

Prime Plus 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 Plus Performance Portfolio (PPP+)** a diversified list of about thirty four stocks that offers high performance that consistently exceeds the S&P 500 stock index. This strategy is ideal for larger portfolios wanting strong performance relative to the S&P 500 with ample diversification so that individual stock returns have minimal impact on their portfolio's return. The Prime Plus strategy offers an annual performance advantage of approximately 2.75%.

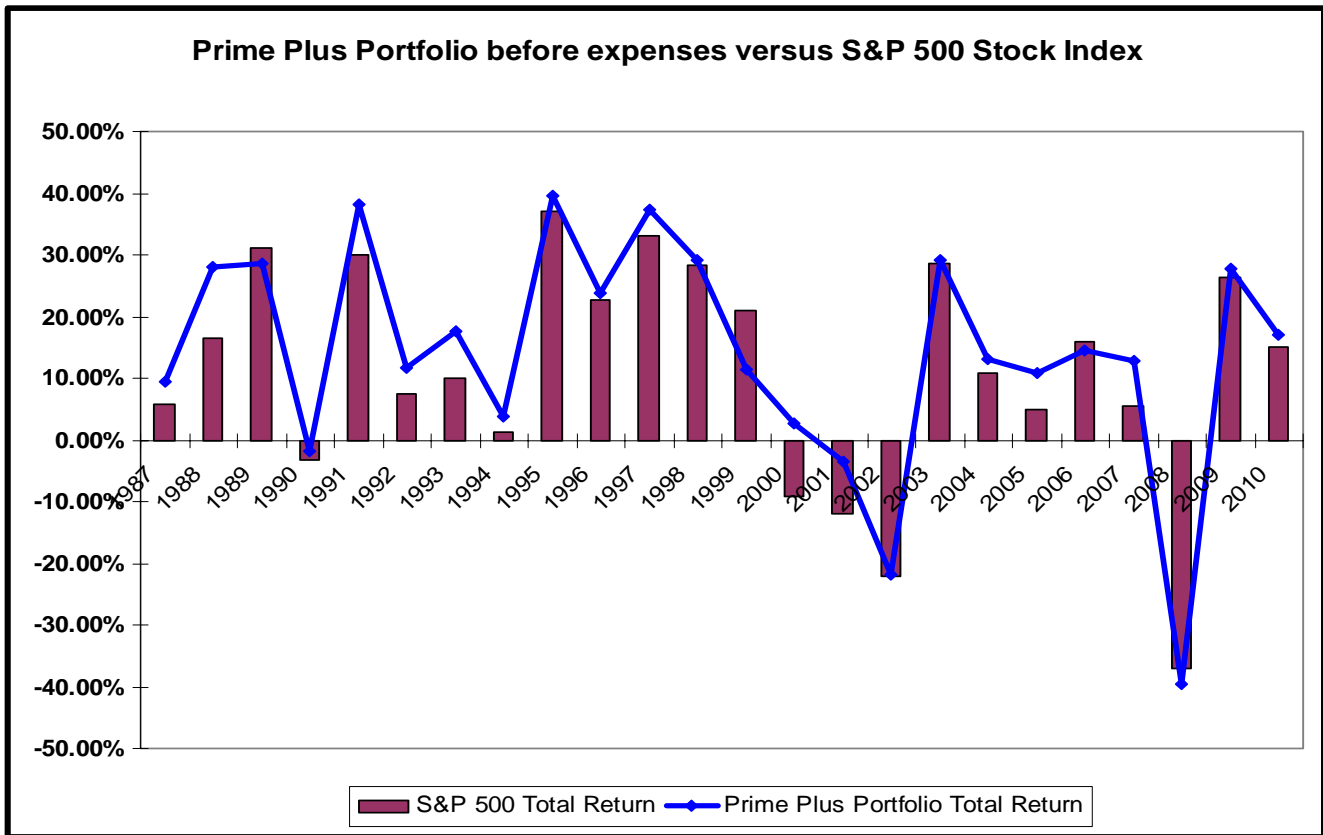
Model portfolios are comprised of companies with large market capitalization. Model portfolios are designed for sophisticated investors who manage their own investments. Investing in model portfolios is pretty simple. A portfolio can be bought by placing market orders from the "portfolio list" published 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 Plus Portfolio Simulated Results



| Year | S&P 500 Return | Prime Plus Return | Above Index | Annual Portfolio Performance After Costs | Stocks Held | Shares Bought Per \$ million | Rebalancing Turnover | Stocks sold | Gain Recognized |
|-----------------|----------------|-------------------|-------------|--|-------------|------------------------------|----------------------|-------------|-----------------|
| 1987 | 5.67% | 9.48% | Yes | 9.25% | 29 | 21,736 | 120.3% | 16 | 0.10% |
| 1988 | 16.57% | 27.99% | Yes | 27.73% | 26 | 27,224 | 107.6% | 12 | 16.27% |
| 1989 | 31.10% | 28.61% | No | 28.36% | 32 | 25,482 | 83.1% | 12 | 10.59% |
| 1990 | -3.20% | -1.79% | Yes | -2.04% | 31 | 23,135 | 113.7% | 18 | -5.60% |
| 1991 | 30.13% | 38.29% | Yes | 38.17% | 28 | 21,366 | 85.8% | 7 | 17.49% |
| 1992 | 7.49% | 11.68% | Yes | 11.43% | 37 | 24,059 | 110.4% | 19 | 6.13% |
| 1993 | 9.89% | 17.56% | Yes | 17.43% | 38 | 21,609 | 74.1% | 12 | 4.41% |
| 1994 | 1.28% | 3.68% | Yes | 3.46% | 36 | 19,714 | 123.1% | 21 | -0.98% |
| 1995 | 37.02% | 39.52% | Yes | 38.16% | 34 | 23,937 | 84.9% | 13 | 15.72% |
| 1996 | 22.80% | 23.87% | Yes | 23.65% | 33 | 19,351 | 84.4% | 11 | 7.17% |
| 1997 | 33.12% | 37.33% | Yes | 37.11% | 29 | 18,984 | 74.1% | 7 | 14.52% |
| 1998 | 28.35% | 29.24% | Yes | 29.03% | 35 | 16,730 | 86.7% | 12 | 6.64% |
| 1999 | 20.89% | 11.27% | No | 11.06% | 31 | 16,220 | 88.2% | 9 | 4.32% |
| 2000 | -9.04% | 2.77% | Yes | 2.55% | 36 | 18,788 | 109.6% | 16 | 1.86% |
| 2001 | -11.86% | -3.60% | Yes | -3.73% | 34 | 26,542 | 117.4% | 17 | -2.49% |
| 2002 | -22.10% | -21.75% | Yes | -22.04% | 40 | 33,288 | 86.4% | 21 | -12.03% |
| 2003 | 28.69% | 29.05% | Yes | 28.76% | 37 | 32,929 | 105.6% | 17 | 16.29% |
| 2004 | 10.88% | 13.03% | Yes | 12.81% | 39 | 28,016 | 60.0% | 10 | 2.91% |
| 2005 | 4.91% | 10.74% | Yes | 10.61% | 44 | 23,879 | 88.6% | 17 | 55.20% |
| 2006 | 15.79% | 14.50% | No | 14.38% | 37 | 23,565 | 82.8% | 15 | 32.70% |
| 2007 | 5.49% | 12.77% | Yes | 12.66% | 40 | 22,736 | 154.6% | 20 | 38.01% |
| 2008 | -37.00% | -39.57% | No | -39.68% | 32 | 21,617 | 103.8% | 14 | 56.67% |
| 2009 | 26.46% | 27.70% | Yes | 27.51% | 38 | 38,302 | 24.6% | 16 | 56.4% |
| 2010 | 15.06% | 17.08% | Yes | 16.89% | 38 | 38,110 | 125.5% | 20 | 81.4% |
| Compound Value | 8.854 | 16.611 | 83.33% | 15.781 | 35 | 24,472 | 94.3% | 15 | 14.9% |
| Compound Return | 9.512% | 12.422% | | 12.182% | | | | | |
| Spread | | 2.909% | | 2.669% | | | | | |