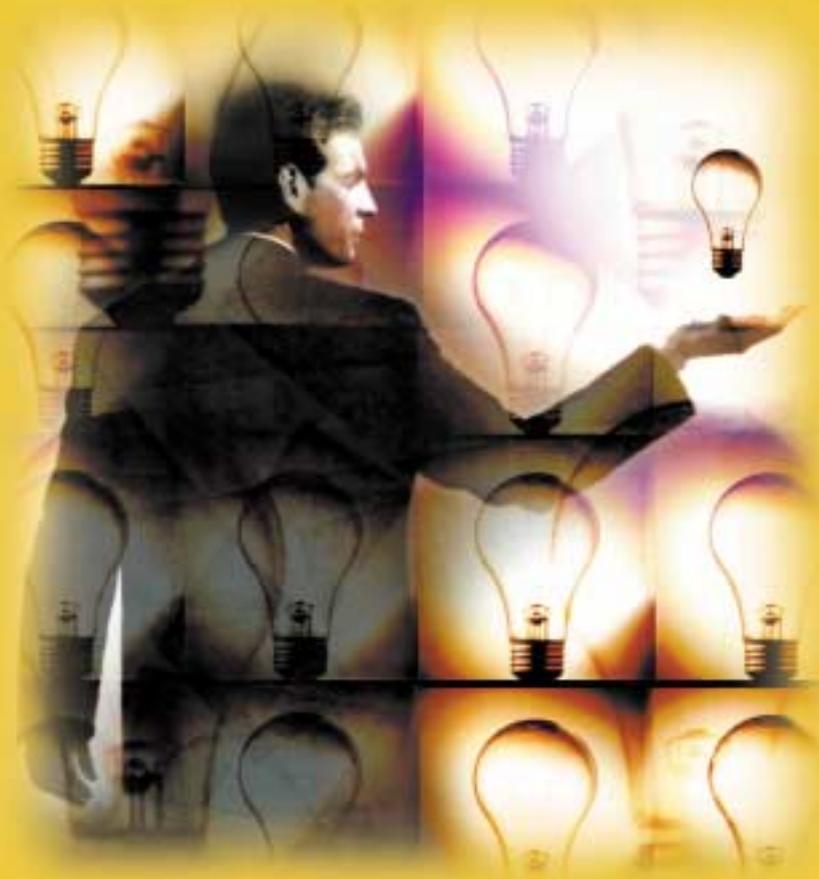


rethinking

Rethinking Value in the New Economy...



FLAG INVESTORS
Investing With A Difference®



Don't We Always Seek Out Value?

For most individuals, **investing** is a life-long activity focused on creating a better future. You work hard for the things you own, such as your house, and you probably look for **value** in all that you purchase. You typically purchase with long-term objectives in mind while embracing new trends and **technology**. So—why wouldn't you invest your money the same way?

Flag Investors has been focusing on a new approach to value investing in the dynamic New Economy. In days past, or what has become known as the Old Economy, value investing was buying strong companies that had suffered a temporary setback. Today, Flag Investors' **value-focused** funds merge both this Old Economy principle with the New Economy in an effort to mitigate the downdrafts of today's market. Our Value Builder and Equity Partners funds unite these economies by focusing on companies embracing **New Economy** business models and strong Old Economy business fundamentals.

What is the New Economy?

At Flag Investors, we believe the New Economy encompasses two broad **trends**: the globalization of business and the revolution of **technology**, both fueled by information. More specifically, it is a phenomenon where change is constant and increased competition is inevitable. And, success is based on an organization's ability to capitalize on an essentially infinite amount of **information**.

So...

...Which of the following are New Economy stocks?

- ▶ AMERICAN EXPRESS
- ▶ TYCO INTERNATIONAL LTD.
- ▶ UNITED TECHNOLOGIES CORP.

How about all!

With Flag Investors you can have the best of both worlds—**strong** brick and mortar companies with dot-com attitudes.

At Flag Investors, the companies that our 'value funds' are investing in are making strides to become more **profitable** in the New Economy. They are taking advantage of today's technology and are embracing New Economy business models, e-commerce **strategies**, technology and communication.

Flag Investors Value Builder and Equity Partners funds are rethinking value investing in the New Economy. Our funds boast companies that are bridging the gap between the two economies through the implementation of proprietary **innovation**, adoption of information strategies, and acquisitions and alliances. Furthermore, they seek to do this while simultaneously maintaining the traditional economic **principles** that value investing was built upon such as reasonable valuations, strong earnings growth, brand recognition, abundant resources and financial stability.

Where would you rather invest your money, a dot-com where analysts forecast failure rates as high as 75% or an **established**, progressive, **value** company with a track record.¹?

Bridging the Divide

▶ AMERICAN EXPRESS

- Implemented a comprehensive Internet strategy to drive business growth.
- Launched customer service site called My American Express that enables customers to tailor the site to their needs.
- Established leadership position in online payments through the Blue and Centurion smart cards.

TYCO INTERNATIONAL LTD.

- Planning to build and operate largest global undersea fiber optic communications network.
- Global operations span over 80 countries and over 650 profit centers while employing 182,000 people.
- Mass acquisition strategy which converges technologies and companies to strengthen product lines and enhance competitive position.

UNITED TECHNOLOGIES CORP.

- 57th largest US corporation¹ with a standing of 125th in the world². Maintains 1,900 locations across 183 countries
- Joint venture with other aerospace manufacturers to provide the aviation industry with a B2B (business-to-business) e-commerce solution, one of the first bringing together buyers and sellers in the \$500 billion aviation industry.

As of 12/31/00, American Express represented 1.22% of Value Builder Fund's holdings and 2.20% of Equity Partners Fund's holdings. Tyco represented 4.20% of Value Builder Fund's holdings and 3.68% of Equity Partners Fund's holdings. United Technologies Corp. represented 1.12% of Value Builder Fund's holdings and 0.77% of Equity Partners Fund's holdings.

¹ 2000, Fortune Magazine

² 1999, Fortune Magazine, Global 500



Flag Investors Family of Funds

Domestic Equity Funds

Communications (*Specialty*)

Emerging Growth (*Growth*)

Equity Partners (*Growth & Value*)

Real Estate Securities (*Specialty*)

Top 50 US (*Growth*)

Value Builder (*Balanced*)

International Funds

European Mid-Cap

International Equity

Japanese Equity

Top 50 Asia

Top 50 Europe

Top 50 World

Fixed Income Funds

Managed Municipal

Short-Intermediate Income

Total Return US Treasury

Money Market Fund

Cash Reserve Prime Shares

¹ Right Resources for E-commerce advice
<http://www.rightresources.com>, January 2001.

This material is authorized for distribution only when preceded or accompanied by current Value Builder and Equity Partners prospectuses. For more complete information on other Flag Investors funds, including charges and expenses, please call 1-800-767-3524 for a free prospectus. You may also order a prospectus by mail or **download** one. Read it carefully before you invest or send money. Mutual funds are subject to investment risk.