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ETF-Tactical Asset Allocation Program at HCM's Custodian, Growth

Investment Goal and Fees: HCM seeks to obtain good returns, over a full market cycle of about 4 years, while controlling risk and volatility. Our management fees are 2.96% and lower, per year-billed quarterly in advance. Fees decrease with asset size and for our incentive-fee program.

HCM's Story: HCM has conducted proprietary market research since 1970 and we have a unique understanding of the equity markets. We try to quantify the character of the markets and manage portfolios of sector and indexes, domestic and international funds, in any type of market. Dr. Harloff is a trained Ph.D. Aerospace Engineer/Scientist and he has developed several new computer programs to implement our strategies. We continuously assess the market character, and seek to invest long, short, or in money market as investment choices permit. We don't use the off-the shelf approaches, that most other money managers use, because they are: in widespread use, empirical and will ultimately fail, and have long time lags that provide late signals. Today we estimate that about 90-95 % of money managers employ the buy-and-hold non-strategy. The remaining 5-10% are active managers, but a large percent of these active managers stay in money markets for long periods of time. HCM is both active and is usually fully invested unless the markets are stressed. Thus HCM's investment style is quite different from most other money managers and no other managers have HCM's new unique investment technology.

Investment Strategy: This program generally invests in a wide variety of funds and fund families that may be positively or negatively correlated with each other. The portfolios are usually selected to lie close to the dynamic frontier. HCM employs a combination of three to four levels of technology to manage client portfolios in many different programs in our Dynamic Frontier-Tactical Asset Allocation Program. HCM's original technology includes: 1) HCM's proprietary short-term absolute momentum index, HVI, to rank fund and index return and risk, 2) HCM's intermediate term relative momentum index to rank funds and indexes with several different components of the return and risk ranking process, 3) HCM's 2004 newly operational cyclical/trending indicator with overbought resistance and oversold support price levels and risk parameters, and occasionally we employ 4) HCM's proprietary dynamic frontier calculations and HCM's computed statistics to determine optimal return/risk portfolios for both dynamic frontier and market neutral assumptions. These three to four analyses are synthesized to select the best 1-8 long/short funds that make up client portfolios. More emphasis is placed on 4) for this program. We believe HCM's depth and original analyses are beyond those of most other investment companies.

Investment Risk: Investment risk is driven by market and sector volatility that makes data analysis and interpretation challenging. We implemented new technology ((3) above in 2004) to help negotiate extended down periods, volatile markets, and choppy flat markets.

Manager Biography: Harloff Inc. was founded in 1981 to do market related research. It registered as an investment advisor in 1994. The founder, Dr. Gary J. Harloff, earned a Ph.D. in Aerospace Engineering and worked in the Aerospace and Energy fields for about 27 years including at NASA for 10 years in aeronautics and propulsion research. He has two patents in turbomachinery. He has managed money since 1990.



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**ETF-Tactical Asset Allocation
 Program: HCM’s custodian, continued**

Performance

Table HCM-1. Performance for HCM ETF and S&P500, ending 12-29-06 (* compounded annual performance)

	HCM Aggressive net performance: (131ETFA200), %	S&P500 without expenses, dividends, or capital gains, %	Nasdaq without expenses, dividends, or capital gains, %
last quarter	15.03	6.17	6.95
1 year	22.88	13.62	9.52
Since inception*	19.63	14.25	16.02
Inception date	11/08/05	11/08/05	11/08/05

Disclaimer

Harloff Capital Management, Harloff Inc. is a registered investment advisor. This table is not investment advice or an offer to provide investment advice. The performance shown are for a representative account managed by HCM and are net of all management and trading fees paid by the client including any internal mutual fund fees and 12b-1 mutual fund marketing fees. Since accounts are managed similarly, the results shown are representative of client returns achieved by all participants of this program in

the time period represented. Dividends and capital gains are reinvested and no taxes are considered. The investment results illustrated here include securities that may or may not be used in the future. Different types of investments involve varying degrees of risk, and there is no assurance that any specific investment will be profitable. HCM’s managed portfolios may involve above average turnover that could negatively impact the net after tax gain for taxable accounts. The data are thought to be complete and accurate and are not guaranteed. Harloff Inc. calculated these figures and a third party has not verified them. Past performance does not guarantee future performance. The S&P 500 and Nasdaq indexes are market capitalization-weighted indexes. The S&P500 is also float weighted (shares available to the public) and represents approximately two-thirds of the market value of all U.S. common stocks and is representative of the large-cap U.S. stock market. The Nasdaq composite index measures all Nasdaq domestic and non-US based common stocks (over 3140). No management expenses, dividends, or capital gains are considered. An investor cannot directly invest in these indexes, and they are provided solely for the purpose of comparison. Any investment with HCM should not be construed as an investment in any index or program that seeks to replicate any index. Index data was obtained from third party providers and no guarantees are made of their accuracy.