

# ARMADA BALANCED ALLOCATION FUND

I SHARES (INSTITUTIONAL) • QUARTERLY FUND HIGHLIGHTS • PERIOD ENDING 6/30/2004



## OBJECTIVE

Armada Balanced Allocation Fund seeks to provide long-term capital appreciation and current income. The equity portion of the portfolio will be invested in common stocks with market capitalizations of \$100 million or more.

## INVESTMENT STRATEGY

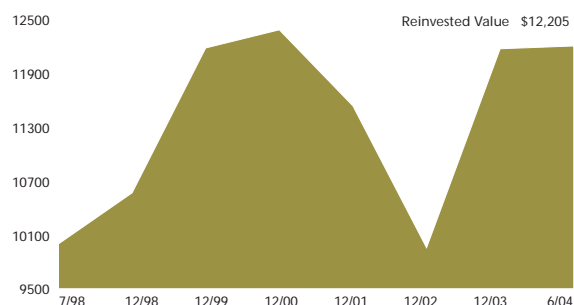
### A well-allocated portfolio may provide more consistent returns over time

Armada Balanced Allocation Fund's management team employs a top-down approach to asset allocation. They employ proprietary models to determine broad market and sector allocations, then draw on the expertise of our highly specialized investment teams to find the best investment opportunities available in each marketplace. In general, 45% to 75% in equity securities, 25% to 55% in investment grade fixed-income investments, and up to 30% in cash equivalents. The fund may also invest up to 20% of its assets internationally. The benchmark for the Armada Balanced Allocation Fund is the **60/40 Hybrid of S&P 500 and Lehman U.S. Aggregate Bond Index**<sup>\*</sup>.

## INVESTMENT RISKS

Asset allocation, like other investment strategies, cannot guarantee a profit or prevent a loss. An investment in the Fund is subject to interest rate risk, which is the possibility that the Fund's yield will decline due to falling interest rates. International investments are subject to special risks not ordinarily associated with domestic investments, including currency fluctuations, economic and political change, and differing accounting standards that may adversely affect portfolio securities. Investments in small/mid-sized companies present a greater risk of loss than investments in large companies.

## GROWTH OF A \$10,000 INVESTMENT



This chart illustrates a hypothetical \$10,000 investment in Class I shares since the Fund's inception, assuming reinvestment of all distributions. The growth of an investment in other classes may vary due to different sales loads and expenses.

Performance shown is past performance. Current performance may be lower or higher. Please visit our web site at [www.armadafunds.com](http://www.armadafunds.com) to obtain returns current to the most recent month-end. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

## TOTAL RETURNS

Share Class (Inception Date)	3 Months	1 Year	Annualized 3 Years	Annualized 5 Years	Annualized 10 Years	Annualized Life of Fund
I Shares (7/10/1998)	-1.00%	12.55%	0.86%	2.40%	N/A	3.39%

Total returns reflect reinvestment of dividends, capital gains and deductions of applicable sales charges, operating expenses and fees.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month-end is available at 1-800-622-FUND (3863) or [www.armadafunds.com](http://www.armadafunds.com).



<sup>\*</sup>The 60/40 Hybrid of S&P 500 and Lehman U.S. Aggregate Bond Index is a blend of 60% S&P Composite 500 Index and 40% Lehman U.S. Aggregate Bond Index, as calculated by the Advisor and is not available for direct investment. Unlike a mutual fund, the performance of an index assumes no taxes, transaction costs, management fees or other expenses.

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## PORTFOLIO MANAGEMENT

National City Investment Management Company (IMC), a wholly owned subsidiary of National City Corporation, is the advisor to Armada Funds. IMC built its business on a solid foundation, leveraging a long history serving institutions and individuals. IMC is dedicated to governing by three principles: investment experience, portfolio discipline and specialized team management. The Fund is managed by the Asset Allocation Investment Management Team.

## WHAT SETS ARMADA APART

An organization defined by **stability** and trust

**Integrity** in our people and processes

Commitment to **partnership** with financial advisors

**Access** to what you need, when you need it

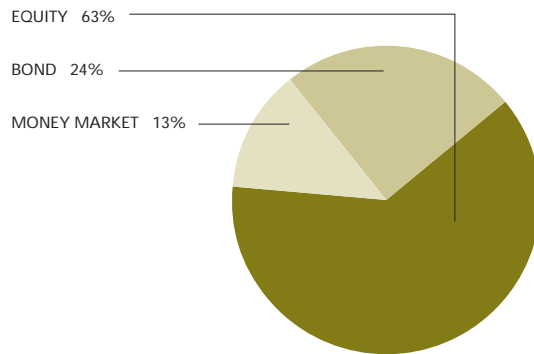


www.armadafunds.com

## PORTFOLIO STATISTICS

Class	I
Assets (millions)	\$136.13
Cusip number	042086272
NASDAQ symbol	ABAIX
Net asset value (as of 6/30/2004)	\$9.48
Net asset value (past 12 months)	
High	\$9.73
Low	\$8.47
Inception date	7/10/1998
Dividend frequency	Quarterly
Dividends paid (\$ per share)	
Past quarter	\$0.0246
Current year	\$0.0246
Capital gains	N/A
Total net assets (as of 6/30/2004 in millions)	\$162.05

## PORTFOLIO COMPOSITION (SUBJECT TO CHANGE)<sup>+</sup>



## TOP 10 SECURITY HOLDINGS

(SUBJECT TO CHANGE)<sup>+</sup>

(% OF TOTAL NET ASSETS)

GOLD BULLION SECURITIES	4.40%
FNMA 5.5% TBA 07/01/34	2.22%
US T-NOTE 5.875% 11/15/04	1.82%
CITIGROUP INC	1.30%
MICROSOFT CORP	1.17%
US TREASURY N/B, 6.5%, 2/15/10	1.15%
AMERICAN INTERNATIONAL GROUP	1.13%
PFIZER INC	1.06%
FNMA 5.250% 01/15/09	1.00%
JOHNSON & JOHNSON	0.92%

You should consider the investment objectives, risks, charges, and expenses of the Armada Funds carefully before investing. A prospectus with this and other information about the Funds may be obtained by calling 1-800-622-FUND (3863). It should be read carefully before investing.

• NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

<sup>+</sup>Portfolio composition and holdings, which are as of 6/30/2004, are for illustration purposes only and are not a permanent reflection of the Fund. Mutual funds involve risk, including the possible loss of principal. National City Investment Management Company (IMC) serves as investment advisor to Armada Funds, for which it receives an investment advisory fee. Armada Funds are distributed by Professional Funds Distributor, LLC (PFD), 760 Moore Road, King of Prussia, PA, 19406. PFD is not affiliated with IMC and is not a bank.