MERSBERGER FINANCIAL GROUP

MANAGED INVESTMENT MODEL

Short Duration Portfolio

BENCHMARK

Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index

OBJECTIVE

To preserve client principal rather than significant return generation.

Investment Strategy

This model is to provide liquidity to client portfolios by providing access to short-term bond markets. The fund seeks to minimize volatility and downside risk in portfolios. The strategy's primary investment mandate is to preserve client principal rather than significant return generation.

This strategy seeks to minimize volatility and emphasize protection of principal invested in the model.

INVESTMENT PROTECTION

To accomplish minimizing volatility and protecting principal investments, the model seeks to maintain a low duration relative to the aggregate bond market as well as its benchmark, the Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index, to minimize interest rate risk.

This strategy seeks to limit credit risk and portfolio volatility.

PORTFOLIO EXPOSURE

This model includes a significant weighting to treasuries and highly rated investment grade corporate bonds to limit credit risk and portfolio volatility. The low Duration Portfolio may have indirect exposure of up to 10% to high yield bonds through the funds it owns, but it seeks an average credit quality of AA or higher.

Suitability and Best Interest

RISK TOLERANCE

This portfolio is suitable for conservative investors with a low tolerance for risk and who are seeking a degree of capital preservation.

TIME-HORIZON

This portfolio is suitable for clients with near term liquidity needs in the next 6 to 36 months who can use this strategy to fund those needs while still earning a return on capital.

Risk Management

While this strategy seeks to minimize volatility and interest rate sensitivity, this portfolio carries risk outlined below:

INFLATION RISK

While this model seeks capital preservation, its rate of return may lag behind domestic inflation, and over long periods of time the real value and purchasing power of money invested in the model may decline.

INTEREST RATE RISK

This model seeks to keep its duration at or below that of its benchmark. However, if interest rates rise, then the value of the funds inside the model may decline.

CREDIT RISK

This model invests in short term corporate bonds, and if credit spreads widen in the market, then the model may experience declines in value associated with the value of bonds held inside the funds in the model potentially declining. The model is broadly diversified. However, the manager believes all company-specific risk has been diversified away through the large number of underlying holdings in the model.

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Diversification and asset allocation strategies do not assure profit or protect against loss. Past performance is no guarantee of future results. Investing involves risk. Depending on the investments, there may be varying degrees of risk. Investors should be prepared to bear loss, including loss of principal.