



NOESIS CAPITAL MANAGEMENT
A REGISTERED INVESTMENT ADVISOR

December 22, 2005

Dear Clients:

2005 marked the tenth anniversary for Noesis Capital Management. The relationships and friendships we have made during these years are a source of great satisfaction for all of us at Noesis. I sincerely thank all of our clients for the privilege.

During the past decade, we have been relentless in our pursuit to be the best investment management firm possible. I am proud of our team of professionals who work extremely hard to help our clients realize their financial objectives. I am also pleased with the continuing educational achievements of our staff. A few notables during 2005. Greg Reynolds obtained his CFA® designation (Chartered Financial Analyst), and Jason Whitby added the CFP™ (Certified Financial Planner) to his CFA®.

This past year we expanded our Boca Raton office by signing a long term lease for space adjacent to our existing office. We were able to integrate the new space with our existing suite in order to continue as one office unit, which is important for good internal communication. Our research department now has its own suite and the firm has room to grow for the foreseeable future.

Hurricanes once again clouded the headlines this year. Although Boca Raton experienced the wrath of Hurricane Wilma, we had a reliable business continuity plan in place that enabled us to continue to operate in the storm's aftermath. Our office was without power for ten days, but we were able to maintain communication with our clients and, overall, conduct business with minimal interruption. We will keep our fingers crossed for next year.

We are often asked about the level of international exposure in our portfolios. Our core portfolio is comprised primarily of U.S. based companies, but as a group, these companies derive about one-third of total revenues from foreign sources, and for some companies even more than one-half. In effect, our portfolio of U.S. companies provides significant participation in global economic activity. As a firm with a diverse international staff and client base, we clearly recognize the growing role of international trade and interaction between major global economies.

During the past year we have had healthy growth in new assets under management. We are pleased that 60% of the new assets have come from existing clients and referrals. This reflects your confidence in our investment management capabilities and that gives us great satisfaction.

I wish you and your loved ones a happy, healthy and prosperous 2006.

Sincerely,



Nico Letschert
CEO