtain larger IPO allocations. (However, subject to best execution standards and appropriate disclosures in Eagle's Form ADV registration statement and any applicable mutual fund registration statements, portfolio managers and traders may consider access to IPOs as one factor, among others, in selecting broker-dealers with whom they trade.)
- o Portfolio managers and traders should not make IPO allocation decisions regarding client accounts based upon subsequent market movements or based upon any factors or guidelines not articulated in Eagle's compliance policies and applicable disclosures.
- o Allocations should be fair and equitable to all clients to the extent practicable.
- o Allocations should comply with information disclosed to clients in, as applicable, the advisory contracts, Eagles' Form ADV registration statement, and any applicable mutual fund registration statement.
- o Allocations should be pro rata to applicable groups of clients where feasible. If not pro rata, allocations should comply with applicable policies and procedures and should be consistent with information disclosed to clients.
- o Allocations should not continually favor particular accounts unless such practice has been disclosed to clients.
- o Hot IPOs generally should not be allocated to accounts where Eagle, its principals or its affiliates maintain an ownership interest.

AMENDED AND RESTATED
CODE OF ETHICS
OF
THIRD AVENUE MANAGEMENT LLC
THIRD AVENUE TRUST
THIRD AVENUE VARIABLE SERIES TRUST
M.J. WHITMAN LLC

Adopted June 5, 2003, as Amended
and Clarified December 5, 2003 and March 3, 2005

This Code of Ethics ("Code") establishes rules of conduct for persons who are associated with Third Avenue Trust and Third Avenue Variable Series Trust, each a registered investment company (each a "Trust" and, collectively, the "Trusts") and each series of each Trust (each a "Fund" and, collectively, the "Funds"), M. J. Whitman LLC ("MJW"), the Funds' distributor, and Third Avenue Management LLC ("TAM") a registered investment adviser (the "Adviser"), that provides investment advisory services to the Funds (collectively, the "Companies").

The basic rule is very simple, put the Fund shareholders' interests first. The rest of the rules elaborate this principle. Some of the rules are imposed specifically by law. For example, the laws that govern investment advisers specifically prohibit fraudulent activity, making statements that are not true or that are misleading or omit something that is significant in the context and engaging in manipulative practices. These are general words, of course, and over the years the courts, the regulators and investment advisers have interpreted these words and established codes of conduct for their employees and others who have access to their investment decisions and trading activities. Indeed, the rules obligate investment advisers to adopt written rules that are reasonably designed to prevent the illegal activities described above and to follow procedures that will enable them to prevent such activities.

This Code is intended to assist the Companies in fulfilling their obligations under the law. The first part lays out whom the Code applies to, the second part deals with personal investment activities, the third part deals with other sensitive business practices, and subsequent parts deal with reporting and administrative procedures.

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The Code is very important to the Companies and their employees. Violations can not only cause the Companies embarrassment, loss of business, legal restrictions, fines and other punishments but for employees can lead to sanctions, which may include: demotion, suspension, firing, temporary or permanent bar from the securities business and very large fines.

I. APPLICABILITY

(A) The Code applies to each of the following:

1. Third Avenue Trust and Third Avenue Variable Series Trust (each a "Trust" and, collectively, the "Trusts"), each series of each Trust (each a "Fund" and, collectively, the "Funds"), M.J. Whitman LLC, TAM and all entities that are under common management with the Companies ("Common Management"). A listing of the Common Management Affiliates is attached as Exhibit A.
2. Any officer, director, trustee or employee of the Companies or Common Management Affiliates.
3. Any natural person who controls any of the Companies or Common Management Affiliates and who obtains information regarding the Companies' investment recommendations or decisions.
4. With respect to the Companies, any trustee, director, officer, or person performing a similar function even if he has no knowledge of and is not involved in the investment process. Disinterested trustees of a Fund are covered under this item.

(B) DEFINITIONS

THE FOLLOWING WORDS HAVE THE FOLLOWING MEANINGS, REGARDLESS OF WHETHER SUCH TERMS ARE CAPITALIZED OR NOT IN THIS CODE:

1. Access Person. Includes: (a) any trustee, director, officer of the Adviser or a Fund (or person performing a

similar function) or (b) an "advisory person" of the Adviser or a Fund. An "advisory person" includes:

(i) Any employee or personnel of a Common Management Affiliate who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a security by a Fund or Adviser client, or whose functions relate to the making of any recommendations with respect to the purchases or sales of securities, or whose functions or duties relate to the determination of which recommendation will be made to a Fund or Adviser client; and

(ii) Any natural person (1) in a control relationship to the Adviser or a Fund, (2) any affiliated person of such controlling person (with the exception of any entity now or in the future controlled by Affiliated Managers Group, other than the Adviser and its controlled affiliates, such entities being listed on Exhibit A as "AMG Affiliates"), and (3) any affiliated person of such affiliated person.

The Compliance Officer shall create and maintain a list of Access Persons and inform such persons of their status.

2. Beneficial Interest. Equivalent to "beneficial ownership" in Exhibit E.
3. Covered Persons. Includes: (a) all Access Persons and (b) all employees of the Companies or Common Management Affiliates who are not included in the definition of Access Person.
4. Covered Account. Includes:
 - (a) any "Pecuniary-Interest Covered Account", which shall include any account in which a Covered Person holds a Beneficial Interest regardless of whether the account is managed by an independent third party or self-directed. Generally, this would include an account maintained by a spouse, for example. (See Exhibit E); and

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- (b) any "Non-Pecuniary Interest Covered Account", which shall include: any account in which such Covered Person does not have a Beneficial Interest and (i) for which a Covered Person acts as guardian, trustee, custodian or similar role, or (ii) over which a Covered Person exercises control in any manner including by way of a power of attorney or as an investment adviser.

A "Covered Account" shall not include a non-brokerage account in which it is not possible to purchase funds managed by Third Avenue Management LLC (for example, a direct account with an unaffiliated open end mutual fund company). The Compliance Officer may grant an exception for an account in the name of a Covered Person or immediate family or household member maintained with persons who have no affiliation with the Companies and with respect to which no Covered Person has, in the judgment of the Compliance Officer after reviewing the terms and circumstances, any direct or indirect influence or control over the investment or portfolio execution process.

5. Portfolio Managers. Access Persons who are principally responsible for investment decisions with respect to any client account.
6. Companies. Third Avenue Trust, Third Avenue Variable Series Trust, each series of each Trust, MJ Whitman LLC and Third Avenue Management LLC.
7. Compliance Officer. The person(s) designated as the compliance officer(s) of the Companies.
8. Compliance Committee. The Compliance Officer, general counsel of the Companies and at least two of the senior executives of the Trust and/or Adviser.
9. Control. Shall have the same meaning as that set forth in Section 2(a)(9) of the Investment Company Act of 1940.

10. Disinterested Trustee. A Trustee of a Fund who is not an "interested person" of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act of 1940.
11. Security. Any financial instrument, other than an Exempt Security (as defined below) treated as a security for investment purposes and any related instrument such as a futures, forward or swap contract entered into with respect to one or more securities, a basket of or an index of securities or components of securities. However, the term security does not include Exempt Securities (as defined below).
12. Exempt Securities. Any of the following:
 - (a) Direct obligations of the Government of the United States; banker's acceptances; bank certificates of deposit; commercial paper; high quality short term debt instruments, including repurchase agreements; and shares in exchange traded funds and open end registered investment companies that are not managed by Third Avenue Management LLC.
 - (b) Securities not held in a Covered Account.
 - (c) Securities acquired as a part of an automatic dividend reinvestment plan.
 - (d) Securities acquired upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.
13. Portfolio Security. A security that (a) within the most recent fifteen (15) calendar days has been held by a Fund or other portfolio managed by the Adviser or (b) is being considered by the Adviser for purchase by a Fund or other portfolio managed by the Adviser and (c) any other security issued by the issuer of such security. A purchase or sale of a Portfolio Security includes the writing of an option to purchase or sell and any security that is exchangeable for, or convertible into a Portfolio Security.

14. Head Trader(s). Such persons as may be in charge of each trading desk of a Company.

II. RESTRICTIONS ON PERSONAL INVESTING ACTIVITIES

(See Paragraph II, E below for the special rules that apply to Disinterested Trustees.)

(A) Restriction on Investing in Portfolio Securities

- o No Covered Person may purchase a Portfolio Security for a Covered Account.
- o If a security becomes a Portfolio Security within seven (7) calendar days after purchase for a Covered Account, the position must be liquidated. Any profits will be disgorged to charity, as determined by the Compliance Committee, and any losses will be borne by the Covered Person.
- o Any Portfolio Security held in a Covered Account prior to January 1, 2003 shall be exempt from this restriction provided that sale of any such Portfolio Security shall be subject to pre-clearance to assure that any pending sale order relating to such Portfolio Security for a Fund or other Adviser client is executed first.
- o These restrictions shall not apply to Disinterested Trustees.

(B) Restriction on Short-Term Trading

No Access Person shall be permitted to retain a profit made on any Security sold within sixty (60) calendar days of a transaction in which the Access Person acquired a Beneficial Interest (as defined in Exhibit E) in such Security. Any such profit will be disgorged to charity, as determined by the Compliance Committee, and sales shall

be computed on a LIFO basis (except where a purchase made within sixty days before a sale was made as part of a regularly scheduled purchasing plan such as a 401k or other periodic purchase plan). An exception to this rule shall be made should a covered call written by an Access Person for a period greater than sixty (60) calendar days result in a call earlier than the sixty (60) day period. Although trading in Exempt Securities is not covered by this restriction, it is noted that the Companies believe that short term trading of any security is inconsistent with our philosophy and the reputation of the Firm, and if a pattern of such trading is detected for any Access Person, the Companies reserve the right to impose further restrictions on individuals in the sole discretion of the Compliance Committee. The restrictions in this paragraph (B) shall not apply to Disinterested Trustees.

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(C) Initial Public Offerings

No Security or related Security may be acquired in an initial public offering for any Covered Account. However, this restriction shall not apply to Disinterested Trustees.

(D) Pre-Clearance of Personal Securities Transactions

1. Except as set forth in Paragraphs (D), 2 or (E) below, no Security may be bought or sold for a Covered Account unless:
 - (i) the Covered Person obtains prior approval through the firm's automated pre-approval system by properly and accurately entering the proposed transaction into that system (or, if the system is not available, from the Compliance Officer or, in the absence of the Compliance Officer, from the Companies' general counsel);
 - (ii) the approved transaction is completed on the same day approval is received; and
 - (iii) the Compliance Officer or the Companies' general counsel does not rescind such approval prior to execution of the transaction. (See Paragraph H below for details of the Pre-Clearance Process.)
2. The following transactions shall not be subject to pre-clearance:

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(a) Transactions executed through MJW. Notwithstanding the foregoing, if the transaction is being executed through MJW, on the basis of the head trader's assessment that the security is not currently a Portfolio Security, prior approval will be deemed to have been obtained subject to the authority of the Compliance Officer to rescind such transaction for any reason.

(b) Transactions in Exempt Securities and the following types of Securities: municipal securities, agencies.

(E) Rules for Personal Securities Transactions of Disinterested Trustees.

The Companies recognize that Disinterested Trustees do not have on-going, day-to-day involvement with the operations of the Companies. In addition, it is the practice of the Companies to give information about securities purchased or sold by the Funds or considered for purchase or sale by the Funds to disinterested Trustees more than fifteen (15) days before or after such securities are purchased or sold by the Funds or considered for purchase or sale by the Funds. Accordingly, the Companies believe that less stringent controls are appropriate for Disinterested Trustees, as follows:

1. Transactions in Pecuniary Interest Covered Accounts: The trading restriction in Paragraph (A) above and the pre-clearance requirement contained in Paragraph (D) above shall only apply to a Disinterested Trustee if he or she knew, or in the ordinary course of fulfilling his or her official duties as a trustee should have known, during the fifteen day period before the transaction in a security (other than an Exempt Security), or at the time of the transaction, the security purchased or sold by him or her was a security purchased, sold or under consideration by any of the Funds. The Disinterested Trustees acknowledge that this more limited rule is based on their lack of day-to-day involvement with the operations of the Companies and that to the extent they engage

in any conversations with any of the investment professionals relating to specific investments, they may be triggering the pre-clearance requirement.

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2. Transactions in Non-Pecuniary Interest Covered Accounts: The trading restriction in Paragraph (A) above and the pre-clearance requirement contained in Paragraph (D) shall not apply to transactions in Non-Pecuniary Interest Covered Accounts. However, Disinterested Trustees shall report to the Compliance Officer within 30 days any transaction in a Non-Pecuniary Covered Account involving a security (other than an Exempt Security), that the Disinterested Trustee knew, or in the ordinary course of fulfilling his or her official duties as a trustee should have known, during the fifteen day period before the transaction or at the time of the transaction was purchased or sold or under consideration by any of the Funds or any other portfolio managed by the Adviser.
3. In order to assist the Disinterested Trustees in satisfying their obligations under this Paragraph (E), the Adviser will notify the Disinterested Trustees promptly on or after each meeting of the Board of Directors of each security discussed at such meeting or in materials furnished for such meeting as to which the Adviser believes the Disinterested Trustees knew or should know the funds are, have been within the prior 15 days or expected to within the following 15 days, purchasing, selling or considering purchasing or selling.

(F) Transactions in Exempt Securities

Transactions in Exempt Securities are exempt from the restrictions under this Code without case by case pre-clearance.

(G) Private Placements

The Compliance Officer will not approve purchases or sales of Securities that are not publicly traded, unless the Covered Person provides full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of such person's activities on behalf of a Company) and the Compliance Officer concludes, after consultation with one or more of the relevant Portfolio Managers, that the Company would have no foreseeable interest in investing in such Security or any related Security as a Portfolio Security. This requirement is not applicable to Disinterested Trustees.

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(H) Pre-Clearance Process

1. No Securities may be purchased or sold for any Covered Account other than through the trading desk of MJW unless express permission is obtained through the automated pre-approval system maintained by the Companies or otherwise granted by the Compliance Officer of MJW and filed with the records of the Companies. Covered Persons granted permission to maintain Covered Accounts with outside broker-dealers must arrange for duplicate copies of confirmations of all personal Securities transactions and copies of periodic statements for all such accounts to be transmitted electronically to the automated pre-approval system maintained by the Companies. The Compliance Committee may grant an exemption to the requirement for electronic transmission but hard copies of duplicate documents must then be provided to the Companies. To cover the additional administrative expense of monitoring activity in brokerage accounts outside of MJW, an annual administration fee may be assessed on each Covered Account maintained outside of MJW. Disinterested Trustees shall be exempt from any such administrative fee.
2. Although trades through MJW are not subject to pre-clearance, they are otherwise subject to all restrictions under the Code. Because it is easier for the Compliance Officer to monitor trades through MJW, such trades are favored and Covered Persons are entitled to a preferential flat ticket rate.
3. For each proposed transaction requiring prior approval, the

Covered Person must properly log onto the automated pre-approval system maintained by the Companies, fully and accurately enter information about the proposed trade and receive notification from the system that the trade has been approved. If for some reason, the automated system is unavailable, then a Trading Approval Form, attached as Exhibit B, must be completed and submitted to the Compliance Officer for approval prior to entry of an order.

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4. The Compliance Department shall be responsible for ensuring that all portfolio securities are entered into the automated pre-approval system along with any other securities in which the Compliance Committee deems should be restricted from trading. If the system is not available for some reason, the Compliance Officer shall approve (or disapprove) a trading order on behalf of a Covered Person as expeditiously as possible. The Compliance Officer will generally approve transactions described in paragraph (D) above unless the Security in question or a related security is on the Restricted List or they believe for any other reason that the Covered Account should not trade in such Security at such time.
5. If the Covered Person's trading order request is not approved, or is not executed on the same day it is approved, the clearance lapses, although such trading order request may be resubmitted at a later date.
6. In the absence of automated system or the Compliance Officer, a Covered Person may submit his Trading Approval Form to the Companies' general counsel. Trading approval for the Compliance Officer must be obtained from the automated system or from the Companies' general counsel.
7. The Compliance Officer shall review all Trading Approval Forms, all initial, quarterly and annual disclosure certifications and all trading activities of the Fund with a view to ensure that all Covered Persons are complying with the spirit as well as the detailed requirements of this Code.
8. The Compliance Department will monitor to assure that all transactions effected for Covered Person Accounts are effected in compliance with this Code. As part of this compliance review process, the Compliance Officer will meet weekly with the Head Traders.
9. Head Traders will make efforts to receive at least weekly reports from Portfolio Managers setting forth a buy list and a consideration list to assist in monitoring the Portfolio Securities subject to the Code.

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III. OTHER INVESTMENT-RELATED RESTRICTIONS

(A) Gifts

No Covered Person, who is not a Disinterested Trustee, shall accept any gift or other item of more than \$100 in value from any person or entity that does business with or on behalf of a Company.

(B) Service As a Director

No Access Person, who is not a Disinterested Trustee, shall commence service on the Board of Directors of a publicly traded company or any company in which a Company has an interest without prior authorization from the Compliance Committee based upon a determination that the Board service would not be inconsistent with the interest of the Funds. The Compliance Committee shall include the Compliance Officer, general counsel of the Companies and at least two of the senior executives of the Trust and/or Adviser.

(C) Privately Managed Portfolios

If a Portfolio Manager desires to manage any portfolio outside of the Adviser, the Portfolio Manager must receive prior approval from the President of the Adviser. Any transaction(s) that are entered for any

managed portfolio outside this domain is subject to all of the Trust's and the Adviser's trading and allocation procedures. Under no circumstances may an outside-managed portfolio be given preferential or favorable treatment over a managed Adviser portfolio. Duplicate statements and confirmations must be sent to the Compliance department for review purposes.

IV. REPORTING AND ADDITIONAL COMPLIANCE PROCEDURES FOR ALL COVERED PERSONS
(See Paragraph D below for special rules that apply to Disinterested Trustees.)

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- (A) Initial and Annual Reports. Within ten (10) days after a person becomes a Covered Person, and thirty (30) days after the end of each calendar year, each Covered Person must submit to the Compliance Officer: (1) a Holdings Report (in the form attached as Exhibit C or on the form provided for that purpose in the automated pre-approval system) that lists all Covered Accounts, confirms that duplicate account statements for all listed Covered Accounts are being sent to the Compliance Officer and, if duplicate reports are not already being sent to the Compliance Officer, attaches a copy of current Covered Account statement(s) showing holdings in such Covered Accounts; and (2) a certification (in the form attached as Exhibit F) that the Covered Person has read and understood the Code, has disclosed or reported all items required to be disclosed or reported and is not subject to any regulatory disability.
- (B) Quarterly Transactions Report. Within ten (10) days of the end of each calendar quarter, each Covered Person shall submit a Quarterly Transaction Report (in the form attached as Exhibit D or on the form provided for that purpose in the automated pre-approval system) confirming that all Covered Accounts (including any that may have been opened during the quarter) have been disclosed and that duplicate copies of account statements for all Covered Accounts are being sent to the Compliance Officer, or if duplicate reports are not already being sent to the Compliance Officer, attaches a copy of current Covered Account statements(s) showing holdings in such Covered Accounts.
- (C) Disclaimers. Any report submitted to comply with the requirements of this Article IV may contain a statement that the report shall not be construed as an admission by the person making such report that he has any direct or indirect beneficial ownership in the Security to which the report relates.
- (D) Disinterested Trustees.
 - 1. Annual Reports: Disinterested Trustees shall submit the certification required under this Part IV (A) (only with respect to Pecuniary Interest Covered Accounts).

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- 2. Quarterly Reports: Disinterested Trustees shall submit the quarterly transaction reports required under this Part IV (B) with respect to either Pecuniary Interest Covered Accounts or Non-Pecuniary Interest Accounts, but only when there has been a transaction involving a security (other than an Exempt Security) that the Disinterested Trustee knew, or in the ordinary course of fulfilling his or her duties as a trustee should have known, during the fifteen day period before or after the transaction, or at the time of the transaction, was purchased or sold or under consideration by any of the Funds or any other portfolio managed by the Adviser.

V. REPORTS TO BOARD OF TRUSTEES

- (A) At least annually, the Adviser shall report to the Trusts' Board of Trustees a written report that:
 - 1. Describes any issues arising under the Code or procedures concerning personal investing since the last such report, including but not limited to, information about material violations of the code or procedures or sanctions imposed in response to material violations;

2. Certifies that the Companies have adopted procedures reasonably necessary to prevent Covered Persons from violating the Code; and
3. Identifies any recommended changes in existing restrictions of procedures based upon the Companies' experience under the Code, evolving industry practice, or developments in applicable laws or regulations.

(B) At least quarterly, the Adviser shall report to the Trusts' Board of Trustees:

1. A summary of any violations of the Code which occurred during the past quarter and the nature of any remedial action taken; and

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2. Any exceptions to any provision of the Code as determined under Article VII below.

VI. SANCTIONS

Upon discovering that a Covered Person has not complied with the requirements of this Code, the Compliance Committee may impose on such person whatever sanctions it deems appropriate, including, among other things, disgorgement of profit, censure, suspension or termination of employment. Material violations of the requirements of this Code by Covered Persons and any sanctions imposed in connection therewith shall be reported not less frequently than quarterly to the Board of Trustees of the Trusts.

The Compliance Committee also reserves the right in its sole discretion to place additional trading restrictions on any Covered Persons should it determine that any such Covered Persons are trading excessively.

VII. EXCEPTIONS

The Compliance Committee reserves the right to decide, on a case-by-case basis, exceptions to any provision under this Code, and may also impose more stringent requirements on any individual as warranted. Any exceptions made hereunder will be maintained in writing by the Compliance Committee and presented to the applicable Fund's Board of Trustees at their next scheduled meeting of the Board.

VIII. PRESERVATION OF DOCUMENTS

This Code, a copy of each report by a Covered Person, any written report made hereunder by a Company or Compliance Officer, and lists of all persons required to make reports, shall be preserved with the records of the Fund for the period required by Rule 17j-1.

IX. OTHER LAWS, RULES AND STATEMENTS OF POLICY

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Nothing contained in this Code shall be interpreted as relieving any Covered Person from acting in accordance with the provision of any applicable law, rule or regulation or any other statement of policy or procedure governing the conduct of such person adopted by a Company or Common Management Affiliates.

X. FURTHER INFORMATION

If any person has any question with regard to the applicability of the provisions of this Code or with regard to any Securities transaction or transactions, they should consult the Compliance Officer.

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EXHIBIT A

COMMON MANAGEMENT AFFILIATES

- o Third Avenue Global Value Fund, L.P.
- o M.J. Whitman Holding Corp., (a holding company) and

- subsidiaries
- o M.J. Whitman LLC
- o M.J. Whitman Private Debt LLC
- o M.J. Whitman Pilot Fish Opportunity Fund, L.P.
- o Private Debt LLC
- o Aggressive Conservative Investment Fund, L.P.
- o M.J. Whitman Management, LLC
- o Martin J. Whitman & Co., Inc., a private investment company
- o Third Avenue Opportunity Management LLC
- o Third Avenue Special Situations Fund, L.P.

AMG AFFILIATES

- o Affiliated Managers Group, Inc.
- o The Burridge Group LLC
- o Davis Hamilton Jackson & Associates, L.P.
- o Essex Investment Management Company, LLC
- o First Quadrant, L.P.
- o Friess Associates, LLC
- o Frontier Capital Management Company, LLC
- o Geocapital, LLC
- o Gofen and Glossberg, L.C.C.
- o J.M Hartwell, L.P.
- o The Managers Funds LLC
- o The Renaissance Group LLC
- o Rorer Asset Management, LLC
- o Skyline Asset Management, L.P.
- o Systematic Financial Management, L.P.
- o Tweedy, Browne Company LLC
- o Welch & Forbes LLC

EXHIBIT B

PRE-CLEARANCE TRADING APPROVAL FORM

I, _____,
 am a Covered Person and seek pre-clearance to engage in the transaction
 described below for the benefit of myself or another Covered Person:

Acquisition/Cover Short or Disposition/Short (check one)

Name of Account: _____

Account Number: _____

Date of Request: _____

Security: _____

Amount (or # of) Shares: _____

Broker: _____

If the transaction involves a Security that is not publicly traded,
 provide (on the reverse side of this form) a description of the proposed
 transaction, source of investment opportunity and any potential conflicts of
 interest:

I hereby certify that, to the best of my knowledge, the
 transaction described herein is not prohibited by the Code of Ethics
 and that the opportunity to engage in the transaction did not arise by
 virtue of my activities of behalf of a Company .

Signature: _____

Print Name: _____

APPROVED OR DISAPPROVED

3. Does the Compliance Officer receive a duplicate brokerage account statement for ALL accounts disclosed above?

YES NO

If I have checked NO, I have attached current account statements showing activity during the past quarter for any such account(s) and have directed appropriate parties to send duplicate statements to the Compliance Officer.

I CERTIFY THAT I AM FULLY FAMILIAR WITH THE CODE OF ETHICS AND THAT TO THE BEST OF MY KNOWLEDGE THE INFORMATION FURNISHED IN THIS REPORT IS TRUE AND CORRECT.

Signature: -----

Position: -----

Date: -----

EXHIBIT E

BENEFICIAL OWNERSHIP

For purposes of the attached Code of Ethics, "beneficial ownership" shall be interpreted in the same manner as it would be in determining whether a person has a beneficial ownership interest for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except the determination of direct or indirect beneficial ownership shall apply to all securities that a Covered Person has or acquires. The term "beneficial ownership" of securities would include not only ownership of securities held by a Covered Person for his own benefit, whether in bearer form or registered in his name or otherwise, but also ownership of securities held for his benefit by others (regardless of whether or how they are registered) such as custodians, brokers, executors, administrators, or trustees (including trusts in which he has only a remainder interest), and securities held for his account by pledgees, securities owned by a partnership in which he is a member if he may exercise a controlling influence over the purchase, sale of voting of such securities, and securities owned by any corporation or similar entry in which he owns securities if the shareholder is a controlling shareholder of the entity and has or shares investment control over the entity's portfolio.

Ordinarily, this term would not include securities held by executors or administrators in estates in which a Covered Person is a legatee or beneficiary unless there is a specified legacy to such person of such securities or such person is the sole legatee or beneficiary and there are other assets in the estate sufficient to pay debts ranking ahead of such legacy, or the securities are held in the estate more than a year after the decedent's death.

Securities held in the name of another should be considered as "beneficially" owned by a Covered Person where such person enjoys "financial benefits substantially equivalent to ownership." The Securities and Exchange Commission has said that although the final determination of beneficial ownership is a question to be determined in the light of the facts of the particular case, generally a person is regarded as the beneficial owner of securities held in the name of his or her spouse and their minor children. Absent of special circumstances such relationship ordinarily results in such person obtaining financial benefits substantially equivalent to ownership, e.g., application of the income derived from such securities to maintain a common home, or to meet expenses that such person otherwise would meet from other sources, or the ability to exercise a controlling influence over the purchase, sale or voting of such securities.

A Covered Person also may be regarded as the beneficial owner of securities held in the name of another person, if by reason of any contract, understanding, relationship, agreement, or other agreement, he obtains there-

from financial benefits substantially equivalent to those of ownership.

A Covered Person also is regarded as the beneficial owner of securities held in the name of a spouse, minor children or other person, even though he does not obtain there from the aforementioned benefits of ownership, if he can vest or reinvest title in himself at once or at some future time.

EXHIBIT F

ANNUAL CERTIFICATION OF CODE OF ETHICS

- A. I (a Covered Person) hereby certify that I have read and understood the Code of Ethics, recognize that I am subject to its provisions AND UNDERSTAND THAT THERE MAY BE SERIOUS CONSEQUENCES TO ME AND THE COMPANIES AS A RESULT OF ANY VIOLATIONS. In addition, I hereby certify that I have disclosed or reported all personal Securities transactions required to be disclosed or reported under the Code of Ethics;
- B. Within the last ten years there have been no complaints or disciplinary actions filed against me by any regulated securities or commodities exchange, any self-regulatory securities or commodities organization, any attorney general, or any governmental office or agency regulating insurance, securities, commodities or financial transactions in the United States, in any state of the United States, or in any other country.
- C. I have not within the last ten years been convicted of or acknowledged commission of any felony or misdemeanor arising out of my conduct as an employee, salesperson, officer, director, insurance agent, broker, dealer, underwriter, investment manager or investment advisor.
- D. I have not been denied permission or otherwise enjoined by order, judgment or decree of any court of competent jurisdiction, regulated securities or commodities exchange, self-regulatory securities or commodities organization or other federal or state regulatory authority from acting as an investment advisor, securities or commodities broker or dealer, commodity pool operator or trading advisor or as an affiliated person or employee of any investment company, bank, insurance company or commodity broker, dealer, pool operator or trading advisor, or from engaging in or continuing any conduct or practice in connection with any such activity or the purchase or sale of any security.

Print Name: -----

Signature: -----

Date: -----