



## **AIMR-PPS Performance Presentations**

Daedalus Capital, LLC

For the period October 1, 1994 through December 31, 2004

With Verification Statement



## AIMR-PPS<sup>TM</sup> Compliance Verification Statement

**Daedalus Capital, LLC**  
**Issued April 6, 2005**

The following report issued by Beacon Verification Services, LLC ("Beacon") is for a firm-wide AIMR-PPS<sup>TM</sup> Verification of Daedalus Capital LLC's ("Daedalus") claim of compliance with the Performance Presentation Standards set forth by the Association for Investment Management and Research (AIMR-PPS<sup>TM</sup>) for the period October 1, 1994 through December 31, 2004.

We have examined whether Daedalus (1) complied with all the composite construction requirements of the AIMR-PPS<sup>TM</sup> on a firm-wide basis and (2) designed its processes and procedures to calculate and present performance results in compliance with the AIMR-PPS<sup>TM</sup> for the period October 1, 1994 through December 31, 2004. Daedalus's management is responsible for compliance with the AIMR-PPS<sup>TM</sup> standards and the design of the processes and procedures that present the firm's performance results in accordance with the AIMR-PPS<sup>TM</sup>. Beacon's responsibility is to express an opinion on Daedalus's compliance based on its verification procedures.

Beacon has completed this firm-wide AIMR-PPS<sup>TM</sup> Verification in accordance with the verification procedures set forth in the AIMR-PPS<sup>TM</sup> standards. It is Beacon's opinion that Daedalus has complied with all the composite construction requirements of the AIMR-PPS<sup>TM</sup> standards on a firm-wide basis. Furthermore, it is Beacon's opinion that Daedalus's processes and procedures were designed to calculate and present performance results in compliance with the AIMR-PPS<sup>TM</sup> standards for the period October 1, 1994 through December 31, 2004.

In addition to the firm-wide AIMR-PPS<sup>TM</sup> Verification, Beacon has completed a Performance Examination of the Select Equity Composite maintained by Daedalus for the period October 1, 1994 through December 31, 2004. Beacon completed this examination in accordance with the Performance Examination procedures set forth in the AIMR-PPS<sup>TM</sup> standards. It is Beacon's opinion that the performance results of this one composite for the period October 1, 1994 through December 31, 2004 is presented, in all material respects, in conformity with the AIMR-PPS<sup>TM</sup> standards.

This report of the referenced Performance Examination does not relate to any particular composite presentation of Daedalus other than the aforementioned composite.

*Beacon Verification Services, LLC*

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## Daedalus Select Equity Portfolio

Daedalus Capital Select Equity Portfolio Performance Results: Global Equity Composite January 1, 1995, through December 31, 2004.

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

<u>Year</u>	<u>Net Total Return (%)</u>	<u>Benchmark Return (%)</u>	<u>(#) Of Portfolios</u>	<u>Composite Dispersion (%)</u>	<u>AUM End of Period (USD Millions)</u>	<u>(%) Of Firms Assets</u>	<u>Total Firm AUM (USD Millions)</u>
1995	25.25	37.59	2	0.92	12.61	100	12.61
1996	46.11	22.95	2	1.83	25.34	100	25.34
1997	30.45	33.37	2	1.26	33.05	100	33.05
1998	42.08	28.58	2	0.80	47.11	100	47.11
1999	123.57	21.04	19	2.05	108.2	96.65	111.95
2000	-19.92	-9.11	99	.66	42.51	97.29	43.69
2001	-68.39	-11.94	125	3.29	14.31	100	14.31
2002	1.57	-22.1	107	3.18	13.34	99.98	13.35
2003	111.75	28.70	68	4.94	27.99	98.21	28.49
2004	18.27	10.87	173	10.21	7.0	93.33	7.5

### Notes:

Daedalus Capital is an independent investment management firm established in 1994. Daedalus Capital began as an investment manager for two institutional accounts in managing investments where capital was designated for equities in a public corporate pension fund and a municipality teachers pension fund. The portfolio performance is calculated net of all fees and cost associated with the composite on a "time-weighted" rate of return basis for all investments and does include dividends reinvested, if there are any, and any other earnings that may occur. The composite includes all portfolios managed according to the Focused Equity strategy. The Focused Equity strategy is the only Composite managed by Daedalus. Each discretionary fee-paying account under management at the beginning of each month is included in the Composite. The Focused Equity strategy is a multi-cap core portfolio concentrated with 10-25 common stocks. This portfolio is reflected in no known index. Therefore, Daedalus uses the S&P 500 Index with dividends reinvested for comparison because of its broad based, conservative

representation of the stock market. \*

Valuations and returns are computed and stated in U.S. Dollars. Settlement-date accounting was used for periods prior to 1/1/00; since that time trade-date accounting has been used.

The dispersion of annual returns is measured by the asset-weighted standard deviation across time-weighted portfolio returns represented within the composite for the full year.

Performance results are presented after management and custodial fees and after all trading commissions. The management fee schedule is as follows:

\$5,000-\$250,000	2.00%
\$250,000-\$500,000	1.75%
\$500,000-\$750,000	1.5%
\$750,000-\$1,000,000	1.25%
\$1,000,000 and above	1.00%

This composite was created in October 1994.

Upon January 1, 2001, the firm began charging a 1% placement fee upfront on all new assets to the composite and in October 1, 2003, the placement fee was increased to 3%. These fees have also been deducted from the composite. A complete list of firm composites and performance results is available upon request.

\* Effective January 1, 2005 we plan to use the Dow Jones Industrial Average as our benchmark since this large cap focused equity portfolio of 30 long-term investments comes closer to emulating the style of investing that we provide our clients.

*Beacon Verification Services, LLC*

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