

MB AMERICAN EQUITY

Returns ending June 30, 2007

	1 Year	3 Years	5 Years	7 Years	10 Years
MB American Equity	21.4	12.5	13.2	7.1	10.4
S&P 500	20.6	11.7	10.7	2.2	7.1
Russell 1000 Growth	19.1	8.7	9.3	-4.4	4.4

Q2 2007 Activity

NEW STOCKS: *Increased exposure to consumer staples, materials and energy*

Freeport-McMoRan acquired Phelps Dodge in March 2007 to become the world's largest publicly traded copper producer. With metal prices continuing well above most market expectations, the Freeport management team is expected to more aggressively manage the acquired assets by selling off non-core divisions and using its strong cash flow for accelerated reduction of the acquisition-related debt.

Kraft, the diversified food producer recently spun out of Altria Group, will now be better able to tackle problems, such as stagnating growth, as an independent company. Kraft will benefit from new management's ability to focus on sales growth of each brand while taking advantage of cost cutting opportunities, where appropriate.

Peabody Energy is the world's largest coal producer with operations in Eastern and Western North America and Australia. Peabody operates some of the largest and lowest cost coal reserves in North America. In the long-term, increasing electric power demand should benefit coal prices and contribute to stronger earnings.

Sysco is the largest foodservice supplier in North America, serving about 400,000 customers through almost 190 distribution centers in the U.S. and Canada. Its expanded sales force is well positioned to gain market share from smaller, independent competitors. The construction of several regional distribution centers and an improved inventory management process should also lead to reduced costs.

DELETED STOCKS:

Fluor and Harman were eliminated from the portfolio during the quarter as their stock's prices had risen to our internally generated sell target.

Industry Sector	Portfolio Distribution		S&P 500 Distribution		Diff. Port. vs. Index		Top 10 holdings	% of American Equity Fund
	31/03/07 (%)	30/06/07 (%)	31/03/07 (%)	30/06/07 (%)	Q1 (%)	Q2 (%)		
Consumer Staples	12.4	14.6	9.6	9.3	2.8	5.3	Issuer	
Industrials	19.0	16.5	10.9	11.4	8.1	5.1	CITIGROUP INC	4.11
Information Technology	16.0	17.5	14.9	15.5	1.1	2.1	MICROSOFT CORP	3.86
Materials	2.9	3.7	3.1	3.1	-0.1	0.6	SCHLUMBERGER LTD	3.67
Energy	9.4	10.6	10.1	10.8	-0.6	-0.2	AMERICAN INTERNATIONAL GROUP INC	3.38
Utilities	5.0	3.3	3.7	3.5	1.2	-0.2	CISCO SYSTEMS INC	2.99
Telecommunication Services	3.1	3.1	3.7	3.8	-0.7	-0.7	BURLINGTON NORTHERN SANTA FE	2.82
Health Care	9.8	9.6	11.9	11.7	-2.1	-2.1	INTEL CORP	2.71
Consumer Discretionary	6.5	5.3	10.5	10.2	-4.0	-4.9	ALCOA INC	2.69
Financials	14.6	13.8	21.6	20.8	-7.0	-7.0	APACHE CORPORATION	2.58
Cash	1.3	2.0	0.0	0.0	1.3	2.0	UNITED TECHNOLOGIES	2.50
	100.0	100.0	100.0	100.0	0.0	0.0		31.33