

# Caldwell & Orkin Market Opportunity Fund

Portfolio Information for the Month Ended: **September 30, 2005**

<b>SYMBOL:</b>	<b>COAGX</b>	<b>Asset Allocation:</b>	<b>Investor View</b>
<b>CUSIP:</b>	<b>128819307</b>	Long Equities	47.1%
<b>Net Assets</b>	\$189,131,372	Short Equities	53.8%
<b>Net Asset Value</b>	\$17.52	Corporate Bonds	0.0%
<b>Number of Direct Shareholders</b>	1,064	U.S. Treasury Bills	0.0%
<b>Number of Shares Outstanding</b>	10,797,740	Cash	-0.9%
<b>SEC Yield</b>	1.19%	Total	100.0%
		Net Long (Short) Exposure	-6.7%

## Portfolio Performance:

Month-to-date	2.70%
Quarter-to-date	3.55%
Year-to-date	2.22%

Since commencement of active management style - August 24, 1992 **275.25%**

## Compounded Annual Total Return:

One-year	-0.06%
Three-year	-2.09%
Five-year	1.29%
Ten-year	9.81%

Since commencement of active management style - August 24, 1992 **10.61%**

*The Fund's performance data assumes the reinvestment of income, dividend and capital gain distributions, if any. The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. To obtain performance information current to the most recent month-end, please call (800) 237-7073.*

## Top 10 Portfolio Holdings Held Long:

<u>Security</u>	<u>Symbol</u>	<u>% of Net Assets</u>
Gillette Co	G	2.1%
Duke Energy Corp	DUK	1.9%
Exelon Corp	EXC	1.8%
TurboChef Technologies	OVEN	1.7%
PG&E Corporation	PCG	1.5%
Foundry Networks Inc	FDRY	1.5%
Hewlett-Packard Co	HPQ	1.4%
Phelps Dodge Corp	PD	1.4%
Mitsubishi UFJ Financial ADS	MTU	1.4%
Diamond Offshore Drill	DO	1.3%

## Portfolio Statistics

(Based on daily data 8/24/1992 - 9/30/2005)

	<u>Fund</u>	<u>S&amp;P 500</u>
<b>Correlation Coefficient</b>	2.72%	100.00%
<b>Beta</b>	-0.08	1.00
<b>Standard Deviation</b>	0.501	1.043
<b>Sharpe Ratio</b>	0.84	0.47
<b>Semi-Variance</b>	0.12	0.52

Computations by Ned Davis Research, Inc.

## Top 10 Industries Held Long:

<u>Industry</u>	<u>% of Net Assets</u>
Utility-Electric Power	9.1%
Oil&Gas-Drilling	3.3%
Elec-Semiconductor Mfg	2.2%
Oil&Gas-Machinery/Equip	2.2%
Cosmetics/Personal Care	2.1%
Medical-Biomed/Biotech	2.1%
Oil&Gas-Field Services	2.0%
Household-Appliances	1.7%
Computer-Networking	1.5%
Computer-Manufacturers	1.4%

## Top 10 Industries Sold Short:

<u>Industry</u>	<u>% of Net Assets</u>
Finance-Mrtg&Rel Svc	4.8%
Finance-Savings & Loan	3.9%
Insurance-Prop/Cas/Titl	3.6%
Finance-Reit	3.4%
Retail-Clothing/Shoe	3.3%
Banks-Southeast	2.5%
Leisure-Products	2.1%
Bldg-Resident/Comml	2.1%
Banks-Northeast	2.0%
Banks-Super Regional	1.8%

## Distribution Information (Note: there was no distribution paid during 2004)

### Portfolio Manager: Michael B. Orkin, CFA

Minimum Initial Taxable Investment	\$25,000
Minimum Initial Tax-Deferred Investment	\$10,000
Minimum Subsequent Investment	\$100
Sales Load	None
Redemption Fee	2%

(Redemption Fee applies to shares held less than 6 months.)

### Annualized Fees & Expenses (as of 4/30/2005)

Management Fee	0.83%
12b-1 Fee	None
Dividend Expense on Short Sales	0.75%
Operating Expenses	0.21%
Total Expense Ratio	1.79%

## Comparative Performance

	<b>Market Opportunity Fund (a)</b>	<b>S&amp;P 500 with Income</b>	<b>NASDAQ Composite</b>
January	-1.81%	-2.40%	-5.20%
February	-0.59%	2.02%	-0.52%
March	0.60%	-1.70%	-2.56%
Q1	-1.81%	-2.13%	-8.10%
April	3.09%	-1.86%	-3.88%
May	-2.31%	3.15%	7.63%
June	-0.18%	0.14%	-0.54%
Q2	0.53%	1.37%	2.89%
July	-0.18%	3.74%	6.22%
August	1.01%	-0.96%	-1.50%
September	2.70%	0.84%	-0.02%
Q3	3.55%	3.60%	4.61%
October	0.00%	0.00%	0.00%
November	0.00%	0.00%	0.00%
December	0.00%	0.00%	0.00%
Q4	0.00%	0.00%	0.00%
YTD	2.22%	2.79%	-1.09%
Since 8/24/92 (b)	275.25%	283.23%	287.42%
Since 8/24/92 Annualized	10.61%	10.79%	10.88%

(a) The Fund's performance assumes the reinvestment of income, dividend and capital gain distributions, if any.

(b) Commencement of Active Management

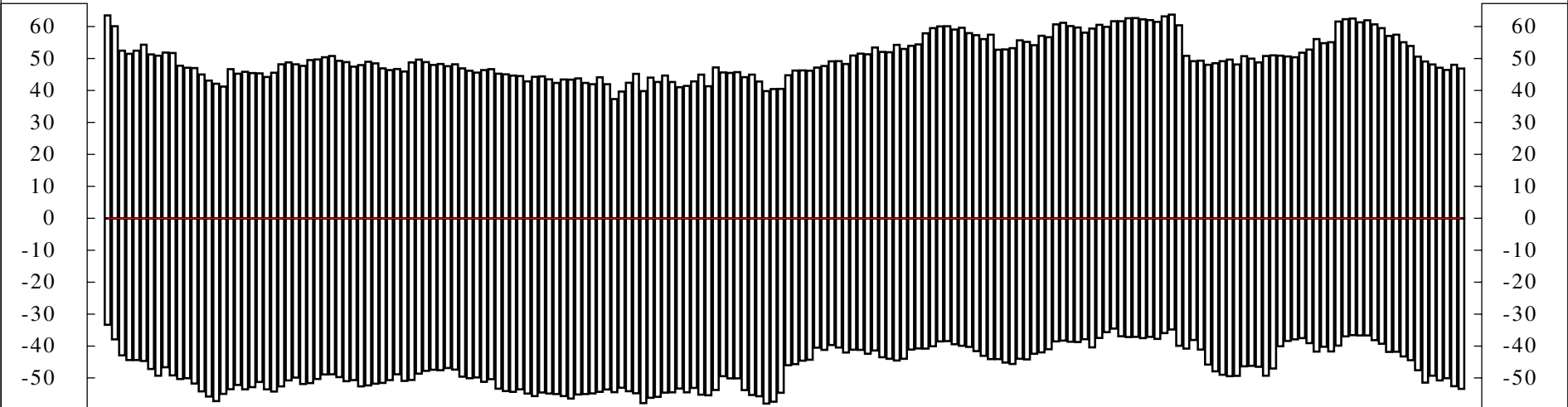
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## Long Positions 49

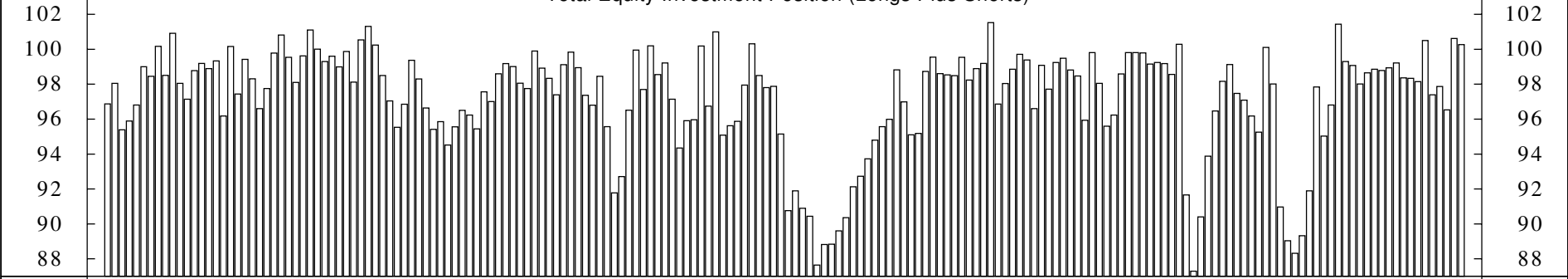
Altria Group Inc	MO	Newmont Mining Corp	NEM
Amgen Inc	AMGN	Nortel Networks Corp	NT
Central Euro Media Cl A	CETV	Oil States International	OIS
Chicago Bridge & Iron Co	CBI	Patterson-UTI Energy Inc	PTEN
Compton Petroleum Corp	CPUXF	Pepsico Inc	PEP
Constellation Energy Grp	CEG	PG&E Corporation	PCG
Cypress Semiconductor	CY	Phelps Dodge Corp	PD
Dean Foods Company	DF	Pioneer Natural Resource	PXD
Diamond Offshore Drill	DO	Polo Ralph Lauren Corp	RL
Dominion Res Inc Va	D	PPL Corporation	PPL
Duke Energy Corp	DUK	RF Micro Devices Inc	RFMD
Exelon Corp	EXC	Schlumberger Ltd	SLB
Florida Rock Inds Inc	FRK	Serono SA ADR	SRA
Foundry Networks Inc	FDRY	Tanox Inc	TNOX
FPL Group Inc	FPL	Texas Instruments	TXN
Gillette Co	G	Thomas & Betts Corp	TNB
GMX Resources Inc	GMXR	Tiffany & Co	TIF
Hewlett-Packard Co	HPQ	Time Warner Inc	TWX
HydriL	HYDL	Titanium Metals Corp	TIE
iShares MSCI - Japan	EWJ	Transocean Inc	RIG
Itron Inc	ITRI	TurboChef Technologies	OVEN
Lifepoint Hospitals Inc	LPNT	UnitedHealth Group Inc	UNH
Mitsubishi UFJ Financial ADS	MTU	Wet Seal Inc	WTSLA
Motorola Inc	MOT	XM Satellite Radio Hldg	XMSR
National Oilwell Varco	NOV		

# Caldwell & Orkin Market Opportunity Mutual Fund Equity Investment Position

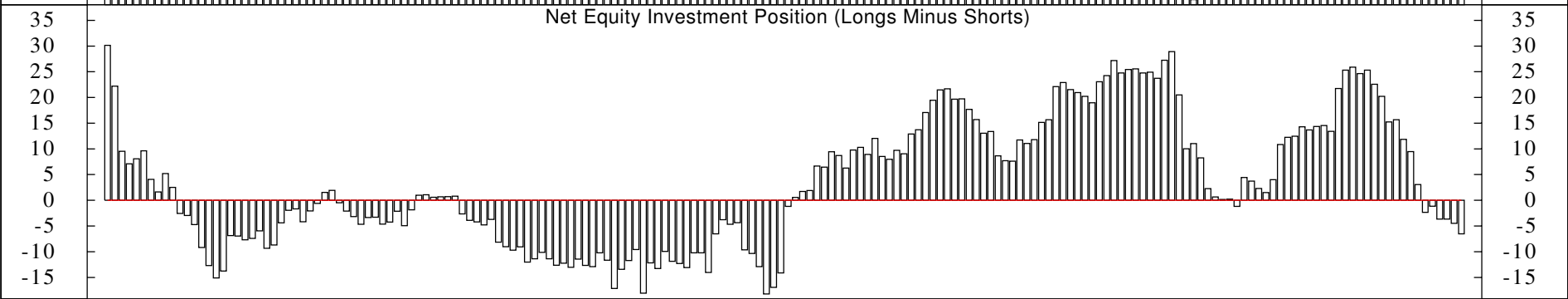
Readings Above Zero Indicate Percent Long Position --- Below Zero For Percent Short Position



Total Equity Investment Position (Longs Plus Shorts)



Net Equity Investment Position (Longs Minus Shorts)



JAN FEB MAR APR MAY JUN JUL AUG SEP  
CO\_14\_DYN\_2005

# Caldwell & Orkin Market Opportunity Fund

## Performance in Review:

September 30, 2005

The Caldwell & Orkin Market Opportunity Fund (COAGX) rose 3.55% in the third quarter of 2005. The S&P 500 with Income index gained 3.60% during the same period, and the NASDAQ Composite index was up 4.61%. Year-to-date through September 30, 2005, the Fund is up 2.22%, compared to a gain of 2.79% for the S&P 500, and a loss of -1.09% for the NASDAQ. Since commencement of active management on August 24, 1992 to the present, the Fund generated an average annual total return of 10.61%, compared to 10.79% for the S&P 500 and 10.88% for the NASDAQ. We realized these long-term results with less risk than the S&P 500. In addition, the Fund's price movements have had very little correlation (2.72%) to the price movements of the S&P 500. An S&P 500 index fund has a 100% correlation with the market. (Computations by Ned Davis Research, Inc.) *The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. To obtain performance information current to the most recent month-end, please call (800) 237-7073.*

The Market Opportunity Fund opened the third quarter almost fully invested (97.4%) and 8.4% net long. Electric utilities continued to be our largest sector exposure on the long side of the portfolio (16.0%), and mortgage & related financial services companies were the largest short sector exposure (4.1%). Throughout the month of July we increased the longs and decreased the shorts. The Fund's performance was basically flat in July, down -0.18%. We closed July 24.9% net long. The markets deteriorated during August as traders evaluated the headwinds of higher energy prices, a cooling housing market and continued Federal Reserve tightening. The Fund maintained a neutral to slightly net long position during August. The short side of the portfolio carried the day, returning 2.57% for the month. The longs slipped (-0.29%), though not as much as the market. The S&P 500 was down -0.96% in August, and the Fund rose 1.01%. We closed the month 93.1% invested, and 13.9% net long.

One headwind that came out of the blue was Hurricane Katrina, which first made landfall north of Miami on August 25 as a Category 1 hurricane, gained strength over the Gulf of Mexico, and slammed into Gulf Coast near New Orleans on August 29 as a Category 4 storm, disrupting U.S. energy output. On September 24 Hurricane Rita plowed in to the Texas-Louisiana border as a Category 3 storm with 120 mile-per-hour winds, damaging much of the energy infrastructure in its path. Although the market was generally weak in September, our longs returned 2.23%. Our mortgage-centric shorts played well as concerns about deflating the housing bubble grew. The short portfolio returned 4.10% for the month, and the Fund in total rose 2.70% in September.

## Current Outlook:

Ed Hyman of ISI Group, Inc. provides a sobering view in his October 3, 2005 *Economy, Money & Markets* summary: "The U.S. economy is facing an impressive and unique package of headwinds. [President George W.] Bush is urging us to drive less. [Federal Reserve Chairman Alan] Greenspan is essentially urging us to buy fewer houses. The Fed is indicating it will continue to tighten and has already tightened almost 300bp. Regulators are attempting to cool lending. Home price appreciation is indeed cooling, and with it the MEW [mortgage equity withdrawal] lift to consumer spending. And then there's energy! Natural gas is up almost 150% year-over-year, and gasoline is up almost 60% - natural gas and gasoline prices are consistent with roughly \$100 oil!" These formidable economic drags may be partially offset by significant fiscal stimulus stemming from government spending on Gulf Coast reconstruction efforts. To what extent is unknown, however. And then there's the growing mountain of debt...

## Portfolio Snapshot as of September 30, 2005:

<u>FIVE LARGEST LONG HOLDINGS</u>		<u>FIVE LARGEST LONG INDUSTRIES</u>		<u>ASSET ALLOCATION</u>	
1 Gillette Co (G)	2.1%	Utility - Electric Power	9.1%	Long Equities	47.1%
2 Duke Energy Corp (DUK)	1.9%	Oil & Gas - Drilling	3.3%	Short Equities	53.8%
3 Exelon Corp (EXC)	1.8%	Elec - Semiconductor Mfg	2.2%	Corporate Bonds	0.0%
4 TurboChef Technologies (OVEN)	1.7%	Oil & Gas - Machinery / Equipment	2.2%	Cash	<u>-0.9%</u>
5 PG&E Corp (PCG)	1.5%	Cosmetics / Personal Care	2.1%	Total	100.0%
				Net	-6.7%

The Caldwell & Orkin Market Opportunity Fund's objective is to provide long-term capital growth with a short-term focus on capital preservation through investment selection and asset allocation. Assets may be allocated among long and short stocks, bonds and cash equivalents. The share price is available on the Fund's website, [www.CaldwellOrkin.com](http://www.CaldwellOrkin.com), or by calling the office number below (after hours there is a recorded message). It is also listed daily in *Investor's Business Daily* and several other newspapers. This quarterly review is submitted for the general information of the Fund's shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.

**C&O Funds Advisor, Inc. Telephone (800) 237-7073 / (678) 533-7850 E-mail: [COFunds@CaldwellOrkin.com](mailto:COFunds@CaldwellOrkin.com)**

# Caldwell & Orkin Market Opportunity Fund

Portfolio Performance for the period ended September 30, 2005

	<u>Total</u> <u>Return</u>	<u>Average</u> <u>Annual Total</u> <u>Return</u>
1-Year	-0.06%	-0.06%
3-Year	-6.13%	-2.09%
5-Year	6.64%	1.29%
10-Year	154.94%	9.81%
Since 8/24/92 (a)	275.25%	10.61%

*The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. To obtain performance information current to the most recent month-end, please call (800) 237-7073. The commentary reflects the views of the Caldwell & Orkin Market Opportunity Fund's portfolio manager through the date of this report. Of course, these views are subject to change as market and other conditions warrant. Fund holdings, industry and asset allocations are subject to change without notice. The Fund's performance assumes the reinvestment of income, dividend and capital gain distributions, if any.*

*There are certain risks inherent in investing in the Fund, including market risk, short sale risk, interest rate risk, business risk, small company risk, market valuation risk, political risk, and portfolio turnover risk. For a complete discussion of these risks, you may request a copy of the Fund's prospectus by calling (800) 237-7073. The Fund uses aggressive investment strategies (including short positions) that have the potential for yielding high returns; however, these strategies may also result in losses. Theoretically, stocks sold short have unlimited risk. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.*

*Investors should expect that the Market Opportunity Fund's performance may fluctuate independently of stock market indices, such as the S&P 500 with Income and the NASDAQ Composite. The S&P 500 with Income is a widely recognized unmanaged index of common stock prices, adjusted to reflect the reinvestment of dividends and distributions. The NASDAQ Composite Index is an unmanaged index of common stocks of companies traded over-the-counter and offered through the National Association of Securities Dealers Automated Quotations system.*

*This information must accompany or be preceded by a currently effective prospectus. For more complete information, including charges and expenses, you may obtain a prospectus by calling (800) 237-7073. You should read the prospectus carefully before investing or sending money.*

- (a) *The Caldwell & Orkin Market Opportunity Fund commenced active management on August 24, 1992. A prior fund passively managed and indexed to the largest 100 OTC stocks began operations on March 11, 1991.*

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