

Prime Performance Portfolio

Each quarter Capital Markets Evaluation Tools updates its structured stock portfolios. For institutional investors structured stock portfolios can be purchased under an index license, and for individual investors several model portfolios are published quarterly in the Capital Market Observer (see subscriptions). Our model portfolios which are designed to offer a performance advantage relative to the Standard & Poor's 500 stock index (S&P 500). These high performance portfolios are created using the Five Star Ranking System discussed in "Achieving Exceptional Performance".

- **Prime Performance Portfolio (PPP)** a diversified list of about twenty four stocks offering high performance that consistently exceeds the S&P 500 stock index. This strategy offers a reasonable blend of risk and performance. Its limited diversification means it is subject to greater company specific risk, but its concentration of companies selected for their strong performance rankings helps it achieve excellent returns. The Prime Performance portfolio offers expected annual performance advantage over the S&P 500 of approximately 3.40%.

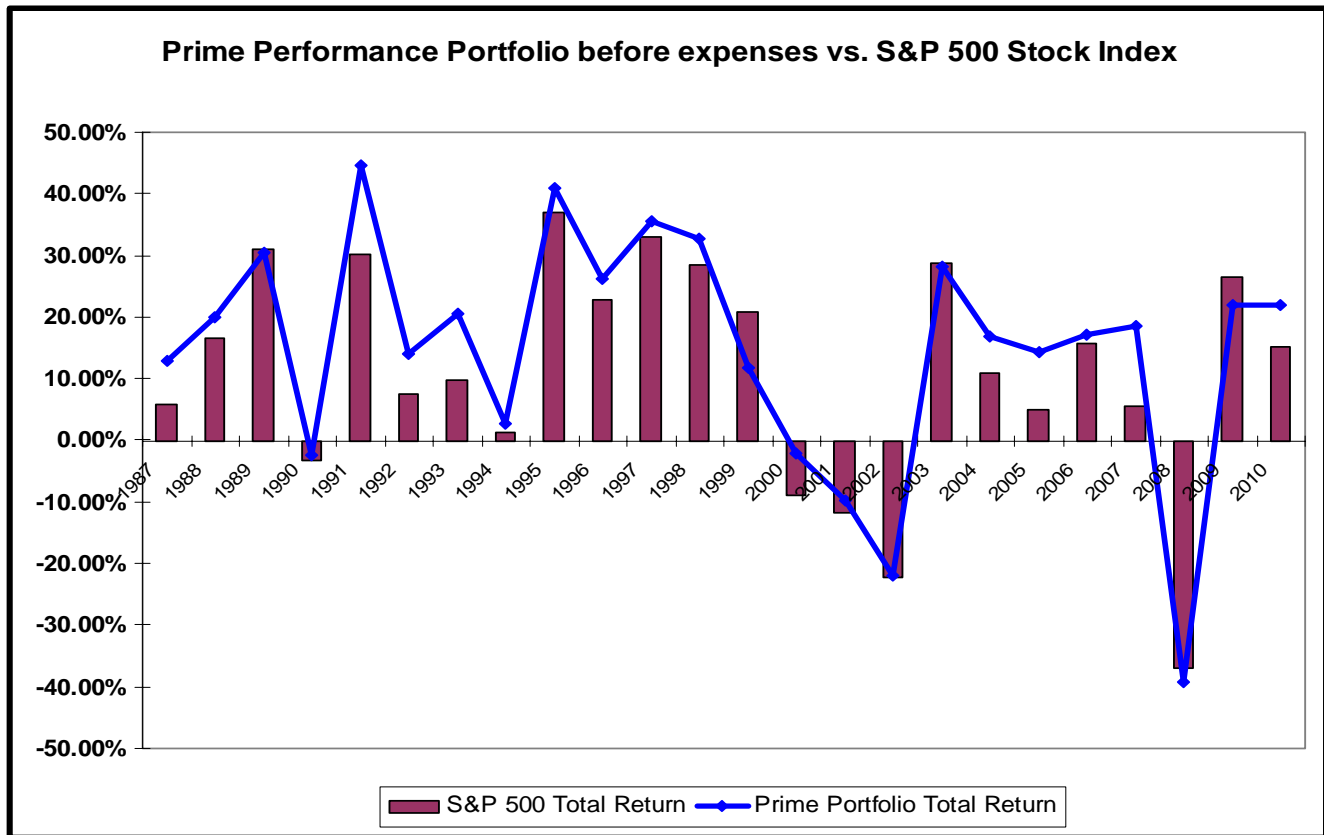
Model portfolios are comprised of companies with large market capitalization. Model portfolios are designed for sophisticated investors who manage their own investments. Investing in model portfolios is pretty simple. A portfolio can be bought by placing market orders from the "portfolio list" published quarterly in Capital Market Observer. Model portfolios require little maintenance. Therefore, the portfolios can be bought and held for one year before any adjustments are required. At the end of one year the strategy must be rebalanced and depending on the investors tax status this may result in recognition of long-term capital gains income.

Sample portfolios are constructed with an equally weighted investment amount for each stock. Portfolios hold only one company for each industry selected. Each portfolio is a "structured portfolio" designed to offer investors a consistent performance advantage (or alpha). Structured portfolios fill a critical void between inconsistent active strategies and consistent but unexciting passive strategies (indexing) or exchange traded funds.

All results are simulated before transaction costs and taxes and also after assumed transaction costs. With each stock portfolio's simulated results are estimates for turnover and gain recognition. With the data presented investors can estimate expenses and taxes base on their own particular situation.

There are no guarantees of performance for any investment strategy and historic results whether simulated or actual provide no guarantee that future investment conditions can generate similar results. See: Investing in Model Portfolios, Risks, Disclosures

Sample Portfolio Simulated Results Prime Performance Portfolio



Year	S&P 500 Return	Prime Performance Return	Above Index	Annual Portfolio Performance After Costs	Stocks Held	Shares Bought Per \$ million	Rebalancing Turnover	Stocks Sold	Gain Recognized
1987	5.67%	12.86%	Yes	12.62%	22	23,827	101.7%	12	1.21%
1988	16.57%	19.98%	Yes	19.72%	18	26,111	115.6%	9	11.83%
1989	31.10%	30.39%	No	30.13%	22	27,506	102.5%	10	13.97%
1990	-3.20%	-2.34%	Yes	-2.59%	23	25,236	106.9%	12	-7.55%
1991	30.13%	44.63%	Yes	44.37%	22	27,250	77.3%	7	17.10%
1992	7.49%	13.96%	Yes	13.71%	26	24,509	144.8%	18	6.95%
1993	9.89%	20.48%	Yes	20.24%	24	23,313	104.2%	11	8.36%
1994	1.28%	2.79%	Yes	2.58%	27	18,847	126.4%	16	-2.08%
1995	37.02%	40.84%	Yes	40.62%	25	19,327	102.1%	12	19.79%
1996	22.80%	26.24%	Yes	26.04%	26	16,183	89.2%	10	6.88%
1997	33.12%	35.41%	Yes	35.21%	24	16,097	50.7%	5	10.30%
1998	28.35%	32.65%	Yes	32.44%	26	16,919	90.3%	10	9.42%
1999	20.89%	11.75%	No	11.55%	25	15,199	83.4%	9	-0.61%
2000	-9.04%	-2.18%	Yes	-2.39%	26	16,469	118.1%	12	1.66%
2001	-11.86%	-9.81%	Yes	-10.07%	24	27,481	105.0%	11	-6.55%
2002	-22.10%	-21.92%	Yes	-22.23%	26	36,346	105.8%	18	-20.43%
2003	28.69%	28.18%	No	27.90%	25	30,677	180.3%	20	18.48%
2004	10.88%	16.84%	Yes	16.57%	23	29,104	82.2%	6	4.18%
2005	4.91%	14.25%	Yes	14.12%	28	23,663	118.6%	14	63.05%
2006	15.79%	17.18%	Yes	17.07%	26	22,255	129.6%	14	37.61%
2007	5.49%	18.51%	Yes	18.41%	27	19,526	115.6%	14	22.23%
2008	-37.00%	-39.16%	No	-39.25%	24	18,078	119.3%	14	74.48%
2009	26.46%	22.06%	No	21.91%	26	31,684	34.3%	18	71.5%
2010	15.06%	21.83%	Yes	21.62%	25	43,470	149.0%	16	79.1%
Compound Value	8.854	18.604	79.17%	17.768	25	24,128	104.5%	12	
Compound Return	9.512%	12.954%		12.737%					
Spread		3.441%		3.225%					