

GRADIENT 33 GROWTH PORTFOLIO

DYNAMIC COMPANIES OF TODAY AND TOMORROW

The Gradient 33 Growth Portfolio (G33) is an actively managed portfolio designed to deliver the long-term rewards that are commensurate with growth stock investing. Growth stock investors seek to invest in companies that can sustain high growth rates and provide investors with outsized returns in the form of stock price appreciation. Investing in growth stocks can be an ideal investment vehicle to create long term wealth for investors who have high return expectations and can tolerate a higher level of volatility. The G33 uses a proprietary investment process in selecting the 33 growth stocks in the portfolio.

ATTRIBUTES OF GROWTH:

Growth investors diligently search for companies that have great potential for future growth. But what are the factors that define the typical growth company and its stock? Below are some of the vital metrics these dynamic companies display:

- Sales and earnings growth is higher than market and industry averages
- Growth is maintained regardless of economic cycles
- Rates of return are greater than the firm's cost of capital
- Excess profits are reinvested in further growth opportunities
- Visionary management teams
- Innovative products or best of breed services

These are some of the key criteria companies need to display in order to become a candidate for the G33.

PORTFOLIO CONSTRUCTION:

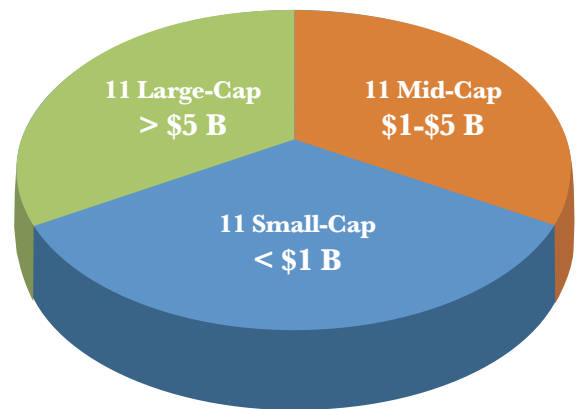
The G33 owns individual growth companies carefully chosen using our proprietary selection process. As the name implies, the portfolio will own 33 equally weighted stocks. This security allocation achieves:

- Prudent diversification across industry sectors
- Lower relative volatility in a high beta sector
- Elimination of single security risk

In addition, our Investment team balances sector weightings across the stock market's capitalization spectrum. The portfolio will invest a third of the portfolio in each of the large-, mid- and small-capitalization sectors of the stock market. This portfolio construction methodology allows the investor to gain exposure to dynamic growth through:

- **11 large-cap stocks of today's proven growth companies**
- **11 mid-cap stocks of growth companies poised to move to the next level**
- **11 small-cap stocks of the emerging growth companies of tomorrow**

G33 MARKET CAPITALIZATION ALLOCATION



-  **11 Large-Cap Growth Stocks**
-  **11 Mid-Cap Growth Stocks**
-  **11 Small-Cap Growth Stocks**

PROPRIETARY SELECTION PROCESS:

Our Investment team uses a **two-stage process** in selecting the positions in the G33. This comprehensive approach to selecting portfolio securities incorporates both fundamental and qualitative criteria that must be met to gain inclusion in the portfolio.

First, we run extensive screens that focus on pure growth metrics including:

- Sales growth, historic and projected
- Earning growth, historic and projected
- Stable to rising profit margins over time
- High returns on equity over time

Second, we use qualitative measures to judge a company's products, management and competitive market forces. These intangibles are paramount in determining the future growth of sales and earnings, which in turn will drive stock prices higher. The combination of rigorous growth screens and experience driven qualitative judgments will deliver portfolio holdings that truly meet the objectives of the growth-oriented investor.

SELL DISCIPLINE:

Growth investing is demanding and successful growth stocks can have powerful upside price movements. Conversely, not all portfolio positions will succeed. Our investment team continuously evaluates G33 positions to maintain portfolio objectives. If individual portfolio holdings fail to meet our investment criteria, we sell the position and search for better opportunities. Our sell discipline is initiated if:

- Company fundamentals deteriorate
- Stock price valuation becomes extreme
- Technical indicators falter

DYNAMIC GROWTH WITH A PURPOSE:

The G33 invests in dynamic companies that deliver high rates of growth. The portfolio holdings strike a balance between the larger/proven growth stocks of today and the young/emerging winners of tomorrow. Our ongoing investment process helps ensure portfolio integrity while seeking out new growth opportunities as they arise.

Investors who embrace the growth investment philosophy are interested in maximizing gains using stocks that have great potential for growth. Growth investing can be rewarding, but there is also considerable volatility inherent with the strategy. Investors must have a longer term investment horizon and understand stock market risk.

