



www.sharpinvestments.com

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Investment Advisor Prospectus

About Sharp Investments

Sharp Investments is an independent, non-custodial, Registered Investment Advisor. We use long-term investing in common stock for creating wealth, and fixed income investing for preserving wealth. We invest directly in publicly traded, nationally listed, corporate and government securities. IRA's, Roth's, SEP's, SIMPLE's, 401k's and other retirement and pension plans are our specialty. Sharp Investments is a fee-based, family-owned firm that provides personalized portfolio management for less than the cost of most mutual funds. Sharp Investments enhances client returns by minimizing expenses and maximizing the odds of outperforming the stock market over long investment periods. Our style of direct advisor contact results in efficient, convenient communication and reporting to the client. Sharp Investments combines education-based value investing with superior hassle-free service.

We are compensated by the client for choosing and managing their investment portfolio according to specific goals and risk tolerances. Investment funds are held at TD Waterhouse Institutional Services, one of the largest deep-discount brokers in the world. Our management tightly controls investment decisions and makes only well-researched moves that fit our strategy of outperforming the market over the long-run.

We sell no particular investment product such as mutual funds or insurance annuities. We represent no particular broker/dealer. We receive no commissions or fees on investments. We do not invest in mutual funds, IPO's, partnerships, commodities, real estate, uncovered derivatives, or emerging markets. We narrowly focus on the best vehicle for creating long-term wealth: direct investing in stocks.

Management

Daniel R. Sharp, President and Chief Portfolio Manager of Sharp Investments, Inc., a Registered Investment Advisor, has been investing in common stock for over 20 years. Dan has taught investment courses in the MBA program at Portland State University and Lewis and Clark College, and has conducted extensive research in value investing strategies for Portland State University. Dan holds a BS degree in Electrical Engineering from Washington State University, an MBA in Finance from Seattle University and a Ph.D. in Finance, Economics and Statistics from Portland State University.

Robert M. Sharp, Senior Investment Counsel for Sharp Investments, has been investing in common stock for over 40 years. During that time he has more than doubled the rate of return of the stock market. In addition to numerous magazine articles, Mr. Sharp is the author of Calculated Risk - A Master Plan for Common Stock, and The Lore and Legends of Wall Street, both Dow-Jones Irwin publications. Mr. Sharp has given investment seminars and taught investment courses at colleges and universities throughout the Northwest for over 20 years. Mr. Sharp holds a degree in Mathematics.

Betsy Sharp, V.P. of Marketing, has over 15 years of marketing and customer service experience. She has an undergraduate degree in Marketing and a Master's Degree in International Management.

Our Relationship with Clients

Clients of Sharp Investments usually have an IRA, 401k, 403b, or other long-term investment portfolio that requires management. Rather than pay a mutual fund company or deal with the time consuming tasks of researching, picking and managing stocks or funds, clients sign a limited power of attorney that allows Sharp Investments to choose and manage the investments. **Unlike most financial services, Sharp Investments sends a portfolio manager to meet with each client to determine the management style that best fits the client based on their investment goals and risk tolerances.** For example, a client getting ready to retire will be concerned with dividends and income and maintaining a stable but growing portfolio. A client with twenty years until retirement will be more concerned with creating wealth and willing to take on more risk in order to meet their long-term retirement goals.

Once their personal management style is determined, clients sign a contract that allows Sharp Investments to act in the client's behalf in choosing individual stocks. The appropriate accounts are then opened at the deep discount broker. Sharp Investments does not have the ability to access client funds, write checks, or otherwise control client funds. Buying and selling stocks, and debiting the account once per quarter for the management fee are the extent of the limited power of attorney. Sharp Investments management fee is based on the amount of the assets under management on the last day of the quarter. The assets are multiplied by 1/4th of the annual fee listed below, the same way a mutual fund is compensated. Sharp Investments fees are very competitive with, and often less than mutual funds, with the added benefits of personalized management and investment tax planning.

first \$50,000	2.00 %
next \$100,000	1.75 %
next \$100,000	1.50 %
next \$250,000	1.25 %
next \$500,000	1.00 %
over 1 Million	negotiable

Clients receive clear, consolidated performance statements on a quarterly basis from Sharp Investments, as well as monthly statements from the discount broker. Quarterly statements include performance information, explanation of account activity, market and portfolio analysis, and a client newsletter. In addition, prior to the purchase of a new security for a client account, a "flash report", containing a write-up on the stock, is either emailed, faxed, or mailed to the client. Clients are also encouraged to call or email questions or concerns and can meet with Sharp Investments portfolio managers upon request.

Our Goals

We have three major goals at Sharp Investments. Our first goal is to create wealth for clients within a seven-year market period. Our second goal is to outperform the value indexes by 5% annually over the long-run, and to outperform the general market by 10% over the long-run. Our last goal is to provide superior service by acting as an intermediary between the client and the brokerage to ensure hassle-free investing.

At Sharp Investments we treat your money as if it were our own. This means striving to minimize expenses whenever possible, being cautious when warranted and being aggressive when warranted, in spite of conventional (often wrong) wisdom. We also "eat our own cooking" at Sharp Investments, the principals of the firm have all of their long term investing assets in the exact same securities owned by clients. There is no conflict of interest, we make money when we make you money.

Sharp Investments is Unique

Sharp Investments does not have large staff or corporate structure. **We are one of the few fee-based, independent, family-owned advisory firms in the Northwest that offers personalized management with no minimum portfolio size.** Being small (and intending to stay that way) allows Sharp Investments to take advantage of market opportunities that cannot be accessed by the vast majority of financial professionals. Running lean means being able to offer fees considerably under industry averages for personalized portfolio management and avoid enforcing minimum portfolio sizes. We have clients that range from a few thousand dollars to millions of dollars. At Sharp Investments we buy long-term holdings that may go against short-term conventional wisdom in order to produce superior returns. We also keep investing decisions under tight control and do not farm out decisions to subordinates.

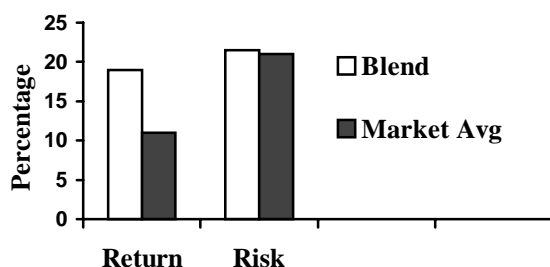
Highly analytical, yet practical, our advisors make investment decisions based on years of historical research and statistical analysis, combined with frequent communication with management of the individual companies owned in the portfolios. Managing all client accounts according to their individual wishes and following an investment plan developed specifically for each client brings a personalized approach to each portfolio. Most of our clients are small businesses and individuals which means that your account receives much more attention than it does with larger investment companies.

How we Invest

Sharp Investments utilizes long-term historically successful strategies to provide superior returns. Value investing criteria are used to select securities that have produced superior returns for over 44 years. Value stocks are those that are trading at less than their apparent economic value, and are often temporarily out of favor. Sharp Investments concentrates on two types of value: Aggressive Value (AV) and Low Risk Value (LRV). Aggressive Value criteria have historically produced 21.5% return with 26% risk. These stocks are generally smaller, unknown, volatile companies. Low Risk Value criteria have historically produced 16% return with 17% risk. These stocks are generally large, well-known, stable, dividend paying companies. Aggressive Value is geared towards higher capital gains, while Low Risk Value provides a stable source of dividends plus above average capital gains. Typically, a blend of LRV and AV stocks will best fit client needs. Portfolio management techniques such as dollar cost averaging, use of limit orders and optimal diversification are also used to enhance portfolio returns.

Expected Risk and Return

At Sharp Investments, investors must take long term views of their portfolios, which is not for everyone. **Providing superior returns in the long run occasionally means providing poor returns in the short run.** Investors are encouraged to view their investments as businesses, not as stocks that fluctuate daily in price. Most stocks will be held across an entire economic cycle (as long as seven years). While the past is no guarantee of the future, the graph below is the expected risk and return from a portfolio blend of 50% Aggressive Value and 50% Low Risk Value. This blend provides about the same level of risk as the market in general and is an average risk tolerance for long-term investors.



Over a six-year period, this sample portfolio should average a 19% return

One year in six, returns should be over 40.5%

One year in six, returns should be less than -2.5%

Four years out of six the returns should fall somewhere between 40.5% and -2.5%

Disclosure Statement

This document is a summary of the information contained in Form ADV part II on file with the SEC required to be provided to prospective clients prior to entering into a contractual agreement with Sharp Investments.

Sharp Investments, Inc. conducts its business at 13160 SW Butner Road, Beaverton, OR 97005. The phone number is 503-520-5000. Sharp Investments derives 100% of total advisory billings from investment supervisory services. Billing is based on a percentage of assets under management on the last day of the billing quarter, following the schedule below:

first \$50,000	2.00%
next \$100,000	1.75%
next \$100,000	1.50%
next \$250,000	1.25%
next \$500,000	1.00%
over 1 Million	negotiable

Fees are charged after service has been provided. Some fees may be negotiable. Client may request a refund at any point up to the last day of the fiscal quarter without being billed for the latest quarter. Client or Sharp Investments may terminate investment advisory contract at any point with written notification. Sharp Investments provides investment advice to individuals, investment companies, and pension and profit sharing plans. Sharp Investments offers advice on exchange-listed securities, securities traded over-the-counter, corporate debt securities, certificates of deposit, mutual fund shares, options contracts and futures contracts.

Sharp Investments security analysis methods include fundamental analysis and quantitative analysis based on proprietary econometric models. Sharp Investments obtain information on securities from inspections of corporate activities, research materials prepared by others, annual report, prospectuses and filings with the Securities and Exchange Commission, and raw data of time series and cross sectional nature obtained for both securities and economic factors. Investment strategies used to implement advice include long-term purchases, short-term purchases, trading, short sales, margin transactions and options writing.

Education and Business background of Daniel R. Sharp;

Bachelor of Science degree in Electrical Engineering, 1986, Washington State University

Masters of Business Administration - Finance, 1989, Seattle University

Doctorate System Science - Finance, Economics & Statistics, expected 2001, Portland State University

Telecommunications Engineer, 5/86 to 1/89, U S West, Seattle, WA.

Telecommunications Engineer, 1/89 to 9/92, ADC Kentrox, Portland, OR.

Full time Doctoral student, 9/92 to 3/95, Portland State University, Portland, OR.

Portfolio Manager, 4/95 to present, Sharp Investments, Inc., Portland, OR

Sharp Investments may buy or sell securities for itself that it also recommends to clients.

All securities owned by Sharp Investments are disclosed to clients.

Review of Accounts;

All accounts are reviewed by Daniel R. Sharp, daily for securities price changes, quarterly for proper diversification, as needed for large cash inflows/outflow. Clients are provided with a quarterly statement containing lists of securities owned, portfolio performance statistics, and descriptions of changes, if any, since the last quarterly statement. In addition, clients receive monthly statements from custodial broker/dealer.

Sharp Investments has the authority, without obtaining specific client consent, to determine the securities to be bought and sold, as well as the amount of securities to be bought and sold, within the limits of available funds. Sharp Investments may recommend brokers to clients, based on lowest possible commission structure combined with financial stability of broker/dealer custodian.