

Voyageur ASSET MANAGEMENT INC.

***Penn Manor School District General  
Fund  
September 30, 2005***

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# Market Summary & Outlook

The yield curve flattened during the quarter as short-term rates increased by approximately 55 basis points, while long-term rates rose by a more modest .375%. The 30- to 2-year spread narrowed from 56 to 36 basis points.

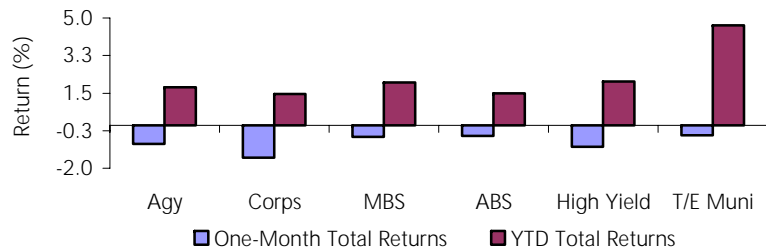
The Fed raised rates twice by 25 basis points during the quarter. The current level of Fed Funds is 3.75%. The Federal Open Market Committee (FOMC) meets twice more before year-end and it is highly anticipated that both meetings will result in additional 25 basis point increases.

Although not getting much play in the media, we are one quarter and one month away from having a new Federal Reserve chairman. We can probably expect increased price volatility during the first half of next year as the new chairman clarifies his/her thinking on issues.

Recent market chatter has centered on whether the yield curve will invert or not. While most shrugged it off as this year started, it is drawing much more attention currently. Assuming no change in the yield curve and current expectations of fourth quarter Fed activity, an inversion of 2-year Treasuries and Fed Funds could take place before the year is out.

Voyageur remains concerned about possible increases in market price volatility and credit spreads. We remain active in broadly diversifying these risks within our portfolios.

**Fixed Income Total Return Performance by Sector  
September 2005**



# Economic Summary

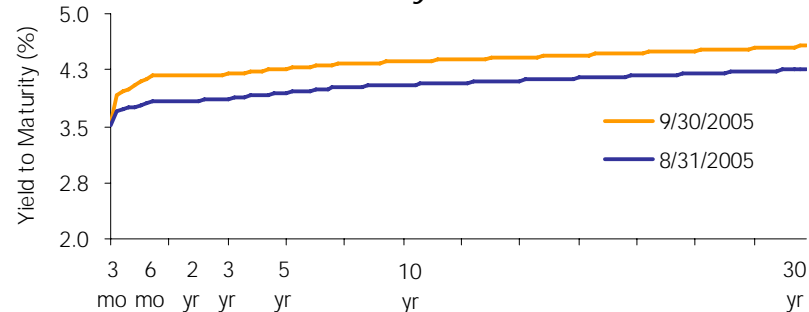
**Consumer Sentiment:** Measures of the consumer show a decidedly downward turn in the current quarter as a result of Hurricanes Katrina and Rita, along with energy prices. However, the economy had strength prior to these hurricanes and should actually get a boost from spending as the government starts to support the rebuilding effort.

**Inflation:** The markets have shrugged off the impact the hurricanes will have on the national economy, but have become more concerned with reduced growth capacity and higher energy prices as they relate to more inflation. The long-end of the Treasury market seems to confirm that the Fed has inflation largely under control.

**Economic Growth:** Second quarter GDP growth came in at a modest 3.3%. Going back to the fourth quarter of 2003, quarterly GDP growth has ranged between 3.3% and 4.0%. As last year's rate increases work their way through the economy over the balance of the year, future growth seems destined to slow on the margin.

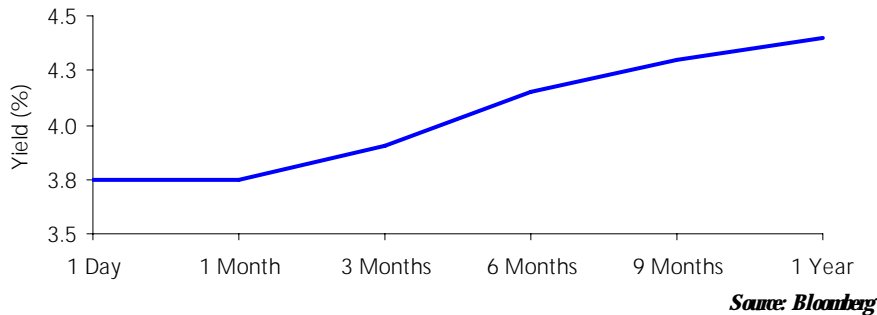
**Corporate Earnings:** Corporate earnings grew at a 13.5% rate for the first half of 2005. Growth for the third quarter is now expected to be slightly over 15%, (8.9% ex-energy) with all sectors demonstrating strength, except materials and consumer discretionary. The full impact of the hurricanes on corporate earnings may still lie ahead, but few companies have made significant downward revisions for the fourth quarter. In fact, fourth quarter earnings, as in the third quarter, are projected to be in the +15% range. If companies maintain this pace, earnings in the second half of 2005 will actually be accelerating instead of slowing to the long-term norm of 7%.

**U.S. Treasury Yield Curve**



# Cash Management

*Current Yield Curve for Money Markets*



*Twelve-Month LIBOR  
9/1/2004 - 9/30/2005*



The Federal Reserve continued to adjust the benchmark Fed Funds rate during the third quarter of 2005, raising interest rates twice by 25 basis points at each of their Open Market Committee meetings. As we enter the fourth quarter, the Fed is still in play, with perhaps two additional interest rate hikes predicted for the foreseeable future. At quarter end, the overnight rate was 3.75%; by 11/1/05 we expect the rate to be 4.00% with perhaps 4.25% predicted at year-end. It appears that the FOMC does not view increases in core inflation as enough of a threat to alter their gradualist strategy. Each of the most recent interest rate hikes were widely expected and, for the most part, had been priced into the market. The next move, which is expected to occur at the FOMC meeting on November 1st, is already being priced into the market. There may be some resistance to more than one increase during the last quarter of the year.

The markets were caught off-guard by the scale and magnitude of the damage inflicted from Hurricane Katrina. The negative GDP implication of the storm's impact was the major factor supporting the trend to lower interest rates immediately following the disaster. Initially, yields decreased across the board with 2-year Treasury rates declining 20 bps to yield 3.81%, while 30-year Treasuries dropped 22 bps to yield 4.25%. Yields have since regained their former levels, with the 2-year note now at 4.20% and the 30-year Treasury at 4.55%. The direction of interest rates is as uncertain as any period in recent history. The Fed started raising interest rates in June 2004 and we have experienced a 275 basis point increase in rates during this time period. Given that rate increases take 12-18 months to work through the economy, the first rate increases from last year are beginning to impact the economy now.

The FOMC's rate hikes have affected the shape of the overall yield curve. The 90-day Treasury bill has risen in yield by nearly 40 basis points since June 30<sup>th</sup>, to 3.54%. Current market yields for commercial paper, CDs, and short-term agency debt are reflecting a scale of three-months at 4.00% and six-months at 4.15%.

***Investment Policy Date***

7/12/1999

***Portfolio Asset Class***

Fixed

***Investment Strategy***

Core Cash Management

***Please advise your Relationship Manager or Client Service contact promptly if a revision has been made to your investment policy subsequent to the date shown or in the event of a material change in your current investment strategy.***

***Your account's investment policy can be viewed online at [www.voyageur.net](http://www.voyageur.net) - Clients Only or [dients.voyageur.net](http://dients.voyageur.net). Please contact any of your team members listed on the Contacts page with any questions or comments you may have concerning your investment policy or access to our Internet client site.***

# Portfolio Asset Allocation

*Penn Manor School District General Fund*

	Quantity (Units)	Amortized Cost	Market Value	Market Yield	Estimated Income	Percent Assets
Cash	10,033,775	10,033,774.71	10,033,774.71	2.93%	293,989.60	35.12%
Fixed Income	18,666,000	18,546,056.86	18,539,360.76	3.78%	198,879.25	64.88%
<b>Total</b>	<b>28,699,775</b>	<b>28,579,831.57</b>	<b>28,573,135.47</b>	<b>3.48%</b>	<b>492,868.85</b>	<b>100.00%</b>

# Fixed Income Holdings

## Penn Manor School District General Fund

	Rating	Purchase Date	Quantity (Units)	Security Description	Amortized Cost	Market Value	Unrealized Gain/Loss	Accrued Income	Trade Yield	Mkt Yield	Avg Life	Mod Dur	Percent Assets
Cash/MMF			<b>10,033,775</b>	Cash/Money Market	<b>10,033,774.71</b>	<b>10,033,774.71</b>	<b>0.00</b>	<b>0.00</b>	<b>2.93%</b>	<b>2.93%</b>	<b>0.00</b>	<b>0.00</b>	<b>35.12%</b>
				-CASH-									
Agency	AGY/AGY	09/09/05	500,000	FHLMC 2.010 10/06/05 3128X1T80	499,860.00	499,916.50	56.50	4,885.42	3.66%	2.98%	0.02	0.02	1.75%
	AGY/AGY	08/02/05	290,000	FHLMC Discount Note 0.000 10/11/05 313397MV0	289,689.86	289,675.20	-14.66	0.00	3.57%	3.72%	0.03	0.03	1.01%
	AGY/AGY	08/02/05	1,144,000	FNMA Discount Note 0.000 10/12/05 313589MW0	1,142,657.83	1,142,615.76	-42.07	0.00	3.59%	3.69%	0.03	0.03	4.00%
	AGY/AGY	08/26/05	2,250,000	FHLB Discount Note 0.000 10/26/05 313385NL6	2,244,177.09	2,244,825.00	647.91	0.00	3.65%	3.24%	0.07	0.07	7.86%
	AGY/AGY	08/31/05	500,000	FHLMC Discount Note 0.000 11/01/05 313397NS6	498,337.78	498,500.00	162.22	0.00	3.82%	3.43%	0.09	0.09	1.74%
	AGY/AGY	07/01/05	1,090,000	FNMA Discount Note 0.000 11/09/05 313589PA5	1,085,833.78	1,085,858.00	24.22	0.00	3.53%	3.48%	0.11	0.11	3.80%
	AGY/AGY	09/07/05	345,000	FHLB 3.625 11/15/05 3133MIX47	344,921.22	344,892.19	-29.03	4,724.58	3.77%	3.82%	0.13	0.12	1.21%
	AGY/AGY	08/26/05	1,250,000	FHLB Discount Note 0.000 11/23/05 313385PQ3	1,243,100.00	1,243,500.00	400.00	0.00	3.76%	3.53%	0.15	0.15	4.35%
	AGY/AGY	08/26/05	1,250,000	FNMA Discount Note 0.000 12/07/05 313589QE6	1,241,311.11	1,241,500.00	188.89	0.00	3.77%	3.68%	0.19	0.19	4.34%
	AGY/AGY	08/26/05	2,000,000	FHLMC Discount Note 0.000 12/20/05 313397QT1	1,983,350.00	1,983,600.00	250.00	0.00	3.80%	3.73%	0.22	0.22	6.94%
	AGY/AGY	09/01/05	1,105,000	FHLB 1.830 12/30/05 31339XMA9	1,099,614.53	1,099,129.69	-484.84	5,111.55	3.79%	3.96%	0.25	0.24	3.85%
	AGY/AGY	09/01/05	614,000	FNMA Discount Note 0.000 01/04/06 313589RJ4	607,958.24	607,921.40	-36.84	0.00	3.79%	3.80%	0.26	0.26	2.13%
	AGY/AGY	09/01/05	624,000	FHLMC Global 5.250 01/15/06 3134A4CX0	626,349.85	626,145.00	-204.85	6,916.00	3.91%	4.01%	0.29	0.29	2.19%
	AGY/AGY	09/15/05	765,000	FNMA 2.375 02/13/06 3136F44L5	760,667.19	760,696.88	29.69	2,422.50	3.92%	3.91%	0.37	0.37	2.66%
	AGY/AGY	09/01/05	475,000	FNMA 5.875 02/14/06 31364BVS6	478,320.01	478,019.10	-300.91	3,643.32	3.95%	4.11%	0.37	0.37	1.67%
	AGY/AGY	09/01/05	234,000	FHLMC 3.250 04/28/06 3128X3DP5	233,185.36	232,667.60	-517.76	3,232.13	3.86%	4.25%	0.58	0.56	0.81%
	AGY/AGY	09/07/05	250,000	FHLB 2.315 05/05/06 3133X6CR5	248,331.36	247,187.50	-1,143.86	2,347.15	4.00%	4.24%	0.60	0.58	0.87%
	AGY/AGY	08/04/05	1,500,000	FHLMC Discount Note 0.000 05/10/06 313397WQ0	1,464,248.75	1,462,800.00	-1,448.75	0.00	4.01%	4.17%	0.61	0.61	5.12%

# Fixed Income Holdings

*Penn Manor School District General Fund*

Rating	Purchase Date	Quantity (Units)	Security Description	Amortized Cost	Market Value	Unrealized Gain/Loss	Accrued Income	Trade Yield	Mkt Yield	Avg Life	Mod Dur	Percent Assets
Aaa/AAA	09/15/05	95,000	FFCB 2.170 06/12/06 31331TB75	93,800.30	93,634.38	-165.92	624.18	4.02%	4.27%	0.70	0.68	0.33%
AGY/AGY	08/04/05	1,500,000	FNMA 2.500 06/15/06 31359MVA8	1,483,712.90	1,481,718.75	-1,994.15	11,041.67	4.07%	4.26%	0.71	0.69	5.19%
AGY/AGY	09/01/05	310,000	FHLB 2.000 06/30/06 31339XTL8	305,522.89	304,768.75	-754.14	1,567.22	3.97%	4.31%	0.75	0.73	1.07%
AGY/AGY	08/04/05	575,000	FNMA 3.150 06/30/06 31359MVW0	571,106.81	569,789.06	-1,317.75	4,578.44	4.08%	4.39%	0.75	0.73	1.99%
Subtotal		<b>18,666,000</b>		<b>18,546,056.86</b>	<b>18,539,360.76</b>	<b>-6,696.10</b>	<b>51,094.16</b>	<b>3.81%</b>	<b>3.78%</b>	<b>0.29</b>	<b>0.28</b>	<b>64.88%</b>
<b>Total</b>		<b>28,699,775</b>		<b>28,579,831.57</b>	<b>28,573,135.47</b>	<b>-6,696.10</b>	<b>51,094.16</b>	<b>3.50%</b>	<b>3.48%</b>	<b>0.19</b>	<b>0.18</b>	<b>100.00%</b>

# Transaction Detail

## *Penn Manor School District General Fund*

Trade Date	Settlement Date	Trans Type	Quantity (Units)	CUSIP	Security Description		Trans Price	Net Amount	Trade Yield	Realized Gain/Loss
09/28/05	09/29/05	Buy	1,000,000	313385NL6	FHLB Discount Note	0.000 10/26/05	99.730	997,300.00	3.66%	0.00
09/26/05	09/26/05	Mature	1,000,000	313589ME0	FNMA Discount Note	0.000 09/26/05	100.000	1,000,000.00		0.00
09/16/05	09/16/05	Contr	1,000,000	-CASH-	Cash/Money Market			1,000,000.00		0.00
09/15/05	09/16/05	Buy	95,000	31331TB75	FFCB	2.170 06/12/06	98.667	94,271.93	4.02%	0.00
09/15/05	09/16/05	Buy	765,000	3136F44L5	FNMA	2.375 02/13/06	99.374	761,876.57	3.92%	0.00
09/13/05	09/13/05	Mature	1,600,000	313397LR0	FHLMC Discount Note	0.000 09/13/05	100.000	1,600,000.00		0.00
09/09/05	09/12/05	Buy	500,000	3128X1T80	FHLMC	2.010 10/06/05	99.888	503,795.00	3.66%	0.00
09/07/05	09/08/05	Buy	250,000	3133X6CR5	FHLB	2.315 05/05/06	98.913	249,259.90	4.00%	0.00
09/07/05	09/08/05	Buy	345,000	3133MIX47	FHLB	3.625 11/15/05	99.966	348,808.27	3.77%	0.00
09/01/05	09/02/05	Buy	310,000	31339XTL8	FHLB	2.000 06/30/06	98.406	306,126.38	3.97%	0.00
09/01/05	09/02/05	Buy	1,105,000	31339XMA9	FHLB	1.830 12/30/05	99.361	1,101,421.64	3.79%	0.00
09/01/05	09/02/05	Buy	234,000	3128X3DP5	FHLMC	3.250 04/28/06	99.605	235,695.20	3.86%	0.00
09/01/05	09/02/05	Buy	624,000	3134A4CX0	FHLMC Global	5.250 01/15/06	100.477	631,253.48	3.91%	0.00
09/01/05	09/02/05	Buy	475,000	31364BVS6	FNMA	5.875 02/14/06	100.845	480,409.06	3.95%	0.00
09/01/05	09/02/05	Buy	614,000	313589RJ4	FNMA Discount Note	0.000 01/04/06	98.729	606,196.06	3.79%	0.00
09/01/05	09/02/05	Buy	750,000	313589MW0	FNMA Discount Note	0.000 10/12/05	99.608	747,058.33	3.59%	0.00
<b>Total</b>										<b>0.00</b>

# Cash Reconciliation

*Penn Manor School District General Fund*

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<i>Beginning Cash Balance</i>	<b><i>13,472,287.79</i></b>
Buy	-7,063,471.82
Contr	1,000,000.00
Income	24,958.74
Mature	2,600,000.00
<i>Ending Cash Balance</i>	<b><i>10,033,774.71</i></b>

# Summary of Portfolio Changes

*Penn Manor School District General Fund*

<i>Beginning Market Value plus Accrued Income</i>		<b><i>27,550,208.33</i></b>
Contributions	1,000,000.00	
Withdrawal / Management Fee	0.00	
<i>Total Contributions, Withdrawals, and Management Fee</i>		<b><i>1,000,000.00</i></b>
Interest Received	24,958.74	
Interest Purchased	(25,303.90)	
Amortization Change	42,519.64	
Ending Accrued Income	51,094.16	
Beginning Accrued Income	(10,985.73)	
Accrued Income Change	40,108.43	
<i>Total Earned Income</i>		<b><i>82,282.91</i></b>
Ending Market Value	28,573,135.47	
Ending Book Value	(28,579,831.57)	(6,696.10)
Beginning Market Value	27,539,222.60	
Beginning Book Value	(27,537,657.09)	1,565.51
Change in Unrealized Gain/Loss	(8,261.61)	
Realized Gain/Loss	0.00	
<i>Change in Market Value</i>		<b><i>(8,261.61)</i></b>
<i>Total Investment Change</i>		<b><i>1,074,021.30</i></b>
<i>Ending Market Value plus Accrued Income</i>		<b><i>28,624,229.63</i></b>

# Amortization Reconciliation

*Penn Manor School District General Fund*

Purchase / Sale Date	Quantity (Units)	Security Description	Ending Market Value	Original Cost	Beginning Book Value	Principal Purchased	Current Month Am/Ac	Principal Received	Realized Gain/Loss	Ending Book Value	Unrealized Gain/Loss
	10,033,775.00	Cash/Money Market	10,033,774.71	10,033,774.71	13,472,287.79	0.00	0.00	3,438,513.08	0.00	10,033,774.71	0.00
		-CASH-									
09/15/05	95,000.00	FHLCB 2.170 06/12/06 31331TB75	93,634.38	93,733.65	0.00	93,733.65	66.65	0.00	0.00	93,800.30	-165.92
09/01/05	1,105,000.00	FHLB 1.830 12/30/05 31339XMA9	1,099,129.69	1,097,939.05	0.00	1,097,939.05	1,675.48	0.00	0.00	1,099,614.53	-484.84
09/01/05	310,000.00	FHLB 2.000 06/30/06 31339XTL8	304,768.75	305,058.60	0.00	305,058.60	464.29	0.00	0.00	305,522.89	-754.14
09/07/05	345,000.00	FHLB 3.625 11/15/05 3133MJX47	344,892.19	344,882.70	0.00	344,882.70	38.52	0.00	0.00	344,921.22	-29.03
09/07/05	250,000.00	FHLB 2.315 05/05/06 3133X6CR5	247,187.50	247,282.50	0.00	247,282.50	1,048.86	0.00	0.00	248,331.36	-1,143.86
08/26/05	2,250,000.00	FHLB Discount Note 0.000 10/26/05 313385NL6	2,244,825.00	2,240,110.42	1,243,058.34	997,300.00	3,818.75	0.00	0.00	2,244,177.09	647.91
08/26/05	1,250,000.00	FHLB Discount Note 0.000 11/23/05 313385PQ3	1,243,500.00	1,239,011.11	1,239,266.67	0.00	3,833.33	0.00	0.00	1,243,100.00	400.00
09/09/05	500,000.00	FHLMC 2.010 10/06/05 3128X1T80	499,916.50	499,440.00	0.00	499,440.00	420.00	0.00	0.00	499,860.00	56.50
09/01/05	234,000.00	FHLMC 3.250 04/28/06 3128X3DP5	232,667.60	233,075.70	0.00	233,075.70	109.66	0.00	0.00	233,185.36	-517.76
08/02/05	290,000.00	FHLMC Discount Note 0.000 10/11/05 313397MV0	289,675.20	288,054.58	288,844.03	0.00	845.83	0.00	0.00	289,689.86	-14.66
08/31/05	500,000.00	FHLMC Discount Note 0.000 11/01/05 313397NS6	498,500.00	496,831.39	496,831.39	0.00	1,506.39	0.00	0.00	498,337.78	162.22
08/26/05	2,000,000.00	FHLMC Discount Note 0.000 12/20/05 313397QT1	1,983,600.00	1,976,772.22	1,977,183.33	0.00	6,166.67	0.00	0.00	1,983,350.00	250.00
08/04/05	1,500,000.00	FHLMC Discount Note 0.000 05/10/06 313397WQ0	1,462,800.00	1,455,230.42	1,459,417.50	0.00	4,831.25	0.00	0.00	1,464,248.75	-1,448.75
09/01/05	624,000.00	FHLMC Global 5.250 01/15/06 3134A4CX0	626,145.00	626,976.48	0.00	626,976.48	-626.63	0.00	0.00	626,349.85	-204.85
08/04/05	1,500,000.00	FNMA 2.500 06/15/06 31359MVA8	1,481,718.75	1,480,200.00	1,481,860.64	0.00	1,852.26	0.00	0.00	1,483,712.90	-1,994.15
08/04/05	575,000.00	FNMA 3.150 06/30/06 31359MVW0	569,789.06	570,313.75	570,674.23	0.00	432.58	0.00	0.00	571,106.81	-1,317.75
09/01/05	475,000.00	FNMA 5.875 02/14/06 31364BVS6	478,019.10	479,013.75	0.00	479,013.75	-693.74	0.00	0.00	478,320.01	-300.91
09/15/05	765,000.00	FNMA 2.375 02/13/06 3136F44L5	760,696.88	760,211.10	0.00	760,211.10	456.09	0.00	0.00	760,667.19	29.69

# Amortization Reconciliation

*Penn Manor School District General Fund*

Purchase / Sale Date	Quantity (Units)	Security Description	Ending Market Value	Original Cost	Beginning Book Value	Principal Purchased	Current Month Am/Ac	Principal Received	Realized Gain/Loss	Ending Book Value	Unrealized Gain/Loss
08/02/05	1,144,000.00	FNMA Discount Note 0.000 10/12/05 313589MW0	1,142,615.76	1,138,376.94	392,391.17	747,058.33	3,208.33	0.00	0.00	1,142,657.83	-42.07
07/01/05	1,090,000.00	FNMA Discount Note 0.000 11/09/05 313589PA5	1,085,858.00	1,076,772.24	1,082,709.11	0.00	3,124.67	0.00	0.00	1,085,833.78	24.22
08/26/05	1,250,000.00	FNMA Discount Note 0.000 12/07/05 313589QE6	1,241,500.00	1,237,222.22	1,237,477.78	0.00	3,833.33	0.00	0.00	1,241,311.11	188.89
09/01/05	614,000.00	FNMA Discount Note 0.000 01/04/06 313589RJ4	607,921.40	606,196.06	0.00	606,196.06	1,762.18	0.00	0.00	607,958.24	-36.84
07/08/05		FHLMC Discount Note 0.000 09/13/05 313397LR0			1,598,081.78	0.00	1,918.22	1,600,000.00	0.00	0.00	0.00
08/02/05		FNMA Discount Note 0.000 09/26/05 313589ME0			997,573.33	0.00	2,426.67	1,000,000.00	0.00	0.00	0.00
<b>Total</b>			28,573,135.47	28,526,479.59	27,537,657.09	7,038,167.92	42,519.64	6,038,513.08	0.00	28,579,831.57	-6,696.10

# Income Reconciliation

## *Penn Manor School District General Fund*

Purchase Date	Sale Date	CUSIP	Quantity (Units)	Security Description	Coupon Rate	Maturity Date	Beginning Accrued Income	Current Month Int. Earned	Interest Purchased	Interest Received	Ending Accrued Income
		-CASH-	10,033,775.00	Cash/Money Market			0.00	24,958.74	0.00	24,958.74	0.00
09/15/05		31331TB75	95,000.00	FFCB	2.170	06/12/06	0.00	85.90	538.28	0.00	624.18
09/01/05		31339XMA9	1,105,000.00	FHLB	1.830	12/30/05	0.00	1,628.96	3,482.59	0.00	5,111.55
09/01/05		31339XTL8	310,000.00	FHLB	2.000	06/30/06	0.00	499.44	1,067.78	0.00	1,567.22
09/07/05		3133MIX47	345,000.00	FHLB	3.625	11/15/05	0.00	799.01	3,925.57	0.00	4,724.58
09/07/05		3133X6CR5	250,000.00	FHLB	2.315	05/05/06	0.00	369.75	1,977.40	0.00	2,347.15
08/26/05		313385NL6	2,250,000.00	FHLB Discount Note	0.000	10/26/05	0.00	0.00	0.00	0.00	0.00
08/26/05		313385PQ3	1,250,000.00	FHLB Discount Note	0.000	11/23/05	0.00	0.00	0.00	0.00	0.00
09/09/05		3128X1T80	500,000.00	FHLMC	2.010	10/06/05	0.00	530.42	4,355.00	0.00	4,885.42
09/01/05		3128X3DP5	234,000.00	FHLMC	3.250	04/28/06	0.00	612.63	2,619.50	0.00	3,232.13
08/02/05		313397MV0	290,000.00	FHLMC Discount Note	0.000	10/11/05	0.00	0.00	0.00	0.00	0.00
08/31/05		313397NS6	500,000.00	FHLMC Discount Note	0.000	11/01/05	0.00	0.00	0.00	0.00	0.00
08/26/05		313397QT1	2,000,000.00	FHLMC Discount Note	0.000	12/20/05	0.00	0.00	0.00	0.00	0.00
08/04/05		313397WQ0	1,500,000.00	FHLMC Discount Note	0.000	05/10/06	0.00	0.00	0.00	0.00	0.00
09/01/05		3134A4CX0	624,000.00	FHLMC Global	5.250	01/15/06	0.00	2,639.00	4,277.00	0.00	6,916.00
08/04/05		31359MVA8	1,500,000.00	FNMA	2.500	06/15/06	7,916.67	3,125.00	0.00	0.00	11,041.67
08/04/05		31359MVW0	575,000.00	FNMA	3.150	06/30/06	3,069.06	1,509.38	0.00	0.00	4,578.44
09/01/05		31364BVS6	475,000.00	FNMA	5.875	02/14/06	0.00	2,248.01	1,395.31	0.00	3,643.32
09/15/05		3136F44L5	765,000.00	FNMA	2.375	02/13/06	0.00	757.03	1,665.47	0.00	2,422.50
08/02/05		313589MW0	1,144,000.00	FNMA Discount Note	0.000	10/12/05	0.00	0.00	0.00	0.00	0.00
07/01/05		313589PA5	1,090,000.00	FNMA Discount Note	0.000	11/09/05	0.00	0.00	0.00	0.00	0.00
08/26/05		313589QE6	1,250,000.00	FNMA Discount Note	0.000	12/07/05	0.00	0.00	0.00	0.00	0.00
09/01/05		313589RJ4	614,000.00	FNMA Discount Note	0.000	01/04/06	0.00	0.00	0.00	0.00	0.00
07/08/05		313397LR0		FHLMC Discount Note	0.000	09/13/05	0.00	0.00	0.00	0.00	0.00
08/02/05		313589ME0		FNMA Discount Note	0.000	09/26/05	0.00	0.00	0.00	0.00	0.00
<b>Total</b>							<b>10,985.73</b>	<b>39,763.27</b>	<b>25,303.90</b>	<b>24,958.74</b>	<b>51,094.16</b>

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*The performance figures in this report represent the past performance of your account and do not guarantee future results. Gross performance returns for the account will be reduced by management fees and any other expenses incurred in the management of the account.*

*Please advise your Relationship Manager or Client Service contact promptly in the event of a material change in your investment strategy.*

*Taxable clients are advised to consult with their tax advisor to determine the actual basis to use in tax reporting, as well as with any questions concerning the tax impact of gains or losses on securities or income earned in your account.*

*Sources of Information: Bloomberg, The Yield Book, FT Interactive Data, Portia, and various other sources from time to time, as may be referenced on the report page of their use.*

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