MID-CAP GROWTH MODEL PORTFOLIO

Portfolio Description *(Inception date: 12/31/1997)*

INVESTMENT OBJECTIVE

The objective of the hypothetical Mid-Cap Model Portfolio is to seek capital growth. Any hypothetical income received from the investment of securities is incidental to the portfolio's objective.

INVESTOR PROFILE

The Mid-Cap Model Portfolio may be appropriate for investors who seek capital growth over the long-term and do not seek current income from their investment. This portfolio is primarily designed for investors who have a high tolerance for risk, are willing to accept the increased risks of investing in medium-sized companies and are willing to withstand volatility in the value of this non-diversified portfolio. The portfolio is not intended to be a complete investment program.

PORTFOLIO CONSTRAINTS

The hypothetical Mid-Cap Model Portfolio includes stocks selected from the Argus Research universe of coverage. Companies selected for inclusion in the Mid-Cap Growth portfolio historically have market capitalization in a range of $1 billion to $10 billion. Volatility in the market may cause market caps of some component stocks to move above or below the target range. Both BUY-rated stocks and HOLD-rated stocks are suitable for inclusion; BUY-rated, HOLD-rated and SELL-rated stocks may be removed from the model portfolio. Changes to the portfolio are historically executed on a monthly basis and are historically communicated by an Argus Research Action Alert. At the discretion of the portfolio manager, portfolio holdings downgraded to SELL by Argus Research analysts may be removed from the portfolio immediately or may be removed during the subsequent monthly portfolio review. No single issue is meant to represent more than 10% of the portfolio, but the high volatility of individual holdings may result in one or more holdings exceeding this metric. Except to facilitate transactions, the Mid Cap Growth Model Portfolio does not target a hypothetical cash balance.

PORTFOLIO RISKS

An investment in the Mid-Cap Growth Model Portfolio is subject to a range of market, sector, medium-sized security, and management risks.

Market Risk. Market risk is the possibility that market values of securities within the portfolio will decline. Investments in equity securities generally may be affected by changes in the stock markets which historically fluctuate substantially over time, sometimes suddenly and sharply. Moreover, different types of stocks and sectors may rapidly shift in and out of favor depending on the market and economic conditions. Because the Mid-Cap Growth Model Portfolio does not target a hypothetical cash balance, returns of the portfolio may be more volatile than similar portfolios that maintain cash positions as part of a defensive strategy.

Sector Risk. The Mid-Cap Growth Model Portfolio may overweight select selectors including but not limited to technology, healthcare, financial services, and energy. As such portfolio returns may deviate substantially from diversified portfolios.

Risks of Medium-Sized Securities. Companies within this model portfolio are selected because the manager believes they have growth potential. But these companies may lack an established market and may lack a proven record of sales and earnings growth. With limited resources, these companies may not be able to commercialize proprietary technology or be able to partner with established firms to bring products to market. Moreover, company management may not have the experience to develop and execute appropriate operating plans. As such companies within the Mid-Cap Growth Portfolio may be subject to more abrupt or erratic market movements than securities of larger established companies or the stock market in general. Moreover, medium-sized companies as a group may under perform larger companies for an extended period. Finally, medium-sized companies are generally less liquid than large companies.

Management Risk. The portfolio manager may not be successful in selecting securities that collectively perform similar to the benchmark. Inclusion of securities is limited to the Argus Research universe of coverage. Changes to the portfolio may be inflexibly limited to a monthly schedule.

Methodology & Disclaimer

ABOUT ARGUS

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

The hypothetical model portfolios may include stocks rated either BUY or HOLD. Generally, the model portfolio management team favors BUY-rated stocks for inclusion. However, in order to achieve objectives such as suitable industry diversification, or low turnover, HOLD-rated stocks may be included in the models.

Investors