

INVESTMENT PHILOSOPHY FOR PARLAN FINANCIAL CORPORATION

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This registration does not mean that the SEC recommends the Advisor; it simply means that the SEC regulates it. In the United States whether or not a firm should be registered as an investment advisor with the SEC or a state is typically determined by the amount of assets receiving continuous and regular supervisory or management services (Assets under Management or AUM). In order for a firm to register with the SEC, the firm must have over \$25 million of AUM at the time of registration or within 120 days of the effective date of the registration. If a firm has less than \$25 million of AUM and doesn't anticipate having \$25 million or more within 120 days of the effective date of the registration, then it must register with the individual state(s) as an investment advisor. If a firm has \$25 million or more of AUM, then it must register with the SEC. Common examples of investment advisors include pension fund managers, mutual fund managers, trust fund managers and also individuals, partnerships, or corporations, which have registered under the Act, and those who fall within certain exemptions. Stock brokers (known as "registered representatives") under U.S. federal law and licensed in the various states, are not necessarily and normally are not registered investment advisors.

In general, under U.S. law, investment advisors owe their clients an ongoing fiduciary duty to provide full and complete disclosure of all fees, conflicts of interest, and if so authorized, to exercise discretion in selecting investments with only their clients' best interests in mind. The Advisor's registration allows for discretion in the selection of investments for its clients.

In many cases, a registered investment advisor (RIA) is a corporation or partnership while the person actually providing the advice is an investment advisor representative (IAR) of the advisor organization. Investment advisor representatives and individuals registered as investment advisors are sometimes certified as a Certified Financial Planner (CFP®) practitioner by the Certified Financial Planner Board of Standards, Inc. Also included are Chartered Financial Analyst (CFA) holding a charter from the CFA Institute, after they have passed the appropriate examinations, having agreed to abide by a code of ethics, and having maintained the required continuing education credits. The CFP® and CFA credentials are not, however, required for registration as a registered investment advisor. The investment committee of the Advisor is comprised of CFP's®.

Parlan Financial Corporation employs its proprietary model which is an algorithm utilizing index-style investment vehicles that are designed to offer one, one and half, and two-beta long and short strategies and applies its signals in an attempt to add alpha (value) to the portfolio. It combines the advantages of active management customarily associated with tactical asset allocation and the application of its model, which results in authenticated qualitative and quantitative performance results. This dynamic strategy actively adjusts a portfolios' exposure to the S&P 500 Index® based on its short-term market forecasts. The strategy employs two rather involved investment concepts as part of its tactics. First, it utilizes a vehicle that seeks to provide investment results that correspond to 200% of the daily performance of the S&P 500 Index®. This is referred to a 2-Beta, meaning two times the returns of the market. Second, it employs a similar vehicle that provides results that inversely correspond to 200% of the daily performance of the S&P 500 Index®. Typically these strategies are referred to as long (gaining when the market goes up) and short (gaining when the market is declining). To accomplish these objectives, it uses leverage within the investment and thus increases the risk. The more a vehicle invests in leveraged instruments the more the leverage will magnify any gains or losses on these investments. The underlying premise of the strategy is to attempt to maximize total return, regardless of market conditions, and to provide capital appreciation consistent with the risk and return characteristics of the long/short strategy. Further expectations of the model are that they will result in higher liquidity, no lock-in period, more transparency, and lower fees. Rather than pursue a purely passive management style, which limits any opportunity to circumvent a declining market, this model allows the ability to achieve a positive return over a full market cycle, even during periods when the stock market is negative. The objective is to capitalize on the volatility of the index and capture a positive return in both increasing and decreasing cycles. For the purposes herein, a rising or declining market period is defined as a period during which the S&P 500 Composite Index® total return has risen or fallen by 20% or more.

The strategy deviates from the net return of the index vehicles by utilizing the proprietary forecasting model. One contributing factor to the success of this strategy is that it does not have the constraints normally associated with many asset allocation models. Theoretically, it can decrease the exposure to the stock market to zero, thereby sidestepping a declining market, or, take a short position and attempt to gain positive returns. Especially in times of market uncertainty, this investment strategy attempts to offer a positive return. However, this strategy may not be suitable for all investors. Not only are there increased risks due to the nature of the underlying investments, the investment strategy is specifically designed to result in short-term capital gains and losses, which currently do not have favorable income tax treatment. However, this aspect can be negated when the strategy is employed in tax-advantaged accounts, such as IRA Rollovers, other retirement-based vehicles, or charitable trusts, foundations, and endowments.

The principal of the firm is a member of The National Association of Active Investment Managers (NAAIM). The organization has established a Code of Ethics and Standards of Performance Measurements and Use For NAAIM Members. These guidelines concentrate on the quantitative measurements- the complete, accurate, and fair presentation of investment performance data. Additionally, the CFA Institute (formerly the Association for Investment Management and Research) developed the Global Investment Performance Standards in partnership with many other organizations worldwide and with the experts from a variety of fields within the global investment industry. The Standards were developed in order to provide an ethical framework for the calculation and presentation of the investment performance history of an investment advisory firm. The GIPS standards are a voluntary set of standards based on the fundamental principles of full disclosure and fair representation. Through voluntary compliance, firms can build an environment of credibility and trust in the investment industry for the benefit of the clients and institutions who evaluate investment advisory firms. In addition to the firm reporting the performance data in accordance with GIPS, it is strongly recommended that the performance data be verified. The primary purpose of verification is to establish that a firm claiming compliance with the GIPS standards has adhered to the standards. Verification increases the understanding and professionalism of performance measurement and the consistency of presentation of performance results worldwide. Verification is the review of the firms' performance measurement process and procedures by an independent third-party "verifier". The GIPS standards require firms to present at least five years of performance figures. In order to claim compliance, the firm must build a compliant performance record both historically and going forward. Parlan Financial is maintaining its performance data in accordance with GIPS standards and the third-party verification will be available October 2010. Until the returns have received verification, the NAAIM SMP policy states that the returns must be identified as a model return or hypothetical return. The results are from the backtesting of the proprietary trading model beginning in 1987. By applying the resultant "buy" or "sell" signals to market indexes, the 20-year return is herein presented. Beginning December 31, 2000 the "buy" and "sell" signals have been applied to the clients account and have purchased specific investments, and include the addition of interest, dividends, and capital gain distributions within the Advisors accounting software, Advent Axys®. The Advisors' fees have been deducted according to the management fee schedule in effect for each period and expenses if any. All returns are presented on a pre-tax basis. (See Exhibit A and B)

Still another risk inherent with any type of investing is referred to as "historical maximum portfolio drawdowns" or "maximum drawdowns (MDD)" for short. The maximum drawdown of an investment is the largest percentage fall or decrease in portfolio value that would have been suffered during a particular period. The idea is based on the observation that the least risky investment of all would be one that never had a drawdown, that is, never lost money, even for a single day. Drawdowns can be calculated over whatever period the investor thinks is important. The period could be a week, month, year, five years or any other period. The longer the period used, the lower the apparent drawdowns. Typically, maximum drawdowns are calculated using either daily closing prices or monthly closing prices. Monthly drawdowns are commonly used in some complicated financial measures of risk. Parlan Financial Corporation utilizes the end of the month reporting to illustrate the maximum drawdowns. (See Exhibit C).

Exhibit A

| Year | S&P 500 Returns | Model Gross Returns | Model Gross Returns | Model Net Returns |
|----------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| 1987 | 2.00% | 2.50% | | |
| 1988 | 12.40% | 49.35% | | |
| 1989 | 27.25% | -10.45% | | |
| 1990 | -6.56% | 12.33% | | |
| 1991 | 26.31% | 16.50% | | |
| 1992 | 4.46% | 11.26% | | |
| 1993 | 7.06% | 8.39% | | |
| 1994 | -1.54% | 11.92% | | |
| 1995 | 34.11% | 5.33% | | |
| 1996 | 20.26% | 10.35% | | |
| 1997 | 31.01% | 42.54% | | |
| 1998 | 26.67% | 42.54% | | |
| 1999 | 19.53% | 66.01% | | |
| 2000 | -10.14% | 0.09% | | |
| 2001 | -13.04% | 42.17% | 42.17% | 40.47% |
| 2002 | -23.37% | 20.24% | 20.24% | 18.82% |
| 2003 | 26.38% | -0.25% | -0.25% | -1.44% |
| 2004 | 8.99% | 10.83% | 10.83% | 9.52% |
| 2005 | 3.00% | 9.25% | 9.25% | 7.95% |
| 2006 | 13.62% | 30.97% | 30.97% | 28.85% |
| 2007 | 3.53% | 22.34% | 22.34% | 19.88% |
| 2008 | -38.49% | 15.15% | 15.15% | 12.72% |
| 2009 | 23.45% | 26.06% | 26.06% | 23.52% |
| Average | 8.56% | 19.37% | 19.64% | 17.81% |

Exhibit B

| Year | Number of Trades | Model Return Gross of Fees | Avg Return per Trade (Gross) | Model Return Net of Fees | Avg Return per Trade (Net) |
|----------------|-------------------------|-----------------------------------|-------------------------------------|---------------------------------|-----------------------------------|
| 2001 | 35 | 42.17% | 1.20% | 40.47% | 1.16% |
| 2002 | 31 | 20.24% | 0.65% | 18.82% | 0.61% |
| 2003 | 23 | -0.25% | -0.01% | -1.44% | -0.06% |
| 2004 | 28 | 10.83% | 0.39% | 9.52% | 0.34% |
| 2005 | 26 | 9.25% | 0.36% | 7.95% | 0.31% |
| 2006 | 32 | 30.97% | 0.97% | 28.85% | 0.90% |
| 2007 | 32 | 22.34% | 0.70% | 19.88% | 0.62% |
| 2008 | 37 | 15.15% | 0.41% | 12.72% | 0.34% |
| 2009 | 34 | 26.06% | 0.77% | 23.52% | 0.69% |
| Average | 30.89 | 19.64% | 0.60% | 17.81% | 0.54% |

Exhibit C

| Year | Maximum Drawdown |
|----------------|-------------------------|
| 2001 | -11.61% |
| 2002 | -10.04% |
| 2003 | -13.09% |
| 2004 | -4.35% |
| 2005 | -2.72% |
| 2006 | -2.19% |
| 2007 | -9.58% |
| 2008 | -26.33% |
| 2009 | -11.34% |
| Average | -10.14% |

This calculation is the maximum value of stringing together consecutive negative months before a positive month.