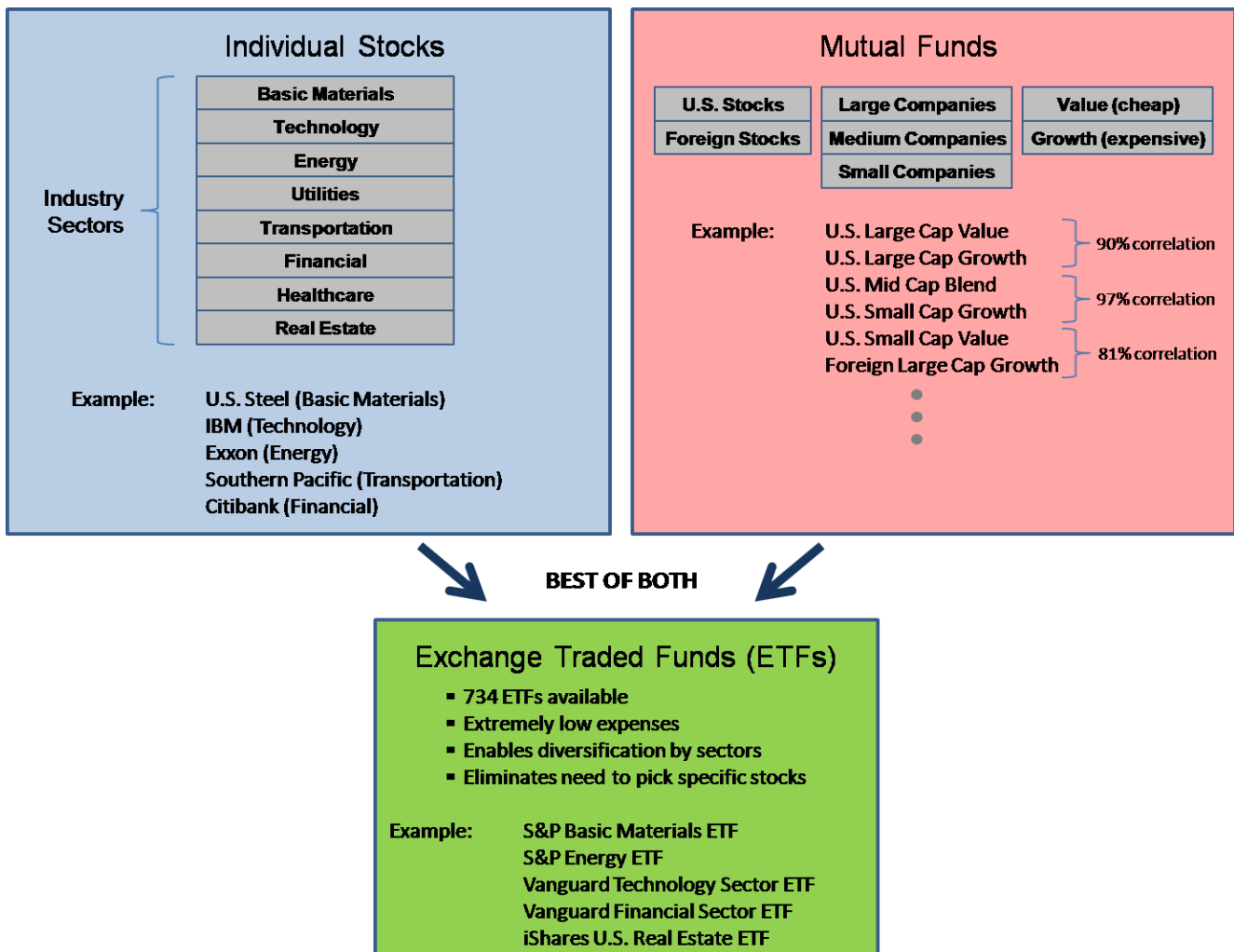


Portfolio Overview

Basics:

- 1) A diversified portfolio must have investments that behave differently (non-correlated)
- 2) Individual stocks provide flexibility, but are risky and expensive to manage
- 3) Mutual funds *can be* expensive, and tend to be highly correlated



Exchange Traded Funds combine the best of both worlds:

- Non-correlated stock sectors
- Can be traded any time (not just at the end of the day like mutual funds)
- Broad exposure to many stocks within each sector
- No need to pay a mutual fund manager

VFM Sector Portfolios:

- Each portfolio is customized for individual clients
- Portfolio risk is determined by mix of stocks, bonds and gold
- No attempt is made to guess which stock sector will outperform or underperform
- Buy and sell decisions for each stock sector are based on VFM's proprietary criteria

Sample Portfolios

Sector	Security	Expense		Aggressive	Moderate	
Basic Materials	SPDR Basic Materials	0.23%	70%	10%	6%	43%
Technology	SPDR Technology	0.23%		9%	5%	
Energy	SPDR Energy	0.23%		9%	6%	
Utilities	Vanguard Utilities	0.20%		9%	5%	
Financials	Vanguard Financials	0.20%		9%	6%	
Health Care	SPDR Health Care	0.23%		9%	6%	
Real Estate	Vanguard REIT Index	0.10%		6%	3%	
Small Cap Index	Vanguard Small Cap Index	0.10%		9%	6%	
Gold	SPDR Gold Shares	0.40%	5%	5%	7%	7%
Bonds – Total Market	Fidelity Total Bond	0.45%	25%	5%	11%	50%
Bonds – Mortgage-backed	Vanguard GNMA	0.21%		0%	10%	
Bonds – Total Return	TCW Total Return	0.44%		5%	8%	
Bonds – Corporate	iShares Investment Grade Bond	0.20%		5%	7%	
Bonds – High Yield	Fidelity Capital & Income	0.74%		5%	6%	
Bonds – Treasuries	iShares Barclays 20+ Year	0.15%		0%	0%	
Bonds – Inflation-protected	Vanguard Infl-Prot Securities	0.20%		5%	8%	

Proprietary Buy/Sell Algorithm:

Although a sector-based portfolio improves diversification significantly, additional dramatic performance improvements are possible through intelligent buy and sell decision making. Over the long-term, market timing based on “feeling” has proven to degrade performance. However, a disciplined approach to buying and selling with strict rules-based criteria can avoid serious downturns in individual sectors and smooth out volatility. Veripax Financial Management uses a strict algorithm that is based on current market behavior and does not attempt to predict future market behavior based on analysts’ opinions.

Buy/Sell Assumptions:

- The market follows regular cycles of uptrends (bull markets) and downtrends (bear markets)
- A trend continues until market behavior signals the trend is over, not because analysts say it's over
- It is better to avoid large losses, even if it means missing the first few percentage points of a new rally (a 50% loss requires a 100% gain to break even)