The Power of Saving & Investing

“If we take a late retirement and an early death, we’ll just squeak by.”
Dear Brothers and Sisters:

Latter-day Saints have been counseled for many years to prepare for adversity by having a little money set aside. Doing so adds immeasurably to security and well-being. Every family has a responsibility to provide for its own needs to the extent possible.

We encourage you wherever you may live in the world to prepare for adversity by looking to the condition of your finances. We urge you to be modest in your expenditures; discipline yourselves in your purchases to avoid debt. Pay off debt as quickly as you can, and free yourselves from this bondage. Save a little money regularly to gradually build a financial reserve.

If you have paid your debts and have a financial reserve, even though it be small, you and your family will feel more secure and enjoy greater peace in your hearts.

May the Lord bless you in your family financial efforts.

The First Presidency
Long-term Investing Creates Wealth

The investment time horizon is a powerful tool for managing volatility

EXHIBIT 6: RANGE OF ANNUAL TOTAL RETURNS, 1950 – 2014

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<table>
<thead>
<tr>
<th></th>
<th>Annual Avg. Total Return</th>
<th>Growth of $100,000 over 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>10.8%</td>
<td>$833,227</td>
</tr>
<tr>
<td>Bonds</td>
<td>6.2%</td>
<td>$327,106</td>
</tr>
<tr>
<td>50/50 Portfolio</td>
<td>9.0%</td>
<td>$565,743</td>
</tr>
</tbody>
</table>

Sources: Barclays Capital, FactSet, Robert Shiller, Strategas/bbotson, Federal Reserve, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2014. For illustrative purposes only. Growth of $100,000 is based on annual average total returns from 1950 to 2014. Guide to the Markets – U.S. Data are as of 1/31/15.

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The Consequences of Behavioral Mistakes

THE AVERAGE INVESTOR UNDERPERFORMS
Average Annual Returns Over the Past 20 Years, 1995–2014

<table>
<thead>
<tr>
<th>Asset</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>9.9%</td>
</tr>
<tr>
<td>Bonds</td>
<td>6.2%</td>
</tr>
<tr>
<td>Gold</td>
<td>5.8%</td>
</tr>
<tr>
<td>Oil</td>
<td>5.6%</td>
</tr>
<tr>
<td>Int'l Stocks</td>
<td>5.0%</td>
</tr>
<tr>
<td>Homes</td>
<td>3.1%</td>
</tr>
<tr>
<td>Avg. Investor</td>
<td>2.5%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Sources: BlackRock, Bloomberg, Informa Investment Solutions, Delbar. Past performance is no guarantee of future results. It is not possible to directly invest in an index. Oil is represented by the change in price of the NYMEX Light Sweet Crude Future contract. Contract size is 1,000 barrels with a contract price quoted in U.S. dollars and cents per barrel. Delivery dates take place every month of the year. Gold is represented by the change in the spot price of gold in USD per ounce. Homes are represented by the National Association of Realtors’ (NAR) Existing Home Sales Median Price Index. Stocks are represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange. Bonds are represented by the Barclays U.S. Aggregate Bond Index, an unmanaged market-weighted index that consists of investment-grade corporate bonds (rated BBB or better), mortgages, and U.S. Treasury and government agency issues with at least one year to maturity. International Stocks are represented by the MSCI EAFE Index, a broad-based measure of international stock performance. Inflation is represented by the Consumer Price Index. Average investor is represented by Delbar’s average asset allocation investor return, which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/14 to match Delbar’s most recent analysis.

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The Fear of Losing & the Fear of Losing Out

In the spring of 1720, Sir Isaac Newton stated, “I can calculate the motions of the heavenly bodies, but not the madness of people.” In April of 1720, he sold his investment in the South Sea Company for £7,000 (a 100% gain). Shares continued to surge higher, and Newton must have been tormented by “missing out” as he witnessed others increasing their paper fortunes. He repurchased an even greater number of shares in the company that summer near the top and lost £20,000 as the South Sea Bubble burst. Newton’s loss is the equivalent of millions in today’s dollars, and “never for the rest of his life could he bear to hear the name South Sea.”

• You are not the market!

• Be careful comparing yourself to the “market”, to your friends, to the gurus on CNBC, to someone else’s portfolio...

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It Takes All Three…

Small changes in assumptions have a large impact on projected results.

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Just 1% more can make a big difference

Increasing your savings by just 1% more now could mean living the retirement you want.

FIDELITY VIEWPOINTS – 02/18/2015

Hypothetical examples assume that the individual begins saving an extra 1% at the specified age, which could increase along with assumed salary increases of 3.3% annually until age 67. The rate of return is 7% and consists of 4.5% real return and 2.5% inflation. These illustrations assume that the saving rate stays constant throughout the person’s working career. The monthly amount shown is just initial monthly amount since the 1% more contribution will grow with salary increases. Estimated increases in retirement monthly income are in constant 2015 dollars. It is assumed that upon retirement, the real (inflation-adjusted) dollar amount is withdrawn annually through age 93, and that the person takes no loans or hardship withdrawals from his or her workplace plan. All dollars shown (including increases to monthly retirement paycheck) are pre-tax dollars. Upon distribution, applicable federal, state, and local taxes are due. No federal, state, or local taxes, inflation, or account fees or expenses were considered. If they had been, returns and monthly increase would be lower. Yearly retirement income numbers are rounded for simplicity.

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Purpose of Investing

You do not invest to *change* your lifestyle now, but you invest to *preserve* your lifestyle in retirement.

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Investors seeking returns above cash must not only be willing to accept periods of losses, but also accept a stream of inconsistent returns.
Tilting Towards Offense or Defense

Just like a successful team, a successful investment portfolio has players with different responsibilities and skills.

Offense

Growth 1

Growth 2

Defense

Safety 1

Safety 2

Safety 3

It is typical to have more defensive players than offensive players as you get older.

Do not expect to score as many points!

Do not try to get your defense to play offense!

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Using the Right Tool to the Job

- What is the role or the desired characteristics of a particular strategy or allocation?
  - Downside Protection?
  - Volatility Reducer?
  - Growth Engine?
  - Balance Between Protection & Growth?

- How did the allocation or strategy behave?

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Manage Risks & Opportunities

The numbers illustrate why investors focus on drawdown and volatility.

The larger the loss, the greater the subsequent gain must be to recover the losses.

Bottom Line:
Lower volatility and lower drawdown are important characteristics for successful compounding.
Diversification

Building an investment portfolio is like making **salsa**...we add different ingredients together.

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Multi-Asset Class Portfolio

7 Asset Classes – Equally Weighted – Rebalanced Annually

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Indexes Used in Performance Calculations

- **Large-cap US equity** represented by the S&P 500 Index.
- **Non-US equity** represented by the MSCI EAFE Index.
- **Commodities** represented by the Goldman Sachs Commodities Index (GSCI). As of February 6, 2007, the GSCI became the S&P GSCI Commodity Index.
- **Cash** represented by 3-month Treasury Bills.

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# 46 Year Historical Returns

<table>
<thead>
<tr>
<th></th>
<th>Large US Equity</th>
<th>Small US Equity</th>
<th>Non-US Equity</th>
<th>US Bonds</th>
<th>Cash</th>
<th>Real Estate</th>
<th>Commodities</th>
<th>Equally Weighted 7-Asset Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1970-2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>46-Year Average % Return</strong></td>
<td>10.27</td>
<td>10.81</td>
<td>8.79</td>
<td>7.73</td>
<td>4.99</td>
<td>11.52</td>
<td>6.92</td>
<td>9.78</td>
</tr>
<tr>
<td><strong>46-Year Standard Deviation of Annual Returns</strong></td>
<td>17.31</td>
<td>21.78</td>
<td>22.01</td>
<td>6.59</td>
<td>3.49</td>
<td>19.10</td>
<td>25.49</td>
<td>10.31</td>
</tr>
<tr>
<td><strong>Number of Years with Negative Returns</strong></td>
<td>9</td>
<td>14</td>
<td>14</td>
<td>3</td>
<td>0</td>
<td>9</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td><strong>Worst Three-Year Cumulative % Return</strong></td>
<td>(37.61)</td>
<td>(42.24)</td>
<td>(43.32)</td>
<td>4.39</td>
<td>0.14</td>
<td>(35.61)</td>
<td>(55.60)</td>
<td>(13.40)</td>
</tr>
</tbody>
</table>

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46 Year Historical Returns


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46 Year Historical Returns


Average Annualized % Return (1970-2015)

Worst Three-Year Cumulative % Return (1970-2015)

Ideal risk and return “zone”

Ideal risk and return “zone”

Bonds

Cash

Large US Equity

Small US Equity

Non-US Equity

Commodities

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46 Year Historical Returns


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Multi-Asset Portfolio

Global Breadth

Asset Class Depth

US Stocks
- Large Cap US Stocks
- Mid Cap US Stocks
- Small Cap US Stocks

Non-US Stocks
- Int'l Developed
- Emerging Markets

Real Estate
- Global Real Estate

Resources
- Natural Resources
- Commodities
- US TIPS

U.S. Bonds
- US Bonds

Non-U.S. Bonds
- Int'l Bonds

Cash

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Disclosures

Performance in the past is not a guarantee of performance in the future.

Raw data source: Lipper for Investment Management
Calculations: Craig Israelsen, Ph.D.

Performance in the prior slides in this section reflect the performance of actual ETFs in the Passive 7Twelve® model.

The performance of the ETFs used in the Passive 7Twelve® model generally reflect the following core indexes:

<table>
<thead>
<tr>
<th>Category</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Large cap</td>
<td>S&amp;P 500 (TR)</td>
</tr>
<tr>
<td>US Mid Cap</td>
<td>S&amp;P 400 (TR)</td>
</tr>
<tr>
<td>US Small Cap</td>
<td>S&amp;P 600 (TR)</td>
</tr>
<tr>
<td>Non-US Developed</td>
<td>MSCI EAFE NR USD</td>
</tr>
<tr>
<td>Emerging</td>
<td>MSCI EM TR USD</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Dow Jones US Select REIT TR</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>S&amp;P North American Natural Resources Sector TR</td>
</tr>
<tr>
<td>Commodities</td>
<td>Deutsche Bank Liquid Commodity - Optimum Yield TR</td>
</tr>
<tr>
<td>US Bonds</td>
<td>Barclays US Aggregate Bond TR USD (Short-term bond index as of 1/1/2014)</td>
</tr>
<tr>
<td>TIPS</td>
<td>Barclays U.S. TIPS TR (Short term TIPS index as of 1/1/2014)</td>
</tr>
<tr>
<td>Non-US Bonds</td>
<td>Barclays Global Treasury ex US TR</td>
</tr>
<tr>
<td>Cash</td>
<td>US Treasury Bills 3 Months TR</td>
</tr>
</tbody>
</table>

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15 Year Historical Returns

- Real Estate, 11.04%
- Small US Stock, 8.80%
- Emerging, 8.21%
- Mid US Stock, 8.02%
- 7Twelve Portfolio, 6.63%
- TIPS, 5.12%
- Large US Stock, 4.97%
- US Bonds, 4.65%
- Non-US Bonds, 4.53%
- Commodities, 4.32%
- Nat Resources, 4.03%
- Non-US Stock, 3.36%
- Cash, 1.61%

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15 Year Historical Volatility

Emerging, 32.32%
Nat Resources, 25.29%
Commodities, 22.20%
Non-US Stock, 21.67%
Real Estate, 20.51%
Small US Stock, 19.94%
Mid US Stock, 19.84%
Large US Stock, 18.68%
7Twelve Portfolio, 13.11%
Non-US Bonds, 8.20%
TIPS, 6.53%
US Bonds, 3.32%
Cash, 1.89%

15-Year Standard Deviation
2001-2015

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Asset Allocation Risk & Return Spectrum
15-Year Period from 2001-2015

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Various Asset Allocation Models</th>
<th>15-Year Annualized Return (%)</th>
<th>15-Year Growth of $10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Conservative</td>
<td>100% Cash</td>
<td>1.61</td>
<td>$12,706</td>
</tr>
<tr>
<td>Conservative</td>
<td>50% Cash/50% Bonds</td>
<td>3.14</td>
<td>$15,897</td>
</tr>
<tr>
<td>Moderate</td>
<td>60% US Stock/40% Bonds (VFINX)</td>
<td>5.41</td>
<td>$22,588</td>
</tr>
<tr>
<td>Moderate</td>
<td>Diversified 7Twelve® Portfolio</td>
<td>6.63</td>
<td>$26,207</td>
</tr>
<tr>
<td>Aggressive</td>
<td>100% US Stock (VFINX)</td>
<td>4.88</td>
<td>$20,440</td>
</tr>
<tr>
<td>Crazy</td>
<td>Chasing Last Year’s Best Performer</td>
<td>2.42</td>
<td>$14,314</td>
</tr>
</tbody>
</table>

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Bear Markets, Corrections, & Pullbacks are a Characteristic of Markets

Despite average intra-year declines of 14.2%, annual returns were positive 27 of 35 years*

EXHIBIT 1: S&P 500 INTRA-YEAR DECLINES VS. CALENDAR YEAR RETURNS

Source: Standard & Poor’s, FactSet, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year declines refers to the largest market drops from a peak to trough during the year. For illustrative purposes only. *Returns shown are calendar year returns from 1980 to 2014. Data as of 1/31/15.

https://host148.agsdc.net/UCFiles_FAM/Attachments/MI-WP-Investing_with_Composure.pdf

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## Stop Chasing Performance
### 15-Year Period from 2001-2015

<table>
<thead>
<tr>
<th>Investment Approach</th>
<th>15-Year Annualized Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HARE:</strong> Performance Chasing by Investing 100% in Last Year's <strong>BEST</strong> ETF</td>
<td>2.42%</td>
</tr>
<tr>
<td><strong>HARE II:</strong> Performance Chasing by Investing 100% in Last Year's <strong>WORST</strong> ETF</td>
<td>2.18%</td>
</tr>
<tr>
<td><strong>TORTOISE:</strong> Invest in the equally weighted 12-asset <strong>7Twelve</strong> ETF model</td>
<td>6.63%</td>
</tr>
</tbody>
</table>

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## Accumulation Portfolio Analysis

### 46 Years

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Various Asset Allocation Models</th>
<th>46-Year Annualized Return (%)</th>
<th>46-Year Standard Deviation of Return (%)</th>
<th>Average Rolling 10-Year Return (37 10-Year Rolling Returns)</th>
<th>Median Ending Account Balance in Retirement Portfolios*</th>
</tr>
</thead>
</table>
| Very
  Conservative | 100% Cash                      | 4.99                          | 3.49                                     | 5.52                                                     | 300,345                                              |
| Conservative | 50% Cash 50% Bonds             | 6.40                          | 4.21                                     | 6.87                                                     | 552,404                                              |
| Moderately Aggressive | 60% US Stock 40% Bonds Traditional “Balanced” Fund | 9.62                          | 11.24                                    | 10.25                                                    | 1,464,470                                             |
| Moderately Aggressive | 14.3% in 7 different asset classes 7-Asset Diversified Portfolio** 70% Growth/30% Fixed income | 9.78                          | 10.31                                    | 10.68                                                    | 2,114,136                                             |
| Very Aggressive | 100% US Stock                   | 10.27                         | 17.31                                    | 11.10                                                    | 1,755,957                                              |

* Median ending account balance over 37 rolling 10-year periods. Assuming a starting balance of $250,000, 5% initial withdraw rate.

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Allocation depends on time frame, objective, and risk tolerance

- **Conservative**
- **Moderate**
- **Moderately Aggressive**

These are examples, not recommended allocations.

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Embrace Long-Term Behavior

“If you want to remove the volatility from your portfolio, look at it less.”

KEEP CALM AND DO YOUR HOMEWORK
“The future is as bright as your faith.”
President Thomas S. Monson
Please read the following disclosures carefully and contact Lunt Capital Management, Inc. with any questions or concerns.

**Actual Performance** Individual account performance may vary based on different allocations, fees, date invested, a difference in positions, and other factors.

**Risk Factors** This investment is speculative and involves risk factors that prospective investors should consider before investing. This investment is suitable only for investors who are willing to accept substantial risks of loss, including loss of entire principal.

**General Economic, Market, and Political Conditions** The success of the investment’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances, including terrorism, war or the threat of terrorism or war. These factors may affect the level and volatility of securities prices and the liquidity of the investments. Volatility or illiquidity could impair the investment’s profitability or result in losses.

**Security Risks in General** The investment will include equity securities which generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. Furthermore, the investment may not hold a widely diversified portfolio of issues by industry or issuer. Some of these issuers may have small capitalizations, limited operating histories, limited following from Wall Street brokerage firms and may be vulnerable to competition from much larger companies. In addition, trading in small issuers or privately held issuers may be problematic due to liquidity issues.

**Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)** This investment will use ETFs. ETFs are designed for investors who seek a relatively low-cost approach for investing in a portfolio of equity securities of companies in a specified index. It is important to note that ordinary brokerage commissions apply when buying or selling a position. Thus, investors should consider these costs in light of the anticipated frequency and prospective invested dollar amounts when evaluating ETFs. ETFs may be suitable for long-term investment in the market represented in the relevant index and may also be used as an asset allocation tool or as a speculative trading instrument. It is important to note that investor risk profile, initial investment and time frame all play an important role in determining investment objectives. There are risks involved with investing in ETFs including possible loss of money. Other risks include risks similar to stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. Concentrated industry investments involve greater risks than more diversified investments. The value of the stocks in some of the underlying indexes may be more volatile than stocks of other issuers. An investor should anticipate that the value of their shares will increase or decrease in value more or less in correlation with increases or decreases in the value of the underlying indexes. Leveraged ETFs or ETNs may vary widely from benchmarks due to the impact of compounding. ETNs are typically senior, unsecured, unsubordinated debt securities. Holders of ETNs are subject to the risks of the underlying firm that issues the securities. They are designed to provide investors with a new way to access the returns of market benchmarks or strategies. ETNs are not equities or index funds, but they do share several characteristics. For example, like equities, they trade on an exchange and can be shorted. Like an index fund, they are linked to the return of a benchmark index or strategy.

**Foreign Funds** Investment in the securities of non-U.S. issuers involves risks beyond those associated with investments in U.S. securities, including, but not limited to: greater market volatility, the availability of less reliable financial information, higher transaction and custody costs, taxation by foreign governments, decreased market liquidity, political instability, and negative impact of changes in currency exchange rates.

**Trading in Specialty or Sector Funds** The investment may include exchange traded investments which are industry, sector, or capitalization specific and thereby may be subject to the volatility attendant with such a specialized focus.

**Alternative Asset Funds** The investment may include exchange traded investments that attempt to track alternative investments such as commodities, currencies, real estate securities, and listed private equity. These investments may be very volatile and have the potential of steep declines and may increase risks.

**Future Regulatory and Market Changes** Regulation of the United States markets has undergone substantial change in recent years, a process that is expected to continue. In addition, it is impossible to predict what, if any, significant new regulations may be promulgated as a result of regulatory action. The effect of regulatory change on the proposed trading activities is impossible to predict, but could be substantial and adverse. In addition to future regulatory changes, the markets have undergone and are expected to continue to undergo rapid and substantial changes. There can be no assurance as to how the investment will perform given the changes to, and increased competition in, the marketplace.

**Short Selling and Inverse Funds** The investment program will include short selling through inverse funds. Short sales may occur if it is determined an event is likely to have a downward impact on the market price of a company’s securities. In addition, short positions may be taken if it is determined that such positions will reduce the risk inherent in taking long positions. The extent to which the investment engages in short sales will depend upon its strategy and perception of market direction. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the investment’s portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position or a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

**Comparison to Indexes** It is important to note an investor cannot invest directly in an index. Indexes may change over time.

**Lack of Governmental Insurance or Guarantee** This investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Tax and Legal Issues** Investments have tax and legal implications. Lunt Capital Management, Inc. does not advise on these implications. Each potential and current client should obtain the assistance of tax and legal professionals in evaluating the implications of this investment. Live performance reflects performance net of transaction costs, management fees and ETF/ETN fees.
Disclosure Continued

**Hypothetical Performance** Some of the investment returns accompanying this document are hypothetical. Hypothetical and back tested results do not result from actual trading using client assets. There are significant differences between hypothetical returns and returns from actual investments. Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, with actual investments the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results. The performance experience by actual clients may be materially different from that presented by hypothetical performance. Indexes for some investments currently used may not have been available for the entire period of the presented hypothetical investment returns. Hypothetical performance uses end of day prices, and actual prices may have been different. Due to these differences and limitations and because Lunt Capital Management, Inc.’s management of this strategy may change from time to time, there are significant inherent limitations in the hypothetical performance information presented herein. Accordingly, clients and potential clients should be particularly wary of placing any reliance on these results. Additionally, there are no fees or expenses deducted from the hypothetical results shown.

- For Craig Israelsen’s data:
  - **Large-cap US equity** represented by the S&P 500 Index.
  - **Non-US equity** represented by the MSCI EAFE Index.
  - **Commodities** represented by the Goldman Sachs Commodities Index (GSCI). As of February 6, 2007, the GSCI became the S&P GSCI Commodity Index.
  - **Cash** represented by 3-month Treasury Bills.
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