

# Caldwell & Orkin Market Opportunity Fund

Portfolio Information for the Month Ended: December 31, 2005

<b>SYMBOL:</b>	<b>COAGX</b>	<b>Asset Allocation:</b>	<b>Investor View</b>
<b>CUSIP:</b>	<b>128819307</b>	Long Equities	46.8%
<b>Net Assets</b>	\$176,113,571	Short Equities	43.3%
<b>Net Asset Value</b>	\$16.93	Corporate Bonds	0.0%
<b>Number of Direct Shareholders</b>	1,012	U.S. Treasury Bills	0.0%
<b>Number of Shares Outstanding</b>	10,401,106	Cash	9.9%
<b>SEC Yield</b>	1.73%	Total	100.0%
		Net Long (Short) Exposure	3.5%

## Portfolio Performance:

Month-to-date	0.28%
Quarter-to-date	-2.30%
Year-to-date	-0.13%

Since commencement of active management style - August 24, 1992 266.63%

## Compounded Annual Total Return:

One-year	-0.13%
Three-year	-2.63%
Five-year	-1.78%
Ten-year	8.42%

Since commencement of active management style - August 24, 1992 10.21%

*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>
TurboChef Technologies Inc	OVEN	2.7%
Procter & Gamble Co	PG	2.2%
Sunrise Senior Living Inc	SRZ	2.1%
Tommy Hilfiger Corp	TOM	2.0%
Mitsubishi UFJ Financial Group ADR	MTU	1.9%
Altria Group Inc	MO	1.5%
Powerwave Technologies Inc	PWAV	1.5%
Pepsico Inc	PEP	1.4%
Nomura Holdings Inc ADR	NMR	1.4%
Nortel Networks Corp	NT	1.4%

## Portfolio Statistics

(Based on daily data 8/24/1992 - 12/31/2005)

	<u>Fund</u>	<u>S&amp;P 500</u>
<b>Correlation Coefficient</b>	2.73%	100.00%
<b>Beta</b>	-0.08	1.00
<b>Standard Deviation</b>	0.500	1.037
<b>Sharpe Ratio</b>	0.80	0.47
<b>Semi-Variance</b>	0.12	0.51

Computations by Ned Davis Research, Inc.

## Top 10 Industries Held Long:

<u>Industry</u>	<u>% of Net Assets</u>
Telecom-Wireless Equip	4.4%
Medical-Nursing Homes	3.3%
Elec-Semiconductor Mfg	2.9%
Household-Appliances	2.7%
Internet-Content	2.5%
Medical-Biomed/Biotech	2.3%
Cosmetics/Personal Care	2.2%
Apparel-Clothing Mfg	2.0%
Tobacco	1.9%
Banks-Money Center	1.9%

## Top 10 Industries Sold Short:

<u>Industry</u>	<u>% of Net Assets</u>
Finance-Mrtg&Rel Svc	8.0%
Financial Services-Misc	3.7%
Finance-Reit	3.1%
Bldg-Resident/Comml	3.1%
Insurance-Prop/Cas/Titl	3.1%
Leisure-Products	2.5%
Banks-Northeast	2.4%
Elec-Semiconductor Equip	2.0%
Retail-Leisure Products	1.6%
Leisure-Toys/Games/Hobby	1.5%

## Distribution Information:

Shareholder Record Date	12/15/2005
Ex-Distribution and Payable Date	12/16/2005
Reinvestment NAV	\$16.92

	<u>\$/Share</u>
Ordinary Income	\$0.1874
Short-Term Capital Gains	\$0.0000
Long-Term Capital Gains	\$0.0000
Total	\$0.1874

## 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 10/31/2005)

Management Fee	0.85%
12b-1 Fee	None
Dividend Expense on Short Sales	0.90%
Operating Expenses	0.26%
Total Expense Ratio	2.01%

## Comparative Performance

	<u>Market Opportunity Fund (a)</u>	<u>S&amp;P 500 with Income</u>	<u>NASDAQ Composite</u>
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	-0.68%	-1.62%	-1.46%
November	-1.90%	3.67%	5.31%
December	0.28%	0.05%	-1.23%
Q4	-2.30%	2.03%	2.49%
YTD	-0.13%	4.88%	1.37%
Since 8/24/92 (b)	266.63%	291.01%	297.08%
Since 8/24/92 Annualized	10.21%	10.74%	10.87%

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

(b) Commencement of Active Management

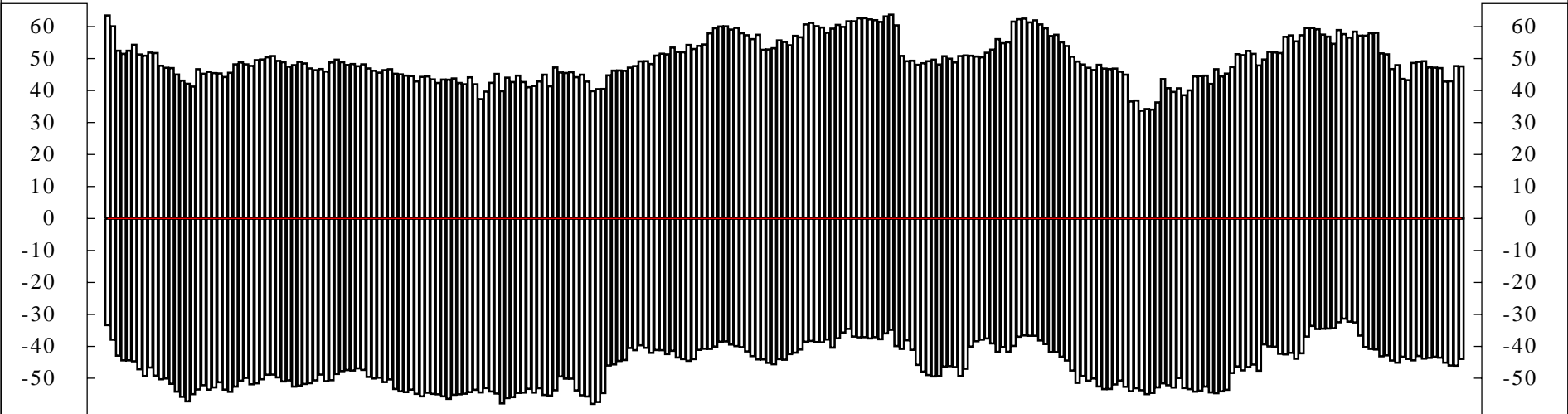
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## Long Positions 48

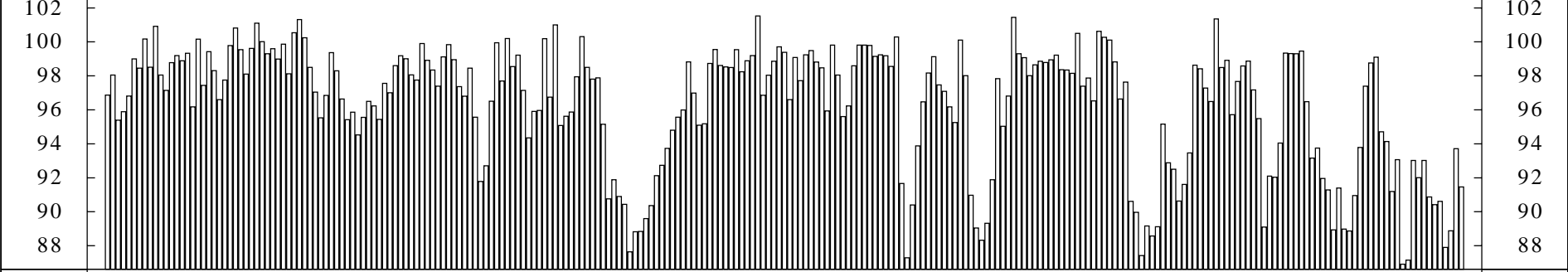
Advanced Micro Devices	AMD	Nortel Networks Corp	NT
Altria Group Inc	MO	North American Palladium Ltd	PAL
American Tower Corp Cl A	AMT	Pepsico Inc	PEP
Andrew Corp	ANDW	Pike Electric Corp	PEC
Apple Computer Inc	AAPL	PNC Financial Svcs Grp	PNC
Broadcom Corp Cl A	BRCM	Portalplayer Inc	PLAY
Brookdale Senior Living Inc	BKD	Powerwave Technologies Inc	PWAV
Carter's Inc	CRI	Procter & Gamble Co	PG
Central European Media Ent ADR	CETV	Psychiatric Solutions Inc	PSYS
Chicago Bridge & Iron	CBI	Qualcomm Inc	QCOM
CNET Networks Inc	CNET	Saifun Semiconductors Ltd	SFUN
Endo Pharmaceuticals Holdings	ENDP	Sovereign Bancorp Inc	SOV
FPL Group Inc	FPL	Stillwater Mining Co	SWC
Genentech Inc	DNA	Sunrise Senior Living Inc	SRZ
GOL Linhas Aereas Inteligentes SA	GOL	Tanox Inc	TNOX
Google Inc Cl A	GOOG	Thomas & Betts Corp	TNB
Harsco Corp	HSC	Tommy Hilfiger Corp	TOM
Health Mgmt Assoc Inc Cl A	HMA	TurboChef Technologies Inc	OVEN
Icici Bank Ltd ADR	IBN	UnitedHealth Group Inc	UNH
Johnson & Johnson	JNJ	UST Inc	UST
MetLife Inc	MET	Wet Seal Inc Cl A	WTSLA
Mitsubishi UFJ Financial Group ADR	MTU	Whole Foods Market Inc	WFMI
Motorola Inc	MOT	Williams Companies Inc	WMB
Nomura Holdings Inc ADR	NMR	Yahoo! Inc	YHOO

# Caldwell & Orkin Market Opportunity Mutual Fund Equity Investment Position

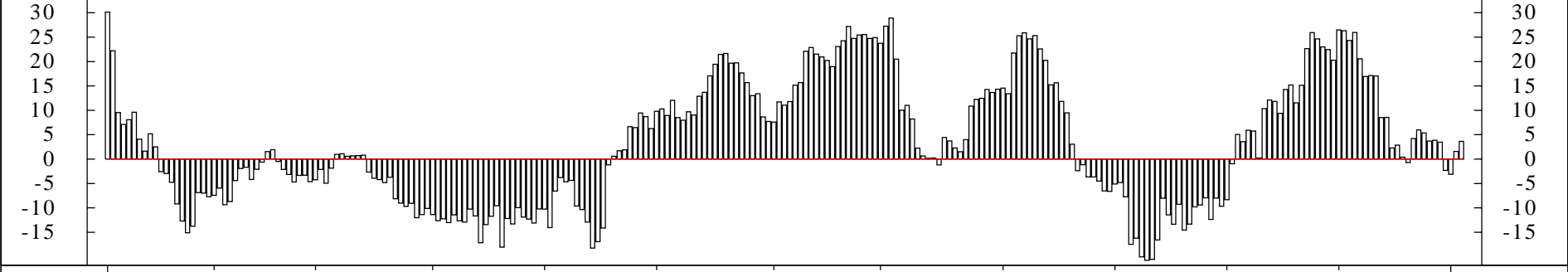
Readings Above Zero Indicate Percent Long Position --- Below Zero For Percent Short Position



Total Equity Investment Position (Longs Plus Shorts)



Net Equity Investment Position (Longs Minus Shorts)



JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN  
CO\_14\_DYN\_2005 2006

# Caldwell & Orkin Market Opportunity Fund

## Performance in Review:

December 31, 2005

The Caldwell & Orkin Market Opportunity Fund (COAGX) fell -2.30% in the fourth quarter of 2005. The S&P 500 with Income index gained 2.03% during the same period, and the NASDAQ Composite index was up 2.49%. For the full calendar year ended December 31, 2005, the Fund slipped -0.13%, while the S&P gained 4.88% and the NASDAQ inched up 1.37%. Since commencement of active management on August 24, 1992 to the present, the Fund generated an average annual total return of 10.21%, compared to 10.74% for the S&P 500 and 10.87% 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 (2.73%) 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 fourth quarter fully invested and -6.7% net short. 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 (4.8%). We maintained a net short positioning throughout the month of October, which proved beneficial as the markets trended lower. The S&P lost -1.62%, and the Fund was down only -0.68%. The markets came back in November (the S&P rose 3.67%), and we transitioned to a net long posture. By month-end the Fund was 22.5% net long. While our longs performed well during the month (rising 4.48%), the shorts (particularly financial stocks) took a hit, and the Fund lost -1.90%. December witnessed a lackluster market. During the month we pulled in the longs and moved to a market neutral exposure. The S&P inched up 0.05%, and the Fund gained 0.28%. We closed the quarter 90.1% invested, and 3.5% net long.

## Current Outlook:

Due to significant headwinds, a slowdown in the U.S economy appears likely as we enter 2006. Both the combined effects of high energy prices (oil prices above \$55 since last June) and the Federal Reserve's substantial reduction in monetary accommodation (current Fed Funds rate of 4.25%) should slow economic growth. The rise in short-term rates has slowed mortgage originations which, in turn, will likely slow mortgage equity withdraw (MEW). At an \$800 billion annual rate in the third quarter, MEW has been a significant lift to the overleveraged consumer, who in 2005 accounted for a record 76% of GDP and spent more than he made for the first time since the Great Depression. Further, while headline inflation reports have shown price increases to be within the allowable range for Fed policy makers, consumers still face stealth pressures, including rising health care and education costs, increases in real estate taxes and higher energy prices. Yet perhaps the most worrying signal for the economy in 2006 is the flattening of the yield curve (the narrowing of the spread between the short term rates at which financial institutions borrow money and the long term rates at which they lend). It's true that a consistently inverted yield curve is an ominous recessionary signal, but a flat yield curve can cause problems as well considering it decreases the profitability of the financial sector and decreases liquidity available for lending. These headwinds may be offset, to some extent, by the global growth cycle. Indeed, Chinese economic growth remains impressive and is among the factors helping to pull the Japanese economy (the world's second largest) out of a decade-long slumber. Also, thanks to banking deregulation, a young and educated populace and an increase in consumer spending, India's economy continues its solid growth. However, many overseas economies are themselves reliant on U.S. consumer spending and it remains to be seen what effect a potential slowdown at home will have on our friends abroad.

## Portfolio Snapshot as of December 31, 2005:

### FIVE LARGEST LONG HOLDINGS

1 TurboChef Technologies (OVEN)	2.7%
2 Proctor & Gamble Co (PG)	2.2%
3 Sunrise Senior Living Inc (SRZ)	2.1%
4 Tommy Hilfiger Corp (TOM)	2.0%
5 Mitsubishi UFJ Fin Gp ADR (MTU)	1.9%

### FIVE LARGEST LONG INDUSTRIES

Telecom – Wireless Equipment	4.4%
Medical – Nursing Homes	3.3%
Elec – Semiconductor Mfg	2.9%
Household – Appliances	2.7%
Internet – Content	2.5%

### ASSET ALLOCATION

Long Equities	46.8%
Short Equities	43.3%
Corporate Bonds	0.0%
Cash	<u>9.9%</u>
Total	100.0%
Net	3.5%

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)**

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# Caldwell & Orkin Market Opportunity Fund

Portfolio Performance for the period ended December 31, 2005

	<u>Total</u> <u>Return</u>	<u>Average</u> <u>Annual Total</u> <u>Return</u>
1-Year	-0.13%	-0.13%
3-Year	-7.67%	-2.63%
5-Year	-8.59%	-1.78%
10-Year	124.39%	8.42%
Since 8/24/92 (a)	266.63%	10.21%

*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 or visit the Fund's website, [www.CaldwellOrkin.com](http://www.CaldwellOrkin.com). 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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