PARLAN FINANCIAL
CORPORATION

EXECUTIVE SUMMARY

Parlan Financial Corporation is a Securities and Exchange Commission registered investment advisory firm. The firm has been continually registered since 1988, the year it was founded. All Parlan clients have the advantage of Liquidity and Transparency with 24/7 access to their account that is being traded.

The Parlan Active Management Strategy (PAMS) is a active investment strategy that invests in US Large-Cap equity through *leveraged* index investment products that range from -200% to +200% exposure to the Standard and Poor's 500 Index. This strategy utilizes a propriety trading algorithm funded by mutual funds and exchange traded funds (ETF's) as the underlying investment vehicle. The algorithm employs quantitative research, technical analysis and the historic price movements of the S&P 500 index to daily adjust portfolio market exposure based on internal risk and return parameters. Incremental buying, profit-taking and stop loss boundaries are important features of this strategy.

MODEL GROSS ANNUAL RETURNS

Year					
1987	**2.5%**	1995	**5.3%**	2003	**-0.3%**
1988	**49.4%**	1996	**10.4%**	2004	**10.8%**
1989	**-10.5%**	1997	**42.5%**	2005	**9.3%**
1990	**12.3%**	1998	**42.5%**	2006	**31.0%**
1991	**16.5%**	1999	**66.0%**	2007	**22.3%**
1992	**11.3%**	2000	**0.1%**	2008	**15.2%**
1993	**8.4%**	2001	**42.2%**	2009	**26.1%**
1994	**11.9%**	2002	**20.2%**		

23 Year Average **19.37%**

MODEL NET ANNUAL RETURNS

Year			
2001	40.47 %	2006	28.85 %
2002	18.82 %	2007	19.88 %
2003	-1.44 %	2008	12.72 %
2004	9.52 %	2009	23.52 %
2005	7.95 %		

9 Year Average 17.81%

MAXIMUM MONTHLY DRAWNDOWNS

Year			
2001	-11.61 %	2006	- 2.19 %
2002	-10.04 %	2007	- 9.58 %
2003	-13.09 %	2008	-26.33 %
2004	- 4.35 %	2009	-11.34 %
2005	- 2.72 %		

This report looks at the maximum value of stringing together the consecutive positive months before a positive month.

MAXIMUM MONTHLY UPSIDE

Year			
2001	30.04 %	2006	17.11 %
2002	21.68 %	2007	22.51 %
2003	14.23 %	2008	17.99 %
2004	8.85 %	2009	27.48 %
2005	4.85 %		

This report looks at the maximum value of stringing together the consecutive positive months before a negative month.

PERCENTAGE OF PORTFOLIO ALLOCATION

Inverse		Long	
% of Portfolio	**% of Time**	**% of Portfolio**	**% of Time**
100	2.63	100	12.89
75	3.00	67	19.97
50	6.51	33	25.54
25	12.86		
	Money Market	100	16.60

TIME HORIZON BY DAYS

Long Trade		Short Trade	
Minimum	1	Minimum	1
Maximum	43	Maximum	78
Average	8.45	Average	3.93

Total (long & short) **Average 6.22 Days**

The average holding period of the underlying investment is approximately 7 business days, which results in short term gains or losses. At any point in time, the strategy will allocate between a long or short position, and a cash position. Holding both long and short positions simultaneously does not occur. Historically, the average exposure to the S&P 500 index is 44.10%

COMPLETED TRADES ANNUALLY

Maximum trades per year 41 **Minimum trades per year 23**

Average trades per year 34

The firm manages several composite strategies, which are available upon request. This paper contains information pertaining to only one of the composites, referred to as the "Parlan Active Management Strategy" (PAMS). Before acting on any advice, any person using the advice should consider its appropriateness having regard to their own or their clients' objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. The Model results are from back testing of the proprietary trading model beginning in 1987. The Advisor's fees have not been deducted and all returns are presented on a pre-tax basis.