

GILBERT J. MORALES ACCOUNT

STATEMENT OF INVESTMENT
PERFORMANCE STATISTICS
AND
INDEPENDENT ACCOUNTANTS' REPORT

FOR THE PERIOD
JANUARY 1, 1998 TO DECEMBER 31, 2005

GILBERT J. MORALES ACCOUNT

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Rothstein Kass

INDEPENDENT ACCOUNTANTS' REPORT

To the Principals of Sierra Capital Investors

We have examined the accompanying Statement of Investment Performance Statistics of Gilbert J. Morales Account # 3XX-XXX57 for the period January 1, 1998 to December 31, 2005. The statement is the responsibility of Gilbert J. Morales. Our responsibility is to express an opinion on this statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Statement of Investment Performance Statistics of the Partnership and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Statement of Investment Performance Statistics referred to above presents fairly, in all material respects, the investment performance of Gilbert J. Morales Account # 3XX-XXX57 for the period January 1, 1998 to December 31, 2005 based on the measurement and disclosure criteria set forth in the Notes to Statement of Investment Performance Statistics.

Rothstein, Kass & Company, LLP

Walnut Creek, California
August 28, 2006

GILBERT J. MORALES ACCOUNT

STATEMENT OF INVESTMENT PERFORMANCE STATISTICS

For the period January 1, 1998 to December 31, 2005

	<u>Gross Rate of Return</u>	<u>Hypothetical Rate of Return *</u>	<u>Benchmark Return S&P 500 Index (Not Examined)</u>	<u>Benchmark Return NASDAQ (Not Examined)</u>
Quarter Ended				
3/31/1998	33.23%	26.18%	13.94%	17.02%
6/30/1998	-32.52%	-29.55%	3.30%	3.32%
9/30/1998	26.69%	23.45%	-9.93%	-10.51%
12/31/1998	0.78%	0.23%	21.28%	29.57%
Annual Return	14.79%	10.00%	28.57%	40.19%
Quarter Ended				
3/31/1999	79.21%	62.97%	4.98%	12.34%
6/30/1999	71.15%	61.98%	7.05%	9.22%
9/30/1999	-17.17%	-16.33%	-6.24%	2.30%
12/31/1999	337.06%	306.08%	14.87%	48.27%
Annual Return	1010.37%	796.89%	21.04%	86.11%
Quarter Ended				
3/31/2000	102.58%	81.66%	2.29%	12.41%
6/30/2000	57.54%	50.76%	-2.66%	-13.23%
9/30/2000	-34.62%	-32.56%	0.97%	-7.36%
12/31/2000	-13.07%	-12.10%	-7.82%	-32.69%
Annual Return	81.39%	62.36%	-7.33%	-39.18%
Quarter Ended				
3/31/2001	39.42%	31.14%	-11.85%	-25.45%
6/30/2001	47.45%	39.79%	5.85%	17.53%
9/30/2001	14.75%	12.70%	-14.67%	-30.59%
12/31/2001	19.85%	17.48%	10.69%	30.23%
Annual Return	182.72%	142.69%	-11.87%	-20.80%

* Hypothetical returns are presented net of 2% management and 20% performance fees on a pro-forma basis (see Note 2).

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STATEMENT OF INVESTMENT PERFORMANCE STATISTICS

For the period January 1, 1998 to December 31, 2005

	Gross Rate of Return	Hypothetical Rate of Return *	Benchmark Return S&P 500 Index (Not Examined)	Benchmark Return NASDAQ (Not Examined)
Quarter Ended				
3/31/2002	5.59%	4.07%	0.28%	-5.30%
6/30/2002	29.13%	23.13%	-13.39%	-20.63%
9/30/2002	-44.40%	-41.87%	-17.27%	-19.80%
12/31/2002	-34.97%	-35.47%	8.43%	14.08%
Annual Return	-50.70%	-51.94%	-22.09%	-31.23%
Quarter Ended				
3/31/2003	14.32%	13.82%	-3.15%	0.58%
6/30/2003	41.79%	41.29%	15.39%	21.11%
9/30/2003	2.25%	1.75%	2.65%	10.22%
12/31/2003	4.05%	3.55%	12.17%	12.29%
Annual Return	72.45%	69.44%	28.68%	50.76%
Quarter Ended				
3/31/2004	10.90%	10.40%	1.69%	-0.35%
6/30/2004	-8.08%	-8.58%	1.72%	2.80%
9/30/2004	2.01%	1.51%	-1.88%	-7.24%
12/31/2004	80.50%	70.20%	9.23%	14.87%
Annual Return	87.70%	74.38%	10.86%	9.15%
Quarter Ended				
3/31/2005	-0.22%	-0.72%	-2.15%	-7.95%
6/30/2005	9.63%	7.45%	1.37%	3.07%
9/30/2005	10.91%	8.46%	3.60%	4.78%
12/31/2005	-13.04%	-11.20%	2.06%	2.73%
Annual Return	5.50%	2.74%	4.88%	2.12%
Cumulative Rate of Return for the Period				
1/1/1998 - 12/31/2005	10904.25%	5572.04%	48.15%	45.25%

* Hypothetical returns are presented net of 2% management and 20% performance fees on a pro-forma basis (see Note 2).

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NOTES TO STATEMENT OF INVESTMENT PERFORMANCE STATISTICS

1. General

The Statement of Investment Performance Statistics displayed herein represents the investment performance for Gilbert J. Morales' Account # 3XX-XXX57 (certain digits hidden for confidentiality reasons). The rates of return do not reflect any other trading or investment performance of Gilbert J. Morales other than that reflected in the account with William O'Neil & Company Inc.

The performance results are net of commissions and transaction costs.

The account's assets were comprised of cash, cash equivalents and publicly traded securities. All investments in publicly traded securities were valued at their last sales price as of the last business day of each month. Interest and dividends were reinvested into the account.

The accompanying performance statistics are based upon historical and hypothetical performance and are not necessarily indicative of future performance.

2. Calculation methodology

Monthly performance was computed using the "modified Dietz method," which calculates rates of return monthly, based on the beginning and ending values and time-weighted cash flows during the month. The cumulative returns were calculated by geometrically linking the returns through compounded multiplication.

Hypothetical performance is presented net of 2% management and 20% performance fees on a pro-forma basis. Pro-forma management fee is computed quarterly at 0.5% before pro-forma performance fees. Pro-forma performance fee is computed quarterly at 20% of the increase less pro-forma management fees, subject to pro-forma loss carryforwards.

3. Benchmark returns (not examined)

The benchmark returns used as comparisons are presented to give further context to the investment environment for the time period shown. The returns presented have not been examined within this independent accountants' report.

For comparison purposes, each of these histories have been linked in the same manner as described in Note 2. The returns include the reinvestment of dividends and do not include any transaction costs, management fees or other costs.

S&P 500 Index

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

NASDAQ

The NASDAQ Composite Index is a broad-based capitalized-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.