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Ashland Partners & Company LLP

Independent Accountant's Report

Board of Directors
Hanseatic Management Services, Inc.
5600 Wyoming NE, Suite 220
Albuquerque, NM 87109

Report on Firm-Wide Verification and Performance Examination

We have examined Hanseatic Management Services, Inc.'s (the "Company") (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS[®]) on a firm-wide basis for the periods January 1, 2002 through September 30, 2011, and (2) design of its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011. We have also examined the accompanying performance presentations and Annual Disclosure Presentation of the Company's **Small Cap Equity Composite** for the periods January 1, 2002 through September 30, 2011.

Management and Accountant's Responsibility

The Company's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Annual Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

Opinion

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 about the Company's compliance with the above-mentioned requirements; evaluating the design of the Company's policies and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth by the GIPS standards and 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, Hanseatic Management Services, Inc. has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods January 1, 2002 through September 30, 2011; and
- Designed its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011.

Also, in our opinion, the Annual Disclosure Presentation of the Company's **Small Cap Equity Composite** for the periods January 1, 2002 through September 30, 2011, is presented, in all material respects, in conformity with the GIPS standards.

Outside of the scope of our verification of the Company and our performance examination of the Composite, we have also examined the composite performance in the Annual Disclosure Presentation for the period January 1, 2001 through December 31, 2001. Our review 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 that calculation methodologies consistent with those used for the periods January 1, 2002 through September 30, 2011 were used to calculate performance results and present composite information. Additionally, we performed other procedures as we considered necessary in the circumstances. We believe our review provides a reasonable basis for our opinion.

The Supplemental Information included in the Annual Disclosure Presentation is not a required part of the disclosures and as such, was not included in our examination. Accordingly, we express no opinion or any other form of assurance on such information. The Supplemental Information presented is the responsibility of the Company's management.

This report does not relate to any composite presentation of the Company other than the Company's **Small Cap Equity Composite**.

Ashland Partners + Company LLP
Ashland Partners & Company LLP
November 18, 2011

HANSEATIC MANAGEMENT SERVICES, INC.
SMALL CAP EQUITY COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION

Asset-Weighted Returns Gross and Net of Management Fees
Results have been calculated in U.S. Dollars

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2011	Gross	13.52%	(3.17%)	(18.47%)		(10.39%)*
	Net	13.40%	(3.28%)	(18.56%)		(10.68%)*
2010	Gross	7.53%	(11.41%)	11.81%	14.23%	21.67%
	Net	7.43%	(11.51%)	11.69%	14.11%	21.17%
2009	Gross	(16.01%)	6.73%	19.53%	2.20%	9.50%
	Net	(16.09%)	6.63%	19.43%	2.09%	9.08%
2008	Gross	(17.90%)	6.98%	(17.37%)	(28.31%)	(47.97%)
	Net	(17.90%)	6.89%	(17.45%)	(28.36%)	(48.10%)
2007	Gross	3.69%	6.01%	4.72%	0.67%	15.88%
	Net	3.69%	6.01%	4.72%	0.67%	15.88%
2006	Gross	16.96%	(8.04%)	(3.37%)	9.77%	14.09%
	Net	16.73%	(8.22%)	(3.55%)	9.77%	13.42%
2005	Gross	(4.59%)	4.79%	11.26%	3.98%	15.67%
	Net	(4.77%)	4.59%	11.04%	3.79%	14.78%
2004	Gross	3.52%	0.76%	(2.50%)	12.93%	14.85%
	Net	3.32%	0.56%	(2.68%)	12.69%	13.93%
2003	Gross	(2.69%)	18.32%	6.63%	13.63%	39.50%
	Net	(2.89%)	18.08%	6.44%	13.42%	38.43%
2002	Gross	(3.80%)	(10.69%)	(17.52%)	2.45%	(27.40%)
	Net	(3.99%)	(10.85%)	(17.67%)	2.26%	(27.93%)
2001	Gross	(17.79%)	5.69%	(29.01%)	9.38%	(32.53%)
	Net	(17.93%)	5.50%	(29.11%)	9.17%	(33.00%)

* Performance represents a non-annualized partial period return ending on September 30, 2011.

Past performance is not indicative of future results. The Independent Accountant's Report and Annual Disclosure Presentation are an integral part of this presentation.



Hanseatic Management Services Inc
Small Cap Equity Composite
Annual Disclosure Presentation

Small Cap	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accounts	% of Non-Fee-Paying	Annual Performance						Gross Return vs. BM1	Net Return vs. BM1	
					Results Composite		Benchmark Returns		Composite Dispersion	Gross Return vs. BM1			Net Return vs. BM1
					Gross	Net	BM1	BM2					
2011	245	10	Five or fewer	0%	-10.39	-10.68	-15.57	N/A	N/A	5.18	4.89		
2010	270	43	Five or fewer	0%	21.67	21.17	29.09	N/A	N/A	-7.42	-7.92		
2009	258	36	Five or fewer	0%	9.50	9.08	34.47	N/A	N/A	-24.97	-25.39		
2008	236	23	Five or fewer	0%	-47.97	-48.10	-38.54	N/A	N/A	-9.43	-9.56		
2007	245	<1.0	Five or fewer	100%	15.88	15.88	7.05	N/A	N/A	8.83	8.83		
2006	201	<1.0	Five or fewer	100%	14.09	13.42	13.35	N/A	N/A	0.74	0.08		
2005	250	60	Five or fewer	0%	15.67	14.78	4.15	N/A	N/A	11.52	10.63		
2004	232	52	Five or fewer	0%	14.85	13.93	14.31	N/A	N/A	0.54	-0.37		
2003	216	46	Five or fewer	0%	39.50	38.43	48.54	N/A	N/A	-9.04	-10.11		
2002	166	33	Five or fewer	0%	-27.40	-27.93	-30.26	N/A	N/A	2.86	2.33		
2001	188	49	Five or fewer	0%	-32.53	-33.00	-9.23	N/A	N/A	-23.30	-23.77		
2000	201	90	Five or fewer	0%	6.84	6.01	-4.20	-10.14	N/A	11.04	10.21		
1999	75	68	Five or fewer	0%	85.69	82.36	19.64	19.53	N/A	66.05	62.72		
1998	2.3	2.3	Five or fewer	0%	25.02	20.84	-3.44	26.67	N/A	28.46	24.28		
1997	1.9	1.9	Five or fewer	0%	28.18	23.06	20.54	31.01	N/A	7.64	2.52		
1996	1.6	1.6	Five or fewer	0%	23.89	17.88	14.78	20.26	N/A	9.11	3.10		
1995	<1.0	<1.0	Five or fewer	0%	39.86	33.86	26.21	34.11	N/A	13.65	7.65		
1994	<1.0	<1.0	Five or fewer	100%	20.79	20.79	-3.18	-1.54	N/A	23.97	23.97		
1993	<1.0	<1.0	Five or fewer	100%	42.68	42.68	17.01	7.06	N/A	25.67	25.67		
1992	<1.0	<1.0	Five or fewer	100%	-14.93	-14.93	16.33	4.46	N/A	-31.26	-31.26		
1991	<1.0	<1.0	Five or fewer										

Year 2011 performance data covers January 1, 2011 through September 30, 2011.

All information presented prior to 2002 is supplemental information.

The Small Cap Equity Composite includes all fully discretionary portfolios that invest in small capitalization U.S. stocks that are considered to have growth in earnings that is superior to that of the average company within the benchmark, Russell 2000 Growth Index (BM1: 2001-Current). The base currency is US Dollars. In presentations shown prior to January 1, 2001, the composite was compared against the S&P 500 Index (BM2: 1992-2000) and the Russell 2000 (BM1: 1992-2000). The S&P 500 Index used prior to January 1, 2001 is based on returns with dividends not reinvested. The benchmark was changed to more accurately reflect the strategy of the composite. The results presented for the Gross (and Net) Return vs. BM1 is the difference between the composite annual gross and net returns and BM1. Performance presented prior to January 1, 2001 is that of the US Equity Composite which included both large cap and small cap stocks. 1991 is a partial year beginning in May.

Hanseatic Management Services, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hanseatic Management Services, Inc. has been independently verified by Ashland Partners and Company LLP for the periods January 1, 2002 through September 30, 2011.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Equity Composite has been examined for the periods January 1, 2002 through September 30, 2011. The verification and performance examination reports are available upon request.

Hanseatic Management Services, Inc. is an independent registered investment adviser. Beginning January 1, 2000, total firm assets were expanded to include all discretionary and non-discretionary accounts for which Hanseatic Management Services, Inc. has an investment management agreement. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. No non-fee-paying accounts are included in this composite from May 1995 through October 2006. Prior to that time and for the period October 2006 through April 2008, non fee-paying accounts represented 100% of the composite assets. Beginning May 2008 and ending October 2008, non fee-paying accounts represented 4% of the composite assets. Prior to December 1, 2009, firm policy required booking contributions on the first day of the month and withdrawals on the last day of the month for performance purposes unless otherwise instructed. As of December 1, 2009, Hanseatic time-weights all cash flows on the day the cash flows actually occur. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite is 0.90% on the first \$10 million, 0.45% on the next \$15 million, and 0.40% on the remainder. Actual investment advisory fees incurred by clients may vary.

The Small Cap Equity Composite was created January 1, 2001. Periods shown prior to January 1, 2002 are not in compliance as the firm had not created composites for non-marketed strategies and as such, not all of the firm's discretionary, fee-paying accounts were included in a composite.

N/A - information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.