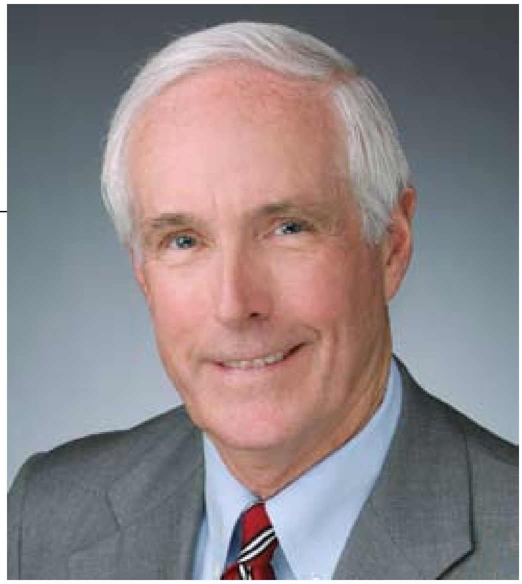
From my perspective



As reimbursement levels stagnate or decline, and practice expenses continue to rise, surgeons are experiencing new financial strains. On the personal financial side, many young members of the profession worry that they will have difficulty paying their children's college tuition, while late-career surgeons are beginning to wonder if they will be able to retire comfortably.

The leadership of the American College of Surgeons understands and appreciates the increasingly complex financial challenges that its members are experiencing. Hence, we are working to provide surgeons with the investment knowledge and services that we believe they need to ease those concerns.

In the near future, we will be launching one of those services—the Surgeons Diversified Investment Fund (SDIF). This diversified mutual fund uses fundamental investing principles—asset allocation, diversification, and rebalancing—that we believe are the necessary ingredients for a successful investment program, and that are used by the College's endowment fund. All members of the College are invited to participate in this new opportunity, which is designed to alleviate some of the stress associated with financial planning.

In addition to launching SDIF, the College is sponsoring several investment seminars at the 2006 Clinical Congress. The seminars on investing are designed to aid surgeons in understanding fundamental investing principles as they relate to practice management. (For more information on these courses, see page 28.)

Finally, toward the effort to begin to improve your investing knowledge, I urge you to read the article on page 21 by George Pendergast, investment consultant with Cambridge Associates, the consulting firm that the College used to develop its endowment funds.

"We are working to provide surgeons with the investment knowledge and services that we believe they need to ease those concerns."

Financial challenges

Surgeons at all stages of their careers are facing new and complex financial challenges. Most physicians leave medical school deeply in debt, and the low wages paid during lengthy surgical residencies forestall repayment on loans that continue to accrue interest.

Meanwhile, practicing surgeons continually see their Medicare and Medicaid reimbursement levels drop because of flaws in the formula used to calculate fees. While the American College of Surgeons and other medical organizations continue to work with Congress and the Centers for Medicare & Medicaid Services to develop a more rational and equitable payment methodology, the realization of this objective will take some time. In addition, other payors are offering lower payment amounts and negotiating more restrictive contracts, adding another layer of financial distress to many practices. Compounding the effects of these new realities are rising liability insurance and business costs. Furthermore, the rigors of surgical training and practice leave scant time to concentrate on business affairs or the stock market.

As a result, many surgeons today simply have less discretionary income than past generations enjoyed and run the risk of saving too little to ultimately be able to experience a rewarding retirement. Most surgeons would like to lead lives that are free of money worries, both for themselves and their children.

The College responds

To reclaim a sense of stability, surgeons need access to resources that enable them to be better businesspeople and investors. They need to know how to code and bill for maximum return, how to run cost-effective practices, and how to negotiate contracts. The American College of Surgeons has offered a number of programs to help surgeons manage their practices efficiently. In addition, the College offers reliable life, disability, and other insurance coverage through a program underwritten by New York Life Insurance Co.

These programs and services are described in greater detail in the "From my perspective" column on page 3 of the February 2006 *Bulletin* (available at *www.facs.org/fellows_info/bulletin/2006/feb06russell.pdf*). In that column, I also noted that we were working to develop a proprietary investment vehicle, or mutual fund, as a benefit of College membership. The launch of SDIF represents the culmination of that effort.

The mutual fund

The College believes that SDIF provides a unique investment opportunity for members of this organization, their families, employees, and affiliate groups. SDIF is managed by Surgeons Asset Management, LLC (SAM), and I serve as that organization's Chief Executive Officer and Director. Other members of the SAM Board of Directors are identified on page 27.

SDIF uses the fundamental investing principles of asset allocation, diversification, and rebalancing. SDIF is designed to meet the needs of surgeons at any given career stage and for a portion of their portfolio. More specifically, SDIF invests in what are known as exchange-traded funds (ETFs) in a variety of asset classes. ETFs typically track a stock-market index and trade on an exchange like a regular stock. Under normal market conditions, approximately 70 percent of SDIF's net assets will be invested in equities, and the other 30 percent will be invested in fixed-income securities. The equities include both domestic and foreign stocks, as well as energy and real estate investments. Furthermore, SDIF's assets will be rebalanced periodically to maintain this target allocation.

SDIF is available to help surgeons manage their assets and fulfill their needs based on where they are in their careers. For example, medical students typically have very little discretionary spending money and even less time to think about saving for the future, while residents primarily want to reduce their debt. Mid-career surgeons generally want to be able to put aside enough money to ensure their families' well-being and happiness, while late-career professionals want to protect their assets and plan for retirement. We believe SDIF is a good place to start and continue building your healthy financial future.

You should be receiving a mailing about SDIF in the coming weeks. An investor should consider the fund's investment objectives, risks, charges, and expenses carefully before investing. SDIF's prospectus contains this and other information about the fund. The prospectus is available by visiting *www.surgeonsfund.com* or by calling 800/208-6070. Before investing, read the prospectus carefully.

I hope that many of you will explore this new investment opportunity that the College is providing to members. We anticipate that this service will be of assistance in alleviating some of the financial pressures that surgeons now face.

The information contained in the fund's current registration statement (prospectus and statement of additional information) is not complete and may be changed. The fund is not currently available for purchase and will not be available until the registration statement filed with the Securities and Exchange Commission is deemed effective. The fund's current registration statement is not an offer to sell the fund and is not soliciting an offer to buy the fund in any state where the offer or sales is not permitted.

Tom Russell

Thomas R. Russell, MD, FACS

If you have comments or suggestions about this or other issues, please send them to Dr. Russell at fmp@facs.org.