EUREKA FUNDS

ANNUAL REPORT
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Discover *Disciplined* INVESTING

QUANTITATIVE APPROACH TO INVESTMENT MANAGEMENT

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Senior Vice President and Chief Investment Officer

As Chief Investment Officer and head of the Investment Management Department, Bob Bannon's primary focus is to build upon the existing strengths of the Investment Management Department and to position Bank of the West (formerly United California Bank) as a leader in quantitative investment management.

A highly respected authority on the quantitative investment philosophy and process, Bob has extensive knowledge and experience in global asset allocation, equity modeling and fixed-income portfolio management. Before joining Bank of the West during the first quarter of 2000, he served as Managing Director for Analytic Investors, Inc., a highly regarded Los Angeles quantitative investment management firm, where he was responsible for market research and the development and management of investment products and processes. Prior to joining Analytic, Bob developed fixed-income trading strategies for I.D.E.A. in New York and worked for Security Pacific National Bank as a financial economist.

Bob holds a graduate degree in econometrics and financial economics from UCLA and an undergraduate degree in economics from Villanova University. He is a Chartered Financial Analyst.

INVESTMENT MANAGEMENT PHILOSOPHY

The Eureka Funds were created to deliver a distinctive investment management style to investors. Our quantitative approach is designed to remove the guesswork and confusion from the investment decision process.

While many professional investment managers apply quantitative tools, we believe that few do so with the rigorous discipline of the Eureka Funds. We believe that using such tools on a piecemeal basis can taint the process with unintended bias, errors in judgment and emotional overreaction. To remove these subjective components, we strictly adhere to the following precepts of the quantitative philosophy:

- **Markets do not immediately incorporate all information into asset prices.** We believe that the market provides a window of time during which we can uncover and quantitatively process information, thereby exploiting short-term market opportunities.

- **A large number of small, active positions in a portfolio are superior to a small number of large, active positions.** As quantitative investment managers, we believe in the law of large numbers. Therefore, each Eureka Fund holds an above-average number of positions that closely mirror its benchmark. Our quantitative approach provides what we believe to be a superior ability to process, monitor, identify and manage a large number of small, active positions.

- **Risk can be quantitatively measured and quantitatively managed.** Rather than "backing into" risk in pursuit of opportunity, we pass each investment through the filter of quantitative risk assessment. We try to incur no active risk unless it is intended and understood.

- **Optimization methods are often necessary to exploit opportunities while managing risk.** Only computer-assisted decision-making can determine the optimum balance of small, active positions. Relying on human judgment alone often results in missed opportunities.

Each Eureka Fund strives to mirror its benchmark in terms of risk and diversification. We do not engage in market timing or rate forecasting. Rather, we seek to add value by exploiting short-term, tactical opportunities as revealed by our optimization methods.

This time-tested investment philosophy seeks to ensure that your portfolio maintains targeted risk levels and has the flexibility to respond to changes when necessary. Whatever the fluctuations in the market, our goal at Eureka Funds remains constant: To help you strive to meet your financial objectives today and into the future.

DEAR SHAREHOLDER

MARKET OVERVIEW

The 12-month period ended September 30, 2003, was an extremely volatile period for the markets as a whole, as investors focused on an impending war with Iraq, terrorism, corporate malfeasance, and a sputtering economy. For almost three years, and with almost patternistic behavior, U.S. equity markets have languished, fixed income markets have strengthened, and short-term interest rates have declined to record lows – a classic financial market response to economic recession. As our fiscal year-end comes to a close, a long awaited economic recovery appears to have finally arrived in the U.S. and other markets around the globe.

EQUITY MARKETS

Fourth quarter of 2002 brought with it the first glimmer of potential change, as the equity market seemed to have found its trough (at levels not seen since early 1997) around the second week of October, and began a rebound that lasted through November, and sputtered into December.

Despite the brief bout of optimism, markets again soured in first quarter of 2003, due to the lingering prospects of war with at least one country, if not two. The equity market, which made a brief and half-hearted attempt in January, quickly folded as the political rhetoric heated up in late January. February and March only added to the high degree of uncertainty, as the economic numbers suggest that, impending war or not, the economy was still sluggish.

The rapidity with which the U.S. won the second Gulf War, and the perception of heightened global certainty that followed, helped large-cap stocks rebound in the second quarter of 2003. For the three-month period ended June 30, 2003 the Standard and Poor's 500 Index returned in excess of 15%.

The trend in the market seems to be making itself more clear as third quarter 2003 draws to a close. Equity markets moved a bit sideways in July, rallied sharply in August and continued their growth into September, with only a slight pull back. The Standard and Poor's 500 Index[1] rose 2.65% in the third quarter, proving that the 15% return for second quarter was no fluke.

As we move into fourth quarter, despite general pessimism and criticism centering around U.S. foreign policy and the President's domestic policy, the markets appear to be taking on a business-as-usual stance after being through two wars, a terrorist attack, a record-setting bear market and outsized corporate scandals in the preceding two years.

Bond Markets

Fixed-income investments benefited for the majority of the fiscal year providing their typical "flight-to-safety" function, as skittish equity investors wary of the struggling stock market sought bonds for their stability, pushing yields down and prices up.

In first quarter 2003, rates shot up quickly as the potential for U.S. success against Iraq became apparent. Shorter-term interest rates settled back to lower yields, however, as continually weak economic numbers suggested a possibility for future rate cuts, although longer-term maturities retained their now-higher yield levels. The Fed held short-term rates

[1]For a complete definition or description of terms, please refer to the Glossary of Terms on page (i).

steady throughout the first quarter, citing the impending war as a factor that clouded their ability to gauge the economy.

Contrary to expectation, given the rush to equities in the second quarter, there was no major exodus out of the bond markets during most of the second quarter. Bonds averaged between 2.5% and 3.5% during the quarter, with lower grade corporates posting the largest gains. This trend faded quickly towards the end of the quarter, as the markets began to anticipate further easing by the Fed and most segments of the bond market gave back a portion of their gains.

It wasn't until late in the third quarter that bonds took a tumble, falling nearly 3.4% in the month of July alone. Fears that the Fed might continue to ease, coupled with a shockingly strong equity market caught the bond market off-guard, and set off a wave of inflationary fears. Bonds have since regained their footing, recovering some of that one month decline by the end of the quarter, aided in large part by a sense that further Fed rate cuts are less and less likely as the equity markets rebound.

Outlook

While we cannot predict what the future has in store, there is strong suggestion that the economy and equity market could continue to rebound, supported by an improving economy and ample liquidity. Going forward, we will continue to adhere to our disciplined, quantitative investment philosophy, which has served us well during the past year's turbulent markets.

Thank you for your continued confidence in the Eureka Funds.

Sincerely,
Eureka Investment Advisors