Optimizing Outcomes for 401(k) Participants with Institutional Management

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Retirement Consulting Group
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Introduction:
The lack of Retirement Security

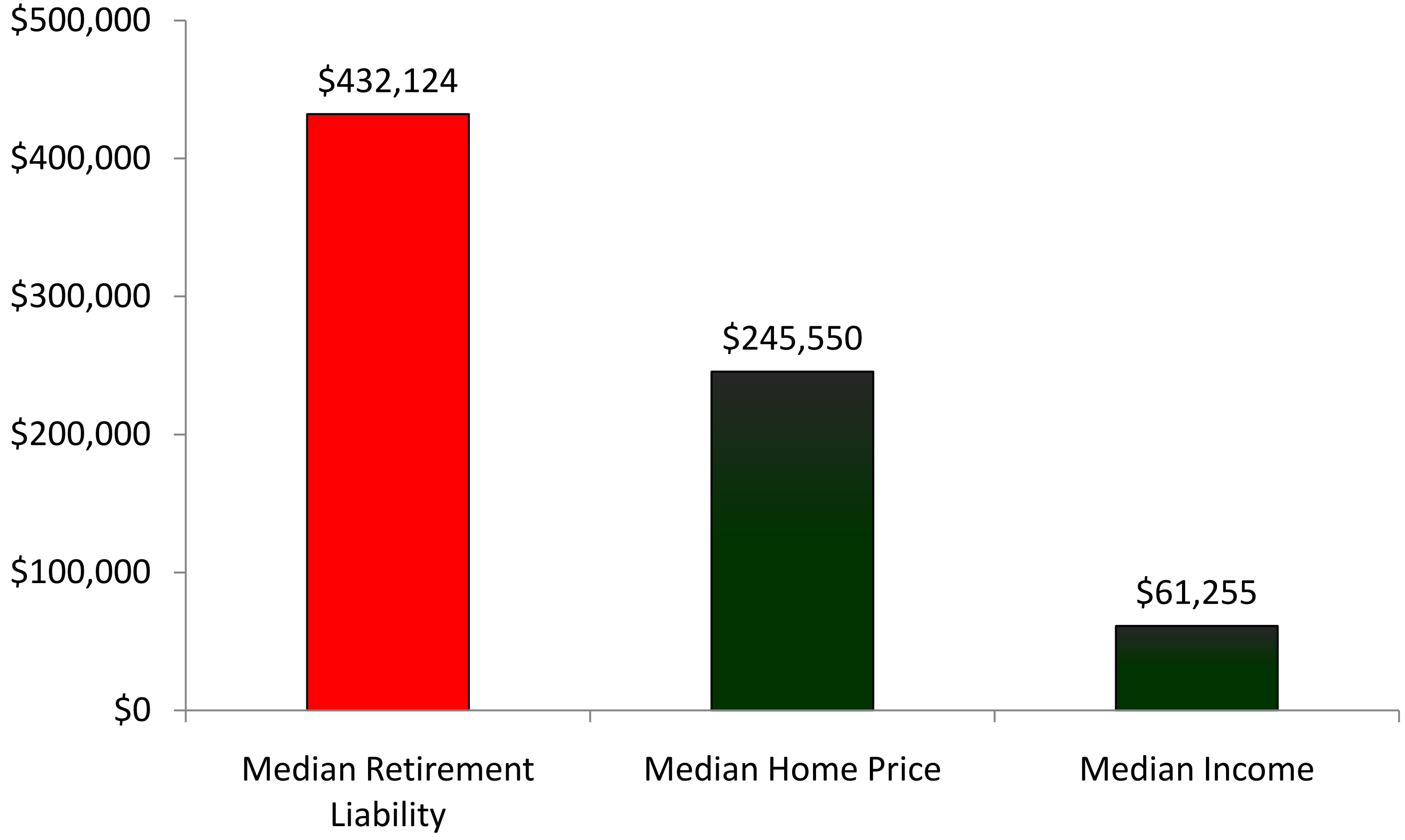
Retirement Security:
What Is the Role of the Employer?

Is the role of the employer simply to provide a 401(k) plan with standard features that is competitive,

or

It is the role of the employer to provide a method that permits most employees to retire successfully?

Most Participants Do Not Know Retirement Security Is Their Largest Lifetime Purchase



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75% of 401(k) Participants Will Fail to Accumulate Sufficient Retirement Funds Using Traditional Methods

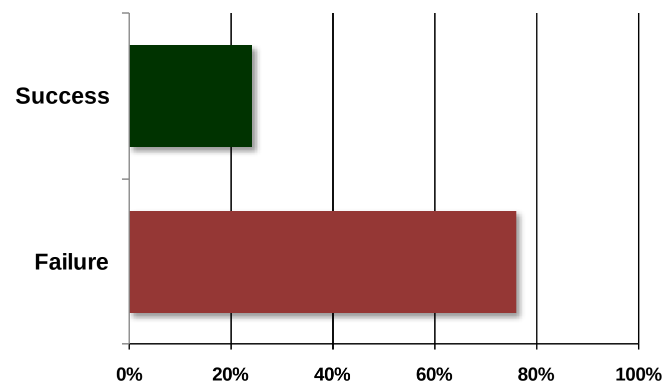
September 24, 2010, 11:07 AM ET/4:07 PM GMT

Pensions&Investments

75% in DC Plans Won't Have Enough for Retirement, Survey Says

By Robert Steyer
Source: Pensions & Investments
Date: September 22, 2010

Three-quarters of defined contribution plan participants are projected to fall short of what they will need in retirement, said Christopher L. Jones, chief investment officer at Financial Engines.



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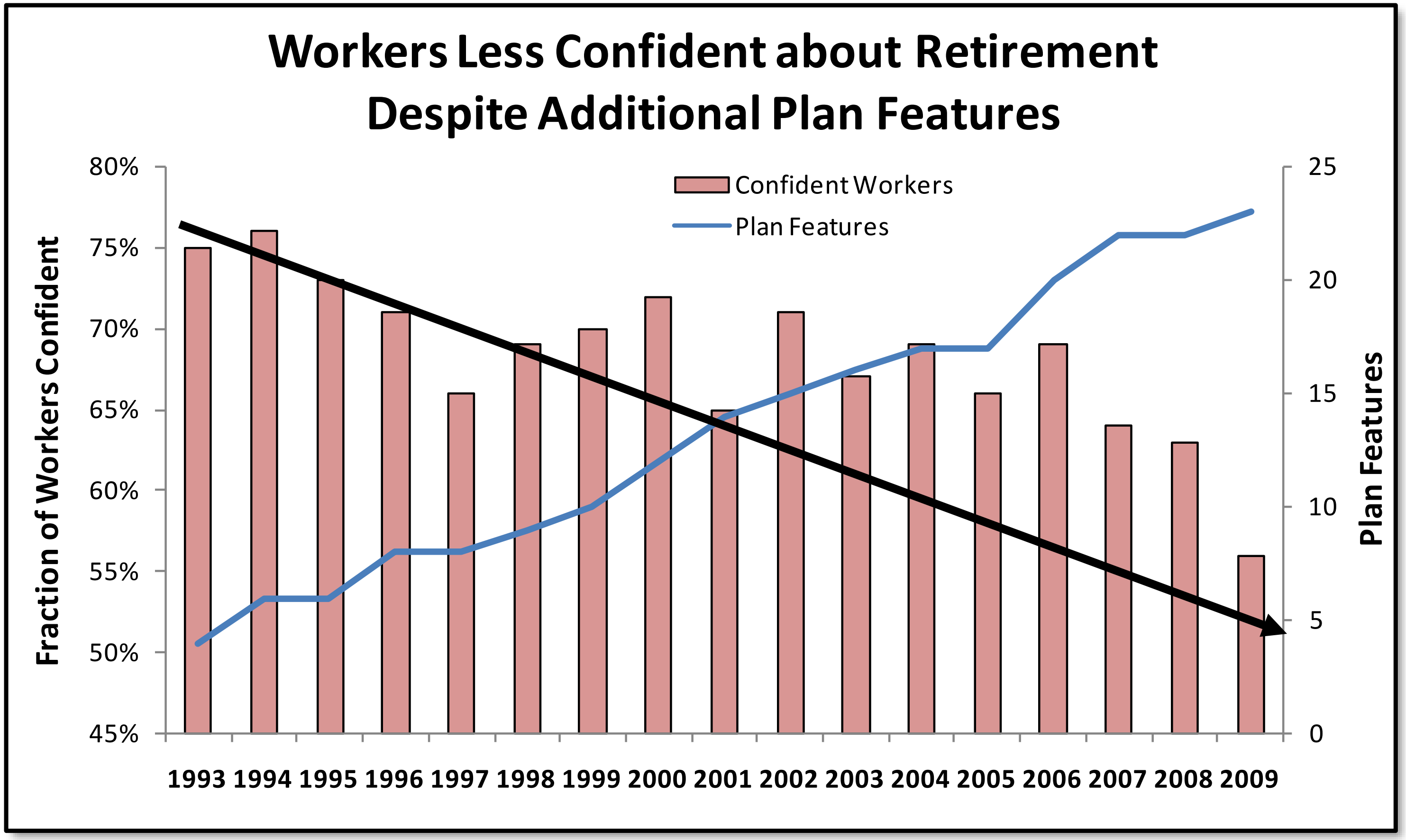
Over the Past 20 Years 401(k) Plan Features Have Steadily Increased

- Daily Valuation
- Multiple fund families
- Web based calculators
- Target date funds
- Electronic trading
- Rapid loan processing
- Simple “Gap” reports
- Better communication materials
- Financial Engines
- Morningstar reports
- Asset allocation software
- Quarterly reports
- Auto enroll
- PPA 2006
- Increasing fund choices
- Sector funds
- Brokerage accounts

The Retirement Security Solution Must Fit With the Needs of the Employer

- ✓ **Not increase the staff workload**
- ✓ **Not raise the employer’s costs**
- ✓ **Allow employer to focus on their core business**
- ✓ **Motivate employees to stay with the company**

Yet With More “Features” Retirement Confidence Has Steadily Fallen



Source EBRI: The 2009 Retirement Confidence Survey: Economy Drives Confidence to Record Lows; Many Looking to Work Longer

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Simple Mistakes Explain Why Most 401(k) Participants Will Not Have Retirement Security

- Most have no defined goal
- Most have not correctly calculated what they will need since they are not actuaries
- Participants actions (or inactions) are mostly driven by behavioral finance traits such as inertia and framing
- Only 13% implement all recommendations
- Less than 10% sign up for managed account personalized solutions
- “One size fits all” target date funds do not work, and are often misused

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Simple Mistakes Explain Why Most 401(k) Participants Will Not Have Retirement Security

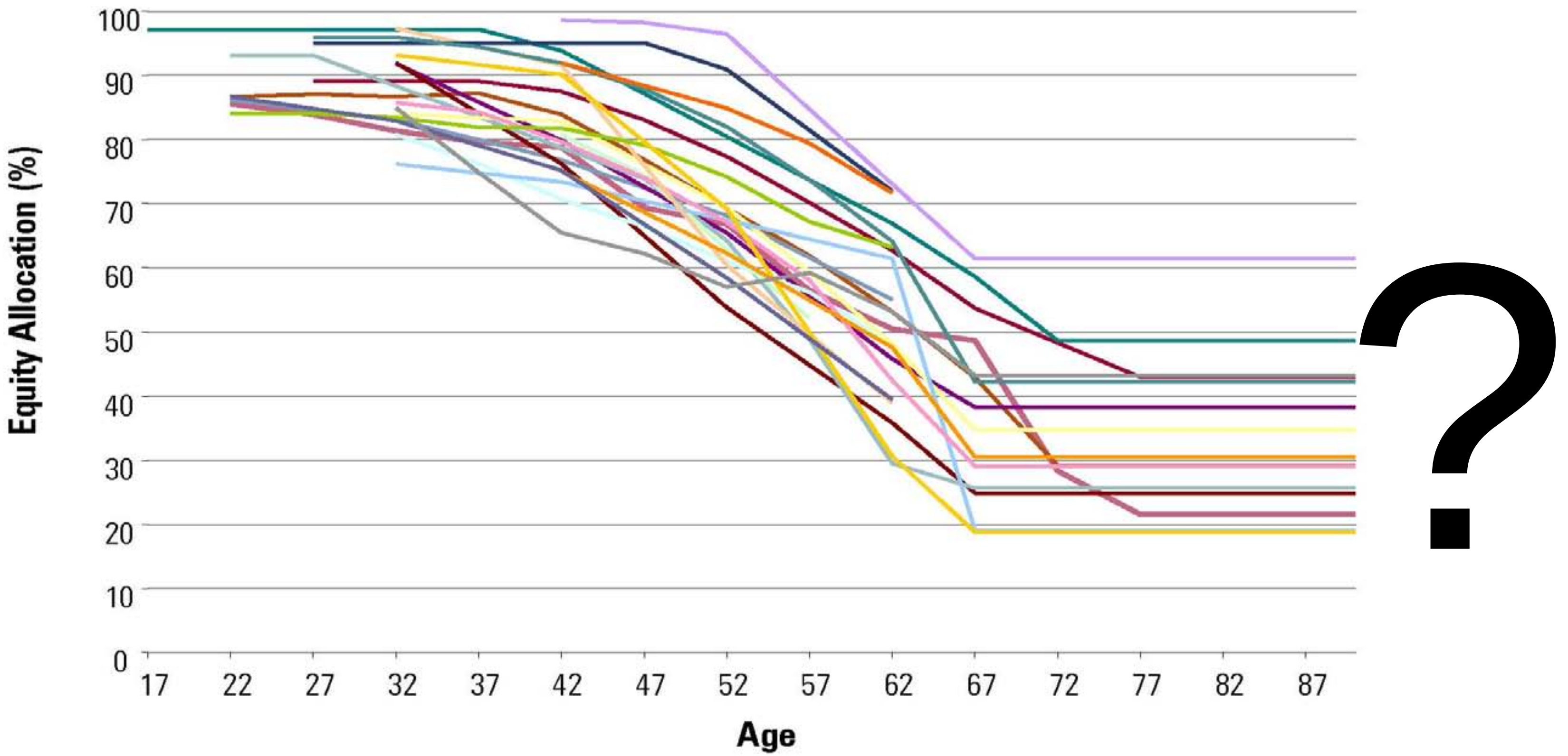
- A recent Vanguard study found most participants had an incorrect asset allocation

Mottola, Gary and Utkus, Stephen: "Red, Yellow, and Green: A Taxonomy of 401(k)
Portfolio Choices, June 2007 Pension Research Council

- Another Vanguard study found most participants incorrectly use target date funds

Pagliaro, Cynthia and Utkus, Stephen: "Mixed Target-Date Investors
in Defined Contribution Plans", September 2010, Vanguard whitepaper

Target Date Asset Allocations Vary Greatly--How Do You Know or Pick the Right One?



Source: Ibbotson Associates Target Maturity Report

For illustration

Delivering Retirement Success Involves Implementing at Least Forty Steps

Savings

1. Plan Design
2. Auto Enroll
3. Auto Escalate
4. Reminder Messaging

Behavioral Finance

5. Retirement Income Defined Goal
6. Provide Answers, not Questions
7. Automatic Features
8. Long-term Focus
9. Utilize Inertia as Help
10. Simplicity for a Complex Subject

ntervention

Actuarial Measurement

12. Benefit Policy Statement
13. QDIA Defined Goal
14. Detailed Data Collection
15. Prudent Capital Forecasts
16. Actuarially Sound Method
17. Ongoing Testing
18. Implement Corrections

Fiduciary Process

19. QDIA Safe Harbor
20. 404(c) safe Harbor
21. Fiduciary Best Practices
22. Full Fiduciary Status Acceptance
23. Fee Disclosures
24. Reasonable Fees
25. Revenue Neutrality
26. CEFEX Certification
27. SAFE for Fiduciary Process
28. Loyalty Duty
29. Expert Standard of Care Duty
30. Documentation of Process

Investment Management

31. Investment Policy Statement
32. Fund Selection
33. Fund Monitoring
34. Fund Replacement
35. Portfolio Optimization
36. Downside Risk Protection
37. Managed Account Solution
38. Asset/Liability Guided Asset Allocation
39. Glidepath Active Management
40. Retirement Income Solution

Less than One Plan in One Hundred Implements 7 Basic Essential Steps

Savings

1. Plan Design
2. **Auto Enroll**
3. **Auto Escalate**
4. Reminder Messaging

Behavioral Finance

5. **Retirement Income Defined Goal**
6. Provide Answers, not Questions
7. Automatic Features
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Why We Should Offer Defined Contribution “Planes” Not “Plans”

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Which Is Easier for an Employee to Do?

Which Is Easier for an Employee to Do?

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A Solution:

The Defined Goal 401(k) Plan

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The Goal of the UnifiedPlan Is a Fully Funded Retirement Benefit

- ✓ Target income replacement is 70% of final average compensation.
- ✓ As near as possible to the Social Security Normal Retirement Age.
- ✓ Least amount of risk required to still meet goal.

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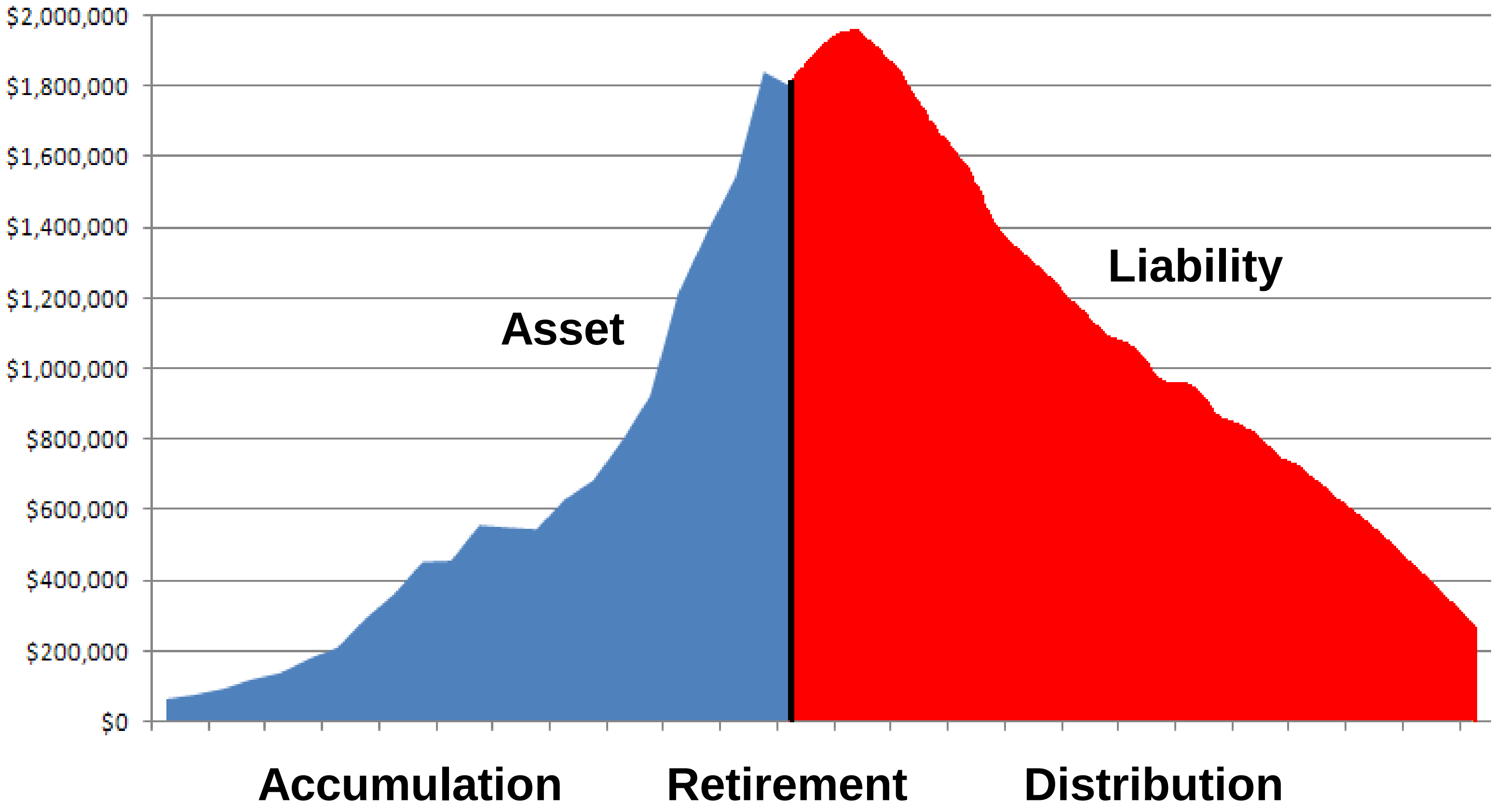
The UnifiedPlan Pre-Enrollment Meeting Process

Pre-Enrollment Meeting

1. Defined goal and plan design are established
2. Retirement benefit actuarial analysis conducted for every eligible employee

The Cost of Retirement Is the "Liability" The Monies Used to Pay for Retirement Is the "Asset"



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Rigorous Actuarial Methods Are Applied to a Range of Possible Outcomes

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The Benefit Policy Statement Outlines How the Discretionary Trustee Will Implement the Benefit

Investment Policy Statement → 1. How to Prudently Manage Investments

Benefit Policy Statement →
1. Defined Goal
2. Ongoing Tests
3. Prudent Process to Implement Corrective Actions

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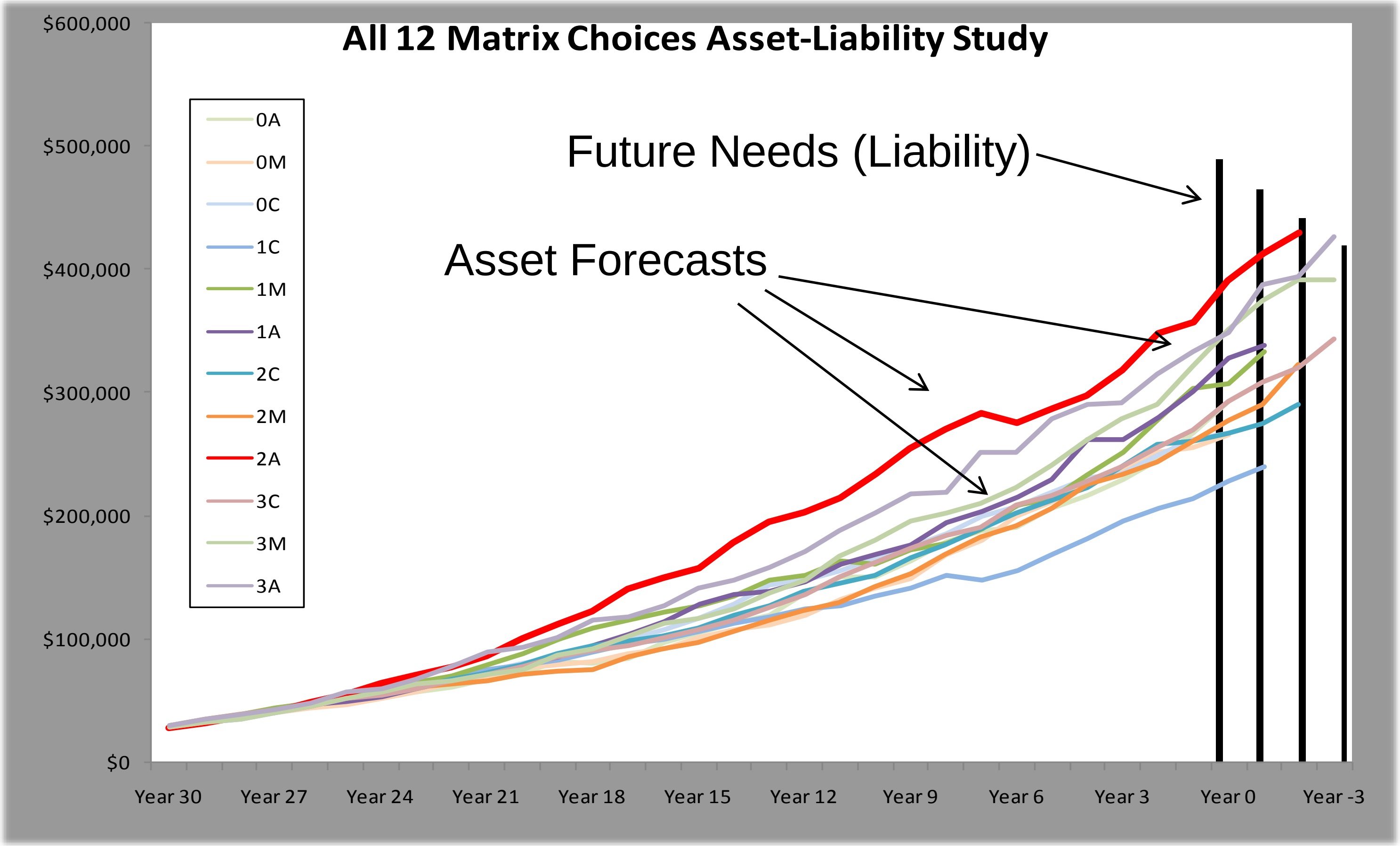
The Asset-Liability Matrix Helps More Participants Obtain an Asset-Liability Match



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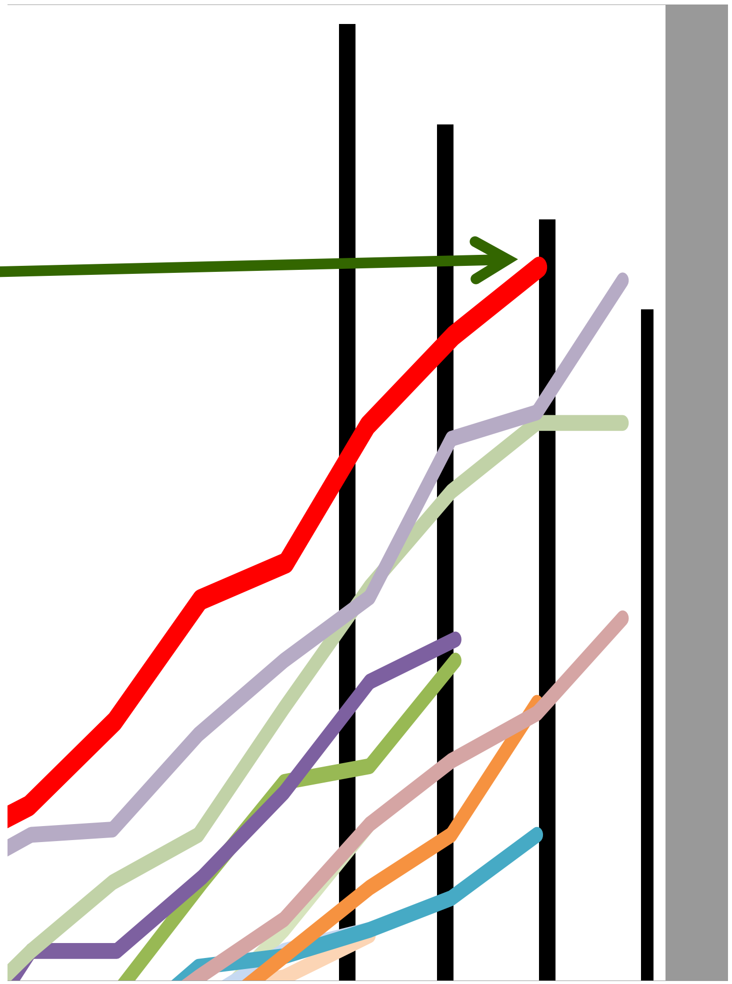
The Asset-Liability Matrix Helps More Participants Obtain an Asset-Liability Match

Asset = Liability
Match



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Dynamic Solution Matrix Produces a Retirement Asset-Liability Match

Dynamic Glidepath Portfolio Selection

Portfolio	SSNRA	SSNRA+1	SSNRA+2	SSNRA+3
Aggressive	0A	1A	2A	3A
Moderate	0M	1M	2M	3M
Conservative	0C	1C	2C	3C

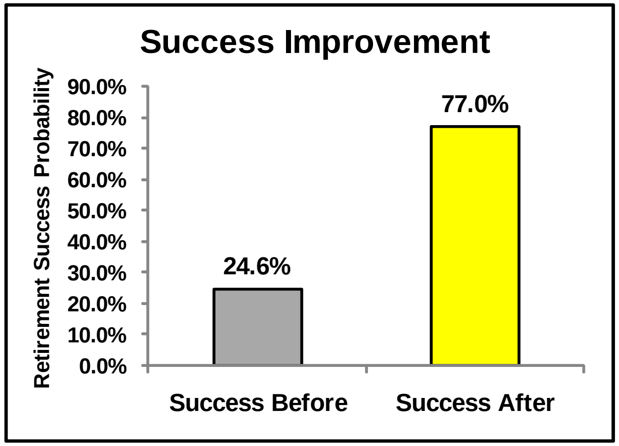
Funded Ratios

Portfolio	SSNRA	SSNRA+1	SSNRA+2	SSNRA+3
Aggressive	0.64	0.88	1.22	1.68
Moderate	0.57	0.79	1.09	1.50
Conservative	0.51	0.70	0.97	1.34

Success Rates

Portfolio	SSNRA	SSNRA+1	SSNRA+2	SSNRA+3
Aggressive	31.1%	56.1%	88.9%	99.0%
Moderate	24.6%	46.2%	77.0%	99.0%
Conservative	19.2%	37.5%	65.3%	98.4%

Based upon medium confidence level @ 66th percentile asset level on 1,000 Monte Carlo runs.



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The "Fully Funded" Participant Means their Liability Has a Matching Asset Value

$$\frac{\uparrow \text{Asset}}{\downarrow \text{Liability}} = 1.00 \text{ or Higher}$$

The UnifiedPlan Enrollment Meeting Process

Enrollment Meeting

3. Personalized retirement benefit solution delivery via QDIA (may opt out)
4. Additional personal information requested

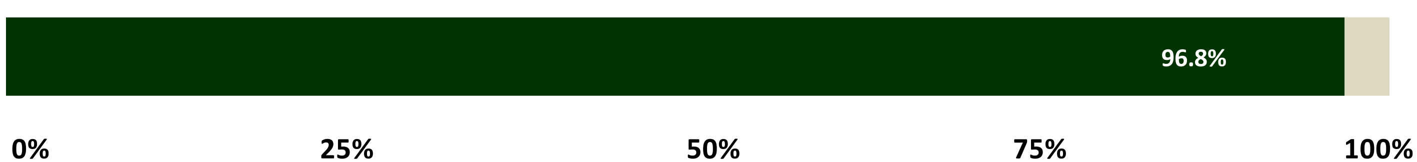
The UnifiedPlan Statement Has a Retirement Income Benefit Focus

At the Time of Enrollment Your Projected Retirement Monthly Benefit[1]

Time Period	Total Monthly Income Required	Retirement Plan Monthly Income	Social Security Monthly Income	Projected Monthly Surplus (Shortfall)
66-90	$4,667	$2,302	$2,215	($149)

Current Age	45	Your Estimated Retirement Transfer	$274,588
Retirement Target Age[2]	66	Projected Plan Balance at Retirement[1]	$627,866
Contribution Years Remaining	21	Other Outside Assets You Hold[2]	Please Provide
Pay Used in Benefit Calculation[2,3]	$80,000	Part Time Work Years Planned[2]	Please Provide
Total Target: 70% of Pay[2]	$56,000	Your Current Savings Rate[5]	6.22%
Target Monthly Income Required	$4,667	Your Company Contribution Rate[4]	3.11%
Non-Social Security Monthly Income Required	$2,452	Your Total Contribution Rate	9.33%

Your Progress Toward Your Retirement Goal



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The UnifiedPlan Enrollment Statement Gives the Portfolio and Time Solution

“The Safest 401(k) Plan is 100% QDIA”

Fred Reish, at Center for Due Diligence October 13, 2008:

“I believe the safest plan for a Plan Sponsor is one where 100% of employees are defaulted into a Qualified Default Investment Alternative”.

“The QDIA provides a prudent portfolio delivered under guidelines established by the Department of Labor.”

The UnifiedPlan
Post-Enrollment Meeting Process

Post Enrollment Meeting

5. Solution implementation
6. Ongoing quarterly actuarial testing and solution modification
7. Ongoing quarterly fiduciary monitoring and asset management
8. Unified IncomePlan® for income phase

This Process Works for Both Involved and Uninvolved Employees

Most Provide No Information About Goals or Risk Tolerance

Some Give Extra Information

Implement Process For BPS Default Goals

Implement Process for Modified Goals

Unified Trust Research Introduces the Defined Goal 401(k) Plan to Improve Outcomes

AUTUMN 2009

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Volume 17 • Number 1 • Autumn 2009

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TAG Q&A

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UNCASHED CHECKS: THE BILLION DOLLAR QUESTION?
Ilene H. Ferenczy and Peter E. Preovolos

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Using the Funded Ratio as a Guide to Asset Allocation Gives Best Overall Results for Participants

- Typically much lower risk for fully funded participants
- Greater probability of reaching necessary account balances required to pay for retirement
- Much less variability of account balance ending value ranges
- Automated “buy low” and “sell high” over a participant’s lifetime

UnifiedPlan Live Client Results Show Large Outcome Improvements

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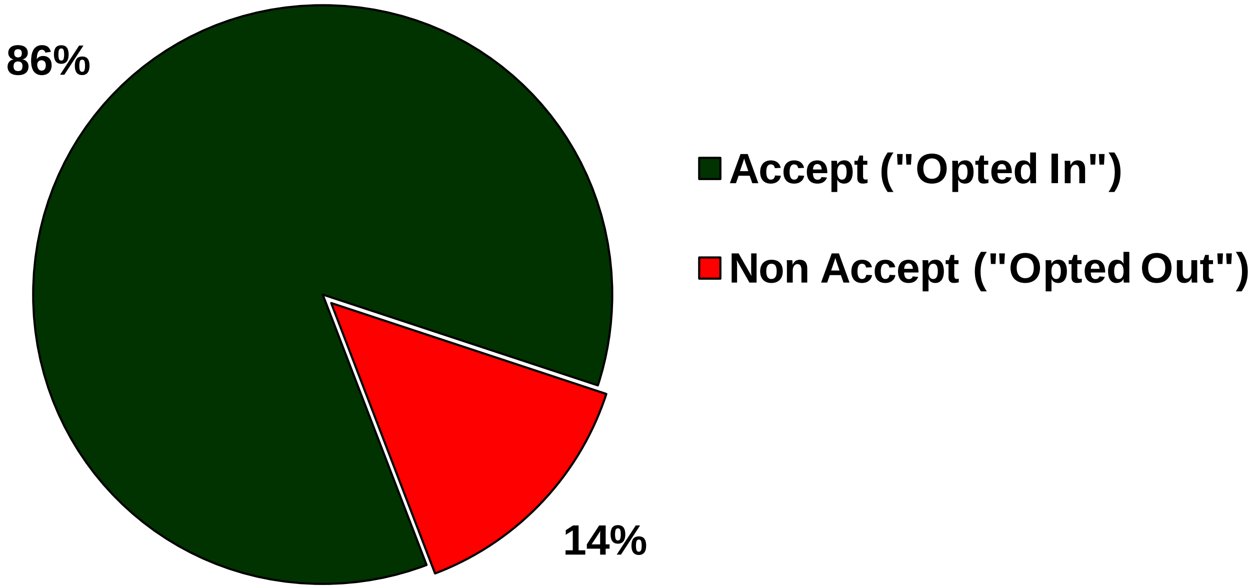
The UnifiedPlan Has Very High Employee Acceptance Rates



"Opted-In" means defaulted participants remaining in UnifiedPlan after enrollment meeting.

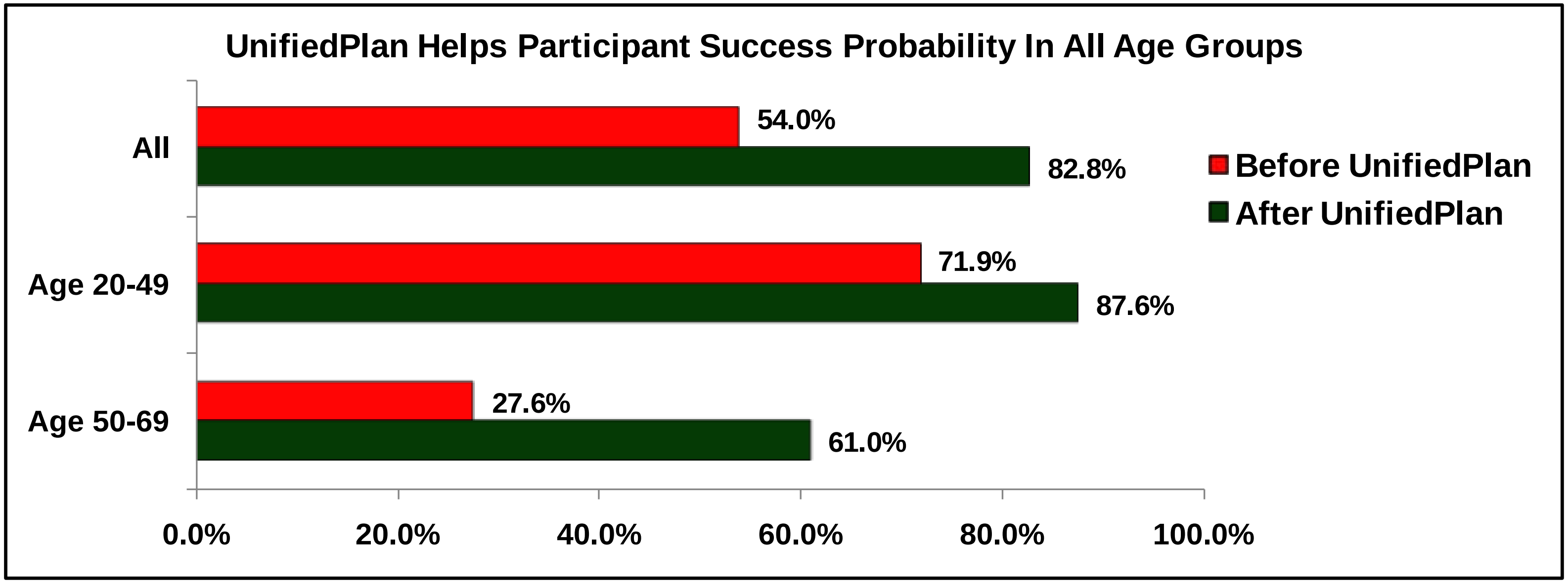
We Created the UnifiedPlan in Order to Help People Successfully Retire

The UnifiedPlan is accepted by 86% of employees.

Other active advice products, such as discretionary managed accounts by Financial Engines or Guided Choice are used by only 4% to 5% of employees in the plans where they are offered.

"Red, Yellow, and Green: A Taxonomy of 401(k) Portfolio Choices"
Gary R. Mottola and Stephen P. Utkus June 2007 PRC WP2007-14 Pension Research Council Working Paper
Managed account offered to over 242,000 Vanguard participants. About 12,000 (4.9%) participants adopted the managed account service.

The UnifiedPlan Improves Retirement Success Probability for All Age Groups



Success % is number of times Monte Carlo projection was successful.
Only Opt-in participants studied.

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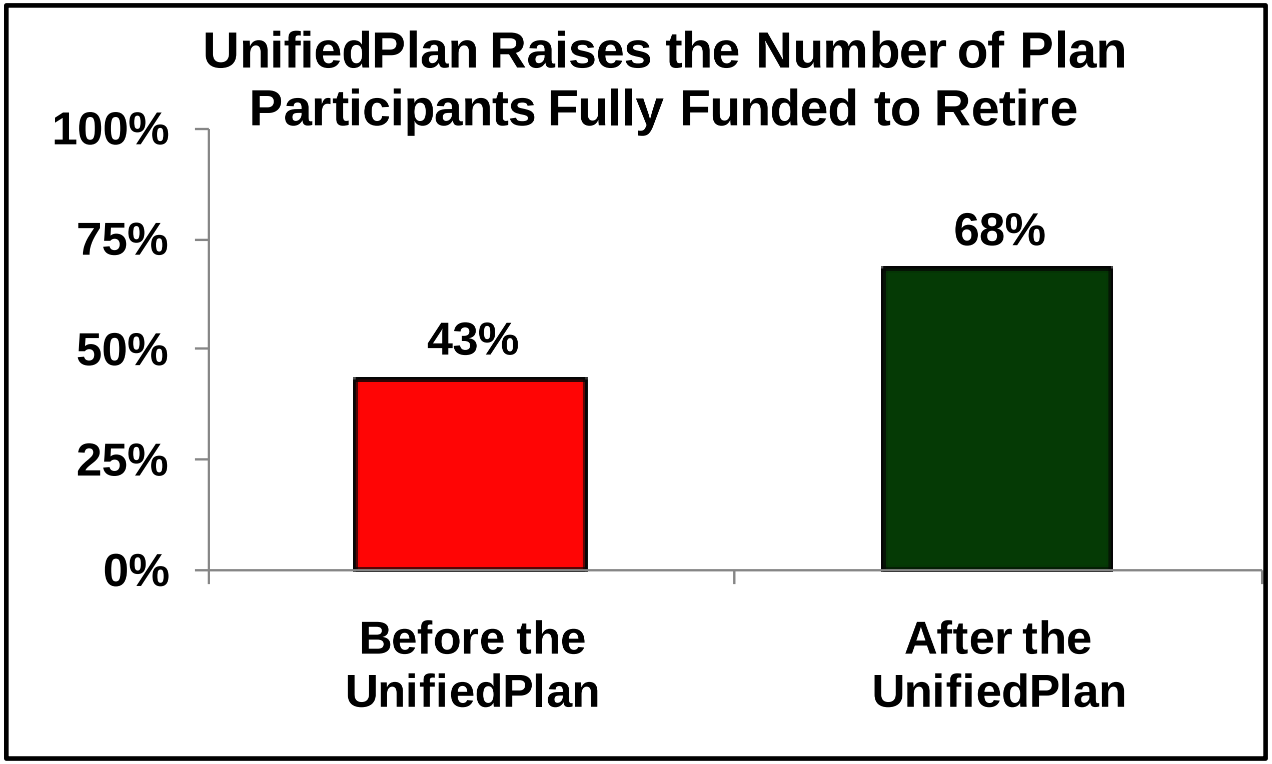
The UnifiedPlan Has a Positive Impact By Moving More Plan Participants to Fully Funded Status



"Fully Funded" means forecast Asset/Liability at least 1.00.
Only Opt-in participants studied.

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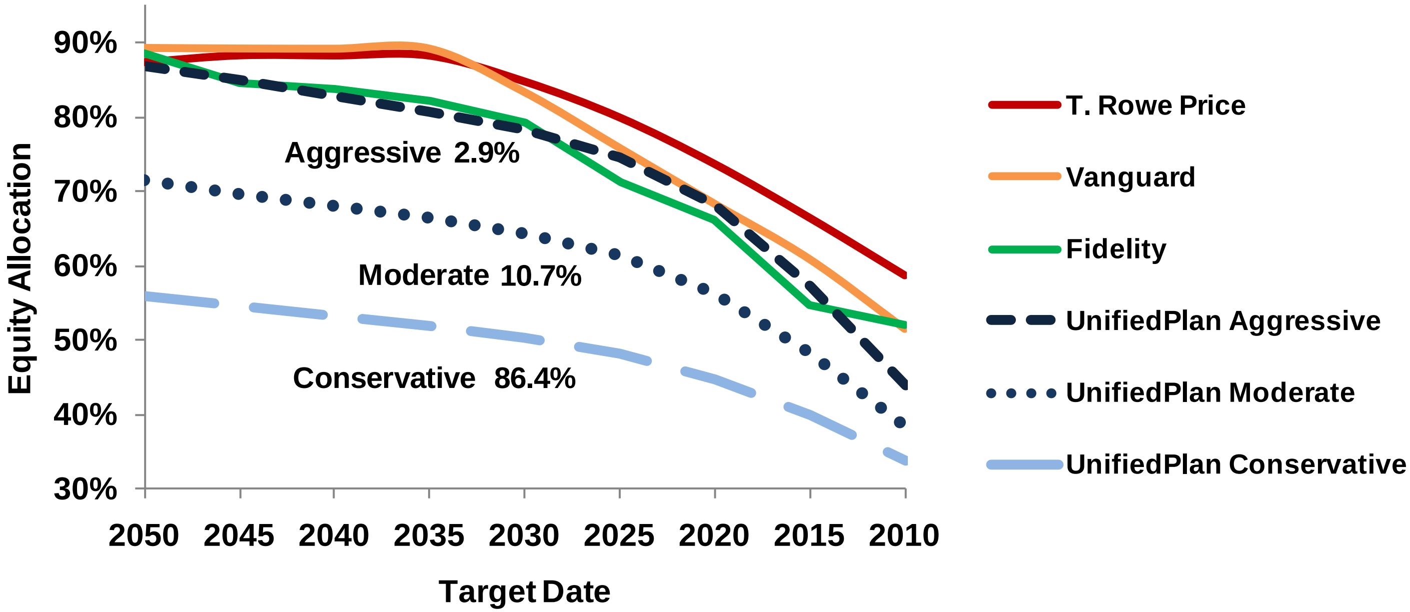
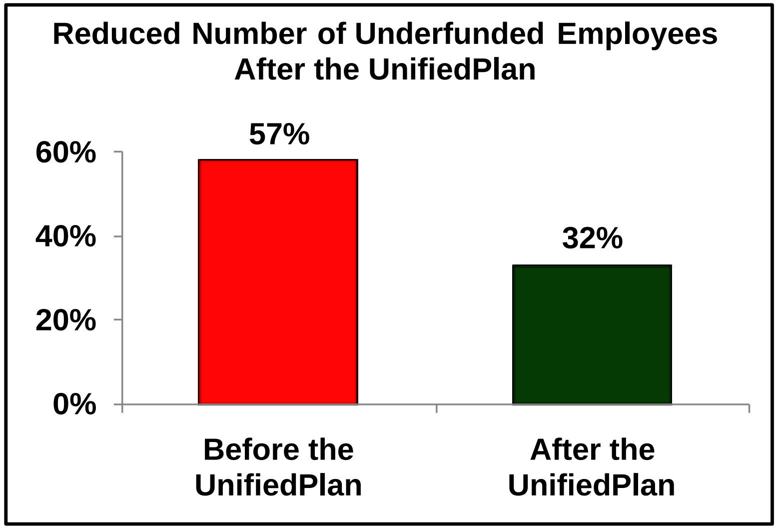
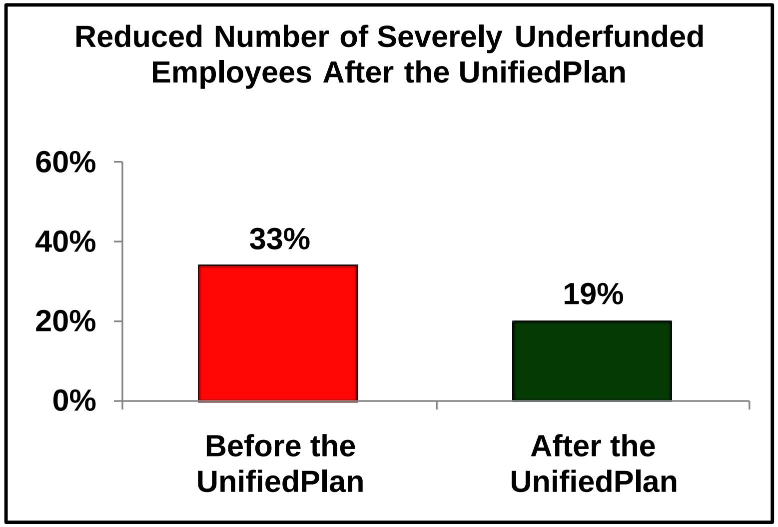
The UnifiedPlan Allows Many Fully Funded Employees to Take Less Risk Than a Target Date Fund



The % figures show the breakdown of the fully funded group as allocated to each UnifiedPlan glidepath.

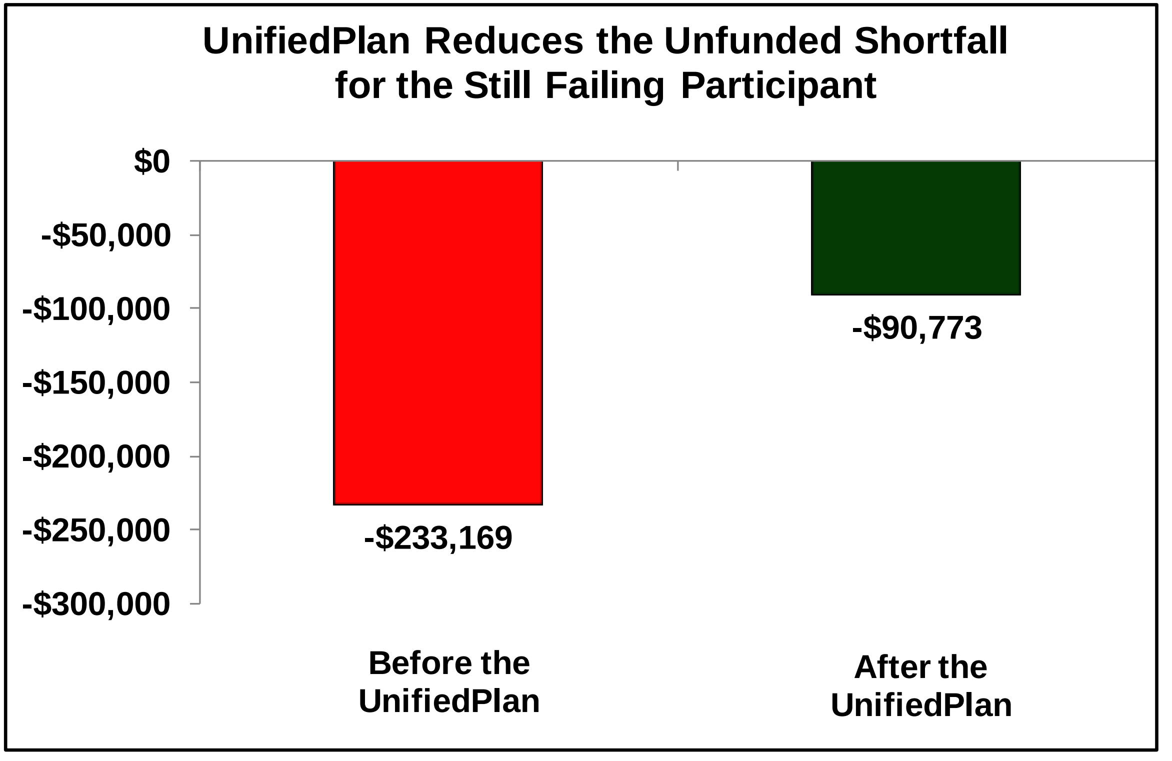
The UnifiedPlan Reduces the Number of Underfunded Participants





"Underfunded" means forecast Asset/Liability less than 1.00.
"Severely Underfunded" means forecast Asset/Liability 0.00 to 0.50.
Only Opt-in participants studied.

UnifiedPlan Reduces the Shortfall for Remaining Underfunded Participants



"Underfunded" means forecast Asset/Liability less than 1.00.
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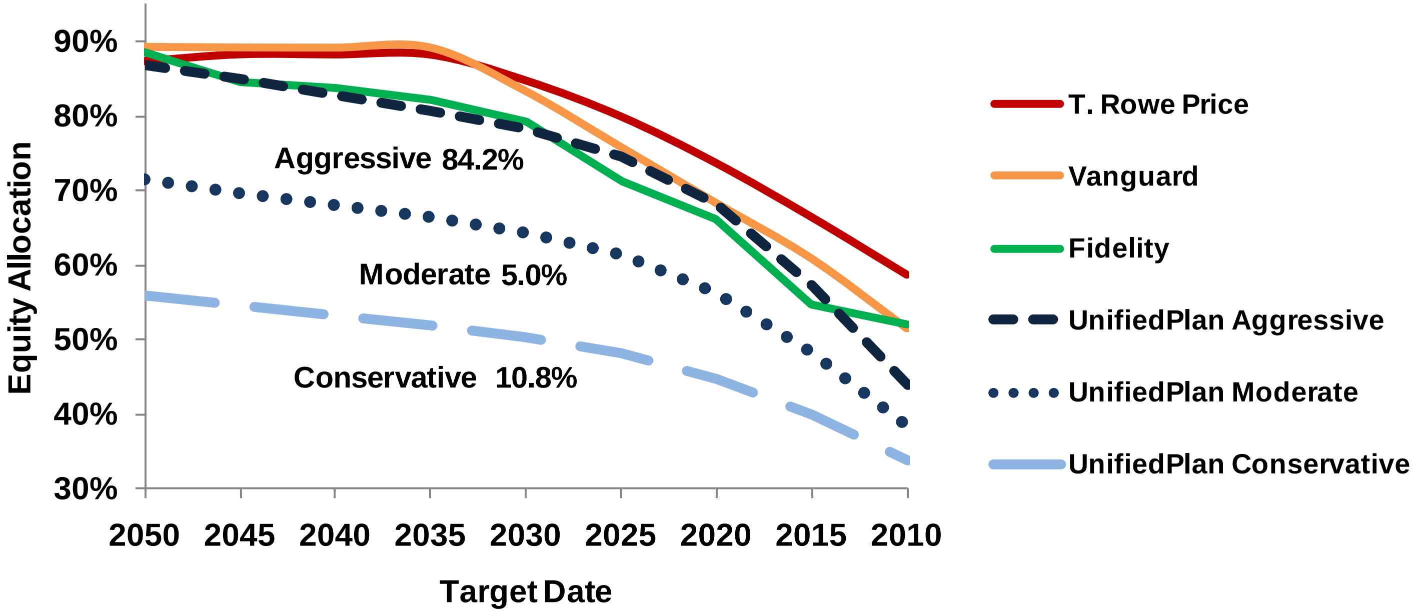
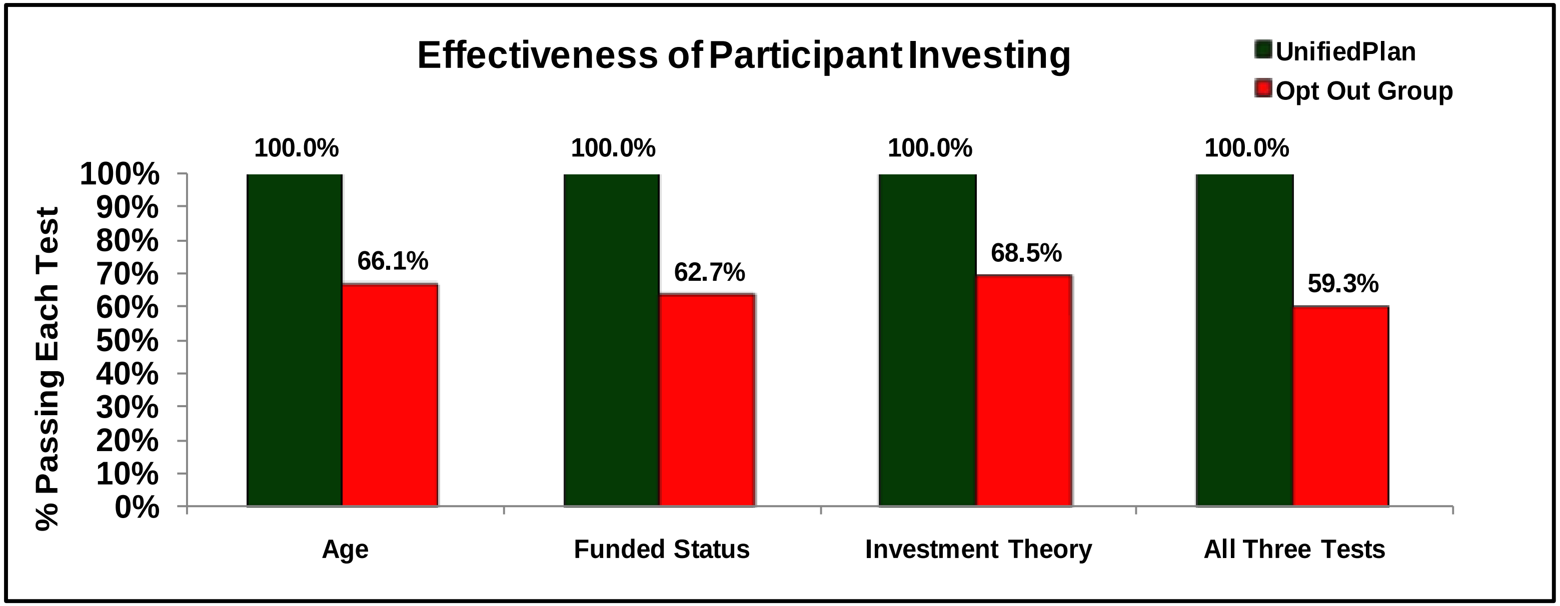
Only Opt-in participants studied.

The UnifiedPlan Applies Risk and Time More Precisely for the Underfunded Employee

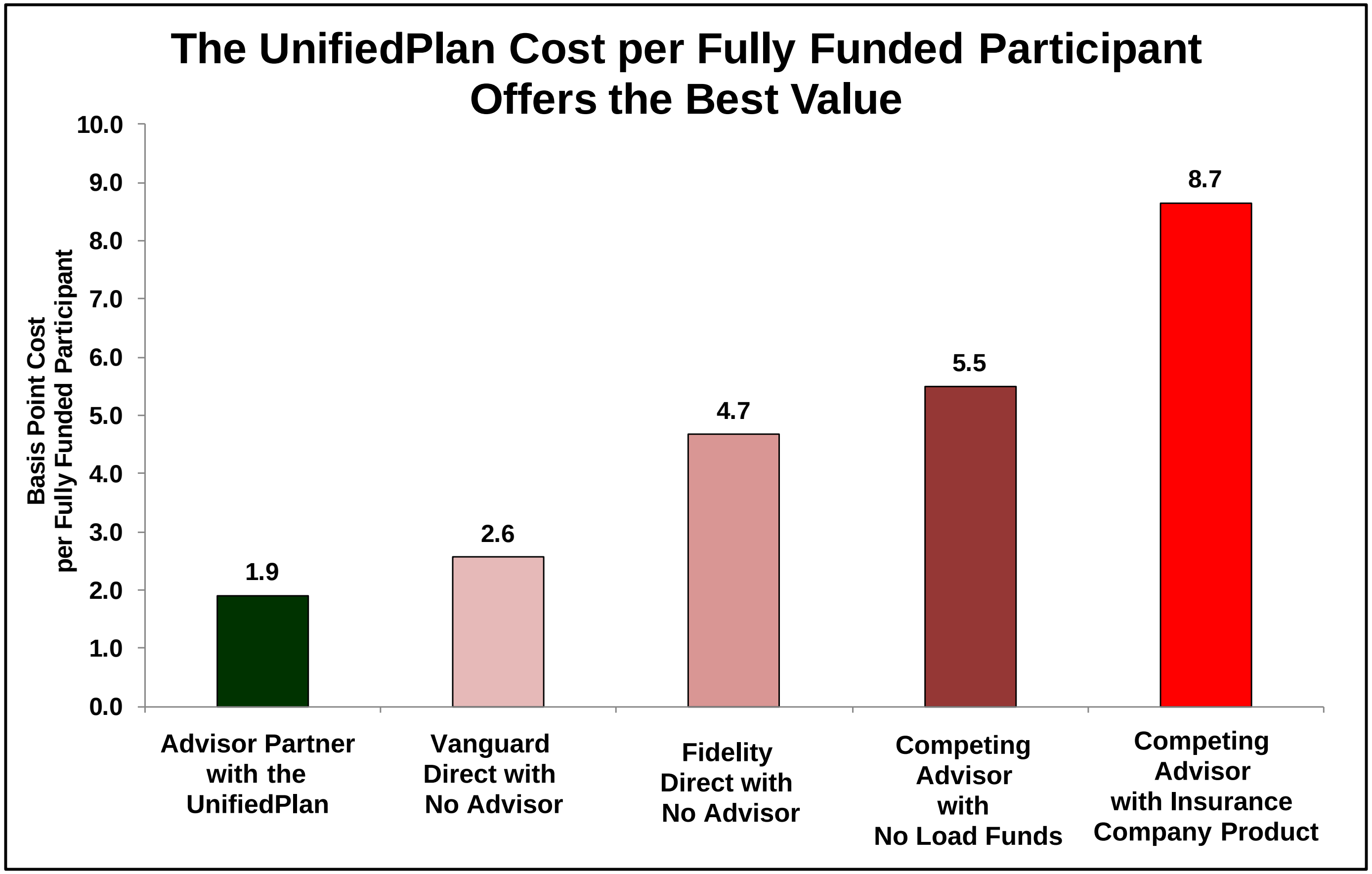


The UnifiedPlan Improves Participant Investing Compared to "Opt Out" Group



"Appropriate Investing" means the participant has a fixed income and equity allocation consistent for their age, for their funded status, their portfolio asset allocation is efficient, and passes prudent fiduciary tests by generally accepted investment theory.

UnifiedPlan Offers the Best Value for Each Fully Funded Plan Participant



In Summary, The Defined Goal QDIA Process Will Help Many More People Successfully Retire

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MAIN
MANAGEMENT, LLC

fi360 Conference

San Antonio, Texas
2011

Professional vs. Amateur Investment Management – A Fiduciary Issue…

Jim McMichael, CIMC®, AIF®

Managing Director, Main Management, LLC

San Francisco

Are missing something?

- *"Most investors would fare better if plan sponsors were responsible for investment decisions" - Blaine Aikin, Pres. fi 360*
- *"Nothing is less productive than to make more efficient what should not be done at all" – Peter Drucker*
- *"One day we will see a flurry of 401(k) litigation that will dwarf tobacco lawsuits" - Brooks Hamilton*
- *"What's important is to keep what's important important" – Albert Einstein*

Are we missing the obvious?

1. *Do we really believe a more transparent fee structure is going to make up for bad investment decisions?*

2. *Do we really believe that passive education of disinterested employees is going to turn them into competent long-term investors?*

3. *Do we really believe that one mutual fund company's list of funds vs. another's is going to have a material effect on participants long term investment success?*

4. *Do we really believe the key to success is more or less choices?*

5. *Considering what we all know about the performance and misuse of target date funds, do we really believe they are the answer?*

Some realties need to be discussed…

1. *All other serious investors have chose professional management.*

2. *We call on professionals in virtually all important life decisions, i.e. medical, legal, accounting, etc….*

3. *Where else do we “degroup” so maximum fees can be charged?*

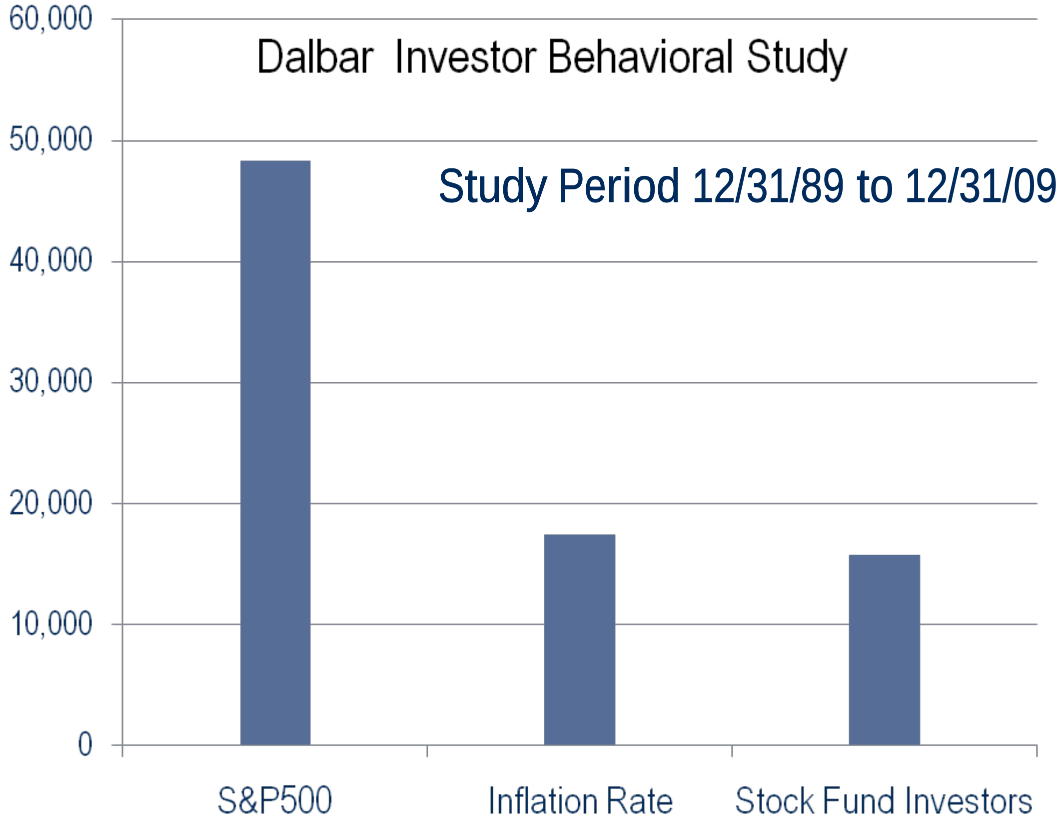
4. *Participant's investment mistakes and underperformance are well known but not seriously addressed.*

5. *As fiduciaries, isn’t it time we start answering these instead of letting the mutual fund companies dominate the entire discussion?*

Is there a better way?

- Professional Management
- Concentrate on Allocation instead of Stock Selection
- Use Index ETFs instead of managed mutual funds
- Address systematic risk
- Use Real Pros

Why Professional Management?

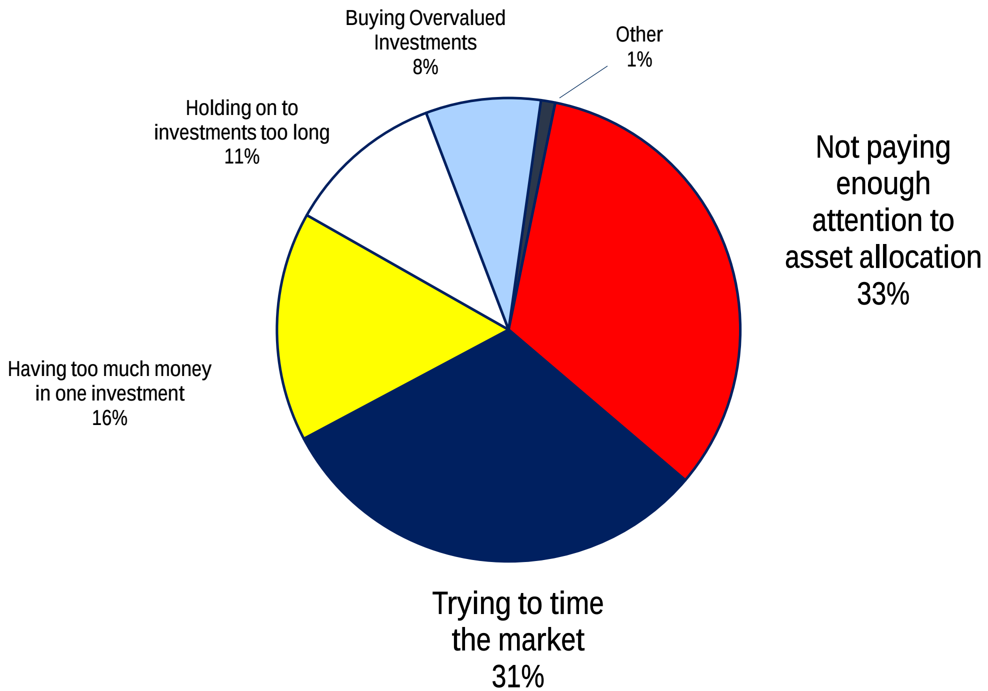


Average Annual Returns	
S&P 500	8.2%
Stock Fund Investors	2.3%
Inflation Rate	2.8%

Why Professional Management ?

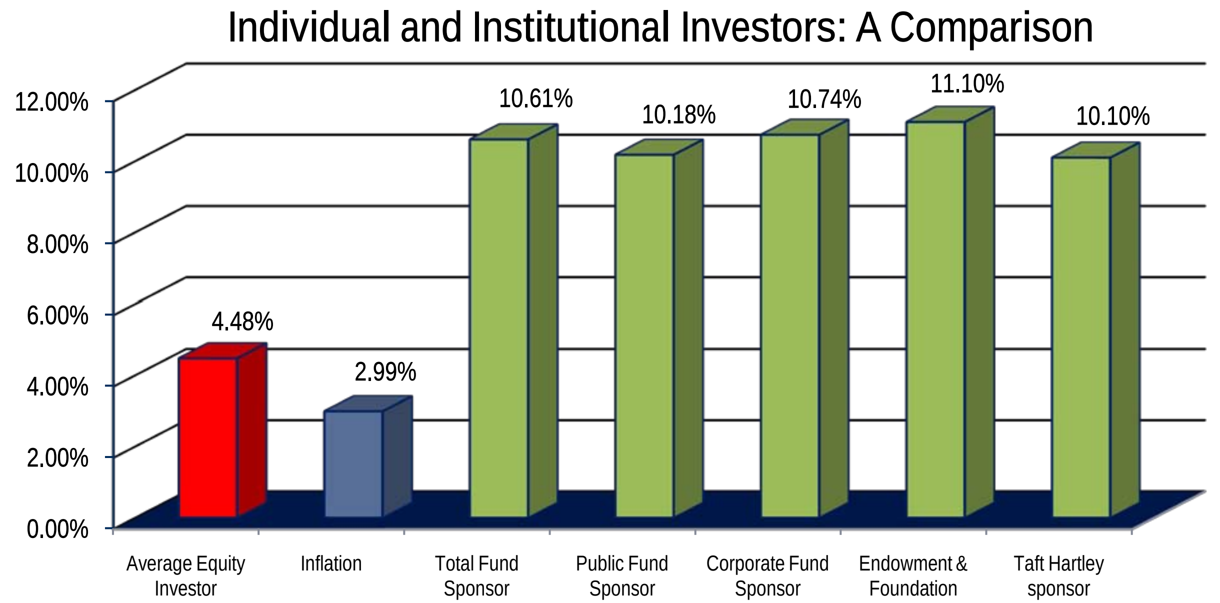
“Two Critical Errors – Not understanding Allocation & Trying to Time the market”

Alliance Bernstein survey 2005



Source: Alliance Bernstein Investments 2005 Survey of Financial Advisors on Asset Allocation

The cost of "do it yourself" plans may be greater than the fees !



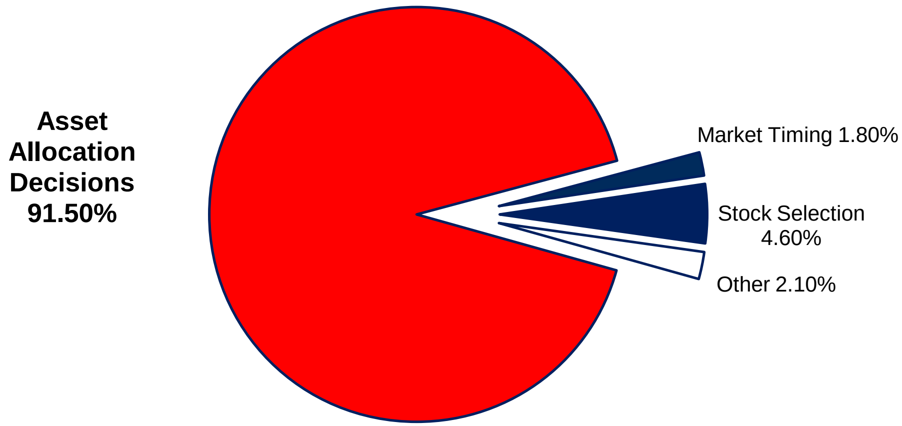
20 Year Average Annual Returns for 1988 - 2007

The fund sponsor databases are supplied by Callan Associates and are not limited to Callan client fund sponsors. The Total Fund Sponsor Database consists of return information for public pension funds at the city, county and state level; a wide variety of corporate pension funds; endowments and foundations; and Taft-Hartley union pension funds. Each of these fund sponsor groups is also represented individually.

There is no assurance that past trends will continue into the future. The effects of any updates released after the period shown are not reflected in this Data. Past performance does not guarantee future results.
**Source: "Quantitative Analysis of Investor Behavior" Report, 2008 Update, Dalbar, Inc.*
Source: Callan Associates. Data as of 12/31/07

Are you getting what you pay for?

Factors Affecting Performance



Source: Brinson, Beebower and associates, "Determinants of Portfolio Performance," 1986, updated 1991 and 1995.

**Asset Allocation does not ensure a profit or protect against a loss.*

Cost/Benefit Analysis – Allocation vs Stock Selection

- *Cost of Active Stock Selection*
  - *Expense ratio/management fee: .05% to 3%*
  - *Trading costs: .25% to 3%*
  - *Average total cost : 1.5% to 4%*

Portfolio Effect 6%!

- *Cost of Active Allocation*
  - *Expense ratio :.09% to .75%*
  - *Trading costs: .10% to .15%*
  - *Management fees: .05% to 1%*
  - *Average total costs: 1% to 2%*

Portfolio Effect 94%!

Why Index ETFs instead of Mutual Funds?

Stock-picking Managers Outperforming the Index

Trailing 5 Years -

U.S. Managers	
Large Cap Core (vs. S&P 500)	36.8%
Mid Cap Core (vs. S&P MidCap 400)	18.0%
Small Cap Core (vs. S&P SmallCap 600)	39.8%

International Managers	
International (vs. S&P 700)	18.3%
Emerging Markets (vs. S&P/IFCI Composite)	10.5%

Source: Standard & Poor's, CRSP. For periods ending December 31, 2010. Outperformance is based upon equal weight fund counts

Over 75% of all funds

underperform

their benchmarks !

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Other Important Advantages of Index ETFs

1. Avoid Single Stock Risk
2. Avoid Manager Bias
3. Better Performance
4. Risk Management Tools
5. Lower Costs
6. Transparency
7. Specialized Asset Classes

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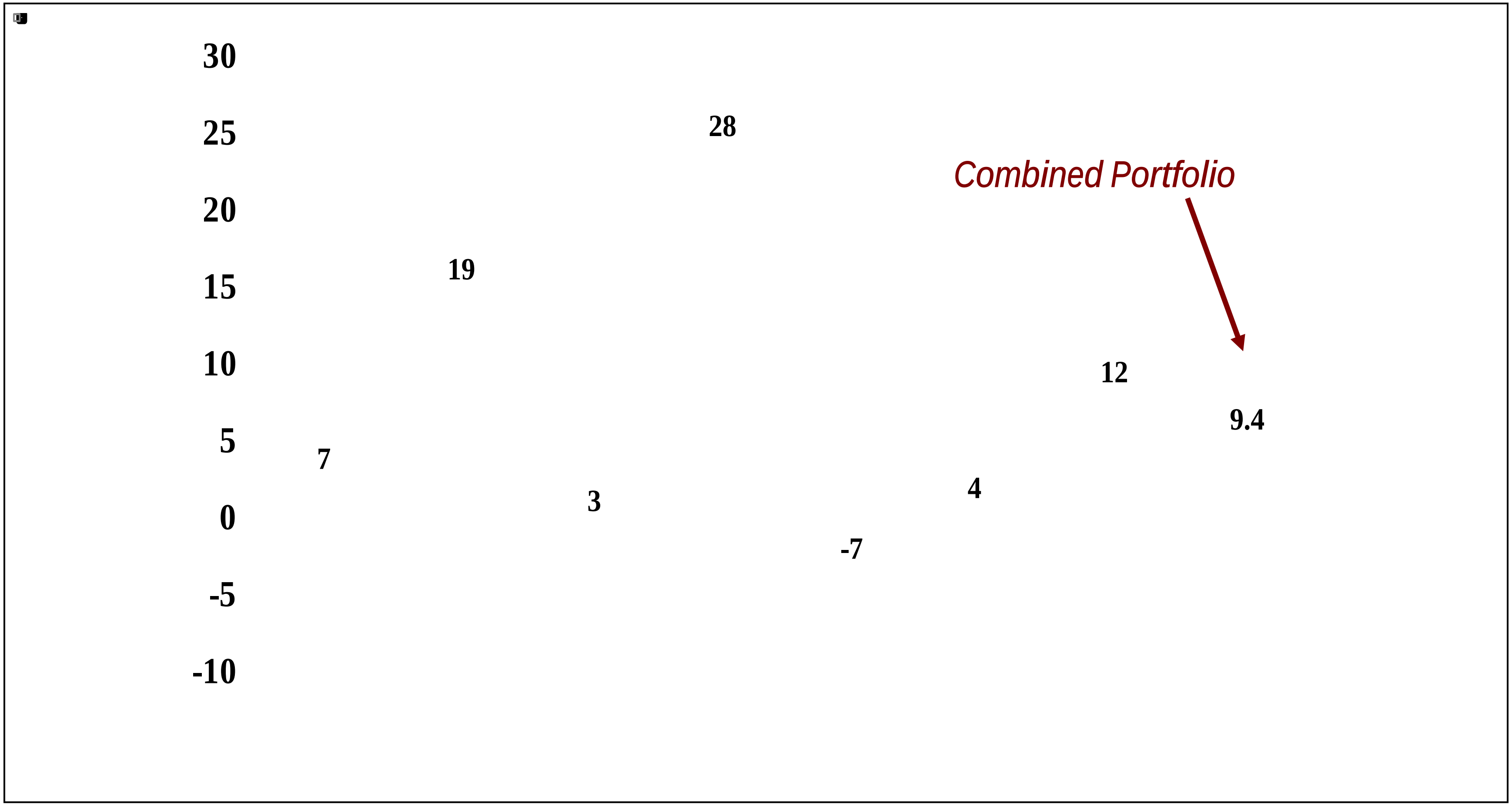
Why Use Dynamic Risk Management Tools

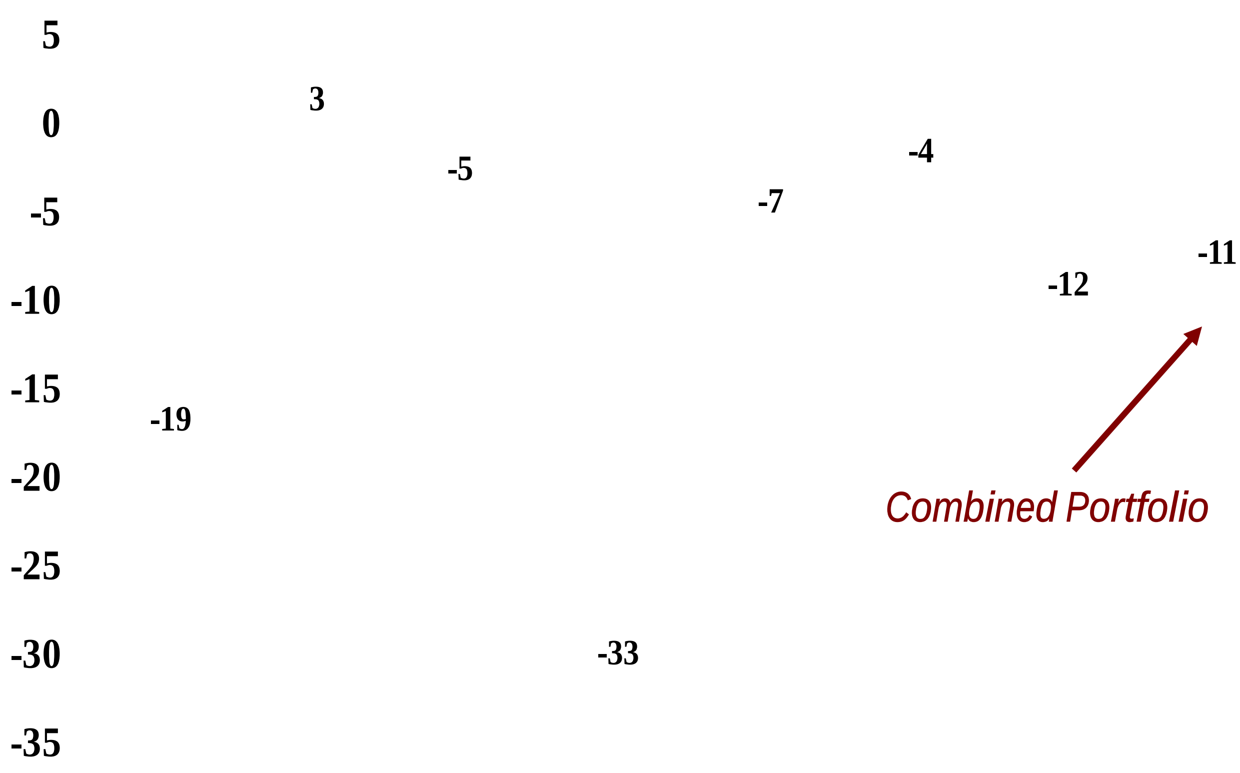
- Traditional diversification does not protect from *systematic risk.*

- In a highly politicized and global market, systematic risk cannot be ignored!

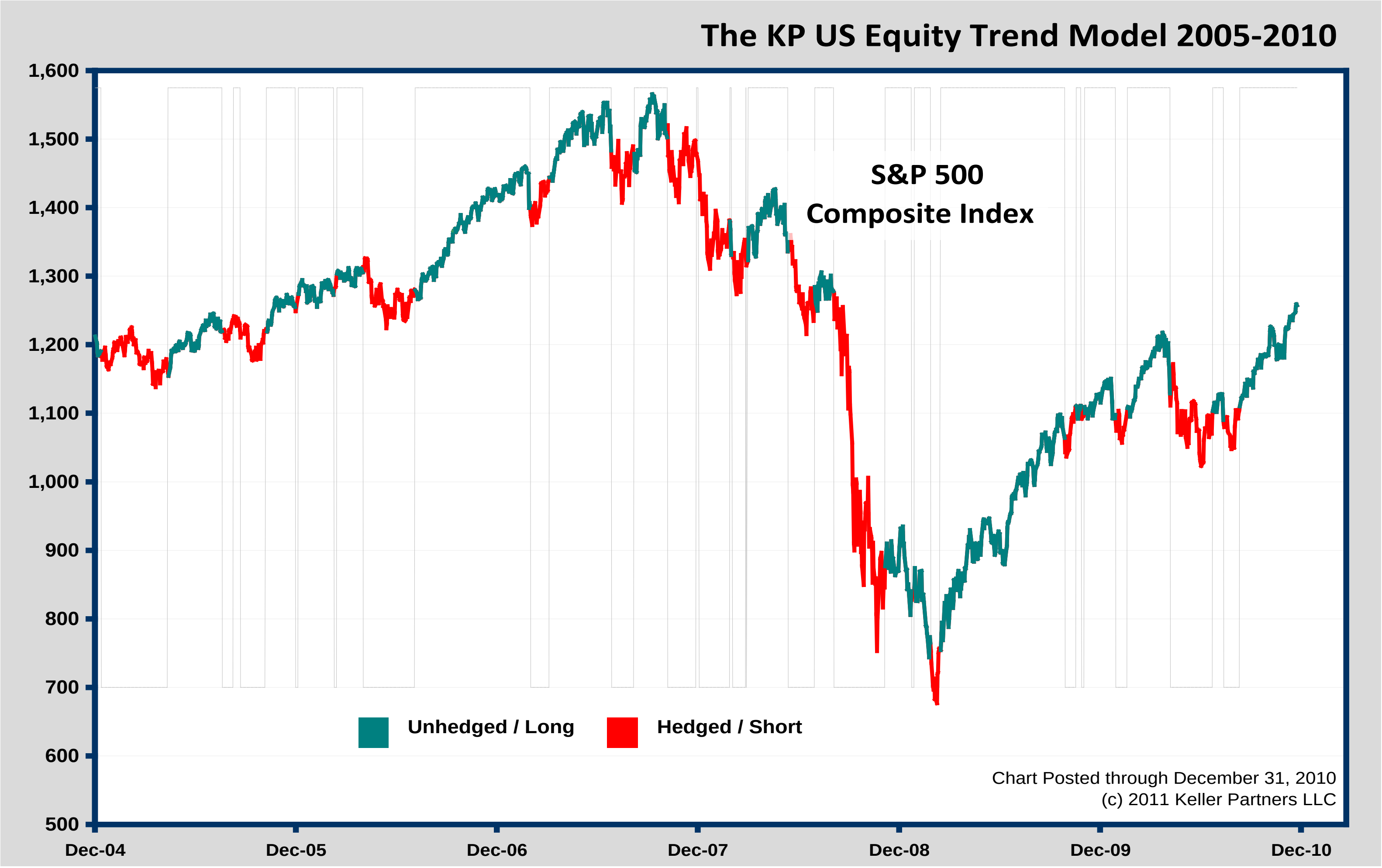
Diversification - Not the Whole Story



Diversification - Can Surprise in Systematic Corrections



Why Dynamic Risk Control (DRC)?



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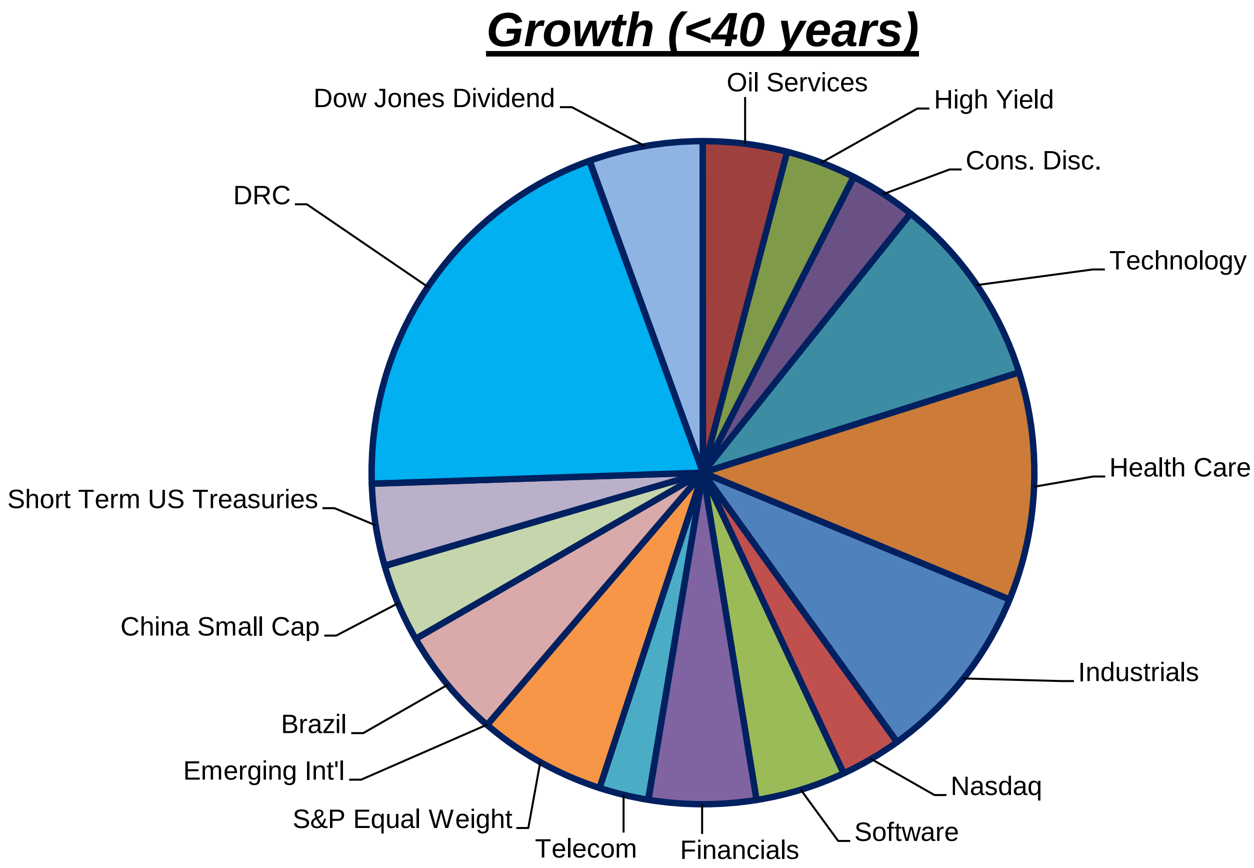
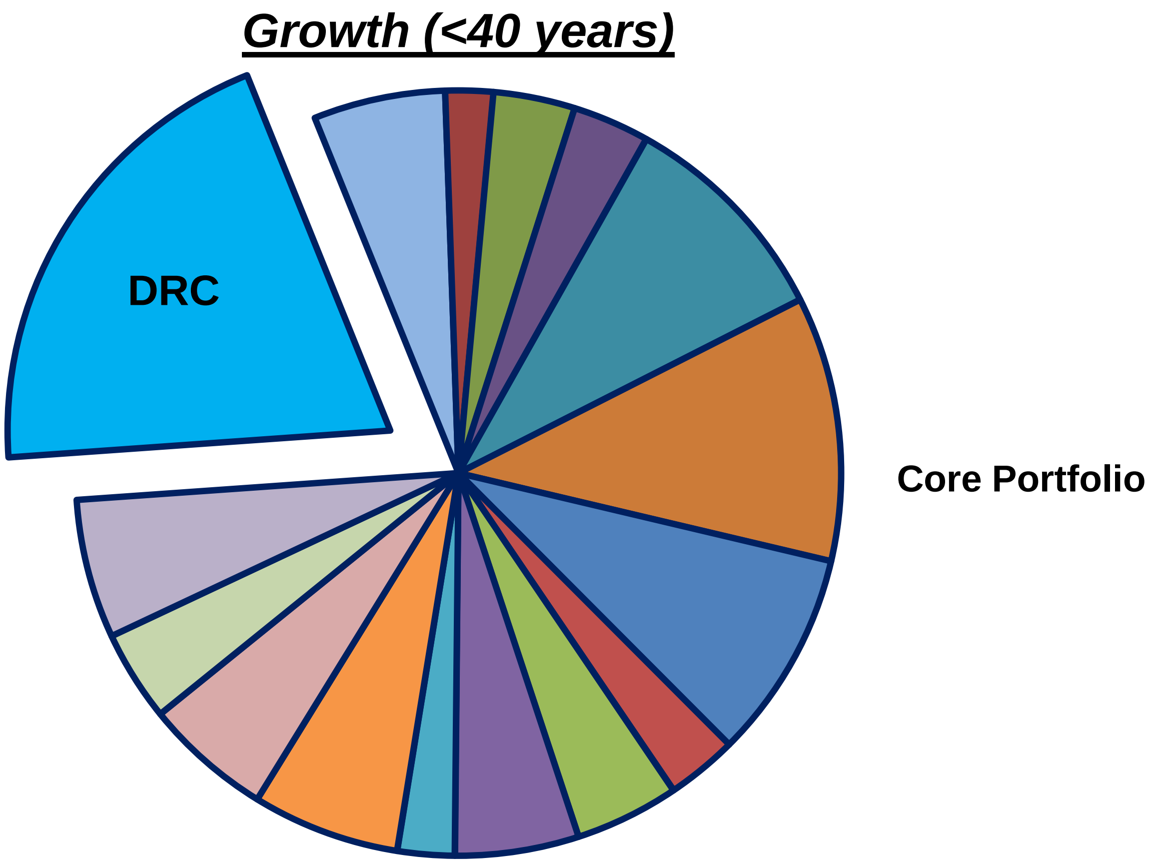
Age Based Portfolios

Age	Investment Goals	Portfolio
< 40 Yrs	Maximum Growth – Least invested, most time until retirement	GROWTH Portfolio Core portfolio has 100% equities and 0% fixed income w/ DRC
40 to 49 Yrs	Slightly less growth – more invested, desire for growth with less volatility	INTERMEDIATE GROWTH Core portfolio has 75% equities and 25% fixed income w/ DRC
50 to 59 Yrs	Still seeking growth but desires even less volatility as account value increases and retirement becoming a reality	MODERATE GROWTH Core portfolio has 50% equities and 50% fixed income w/ DRC
60+ Yrs	Still needs growth but account is major asset and must be protected from severe decline	CONSERVATIVE GROWTH Core portfolio has 25% equities and 75% fixed income w/ DRC

Active Age Based Portfolio (with DRC)

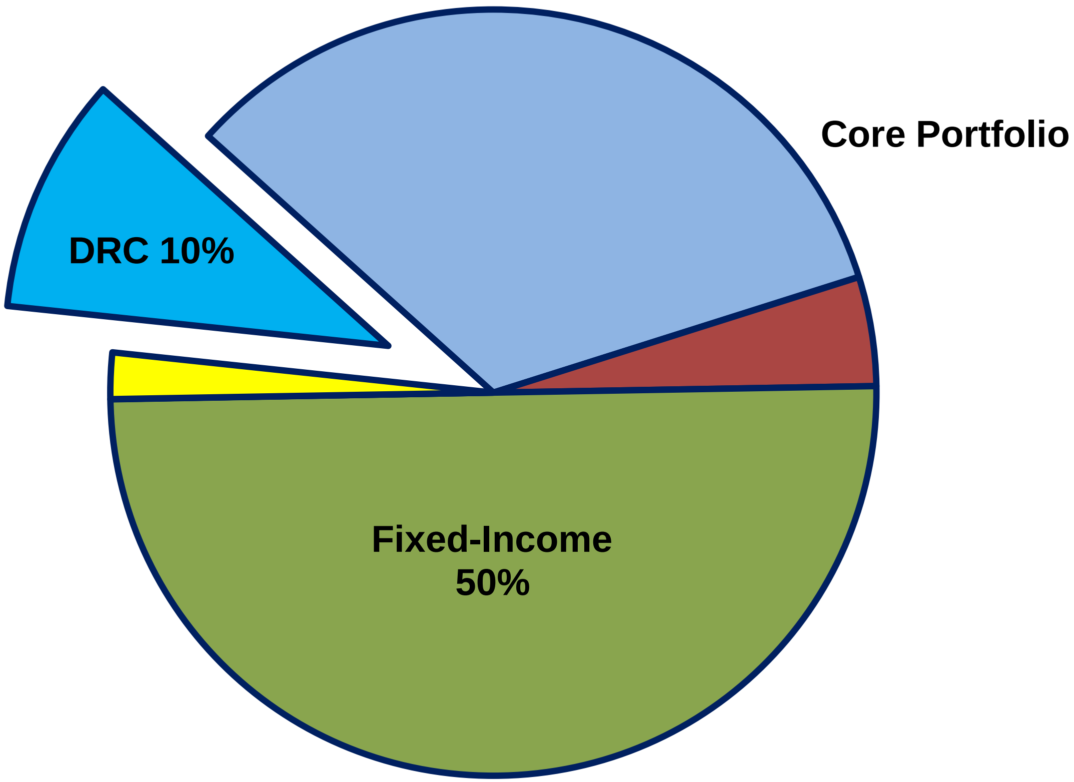


Active Age Based Portfolio (with DRC)

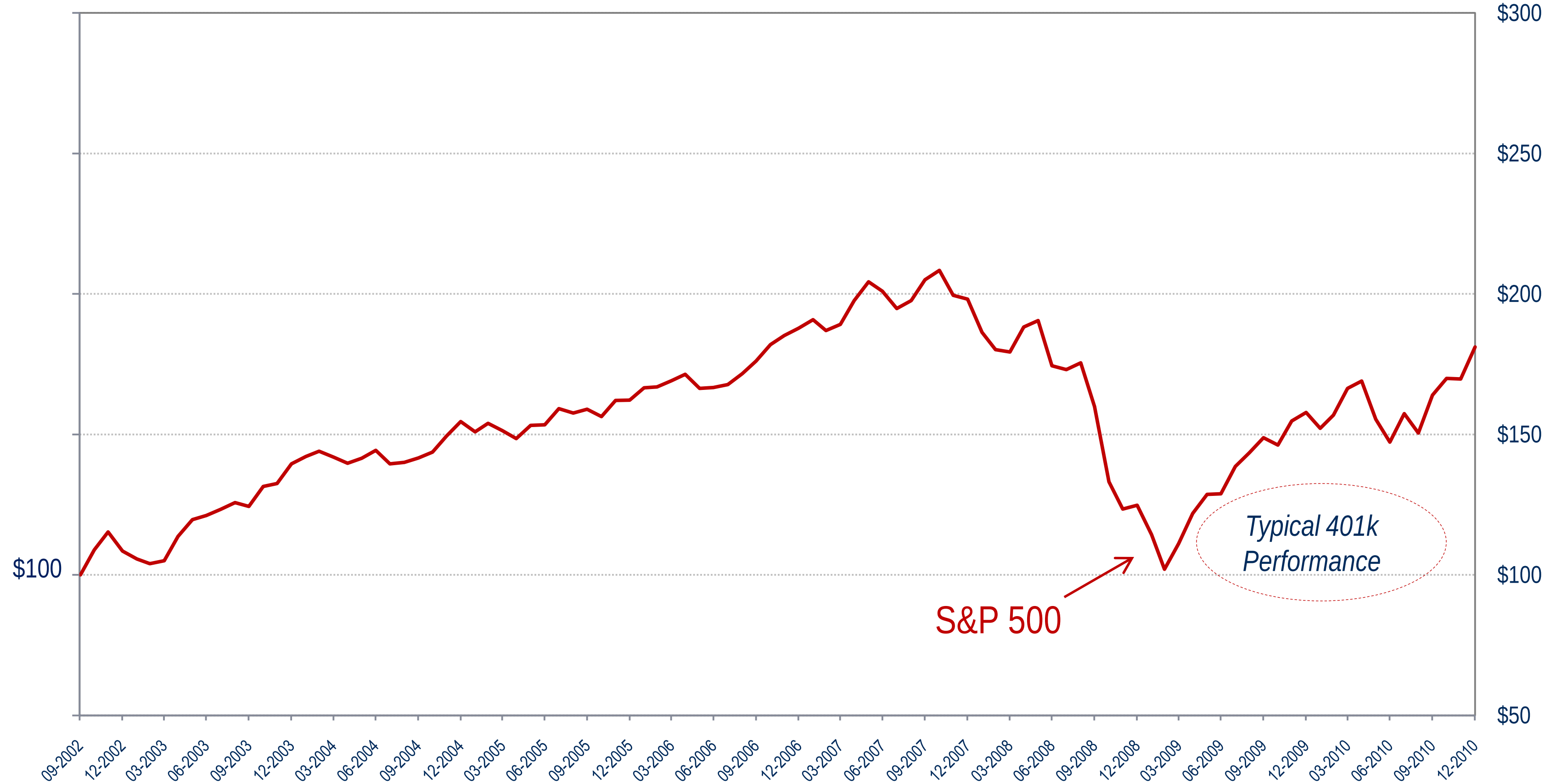


Active Age Based Portfolio (with DRC)

Moderate Growth(<50 to 59 years)



Most participants underperform market… Q4 2010



Notes: All returns are net of Main's maximum investment management fee, custodial & trading costs per annum. Returns are back-tested prior to 12/31/2010.

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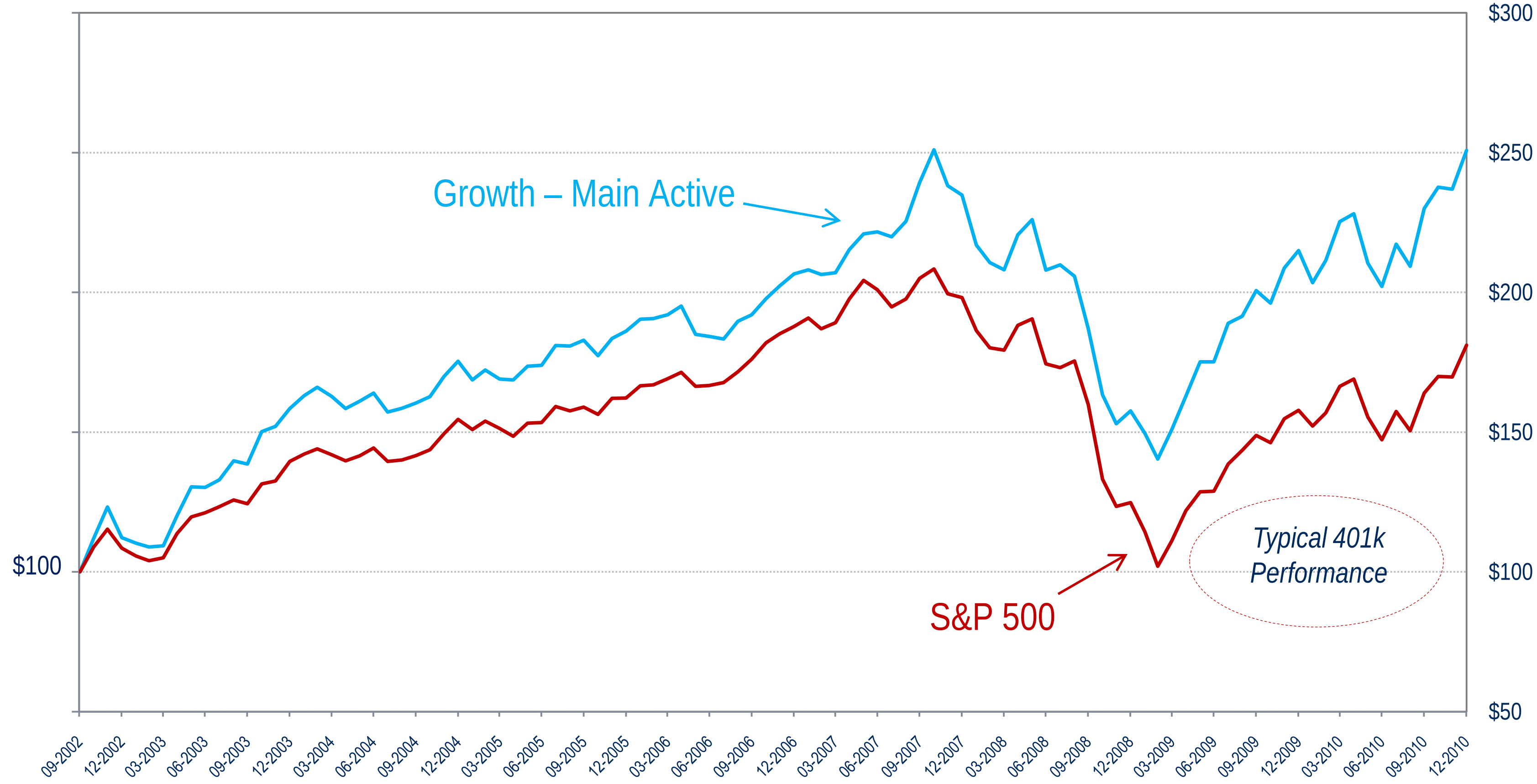
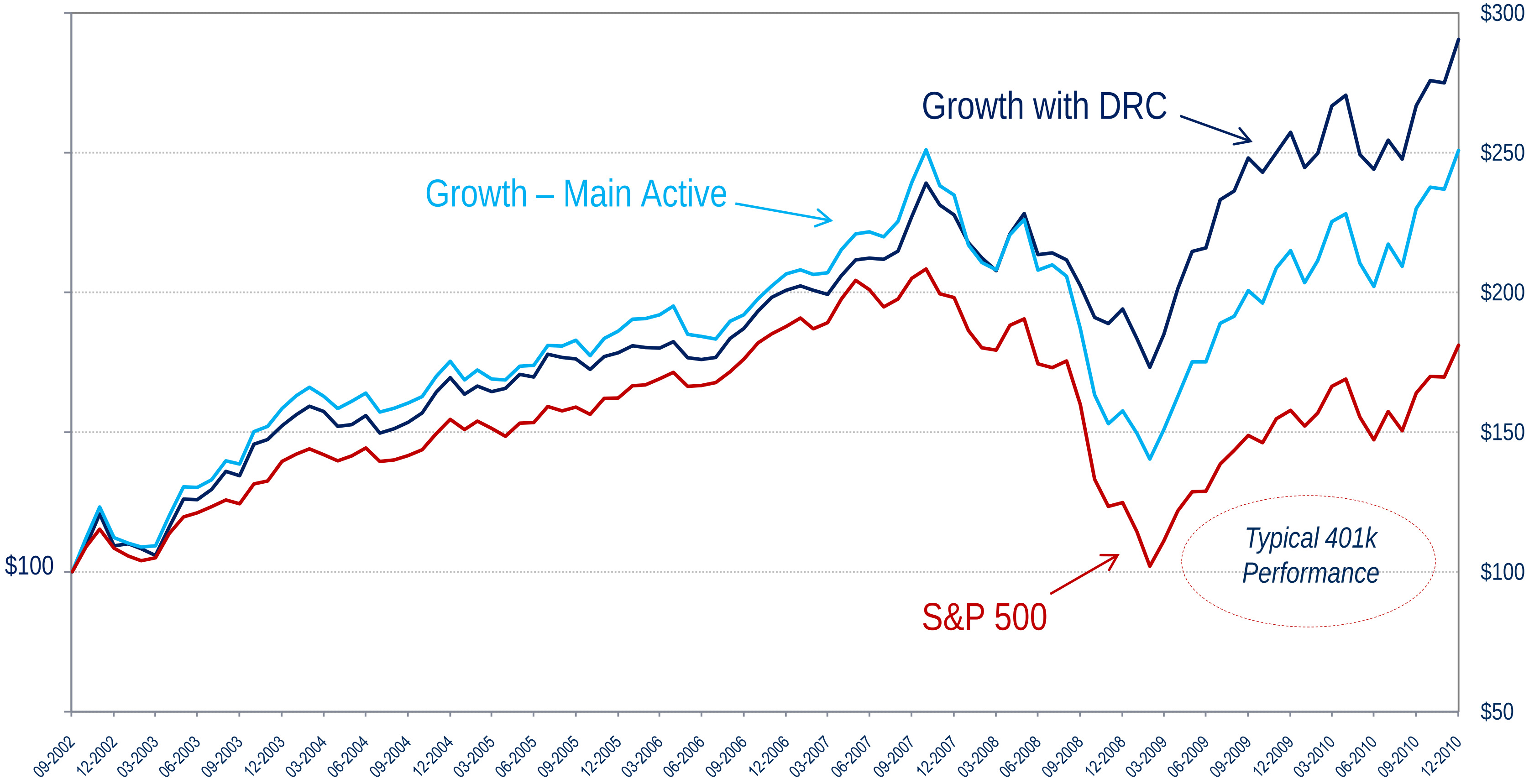
Professional management helped over time… Q4 2010



Notes: All returns are net of Main's maximum investment management fee, custodial & trading costs per annum. Returns are back-tested prior to 12/31/2010.

Combining Professional management with Dynamic Risk control Q4 2010



Notes: All returns are net of Main's maximum investment management fee, custodial & trading costs per annum. Returns are back-tested prior to 12/31/2010.

Active – Age Based Portfolios

Q4 2010

Allocations without DRC[1]

	Equities	Fixed Inc		QTD	1 Year	3 Year	5 Year	Since 09/30/2002
Growth	100%	0%		8.90%	16.22%	1.78%	5.71%	11.75%
Intermediate	75%	25%		6.20%	13.51%	3.55%	6.16%	10.38%
Moderate	50%	50%		3.51%	10.80%	4.65%	6.18%	8.77%
Conservative	25%	75%		0.82%	8.09%	5.17%	5.83%	6.82%
			S&P 500	10.49%	14.79%	-2.94%	2.23%	7.46%

Allocations with DRC[1]

	Equities	Fixed Inc		QTD	1 Year	3 Year	5 Year	Since 09/30/2002
Growth	100% *20% DRC*[2]	0%		8.75%	12.32%	7.90%	9.68%	13.49%
Intermediate	75% *15% DRC*[2]	25%		6.01%	10.55%	7.50%	8.71%	11.71%
Moderate	50% *10% DRC*[2]	50%		3.33%	8.77%	6.89%	7.61%	9.21%
Conservative	25% *5% DRC*[2]	75%		0.69%	7.00%	6.06%	6.37%	6.89%
			S&P 500	10.49%	14.79%	-2.94%	2.23%	7.46%

Notes: 1. DRC indicates portfolios with Dynamic Risk Control. 2. DRC is included in Equity Allocation.

Active – Age Based Portfolios

Annual 2010

Allocations without DRC[1]

	Equities	Fixed Inc		2010	2009	2008	2007	2006	2005	2004	2003
Growth	100%	0%		16.64%	36.43%	-32.89%	13.68%	10.96%	6.17%	10.66%	41.15%
Intermediate	75%	25%		13.94%	28.77%	-23.38%	11.99%	9.28%	5.22%	9.07%	31.87%
Moderate	50%	50%		11.23%	21.12%	-13.86%	10.29%	7.61%	4.27%	7.47%	22.59%
Conservative	25%	75%		8.52%	13.46%	-4.34%	8.60%	5.94%	3.32%	5.87%	13.32%
			S&P 500	14.78%	26.52%	-37.04%	5.49%	15.80%	4.90%	10.82%	28.66%

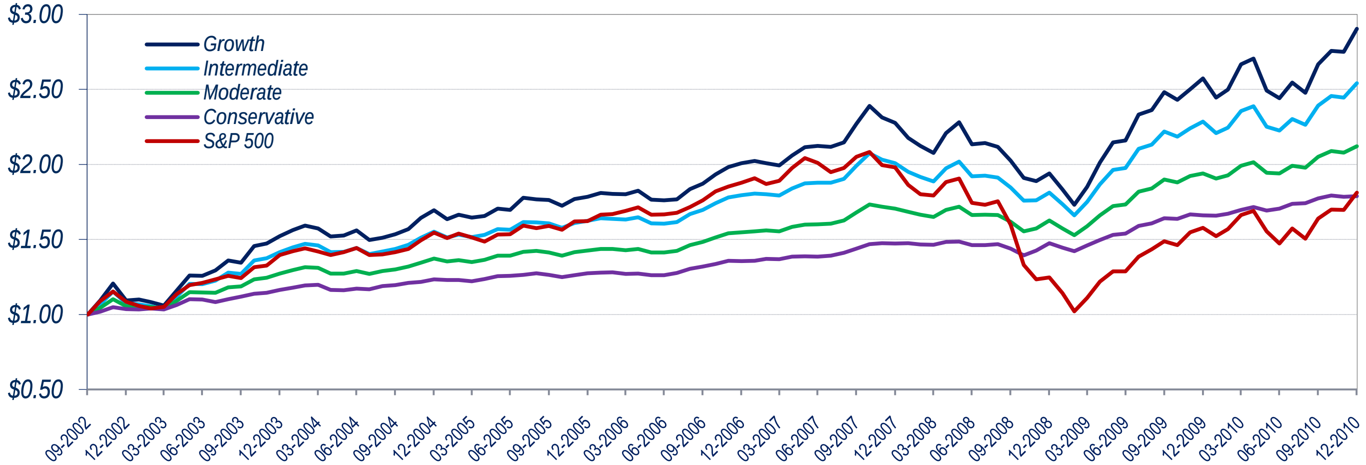
Allocations with DRC[1]

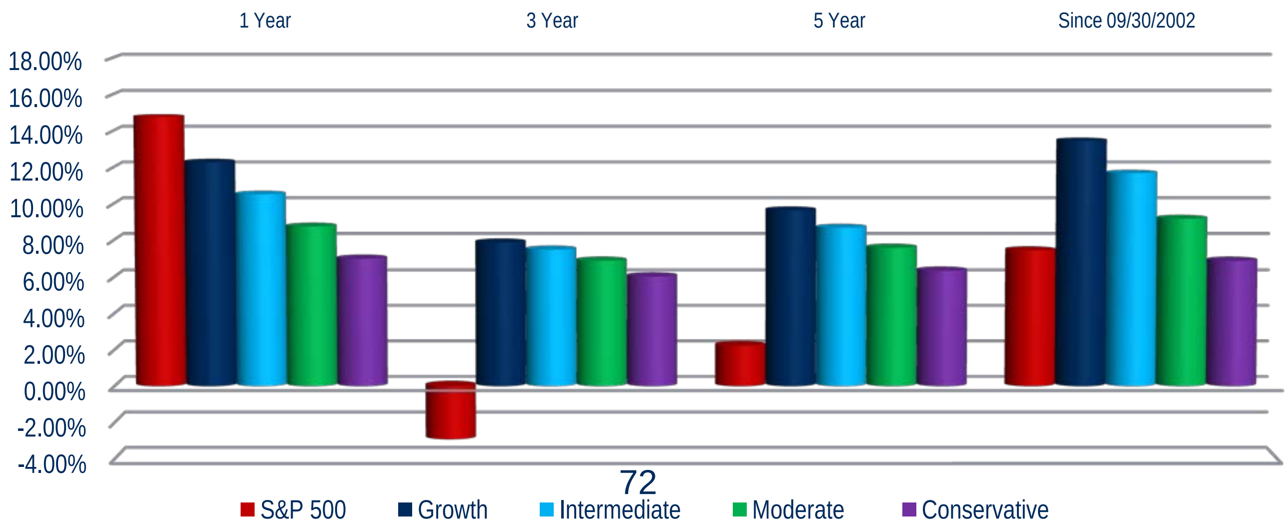
	Equities	Fixed Inc		**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Growth	100% *20% DRC*[2]	0%		12.88%	32.62%	-14.77%	13.43%	12.49%	5.28%	11.34%	39.26%
Intermediate	75% *15% DRC*[2]	25%		11.20%	26.01%	-9.72%	11.88%	10.52%	4.63%	9.66%	31.81%
Moderate	50% *10% DRC*[2]	50%		9.42%	19.30%	-4.73%	10.24%	8.46%	3.90%	7.88%	20.73%
Conservative	25% *5% DRC*[2]	75%		7.65%	12.58%	0.25%	8.61%	6.39%	3.16%	6.11%	12.42%
			S&P 500	14.78%	26.52%	-37.04%	5.49%	15.80%	4.90%	10.82%	28.66%

Notes: 1. DRC indicates portfolios with Dynamic Risk Control. 2. DRC is included in Equity Allocation.

Active – Risk Based Portfolios with DRC

Q4 2010





Notes: All returns are net of Main's maximum investment management fee, custodial & trading costs per annum. Returns are back-tested prior to 12/31/2010. Past performance does not guarantee future results. **DRC indicates Dynamic Risk Control.

The Simplified 401(k) Plan

Sponsors

- *Dramatically Reduced Personal Liability*
- *Simplicity of Administration/Lower Fees*
- *Unique Employee Benefit*
- *Peace of Mind*

Participants

- *Improved Performance (professional management)*
- *Greater Retirement Benefit*
- *Peace of Mind*

Main Management, LLC

- Founded in 2002, specifically to manage portfolios of ETFs for Institutions
- Pioneer in use of ETFs and original member of *iShares Insight Circle*
- Highly experienced group of senior investment management professionals
- Fundamental/tactical approach in building risk based portfolios
- Uses hedging techniques to protect portfolios from major declines

Disclosures Q4 2010

Main Management, LLC ("Main Management", or the "firm") is an investment adviser registered under the Investment Advisers Act of 1940. The firm was founded in 2002 and provides investment management services primarily to high net worth individuals, retirement plans, family groups, foundations/endowments, and serves as a sub-advisor to third-party investment advisors & broker-dealers.

The information contained herein was prepared using sources that the firm believes are reliable, but the firm does not guarantee its accuracy. The information reflects subjective judgments, assumptions and the firm's opinion on the date made and may change without notice. The firm is not obligated to update this information. Nothing herein should be construed as investment advice or a recommendation to purchase or sell securities.

The information is not intended as an offer to provide advisory services in any state or jurisdiction where such offer would not be permitted under applicable registration requirements. All investing entails risk of loss. The firm cannot assure any potential client that it will achieve the investment objectives discussed in these materials. In addition, potential clients should not assume that their returns, if any, will be comparable to returns that the firm earned in the past.

In preparing this material, Main Management has not taken into account the investment objectives, financial situation or particular needs of any individual investor. Many securities transactions are risky and are not suitable for all investors. All securities investments carry risk, including a risk of loss of principal.

Recommendations that the firm makes in the future may not equal the performance of the securities mentioned in this information, if any, or even be profitable at all. Securities mentioned herein do not represent all of the securities purchased, sold or recommended for the firm's clients. Upon request, Main Management will furnish a list of all securities purchased or sold on behalf of clients within the last year.

The firm and its clients, affiliates and employees may, from time to time, have long or short positions in, and buy or sell, the securities or derivatives (including options) thereof, of the ETFs mentioned in these materials and may increase or decrease their positions.

The objective of Main Management's equity investment strategy is to construct portfolios that will participate in rising markets, and provide some protection in declining markets, over a market cycle. The firm may use global securities across all market capitalization ranges, and invest in both value and growth names. In portfolios that include Dynamic Risk Control (see fact sheet) allocations could, from time to time, include inverse index ETFs that move in the opposite direction of the index the ETF was designed to emulate.

Reported returns include all realized and unrealized gains and losses, all dividends and interest income and expense, and all transaction costs. All returns include the cost of investment management fese, trading costs & custodial fees . Management fees are payable in arrears in quarterly installments at the beginning of each calendar quarter and are based on a percentage of net assets in each client's portfolio. Trade date accounting has been used to value the composite throughout the periods presented. Valuations and returns are computed and stated in U.S. dollars. Upon request, Main Management will furnish additional information regarding the firm's policies for calculating and reporting returns. Past performance does not guarantee future results.

Main's models were back-tested using the actual performance of Main's Active all equity portfolio and the Keller Overlay(DRC) from 09/30/02 to 12/31/10. Performance data does not represent actual trading. Performance depicted is not a guarantee of future results.

The KPLLC Equity Trend Model is based on market research that has its origins in 1989. The current version of the Model is based on a combination of proprietary concepts and extensive testing. The future performance of the model is guaranteed to be different than its past performance. That is not to suggest that it won't add value, only that its future value will present itself differently from the past. The specialized ETFs that are ideal vehicles for implementing the dynamic hedge are only a few years old, but have attracted significant trading volume and their tracking of the underlying has been excellent. For our "what if" simulations we assume that, had they been available, these ETFs would have tracked their benchmark indices as accurately as they do now.

Benchmarks are unmanaged and do not take transaction costs or fees into consideration. It is not possible to invest directly in a Benchmark. Performance figures assume reinvestment of dividends and capital gains.

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