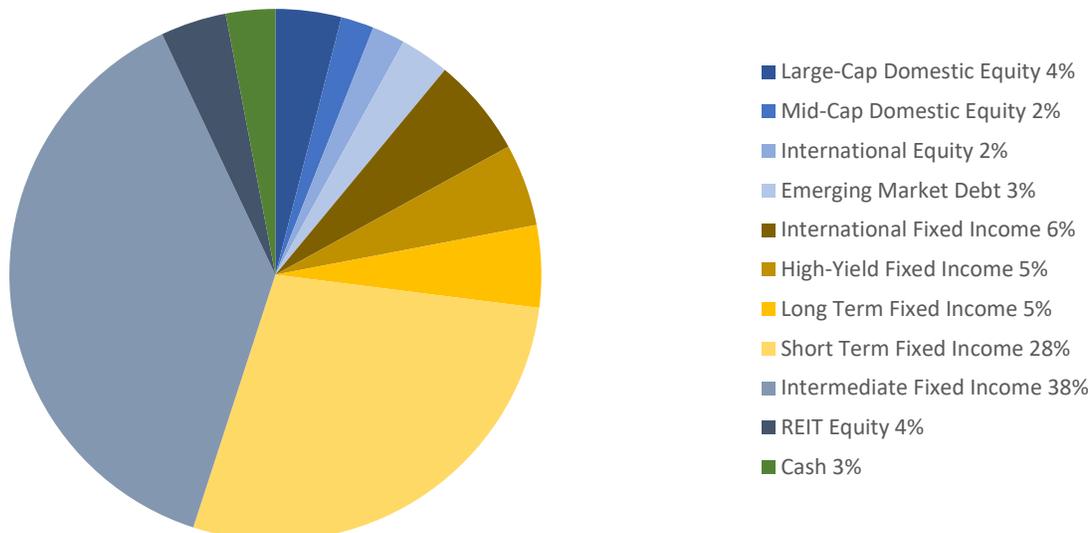


Severin Conservative Income Portfolio



Positioning

The Income Program provides investors an opportunity to participate in a portfolio of investment grade corporate and government fixed-income securities, structured for total return with stable, current income as an investment goal. It is designed to serve as part of the taxable income component within a client's overall asset allocation mix.

Philosophy & Process

The portfolios are managed in a conservative style by which the portfolio managers actively manage in an effort to balance coupon risk and price volatility. The portfolios consist of investment-grade corporate bonds, government bonds and agency bonds guaranteed by the U.S. Government, its agencies or instrumentalities, all with maturities of 10 years or less. A typical portfolio will hold at least 15 securities diversified across various sectors and maturities and, generally, no single corporate position will be more than 5% of the portfolio total value.

The portfolio managers will vary the portfolio's duration based on their interest rate outlook. If they anticipate that interest rates will rise, they will shorten the average maturity to attempt to protect capital. However, if they anticipate that interest rates will decline, they will lengthen the portfolio's duration to attempt to obtain higher rates to capture price appreciation. The investment team, utilizing a top-down approach, assesses macroeconomic data and trends to formulate an interest rate strategy.

The portfolio managers base fixed-income purchases and sales on three criteria: the general market outlook, credit considerations and rate of return differentials. The managers review sectors for issues exhibiting relative values within the various quality ratings and maturity ranges. Credit, or quality, and the relative market attractiveness of individual issues are considerations in qualifying securities for purchase. Only issues with enough size to provide adequate liquidity (generally issues of \$500 million or more) and are rated Baa or better (or equivalent) by the major rating services are given purchase consideration. Additionally, call-protection analysis is conducted to help reduce the likelihood of a bond being "called away" from the portfolio in a short time or at an unfavorable price.

The financial condition of debt issues can change over time. The managers review issues held in the portfolios for possible credit deterioration and for identification of issues which may be candidates for a credit rating change by the major rating services. Should there be a change in credit quality to below investment grade rating, the manager will take actions as deemed appropriate, which may include either continuing to hold the position or selling the issue and looking for new investment opportunities.

The asset allocations in the Income portfolios are subject to change due to varying market conditions.

Disclaimers

Bond prices fluctuate inversely to changes in interest-rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk. All fixed income investments may be worth less than original cost upon redemption or maturity.

Any Government guarantees apply only to the timely payment of principal and interest if held to maturity. Guarantees do not eliminate market risk.

Bonds rated Baa carry medium risk which means that problems may arise if the economy has deteriorated.

Past performance is no guarantee of future results. All of our past performance is GIPS compliant. Global Investment Performance Standards (GIPS) are a set of voluntary standards used by investment managers throughout the world to ensure the full disclosure and fair representation of their investment performance. GIPS is held to the highest of standards.

Severin Investments has a deep and talented team of investment professionals dedicated to helping clients achieve their investment goals. We believe our advice model is unique within our industry and affords us a strategic advantage versus our peers.

Our primary responsibility is providing objective advice. This model is built on the fundamental principles of open architecture, objectivity and choice. We remain committed to providing access to multiple research providers, as well as a talented team of investment and research experts within our firm.

Additional information is available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

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