

Market Trends Analysis

Strategy Summary

The primary focus of High Falls Advisors' Market Trends Analysis (MTA) strategy is to minimize downside risk throughout the investment experience.

Technical analysis is applied to the average daily price of the underlying investments to identify both long and short term trends in performance. If the trend is positive or confirmed to be moving upward in a particular portfolio holding, it remains invested. If the trend is determined to be negative or bearish, we will remove that asset from the portfolio temporarily, using cash or other short-term low-risk investments as an alternative, until the trend reverses.

It is important to note that while investing in this strategy, there will be days when an account may increase in value as well as days when it may decrease. We are analyzing trends that take time to form, therefore the process will not direct us to liquidate assets at the exact top of a market cycle nor will we buy back in at the bottom. During times of market volatility we maintain our discipline to the strategy and make adjustments to the portfolio holdings when the technical indicators show that it is appropriate.

There are 5 MTA portfolios currently available, with a variety of asset allocation targets ranging from conservative (income only) to aggressive (equity only), and several portfolios in between. Portfolios may be constructed using a variety of asset classes including but not limited to: Large Company Stocks, Mid Cap Stocks, Small Company Stocks, Real Estate Investments, Developed Foreign Markets, Emerging Markets, Inflation Protected Bonds, US Government Bonds and Foreign Bonds. Target portfolio allocations are maintained through rebalancing and other trading activity, though it is important to note that there may be times when some or all portfolios may hold heavier positions in cash and other short term investments as a result of volatility in certain asset classes.

The investment vehicles that are used in the MTA strategy are Exchange Traded Funds, which are commonly known as ETFs. All of the funds are index funds; each one represents a broad index of the market. ETFs trade throughout the day, rather than at the close of the market as is the case with mutual funds, providing more flexibility and control with trade execution. Index ETFs are typically cost effective; many of the funds used in the MTA strategy carry minimal or no transaction fee.

Portfolio QUICK FACTS

Objective

- Minimize downside portfolio risk
- Capture performance in a confirmed upward market trend

Investment Philosophy

- Portfolios are structured through asset allocation and maintained through active trading and rebalancing
- Technical analysis is applied to the underlying investments to determine portfolio adjustments

Investor Profile

- Low tolerance for portfolio risk
- Intermediate to long-term time horizon
- May seek to rely on investments for an occasional or consistent income stream
- Comfortable with frequent trading associated with the technical approach

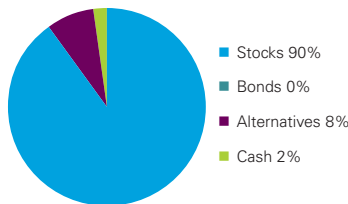
Management

- Portfolio holdings and potential trends are charted, reviewed and identified daily
- ETFs are used to create low-cost portfolios and allow for flexibility and control of trade execution

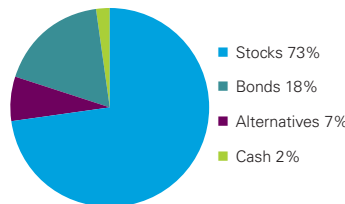
MTA Portfolios

* Target portfolios when fully invested. Allocations to cash and/or other short-term investments may increase at Portfolio Managers' discretion and are based on technical indicators established for this strategy.

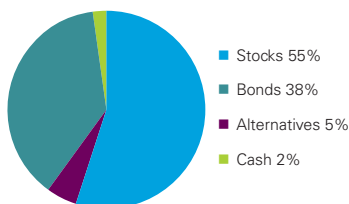
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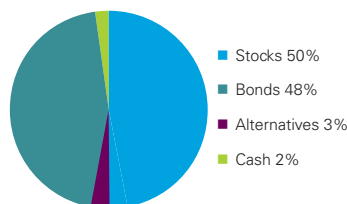
GROWTH



TOTAL RETURN



BALANCED



INCOME ONLY

