The Long and Short of It

Quarterly Newsletter from

Robinson Wilkes, L.L.C.

Third Quarter, 2001

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The murders that took place on September 11, 2001 leave us, along with so many others, short of words sufficient to describe what happened that day. Our sympathies go to all of the victims and their families. Our hope is that something positive emerges from the enormous price paid by so many.

The selling that took place focused on the airlines and insurance companies, none of which were owned by the model portfolio. However it also hit leisure travel more broadly, hurting our returns due to holdings in Carnival Cruise Lines and Cendant. Otherwise the selling was fairly indiscriminate; just about everything was down for the quarter. Among the few exceptions were precious metal companies and water utilities. It was the worst quarter for stocks since 1987. The return for the Robinson Wilkes Equity Composite (RWEC) in the Third Quarter of 2001 was –13.4%, somewhat ahead of the other indices, including the BARRA Value Index at –16.2% and the S&P 500 Index at –14.7%. Returns for our composite portfolios over various time periods are as follows:

Returns for periods ending September 30, 2001:				----Annualized----		
	3rd Quarter	**YTD**	**1 Year**	**3 Year**	**Since Inception**	**Inception Date**
RW Equity Composite [1]	**-13.4%**	**5.1%**	**11.2%**	**14.0%**	**9.8%**	**12/31/97**
BARRA Value Index	*-16.2%*	*-17.7%*	*-16.4%*	*4.9%*	*3.3%*	*12/31/97*
S&P 500 Index	*-14.7%*	*-20.5%*	*-26.7%*	*2.0%*	*3.2%*	*12/31/97*
RW Balanced Composite [1]	**-5.9%**	**4.0%**	**8.8%**	**9.7**	**8.2%**	**12/31/97**
60% BVI / 40% SSB Index [2]	*-8.4%*	*-7.6%*	*-5.5%*	*6.1*	*5.3%*	*12/31/97*

[1] AIMR-PPS compliant composite returns of actual accounts. See footnotes on reverse side of page. Complete performance presentation available on request.
[2] 60% BARRA Value Index / 40% Salomon Smith Barney 1-5 Year Govt./Corp. Bond Index.

The economic impact of this event clearly will be large, but many changes will be temporary. Though there are still problems being discovered, there is also evidence of America beginning getting back to business as usual. There will be some permanent marginal impact in areas such as transportation due to increased security. After the initial drop and stabilization, growth should return quickly, though from a new and somewhat lower base.

Looking at the impact to valuations, we did own a few companies that had performed well before the attack, which we were able to cutback on or sell out of at attractive prices. This provided the cash for us to take advantage of some extraordinary valuations, which resulted in the sell off. Though our process is oriented toward individual company valuations, we do allow for the two hundred companies that we value to indicate an overall average valuation. At the peak of the market in early 2000, our research indicated that the 200 companies we followed were priced on average 40% over what we would consider to be their fair value. As of the end of the Third Quarter, that number had improved to indicate that on average the companies we perform research on are now 20% below our fair value calculation.

Stocks in general appear to be priced more attractively now than they have been in years. Panic selling has always led to great buying opportunities. In keeping with our approach, we have made some adjustments to take advantage of distressed pricing. With time the effort should be rewarded. We feel fortunate to be a part of this great country and to have such a fine group of clients. We wish each of you the best.

(Over)

ROBINSON WILKES, L.L.C.

PERFORMANCE FOOTNOTES

ROBINSON WILKES, L.L.C. has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS™). AIMR has not been involved with the preparation or review of this report.

ROBINSON WILKES, L.L.C. is an investment manager that invests primarily in domestic, large capitalization companies, U. S. Treasury obligations and high-grade domestic bonds. ROBINSON WILKES, L.L.C. (RW) is defined as an independent investment management firm that is not affiliated with any parent organization. The **Equity Composite** is described as all fee-paying, fully discretionary accounts with an Equity objective defined as a greater than 85% equity client objective. The benchmark for the Equity Composite is the S&P BARRA Value Index. The **Balanced Composite** is described as all fee-paying, fully discretionary accounts with a Balanced objective defined as a blended mix of equity and fixed income assets. The equity portion will resemble the Equity Composite and the fixed income portion may be taxable fixed income securities, tax-free fixed income securities, or both. The benchmark for the Balanced Composite is a combination of 60% of the S&P BARRA Value Index and 40% of the Salomon Smith Barney 1-5 Year Government/Corporate Index. The **Concentrated Equity Composite** is described as all fee-paying, fully discretionary accounts with a Concentrated Equity objective. The benchmark for the Concentrated Equity Composite is the S&P BARRA Value Index. **Additional notes**: An account is considered fully discretionary if more than 65% of the market value of the assets are held by the appropriate RW model portfolio. Fixed income holdings are always assumed to be part of the RW model portfolio. The minimum account size for composite inclusion is currently $250,000. Portfolios smaller than the minimum are excluded from the composites. If the market value of an account drops below $200,000 due to client withdrawals, the account will be removed from the composite. A complete list of the firm's composites and a description of each is available upon request. The composites were created in September 2000 with historical returns to December 31, 1997. All composite returns are total account returns. There are no "carve-outs" or cash allocations. Performance results are calculated gross of investment management fees. RW's current fee schedule is included below and in the Firm's SEC Form ADV Part II Schedule F. Performance results are expressed in U. S. dollars. The composite dispersion of individual component portfolio return around the aggregate composite return is expressed in terms of the asset-weighted standard deviation of those portfolios in the composite for the full period. Composite dispersion is not shown for those periods where less than five portfolios were in the composite for the full period as it is deemed to be not meaningful. Portfolio securities are valued using trade date. Non-fee paying portfolios are excluded from the composites but are included in the definition of total firm assets. Leverage is not used in the composite portfolios. There have been no material changes in personnel responsible for investment management since firm inception. The effective date of firm compliance with AIMR-PPS is December 31, 1997, retroactive from December 31, 2000. Past performance cannot guarantee comparable future results.

Equity Composite Performance Results
December 31, 1997 through September 30, 2001
Gross of Management Fees

Year	Total Return (Percent)	Benchmark Return (Percent)	Number of Portfolios at End of Period	Composite Dispersion (Std Dev)	Total Assets at End of Period ($ millions)	Percentage of Total Firm Assets
1998	16.1	14.7	8	<5 accounts	4.1	30
1999	6.1	12.7	9	3.0	5.0	27
2000	9.8	6.1	12	3.8	7.8	28
Q1 2001	7.6	-6.5	13	1.9	7.4	24
Q2 2001	12.7	8.5	13	1.5	8.1	24
Q3 2001	-13.4	-16.2	15	1.0	8.5	25

Balanced Composite Performance Results
December 31, 1997 through September 30, 2001
Gross of Management Fees

Year	Total Return (Percent)	Benchmark Return (Percent)	Number of Portfolios at End of Period	Composite Dispersion (Std Dev)	Total Assets at End of Period ($ millions)	Percentage of Total Firm Assets
1998	11.8	12.3	8	6.2	6.3	47
1999	3.5	8.7	10	2.1	9.0	49
2000	11.7	7.7	11	1.6	10.8	38
Q1 2001	4.6	-2.6	13	1.5	19.2	61
Q2 2001	5.7	5.4	13	2.4	20.0	58
Q3 2001	-5.9	-8.4	14	2.5	19.7	58

Concentrated Equity Composite Performance Results
March 31, 2001 through September 30, 2001
Gross of Management Fees

Year	Total Return (Percent)	Benchmark Return (Percent)	Number of Portfolios at End of Period	Composite Dispersion (Std Dev)	Total Assets at End of Period ($ millions)	Percentage of Total Firm Assets
Q2 2001	7.1	8.5	1	<5 accounts	0.6	2
Q3 2001	-17.5	-16.2	1	<5 accounts	0.5	2

DABNEY INVESTMENT CONSULTING ASSOCIATES, INC. has completed a Level I Verification of compliance in accordance with the AIMR Performance Presentation Standards (AIMR-PPS™) for ROBINSON WILKES, L.L.C. for the time period December 31, 1997 through September 30, 2001. In the opinion of DABNEY INVESTMENT CONSULTING ASSOCIATES, INC., the requirements of the AIMR Performance Presentation Standards have been met on a firm-wide basis.

The U. S. Securities and Exchange Commission (SEC) allows performance information to be presented gross of management fees in one-on-one presentations if accompanied by disclosures that: (a) The results do not reflect the deduction of investment management fees; (b) The client's return will be reduced by the management fees and any other expenses incurred in the management of the account; and (c) The advisor's investment advisory fees are described in Part II of the advisor's Form ADV. Also accompanying these disclosures must be "a representative example" that shows the effect an investment advisory fee, compounded over a period of years, could have on the total value of a client's portfolio.

Current ROBINSON WILKES, L.L.C. Fee Schedule:
Discretionary Equity and Balanced portfolios:
First $1,000,000 1.00% of assets;
Next $4,000,000 0.75% of assets; and
Over $5,000,000 0.50% of assets.
Discretionary Fixed Income portfolios are managed at a 30% discount.

Representative Example:
A maximum 1.00% management fee deducted from a portfolio quarterly (0.25%/Q) would result in the following cumulative compounded reduction in the portfolio time-weighted rate of return:
1 year 1.0037563% on a cumulative basis;
2 years 2.0175878% on a cumulative basis; and
3 years 3.0415957% on a cumulative basis.