

# SBI AlphaQ Stock Portfolio Overview

FIRST QUARTER 2010

DATA UPDATED

03/31/2010

## Investment Overview

The SBI US Stock Portfolio invests exclusively in US equity securities.

The SBI Intl Stock Portfolio invests in international equity securities.

All SBI Stock Portfolios use AthenalInvest's proprietary Strategy Based Investing (SBI) methodology to identify and invest in a focused number of stocks that are held by the most successful active equity managers.

Each month, all stocks in the equity universe are assigned an AlphaQ score based on the composition of the managers holding each stock. Stocks that receive the highest AlphaQ scores are those that are held by the most successful active equity managers. High AlphaQ stocks are selected for inclusion in the portfolios.

Stocks are sold when the AlphaQ score drops below a predetermined level.

## Investment Process

### STEP 1

Identify Top Strategy Funds

The top strategy funds are those that are the most strategy consistent and most focused on their stated primary strategy.

### STEP 2

AlphaQ

AthenalInvest assigns an AlphaQ rating from 0-100 for each stock based on the types of managers holding the stock.

### STEP 3

Buy Discipline

High AlphaQ stocks are selected along with some secondary considerations, like trading volume.

### STEP 4

Sell Discipline

A stock is sold when it drops below a certain AlphaQ level. No other criteria, including performance, is considered in this decision.



strategy based investing

#### INCLUDED IN THIS DOCUMENT

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# THE STRATEGY BASED INVESTING SYSTEM

## SBI OVERVIEW

Strategy Based Investing is a better way to think about asset managers, making it easier to understand the investment process, form meaningful peer groups, evaluate performance, and build better investment portfolios. While our search started with a focus on building a better framework for categorizing managers, it has since evolved into a superior methodology for building fund and individual stock portfolios.

After years of conducting our own research, we concluded that the two most important pieces of information regarding an active investment manager are:

- 1) The investment strategy being pursued and
- 2) How consistently it is being pursued.

Indeed, many in the industry find it much more intuitive and natural to examine managers in terms of strategy. Thus was born Strategy Based Investing or SBI for short.

Using a carefully researched, patent pending methodology, we gathered more than 45,000 pieces of strategy information from US and International equity open end active mutual fund prospectus (roughly 3,500 funds, ignoring share classes, in total). Enough information was gathered to strategy identify virtually all of these funds. The equity strategies are listed and defined on the right side of this page.

We use this unique and powerful set of information to manage portfolios in a whole new way.

## EQUITY STRATEGIES

Competitive Position	Fund managers seek companies with traits such as high-quality management, defensible market position and a track record of innovation.
Economic Conditions	Fund managers start with a top-down approach and, using macro-economic forecasting, work their way down to favored industries and stocks.
Future Growth	Fund managers search for companies poised to grow rapidly relative to others, but are not limited to stocks that traditionally fall under the "growth" category.
Market Conditions	Fund managers take into consideration a stock's recent price and volume history relative to the market and similar stocks as well as the overall stock market conditions.
Opportunity	Employing strategies popular with hedge funds, these managers focus on market imbalances that are driven by events such as earnings surprises, mergers and acquisitions, spin-offs and companies "going private."
Profitability	Fund managers favor companies with impressive gross, operating and net margins and/or return on equity.
Quantitative	Fund managers using mathematical and statistical modeling with little or no regard to company or market fundamentals.
Risk	Fund managers look to control overall risk, with increasing returns as a secondary consideration.
Social Considerations	Corporate social responsibility, ecological awareness or religious tenets are a factor for these fund managers when selecting companies. The fund manager may look for these traits or for a lack of these traits.
Valuation	Fund managers use financial information to determine stock valuations and invest in companies that are underpriced, but are not limited to stocks that have traditionally been labeled as "value."

## SBI STOCK ALPHAIQ PORTFOLIO COMPARISON

	SBI ALPHAIQ 20 US STOCK	SBI ALPHAIQ 20 INTERNATIONAL STOCK	SBI ALPHAIQ 20 GLOBAL STOCK
Asset Allocation	US Eq 100%	Int'l Eq 100%	US Eq 50% Int'l Eq 50%
Investment Objective	Aggressive Growth	Aggressive Growth	Capital Appreciation
Relative Risk *	Moderate	High	Moderate to High

\* The relative risk profile shows our assessment of the potential volatility of the SBI Portfolios relative to one another and should not be used to compare the Portfolios to other types of investments.

# SBI ALPHAQ 20 US STOCK PORTFOLIO

## Investment Objective

Long-term capital appreciation with little consideration for income generation. Intended for investors who can tolerate the short-term volatility of US equity markets in the pursuit of longer-term returns.

## Investment Strategy

The Portfolio is invested in 20 US stocks, with a small amount invested in US money market funds for liquidity. Stocks are selected using the Investment Process described on Page 1.

## Portfolio Characteristics

Investment Manager

C. Thomas Howard, PhD

Minimum Investment

\$50,000

Target Portfolio Turnover

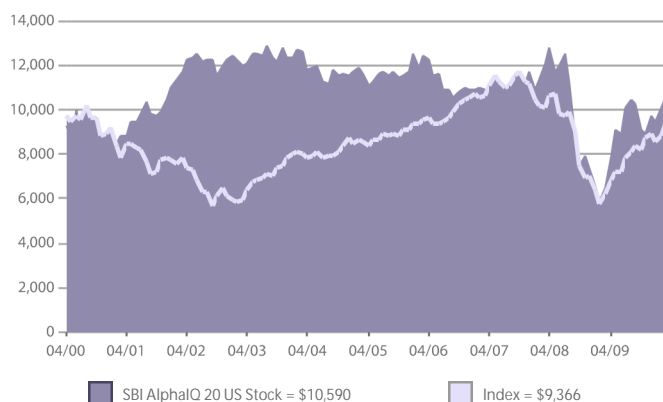
150% Annually

Target Allocation

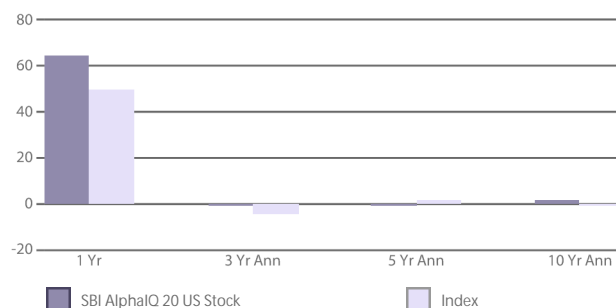


## Performance Summary

Ten Year Hypothetical Growth of \$10,000

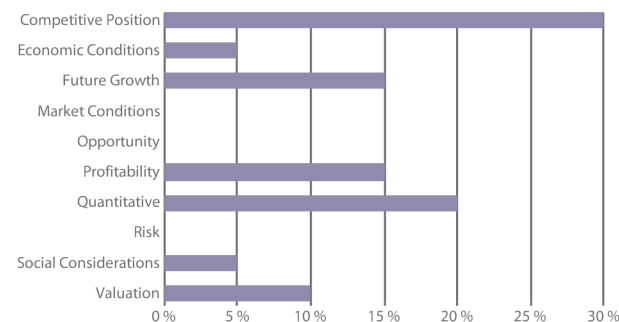


## Performance Versus Benchmark

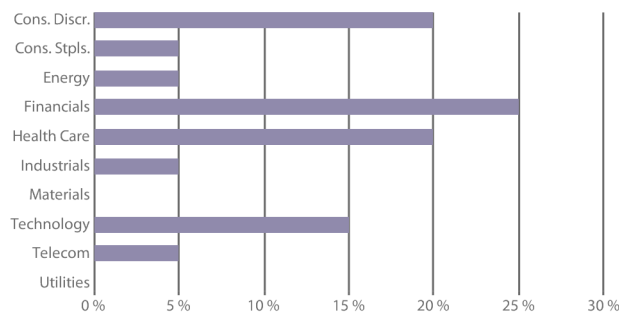


## Holdings Analysis

### Strategy Allocation



### Sector Allocation



### Annual Returns

Year	Portfolio	Index*	Alpha	Three Year	Portfolio	Index
2010 YTD	8.6	5.4	3.2	Std Dev	30.3	20.1
2009	31.5	26.4	5.0	Beta	1.0	
2008	-36.9	-37.0	0.2	R-Sqrd	0.4	
2007	7.9	5.5	2.4	Upside	0.8	
2006	-7.3	15.8	-23.1	Downside	0.6	
2005	1.8	4.9	-3.1			
2004	-6.7	10.9	-17.5	Period	Portfolio	Index
2003	1.0	28.7	-27.7	1 Yr	64.7	49.7
2002	16.7	-22.1	38.8	3 Yr Ann	0.0	-4.2
2001	23.7	-11.9	35.6	5 Yr Ann	-0.9	1.9
2000**	-15.2	-11.1	-4.0	10 Yr Ann	1.6	-0.7

### Portfolio Statistics

## Fees and Expenses

	Monthly	Annual	
First \$500,000	0.08%	1.00%	Note: All rate fee schedules for accounts with greater than \$1 million are negotiable. In certain circumstances, fees may be reduced at AthenInvest's discretion.
Next \$500,000	0.06%	0.75%	
Over \$1,000,000	Negotiable	Negotiable	

NOTES: \* The Index for the SBI AlphaQ 20 US Stock Portfolio is comprised of 100% S&P 500 Index.2000 \*\* Return is Apr - Dec and is not annualized. | Based on pre-inception data prior to Apr 24, 2009. After that, actual performance is reported. Actual results include maximum 1% management fee, all custodial costs, and all fund fees if applicable. See further disclosures at the end of brochure. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

# SBI ALPHAQ 20 INTERNATIONAL STOCK PORTFOLIO

## Investment Objective

Long-term capital appreciation with little consideration for income generation. Intended for investors who can tolerate the short-term volatility of international equity markets in the pursuit of longer-term returns.

## Investment Strategy

The Portfolio is invested in 20 international stocks, with a small amount invested in US money market funds for liquidity. Stocks are selected using the Investment Process described on Page 1.

## Portfolio Characteristics

Investment Manager

C. Thomas Howard, PhD

Minimum Investment

\$50,000

Target Portfolio Turnover

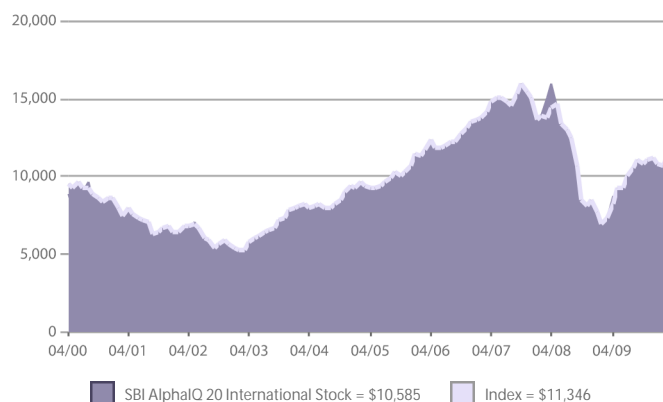
150% Annually

Target Allocation



## Performance Summary

Ten Year Hypothetical Growth of \$10,000

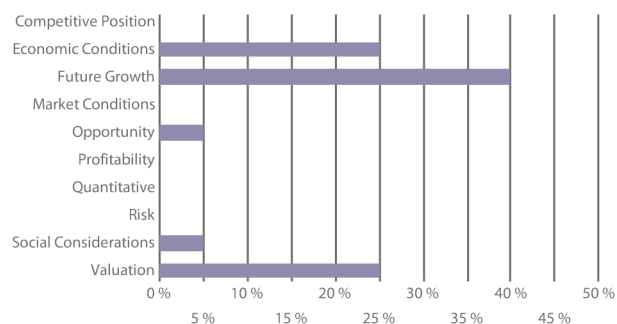


## Performance Versus Benchmark

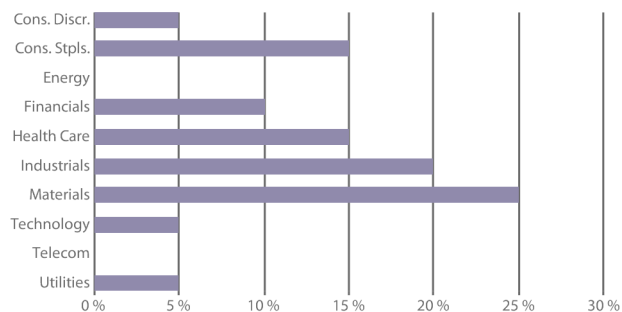


## Holdings Analysis

### Strategy Allocation



### Sector Allocation



### Annual Returns

Year	Portfolio	Index*	Alpha	Three Year	Portfolio	Index
2010 YTD	-0.5	0.9	-1.3	Std Dev	31.2	23.9
2009	43.0	31.8	11.3	Beta	0.8	
2008	-49.9	-43.4	-6.5	R-Sqrd	0.4	
2007	18.4	11.2	7.2	Upside	0.9	
2006	31.2	26.4	4.9	Downside	0.8	
2005	18.0	13.6	4.4			
2004	16.3	20.2	-3.9	Period	Portfolio	Index
2003	25.9	38.6	-12.6	1 Yr	45.5	54.4
2002	-6.4	-15.9	9.5	3 Yr Ann	-4.1	-7.0
2001	-1.1	-21.4	20.3	5 Yr Ann	7.1	3.8
2000**	-40.3	-14.1	-26.2	10 Yr Ann	1.6	1.3

### Portfolio Statistics

## Fees and Expenses

	Monthly	Annual	
First \$500,000	0.08%	1.00%	Note: All rate fee schedules for accounts with greater than \$1 million are negotiable. In certain circumstances, fees may be reduced at AthenInvest's discretion.
Next \$500,000	0.06%	0.75%	
Over \$1,000,000	Negotiable	Negotiable	

NOTES: \* The Index for the SBI AlphaQ 20 International Stock Portfolio is comprised of 100% MSCI EAFE Index.2000 \*\* Return is Apr - Dec and is not annualized. | Based on pre-inception data prior to Jun 25, 2009. After that, actual performance is reported. Actual results include maximum 1% management fee, all custodial costs, and all fund fees if applicable. See further disclosures at the end of brochure. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

# SBI ALPHA IQ 20 GLOBAL STOCK PORTFOLIO

## Investment Objective

Long-term capital appreciation with little consideration for income generation. Intended for investors who can tolerate the short-term volatility of US and international equity markets in the pursuit of longer-term returns.

## Investment Strategy

The Portfolio is invested in a combination of 20 US and international stocks, with a small amount invested in US money market funds for liquidity. Stocks are selected using the Investment Process described on Page 1.

## Portfolio Characteristics

Investment Manager

C. Thomas Howard, PhD

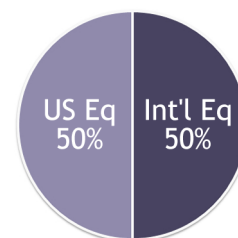
Minimum Investment

\$50,000

Target Portfolio Turnover

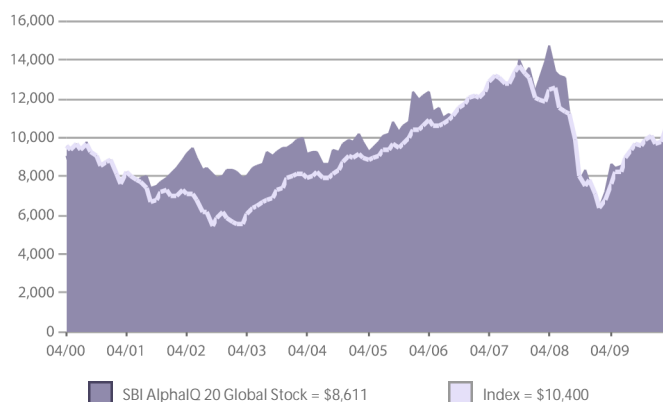
150% Annually

Target Allocation

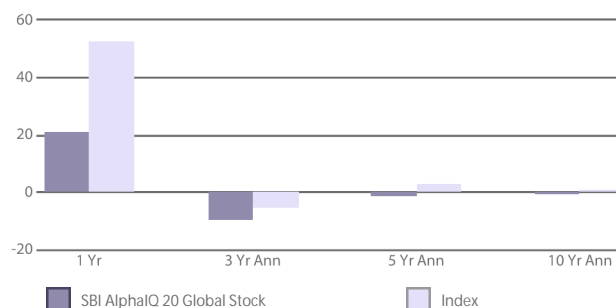


## Performance Summary

Ten Year Hypothetical Growth of \$10,000

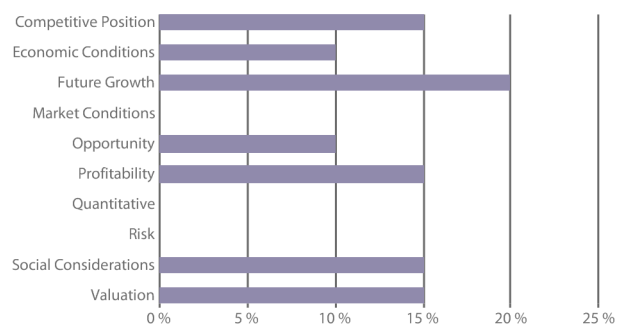


## Performance Versus Benchmark

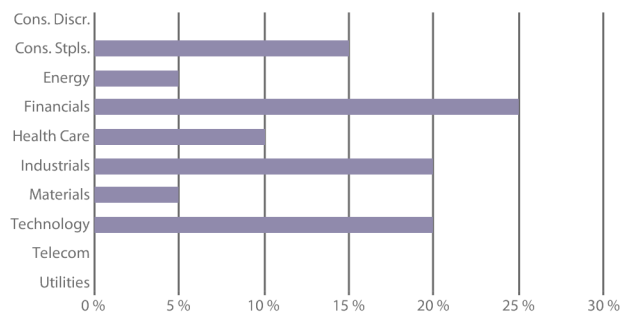


## Holdings Analysis

### Strategy Allocation



### Sector Allocation



### Annual Returns

Year	Portfolio	Index*	Alpha	Three Year	Portfolio	Index
2010 YTD	6.7	3.1	3.6	Std Dev	28.4	21.6
2009	4.7	29.2	-24.5	Beta	0.8	
2008	-43.5	-40.2	-3.3	R-Sqrd	0.4	
2007	13.3	8.4	5.0	Upside	0.7	
2006	10.8	21.0	-10.2	Downside	0.8	
2005	9.9	9.2	0.7			
2004	4.4	15.5	-11.1	Period	Portfolio	Index
2003	13.1	33.6	-20.5	1 Yr	21.3	52.2
2002	5.1	-19.0	24.1	3 Yr Ann	-9.5	-5.5
2001	11.2	-16.7	27.9	5 Yr Ann	-1.6	2.9
2000**	-28.4	-12.5	-15.8	10 Yr Ann	-0.5	0.4

### Portfolio Statistics

## Fees and Expenses

	Monthly	Annual	
First \$500,000	0.08%	1.00%	Note: All rate fee schedules for accounts with greater than \$1 million are negotiable. In certain circumstances, fees may be reduced at AthenalInvest's discretion.
Next \$500,000	0.06%	0.75%	
Over \$1,000,000	Negotiable	Negotiable	

NOTES: \* The Index for the SBI Alpha IQ 20 Global Stock Portfolio is comprised of 50% MSCI EAFE Index and 50% S&P 500 Index.2000 \*\* Return is Apr - Dec and is not annualized. | Based on pre-inception data prior to Sep 17, 2009. After that, actual performance is reported. Actual results include maximum 1% management fee, all custodial costs, and all fund fees if applicable. See further disclosures at the end of brochure. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

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## About AthenaInvest Advisors

AthenaInvest is an Englewood, Colorado-based asset manager founded in 2005. We focus on successful active managers who are pursuing successful strategies. We have developed a carefully researched, patent pending methodology called Strategy Based Investing (SBI), along with a powerful US and international equity analytical engine which identifies successful strategy managers and their holdings.

We offer a range of SBI investment products and data services to the financial advisor, investment consultant, and asset manager segments of the financial services industry. For more information about AthenaInvest or Strategy Based Investing, please visit us on the web:

[www.athenainvest.com](http://www.athenainvest.com)



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## Disclosures

An investment utilizing our investment methodologies involve significant risks, including the potential risk of loss of a substantial portion (or all) of the amount invested. This document is informational in nature and for use only by sophisticated investors who meet certain minimum financial requirements. Our investment program may not be suitable for all types of investors.

The SBI AlphaIQ Stock Portfolios are highly concentrated, with 20 equally weighted stock positions. As a result, the portfolios are more volatile than is the broad equity market as a whole. The portfolio manager makes no attempt to control sector allocations nor pursue any other type of risk control. The returns are largely uncorrelated with the appropriate market indices and thus annual returns can differ significantly from broad equity market returns.

This information is not intended to constitute legal, tax, accounting or investment advice. Prospective clients should consult their own advisors about such matters. No independent party has audited the hypothetical model portfolio performances, nor has any independent party undertaken to confirm that the model adheres to the assumptions or conditions specified in our investment theses.

There are risks involved with investing, including the risk of loss of principal. There is no assurance that the investment process will consistently lead to successful results. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment. Nothing herein is intended to imply that an investment in our investment methodology may be considered "conservative," "safe," "risk free" or "risk averse." No regulatory authority has passed upon or endorsed this summary or the merits of an investment using our strategy.

Information concerning portfolio holdings, strategy and sector allocations is representative of the target portfolio for this SBI portfolio and does not necessarily reflect an actual client account. Actual portfolios may differ as a result of client-imposed investment restrictions, the timing of client investments and market, economic and individual stock considerations. The holdings shown should not be considered a recommendation or solicitation to buy or sell any particular security, do not represent all of the securities purchased, sold or recommended for any particular advisory client, and in the aggregate may represent only a small percentage of an account's portfolio holdings. You should not assume that an investment in any of the securities was or will be profitable. All of the information included in this brochure is current as of the date indicated and is subject to change. Certain information has been obtained from various third-party sources believed to be reliable, but we cannot guarantee its accuracy or completeness.

### PAST PERFORMANCE DOES NOT GUARANTEE OR INDICATE FUTURE RESULTS.

The performance information shown reflects the performance of a model portfolio that does not necessarily reflect the performance that any particular client account investing in the same or similar securities may have had during the period. Actual account performance is likely to differ from the composite performance shown for a variety of reasons, including but not limited to: differences in market conditions, portfolio turnover, and in the number, types, availability and diversity of securities that can be purchased; economies of scale and other factors applicable to the management of separate accounts; client-imposed investment restrictions; the timing of client investments and withdrawals; the deduction of taxes; tax considerations; and other factors. Model portfolio and index performance results reflect realized and unrealized appreciation and the reinvestment of dividends, interest and/or capital gains. Taxes have not been deducted. Custodians and brokers may charge different fees for custody and trading services. AthenaInvest's maximum management fee of 1.0% is deducted monthly and are netted from the returns reported.

Charts and statistics that contain information prior to the portfolio launch date contain data based on a model portfolio back test of the steps of the SBI Investment Process described on page 1 of this brochure. The performance data presented in this brochure does not reflect performance of an actual client's account. Actual investment in the SBI Portfolios may result in different performance from what is presented in the model.

**PRE-INCEPTION MODEL PORTFOLIO METHODOLOGY:** At the beginning of each month, equal amounts are invested in the 20 top AIQ US stocks and held until the stock's AIQ drops below a score of 60 and is replaced with the highest ranking stock not currently in the portfolio. This results in an annual turnover of 150% and an average holding period of a little over 8 months. The reported results assume a \$50,000 minimum account, an average stock price of \$25, trading fees of \$10 per trade, and a 5¢ per share commission charge. Dividends and capital gains are reinvested. All returns are pre-tax and include AthenaInvest's maximum management fee of 1.0%.

In addition, please note that the results of the hypothetical portfolio testing we have performed to attempt to validate our investment methodology must be viewed carefully. Model performance results are provided strictly for educational and illustrative purposes only, and may not be a reliable indicator of future investment results over any particular time period. We do not yet have full actual performance results across the modeling period from client trading to be able in any meaningful way to compare actual results with those of the model. Accordingly, please note the following:

- The model performance was derived from the retroactive application of a methodology that was developed with the benefit of hindsight. Hypothetical or simulated performance results have inherent limits. Unlike an actual performance record, simulated investments do not represent actual investments. Also, since the investments were not actually executed, the results may have over or under compensated for the impact, if any, of certain market factors that can impact the performances of stocks by reason of the securities trading activities such as lack of liquidity, money flow, interest and exchange rates, economic and/or political conditions and other factors. Results may have been better or worse than the results portrayed. No representation is being made that any account will or is likely to achieve profits or losses similar to those achieved by the simulated investments.
- While our methodology is quantitatively based on a variety of data, we may make subjective decisions on whether to follow the model's recommendation on a buy or sell decision. For example, major economic events and market conditions such as major wars, recessions, and very volatile markets could influence investment decisions. Accordingly, the model results may not reflect the effect of material economic and market factors on decision-making if we were actually managing investments during the periods indicated.
- While the results presented are based on certain assumptions that are believed to reflect actual trading conditions, these assumptions may not include all variables that can affect, or have affected in the past, the execution of trades indicated. Furthermore, the individual stocks selected through the model change as time passes such that there can be no guarantee that stocks used in the past for actual or model results will be available for investment in the future.
- There is always potential for loss of capital with an investment using our model over any particular time period. There is no assurance that investors will not lose capital.
- Complete information about how the model performance was generated is available on request.

Market indexes are included in these materials only for comparative purposes and as context reflecting general market results. In addition, as noted above, we use as a benchmark an index comprised of S&P 500 Index and MSCI EAFE Index. These benchmarks are used for a general performance guideline of the various portfolios based on the mix of US and International stocks in the portfolio. Our methodology does not seek to replicate the composition, or mirror the performance or volatility, of any such index, and can be expected to have investments that differ substantially from the securities or other instruments included in any such index. Accordingly, no representation is made that the performance or volatility of Our methodology will track or otherwise reflect any particular index. Index returns may not reflect transaction costs or the deduction of fees and it is not possible to invest directly in an index.

The S&P 500 Index is a market-capitalization weighted index which measures price movements of the common stock of 500 large U.S. companies within leading industries. Stocks in the Index are chosen for market size (large cap), liquidity and industry group representation. S&P 500 is a registered trademark of The McGraw-Hill Companies. Morgan Stanley Capital International's Europe, Australia and Far East ("EAFE") Index is an unmanaged index that is a generally accepted benchmark for the major overseas markets. Data is dollar-adjusted. Investors may not actually make investments in this index.

This information is not intended to be complete, and material aspects of the descriptions contained herein may change at any time. While the information prepared in this summary is believed to be accurate, we make no express warranty as to the completeness nor can we accept responsibility for errors made in good faith.

SOURCES: March 2010 AthenaInvest and Thomson Reuters Financial databases