



The Compass™

The Appleton Group
100 W. Lawrence Street, Third Floor
Appleton, WI 54911

Introducing *The Appleton Group Funds*

The Appleton Group, LLC was founded to fulfill an investor's desire to participate in the U.S. equity markets while simultaneously addressing the need to manage investment risk. Our firm was founded in April of 2002 by Mark C. Scheffler who serves as Senior Portfolio Manager.

The Appleton Group, LLC currently serves 54 clients, and manages \$42.3 million of investable assets. We serve individuals, families, corporations, institutions, endowments, trusts and company sponsored retirement plans.

The Appleton Group, LLC is an independent Registered Investment Advisor.

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The Appleton Group is pleased to announce the formation of *The Appleton Group Funds*, based on The Appleton Group Wealth Management Discipline™.

The Appleton Group Funds is the culmination of fifteen months of planning and preparation which has resulted in what we believe is a truly special and groundbreaking wealth management offering. Currently in registration, (and not yet open for investment), our fund family has already attracted the attention of local media and is expected to be as well received as our private wealth management offerings.

A Promise Made is a Promise Kept

As my private clients will remember, I made a commitment several years ago to limit my practice to only 65 families, a cap that allows me to fully serve my clients and which allows me to balance my professional life with my personal and family life. We currently serve 52 separate clients, all of whom have unlimited access to our full range of wealth

management and planning services. Without diluting that access, *The Appleton Group Funds* allows us to offer our innovative and proactive wealth management discipline to a wide audience of investors both locally and throughout America.

Our two mutual funds, *The Appleton Group Fund* and *The Appleton Group Plus Fund* will each represent one client, bringing our total clientele to a very manageable number. This ensures that all existing clients will continue to have unfettered access to our private client services, and will leave the door open wide for us to serve any of our clients' family members.

Innovative Structures

With so much having been made of the mutual fund scandals of the past several years, starting *The Appleton Group Funds* from scratch presented us with a grand opportunity. We embraced the opportunity to build our fund family with a structure that was free from conflicts of interest, completely independent, and



Mark C. Scheffler

Senior Portfolio Manager,
Founder

which utilized a series of strategic partnerships, all with the goal of meeting the long-term goals of investors-at-large.

First, *The Appleton Group Funds* are structured to eliminate conflicts of interest. As you are likely aware, The Appleton Group LLC provides one service: independent wealth management and planning. As

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A Look Inside...

I'm fascinated by the incredible advances in imaging technology available today. I'm talking X-ray machines that can scan my whole head, such as the one in my dentist's office. I also remember touring Theda Clark and seeing all of the new MRI and CAT Scan equipment, not to mention all of the new technology that I can't

even begin to pronounce. All with the goal of seeing inside of us, finding out how we work (or don't work), and in many cases identifying and preventing illnesses before they become serious.

If we were to have such a device in our new office, it would probably be called the "Portfolio

X-Ray," and would be used to look "inside" of our wealth management discipline to identify the inner workings of The Appleton Group Wealth Management Discipline™. As it turns out, we don't have such a

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Introducing *The Appleton Group Funds* (continued from page 1)

we are not owned by a brokerage firm, insurance company or any other financial institution, our fund family is free to focus solely on wealth management. In addition, the interests of all fund shareholders is represented by an outside, independent and objective Board of Directors who oversee all operations of *The Appleton Group Funds* (including our contract to manage (or advise) the assets in the fund). Additionally, we have taken steps to limit our compensation solely and exclusively to the advisory fees paid to us to manage the funds' assets, just as we have always done with respect to our private clients. No hidden compensation, no hidden relationships, no conflicts of interest.

We have also taken this opportunity to utilize the strengths of several large and noteworthy corporations whose services enable us to focus exclusively on wealth management. First, U.S. Bancorp Fund Services, a division of U.S. Bancorp (formerly Firstar) has been engaged to facilitate all buying and selling of shares in *The*

Appleton Group Funds. As this service has been notoriously linked to the late-day trading issues of so many mutual fund families, the independence of U.S. Bancorp Fund Services adds another level of investor protection. U.S. Bancorp also facilitates all fund accounting, prepares all statements, staffs a full service call center, facilitates distribution, and assists on all SEC filing issues. We are thrilled to have the services of a firm with such depth and experience!

In addition, Doilette & Tousch performs our annual independent audit, Milwaukee law firm Godfrey & Kahn S.C. Serves as our legal counsel, Charles Schwab & Co. provides all of our institutional trading services (buys and sells investments inside of the funds), and Morningstar provides a host of industry benchmarking services. Last but not least, Weidert Group (of Appleton) facilitates our marketing and public relations efforts. Truly an all-star team!

Built on a Tradition of Excellence

While startup funds with no assets and no performance history, both *The Appleton Group Fund* and *The Appleton Group PLUS Fund* build on the tradition of The Appleton Group Wealth Management Discipline™. This discipline, utilized exclusively by our private clients through *The Appleton Group Portfolios* initiates prudent and timely portfolio adjustments based on ever-changing market conditions. Prioritizing proper asset allocation and investment risk management, this discipline has enabled our private clients the opportunity to participate in sustained market advances while simultaneously managing risk during periods of sustained market decline.

The Appleton Group Funds are currently in registration, and are expected to be open to the public later this quarter*.

-MCS



The SEC neither approves or disapproves these securities.

Compass Portfolios Renamed

To tie in the name of our firm with the name of all of The Appleton Group's wealth management offerings, The Compass Portfolios have undergone a simple but important name change. Effective April 1, all of our model portfolios will be known simply as The Appleton Group Portfolios.

The Appleton Group Portfolios moniker will more accurately reflect our firm's role in managing these model portfolios, and will coincide with the introduction of *The Appleton Group Funds*.

The Compass Wealth Management Discipline will now be known as The Appleton Group Wealth Management Discipline™. The Individual Compass Portfolios' name changes will be as follows:

Previous Name	New Name
The Compass Portfolio	The Appleton Group Portfolio
The Compass PLUS Portfolio	The Appleton Group PLUS Portfolio
The Compass Balanced Income Portfolio	The Appleton Group Balanced Income Portfolio
The Compass Voyager PLUS Portfolio	The Appleton Group Tax Managed Portfolio
The Compass Voyager Portfolio	The Appleton Group Voyager Portfolio

Welcome New Staff Members

Please join us in welcoming several new additions to our staff. With the introduction of *The Appleton Group Funds* and with the ongoing development of our private client group, several marketing and support positions were developed. Each new member of our staff brings a wealth of experience and knowledge. We are pleased to introduce to you:

Daniel Buechel

Director - Advisor Relations



As the Director - Advisor Relations, Dan's role is to promote The Appleton Group Wealth Management Discipline by building relationships and educating local intermediaries on the advantages of the investment opportunities. Dan joins The Appleton Group with over 20 years of experience in financial services and was most recently with Secura. He has been a Certified Financial Planner since 1989.

Peter Mutschler

Specialist - Technical Operations



As Specialist - Technical Operations, Peter will assist in all facets of The Appleton Group Wealth Management Discipline, including portfolio analysis, research, trading, statement generation and data reconciliation. Peter's strong background in sales, management, and strategic planning will serve both our private clients and our mutual fund clients with distinction.

Julie Wanie

Director - Retirement Plan Relations



As the Director - Retirement Plan Relations, Julie's role is to promote The Appleton Group Wealth Management Discipline by building relationships and educating local Retirement Benefit Managers on the advantages of the investment opportunities. Julie joins The Appleton Group with over 10 years experience in the financial industry and was most recently with Thrivent Financial. Julie holds her Series 7, 24, and Series 63.

Cherie Wirth

Specialist - Marketing Support



Cherie's function as Specialist - Marketing Support is twofold. She is responsible for supporting the Sales Team and executing the marketing plan. Cherie joins The Appleton Group with over 10 years of prior experience in the marketing field and was most recently with OshKosh B'Gosh. Her sound Customer Relationship Management experience will provide an excellent foundation for communicating with our customers and determining their needs.

A Look Inside... (concluded from page 1)

device yet, but we do have the result: A Five-Year Comprehensive Analysis of The Appleton Group Wealth Management Discipline™.

Our Five-Year Comprehensive Analysis takes an "x-ray" of each of our four model portfolios, taking an objective look at a host of criteria. Not only have we measured overall performance, but we have also carefully analyzed the amount of risk taken, the amount of value added by our discipline, the maximum amount of downside/upside incurred in any given year, the overall expenses incurred as a result of trading activity, as well as less tangible outcomes.

We also take a very detailed look at each portfolio component to carefully analyze similar criteria. From each component, we identify how often we have bought/sold over the past five years, and what the result of this activity has been. How often have we been right, how often have we been wrong? When we're right, what has our average appreciation been? When we're wrong, what has our average loss been? How much downside have we missed, on average when we're defensive? Likewise, how much upside have we missed out on? Have we piqued your curiosity?

At its heart, this analysis attempts to put into words the

experience of our investors to give all of us a better understanding of what should be reasonably expected from the discipline. In short, what is normal, and what is not. From this, I believe all current and future investors will be better able to foresee the many strengths and quite frankly the several shortcomings of The Appleton Group Wealth Management Discipline™.

The Five-Year Comprehensive Analysis will be made available by the end of April, and will be mailed to all existing clients. In addition, all subscribers to *The Compass* will receive a copy, which will also be posted on our firm's

website:

www.appletongrouponline.com

We hope that this unprecedented document will once again highlight our continued commitment to transparency, independence, and objectivity.

-MCS



The Appleton Group Portfolios: Historic Performance Summary*

Data as of March 31, 2005

<i>The Appleton Group Portfolios</i>	<i>Morningstar Category</i>	<i>Q1 - 2005 Total Return (annualized)</i>	<i>3 Year Total Return (annualized)</i>	<i>5 Year Total Return (annualized)</i>
The Appleton Group Portfolio	Moderate Allocation	-5.30%	+8.00%	+3.37%
The Appleton Group Plus Portfolio	Moderate Allocation	-6.02%	+8.38%	+9.94%
The Appleton Group - Balanced Income Portfolio	Moderate Allocation	-3.57%	+9.86%	+4.35%
The Appleton Group - Tax Managed Portfolio	Moderate Allocation	-1.31%	+9.95%	+10.40%
	<i>S&P 500 Index</i>	-2.14%	+2.64	-3.24%

Performance quoted represents past performance and is no guarantee of future results.

*Important information: The Appleton Group Portfolio performance information provided indicates what effect the buy and sell signals generated by the Appleton Group Wealth Management Discipline have had on a model portfolio comprised of the ETFs indicated if such buy and sell signals were implemented. Although the buy and sell signals are actual recommendations which have been generated by the Appleton Group Portfolio Management Discipline since December 31, 1999, the performance results are for a model portfolio and do not represent the actual performance of accounts managed using the Appleton Group Portfolio Management Discipline. Performance statistics have been calculated net of a 1.00% management fee, net of applicable mutual fund expenses and net of brokerage costs using the internal iterative rate of return (dollar weighted) calculation method. While performance is compared to the benchmark indicated, client accounts may be fully invested, partially invested in cash equivalents, or invested in inverse ("bear market") funds, depending on the portfolio selected. The actual amount of time invested in the market will vary with economic conditions. Unlike an actual performance record, these performance results do not reflect the impact a client's economic circumstances might have had on the investment adviser's decision making if the investment adviser were managing a client's money. Investors should not consider the performance data a substitute for the performance of actual client accounts, nor should investors consider this data as an indication of future performance. The principal value and return of exchange traded mutual funds and other mutual funds will fluctuate with changing market conditions, and may be worth more or less than your initial investment. All dividend, interest, and capital gain distributions assume reinvestment into the targeted investment. Performance statistics do not consider potential tax liabilities as a result of management activity. Please consult your tax advisor for further information. The Appleton Group, LLC became the investment advisor for The Appleton Group Portfolios on April 5, 2002, with Mark C. Scheffler serving as the sole portfolio manager. Prior to that date, Mr. Scheffler managed The Appleton Group Portfolios on a non-discretionary basis while employed as a broker with Robert W. Baird & Company, Inc. A complete history of all portfolio recommendations is available upon request. Deviation from the models will produce substantially different results. The Appleton Group LLC is regulated by the U.S. Securities and Exchange Commission and by the State of Wisconsin, Department of Financial Institutions. The SEC neither approves or disapproves these securities.

The Appleton Group Funds: Historic Performance Summary**

The funds have no performance to advertise at this time.

**A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may an offer to buy be accepted prior to the time the registration statement becomes effective. This communication shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

Mutual fund investing involves risk. Principal loss is possible.

While the funds are no-load, management and distribution fees and other expenses still apply.

Because the Funds are "fund of funds", the cost of investing in each Fund will generally be higher than the cost of investing directly in the shares of mutual funds in which they invest. By investing in the Funds, you will indirectly bear your share of any fees and expenses charged by the underlying funds, in addition to indirectly bearing the principal risks of those funds. These risks include, but not limited to, risks involved with short selling and investments in ETFs, fixed income securities, technology, smaller capitalization companies and lower rated securities.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained, once effective, by calling The Appleton Group at 866.993.7767. Read it carefully before investing.

The Appleton Group Funds are distributed by Quasar Distributors, LLC.