REINHART
ASSET MANAGEMENT, LLC

PERFROMANCE THRO[illegible]H RESEARCH

MAST & AMP

SALES GUIDE

GENERAL INFORMATION

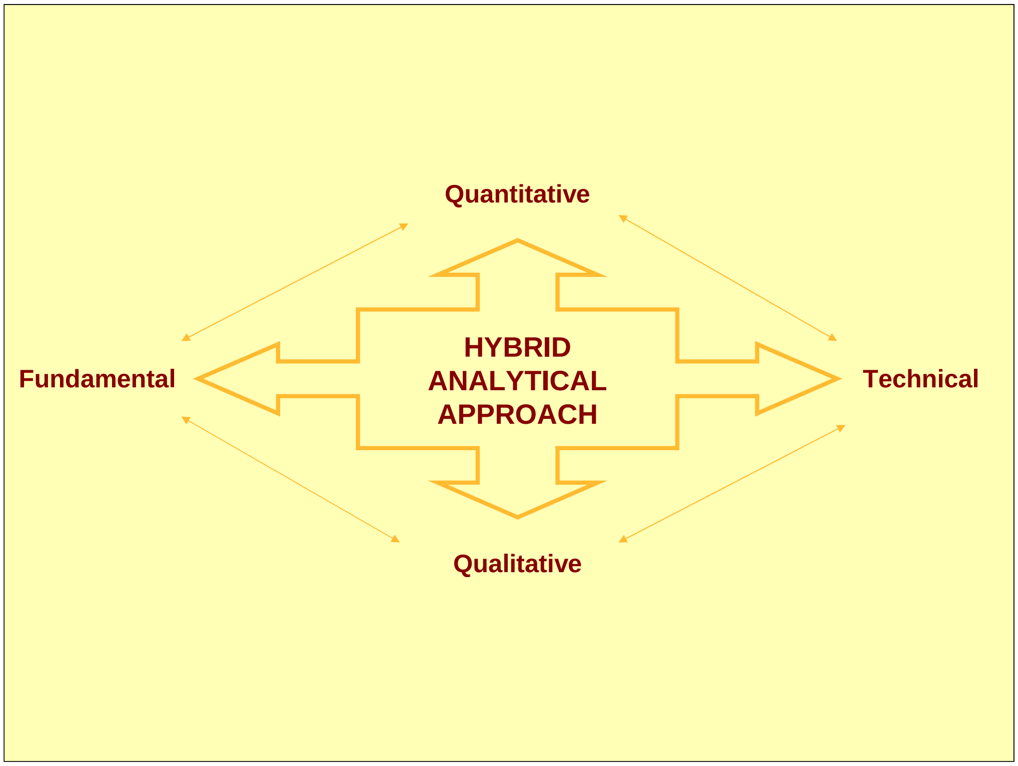
- Long term vehicle
  - Reinhart Asset Management (RAM) portfolios are long term investments with an intermediate term trading strategy. This can leave short term minded investors discouraged in certain environments.
- Limited Trading
  - In light of this intermediate term view, RAM does not trade frequently, thereby reducing risks that can come with excessive trading.
- Short Term Underperformance by Design
  - For example, in down trending markets with short counter-trend rallies, RAM may remain positioned for the larger down trend to reduce excessive trading. During these short-term rallies the portfolios may not have enough offense to compete with benchmark indexes.
- Sideways Markets
  - Long term sideway markets ('66 – '82, '99-?) can wear down an investor. Within these sideway markets it is characteristic to see periods of time where the market is trend-less.

With input from Questar Capital Advisors, this slide addresses general information concerning Reinhart Asset Management's portfolio investment strategies. This information is highlighted in an effort to help you be ahead of your clients' questions in the sales process of Mast and AMP.

RAM QUICK FACTS

- Holding Periods
  - Per RAM's investment strategies, there are no mandatory holding periods for funds held within client portfolios.
- Taking Losses Quickly
  - RAM takes losses quickly when/if a particular fund investment underperforms. This allows them to alleviate significant losses from that investment.
- Termination Fees
  - A client pays $100 if they wish to withdrawal from the offered management services during the first year. After the first year the client pays $50 if they wish to terminate the contract.
- Significant Losses.
  - Like any investment management firm, Reinhart Asset Management cannot guarantee results. In an effort to minimize losses, RAM uses a Hybrid Analytical Approach, which encompasses four key analytical processes allowing RAM to maneuver portfolios accordingly while reducing the risks associated with single analytical processes. (i.e.. Computer generated models, pure fundamentalist thoughts.)

This slide highlights some items that you will see when working with Reinhart Asset Management programs. The four quick facts illustrate key selling points of the Mast and AMP platforms.



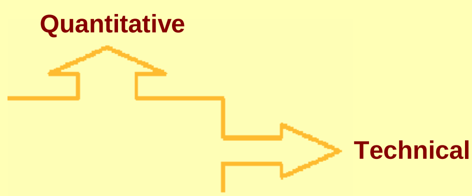
We use a hybrid analytical approach that encompasses the benefits of four separate approaches. Usually fundamental and technical analysts are polar opposites and completely disregard the other approach. This is also true for the quantitative and qualitative analyst. Our hybrid approach uses all four, as it allows us to capture the many benefits of each approach while reducing the inherent risk that is associated with each one.

QUANTITATIVE
(Objective Analysis)

Defined: Uninfluenced by emotion, surmise, or personal opinion

Driven by our computerized analysis entailing quantifiable market cap and style, MAST universe, sector/subgroups, model playbook, and MFSS.

RISK - Historic inter-market relationships change



TECHNICAL

Driven by our study of market volume, prices, trends, chart patterns, moving averages, oscillators, and <u>inter- market interactions</u>

Interactions of asset classes, sectors/sub-groups

<u>RISK</u>
Whipsaws can cause excessive trading

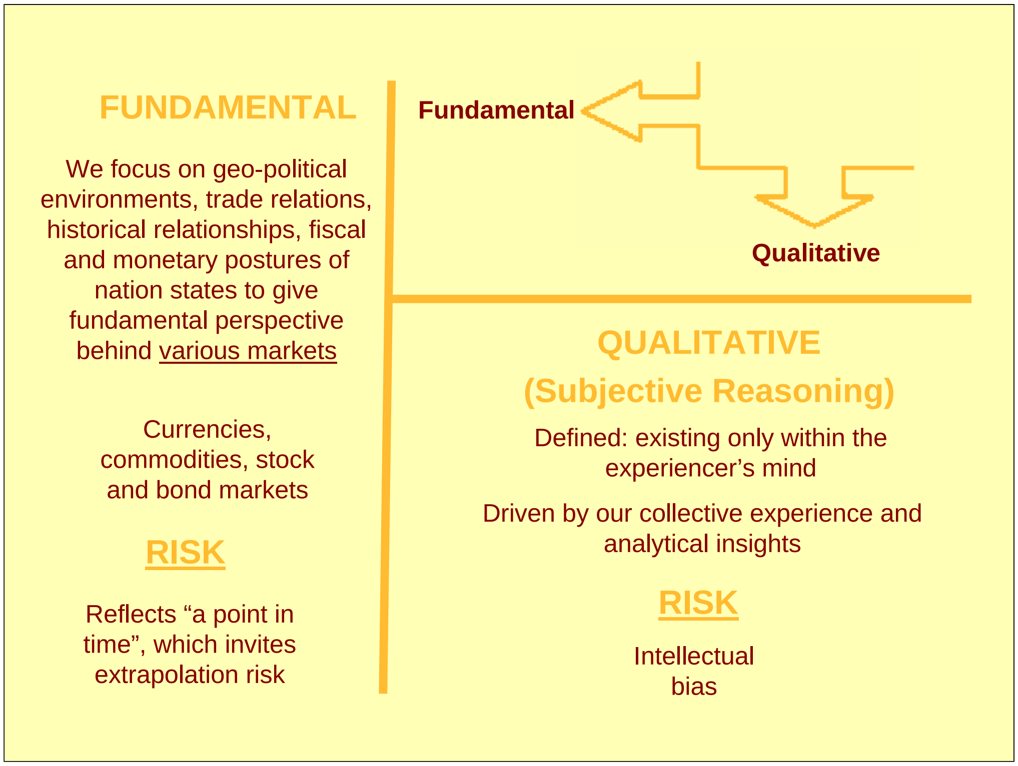
(10 of last 6 recessions predicted by the market)

Drilling down to our hybrid approach, technical and quantitative share some of the same characteristics. Quantitative is defined as uninfluenced by emotion or personal opinion. We employ this by using our computerized analysis entailing quantifiable market cap and style, MAST universe, sector/subgroups, model playbook, and MFSS. These systems give us signals that are purely objective and free of personal opinion.

The risk of this however, is historic inter-market relationships change. Using a pure quant system, relying on statistically developed probabilities, leaves the portfolio susceptible to large negative results if these low probability events occur due to historic relationships changing.

Technical analysis is driven by our study of market volume, prices, trends, chart patterns, moving averages, oscillators, and inter-market interactions. These interactions include assets classes, subgroups, and sectors.

The inherent risk of using technical analysis is whipsaws can cause excessive trading, due to the collective emotions of market participants. This leaves the portfolio vulnerable to excessive losses through the whipsawing market action.

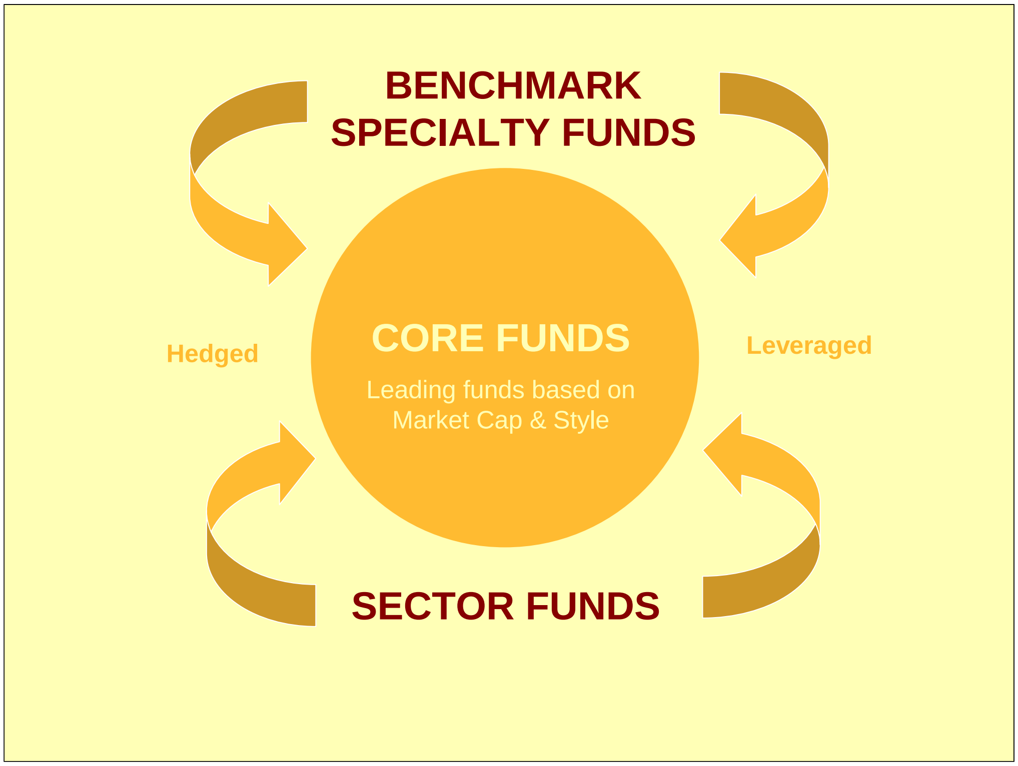


Fundamental and Qualitative lean toward each other from a subjective perspective. Both offer many benefits and yet possess inherent risks. Qualitative is defined as existing only within the experiencer's mind. It is driven by our collective experience and analytical insights.

The risk however is intellectual bias. This occurs when the analyst is deeply entrenched in their conclusions irrespective of market action, even if the market action is contrary to their analytical conclusions and portfolio holdings.

Fundamentally we focus on geo-political environments, trade relations, historical relationships, fiscal and monetary postures of nation states to give fundamental perspective behind currencies, commodities, stock and bond markets.

The risk associated with fundamental work is it reflects "a point in time," which invites extrapolation risk. This is the risk of taking known information and projecting it out into the future and positioning the portfolios according to these projections. This leaves the portfolio vulnerable to being "out of sync" with the market.



The center of the diagram depicts our stable core funds which are compiled of leading funds based on market cap and style. In a down market, we can use inverse correlated funds to assist our core stable funds in protecting the portfolios. In an up market, we can use leveraged and benchmark specialty funds that target a specific index to assist our core stable funds in achieving returns. We can also add sector funds which allows us to concentrate in a specific area of the market.

PORTFOLIO DESIGN SYSTEM

FOUR KEY COMPONENTS OF PORTFOLIO
structure/tactical allocation

1. Target portfolio weightings with flexibility
2. Category Weighting (combination market cap and investment style)
   - *Equity Large Growth/Small Cap Value*
   - *Bond Short-term Treasury/High-Yield Corporate*
3. Balanced Funds
   - *Over weight equity exposure by placing in bond allocation for*
   - *strong equity markets*
   - *Over weight bond exposure by placing in equity allocation in*
   - *weak equity markets*
4. Inverse Correlation, Specialty Funds, Sector Funds

Our Portfolio Design System (PDS) consists of four key components. Each component is very important in and of itself and yet how they work interactively. With our PDS, we have the ability to guide portfolios through any market environment that may develop.

MAST INTERNAL ALLOCATION GUIDELINES

	Target Equity Allocation	*Target Bond Allocation*	*Target Cash Allocation*	*Equity Allocation Range*	*Bond Allocation Range*	*Cash Allocation Range*	*Contra Funds*	*Fund*
Aggressive	94%	4%	2%	50%-98%	0%-10%	2%-50%	25%	30%
Capital Growth	80%	18%	2%	50%-85%	10%-20%	2%-40%	25%	30%
Balanced	65%	30%	5%	40%-70%	20%-35%	5%-40%	20%	30%
Conservative	35%	55%	10%	20%-40%	35%-60%	10%-45%	7%	30%

The equity allocation range includes; large value, large blend, large growth, mid value, mid blend, mid growth, small value, small blend, small growth, international equity, balanced funds, emerging market equity, and REITS. The bond allocation range includes; high yield, municipal, convertible, long/intermediate/short term government, long/intermediate/short term corporate, emerging market bonds, international, multi-sector, and international and domestic hybrids. The cash allocation range includes; liquid money market instruments. Contra Funds are funds that are negatively correlated to the market. A contra fund strategy enables Reinhart Asset Management's team to defensively position client assets. The "fund" guideline aids in ensuring diversification. This states that the maximum amount a portfolio may hold in a given fund is 30% of the equity/bond allocation allotment.

The Programs may also strategically utilize balanced funds. These funds are a hybrid between equities and bonds. This strategy adds to the leverage Reinhart Asset Management's team may use to position client assets. A strategic move utilizing balanced funds may be discounted as either an equity allocation or bond allocation, depending upon the position Reinhart Asset Management's team desires to execute. All specialty funds are also available for use by Reinhart Asset Management's team. These funds include benchmark index funds, sector funds, and other specialty funds.

Reinhart Asset Management's team may operate within the specified allocation ranges. The target portfolios provide an allocation goal. The extended ranges allow for more defensive positions to be put on in the interest of capital preservation, given adverse market conditions.

Mast has four Portfolios – Aggressive, Capital Growth, Balanced and Conservative. For example, focusing on aggressive and the allocation guidelines. Target equity is 94%, bonds 4%, and cash 2%. These targets are used in optimal environments.

In less than optimal environments, we use our flexibility to adjust accordingly. Looking at aggressive again, our equity range is 50%-98% which allows us to reduce our equity exposure significantly in negative markets. The same principle applies with our bonds, which have a range of 0%-10%. Cash with a range of 2%-50% allows us to raise our cash levels to protect the portfolios in questionable to negative environments.

Notice that 25% can be allotted for contra funds (inverse correlated – market goes down these go up), which allows us additional latitude to protect in downside markets. Finally, 30% is the maximum allocation for one single fund. This prevents over concentration into any one fund.

VARIABLE ANNUITIES INTERNAL ALLOCATION GUIDELINES

	Target Equity Allocation	*Target Bond Allocation*	*Target Cash Allocation*	*Equity Allocation Range*	*Bond Allocation Range*	*Cash Allocation Range*	*Contra Funds*	*Fund*
Capital Growth	85%	10%	5%	25% - 95%	0% - 30%	5% - 75%	30%	40%
Balanced	45%	45%	10%	10% - 50%	10% - 50%	10% - 80%	15%	40%

The equity allocation range includes; large value, large blend, large growth, mid value, mid blend, mid growth, small value, small blend, small growth, international equity, balanced funds, emerging market equity, and REITS. The bond allocation range includes; high yield, municipal, convertible, long/intermediate/short term government, long/intermediate/short term corporate, emerging market bonds, international, multi-sector, and international and domestic hybrids. The cash allocation range includes; liquid money market instruments. Contra Funds are funds that are negatively correlated to the market. A contra fund strategy enables Reinhart Asset Management's team to defensively position client assets. The use of the above investment styles by asset class are limited only by the variable annuity sub account offerings. The "fund" guideline aids in ensuring diversification. This states that the maximum amount a portfolio may hold in a given fund is 40% of the equity/bond allocation allotment.

The Programs may also strategically utilize balanced funds. These funds are a hybrid between equities and bonds. This strategy adds to the leverage Reinhart Asset Management's team may use to position client assets. A strategic move utilizing balanced funds may be discounted as either an equity allocation or bond allocation, depending upon the position Reinhart Asset Management's team desires to execute. These funds include benchmark index funds, sector funds, and other specialty funds.
Reinhart Asset Management's team may operate within the specified allocation ranges. The target portfolios provide an allocation goal. The extended ranges allow for more defensive positions to be put on in the interest of capital preservation, given adverse market conditions.

We use a two portfolio structure for our Variable Annuities or AMP programs. The two platform structure was implemented due to the limited account offerings inherent in variable annuity platforms. With these we have more latitude and flexibility in terms of the percentage weightings of each asset class.

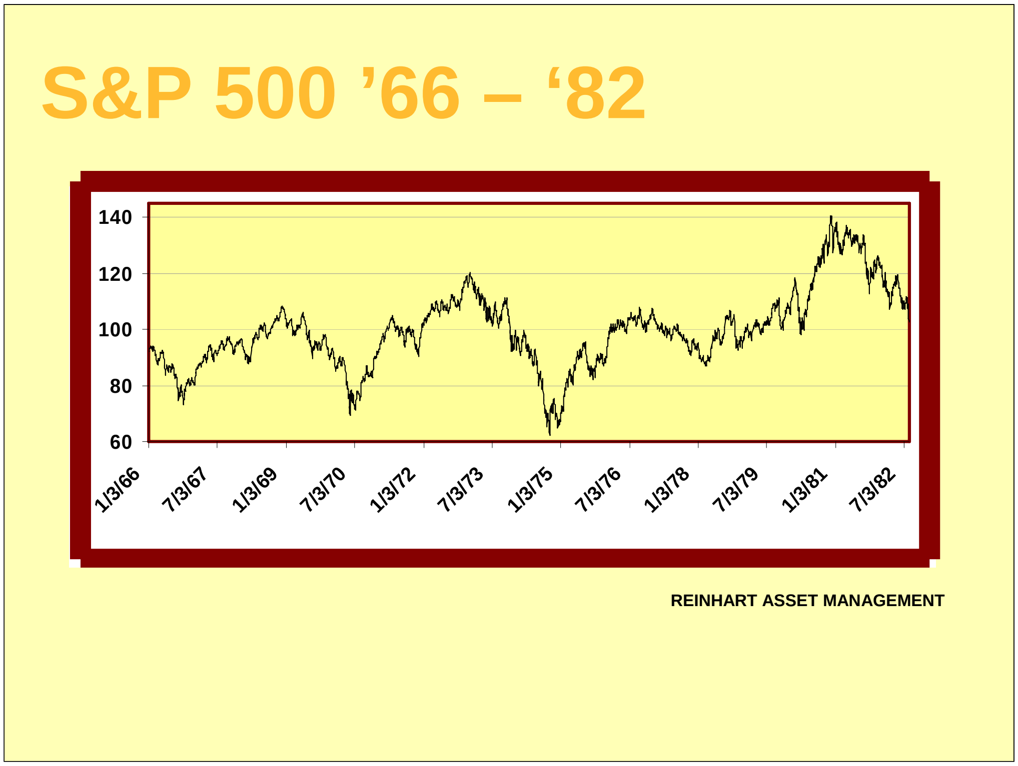
Looking at the Capital Growth portfolio, the target for equities is 85%, the bond target is 10%, and cash target is 5%. The flexibility comes in the ranges of each asset. For equities the range is 25%-95%, bonds is 0%-30%, and cash has a range of 5%-75%.

We can also use up to 30% contra (inverse funds) and can at a maximum place 40% of the portfolios assets into any one sub account. This is higher due to sub account limitations, but still inserts a parameter to keep from over concentration.

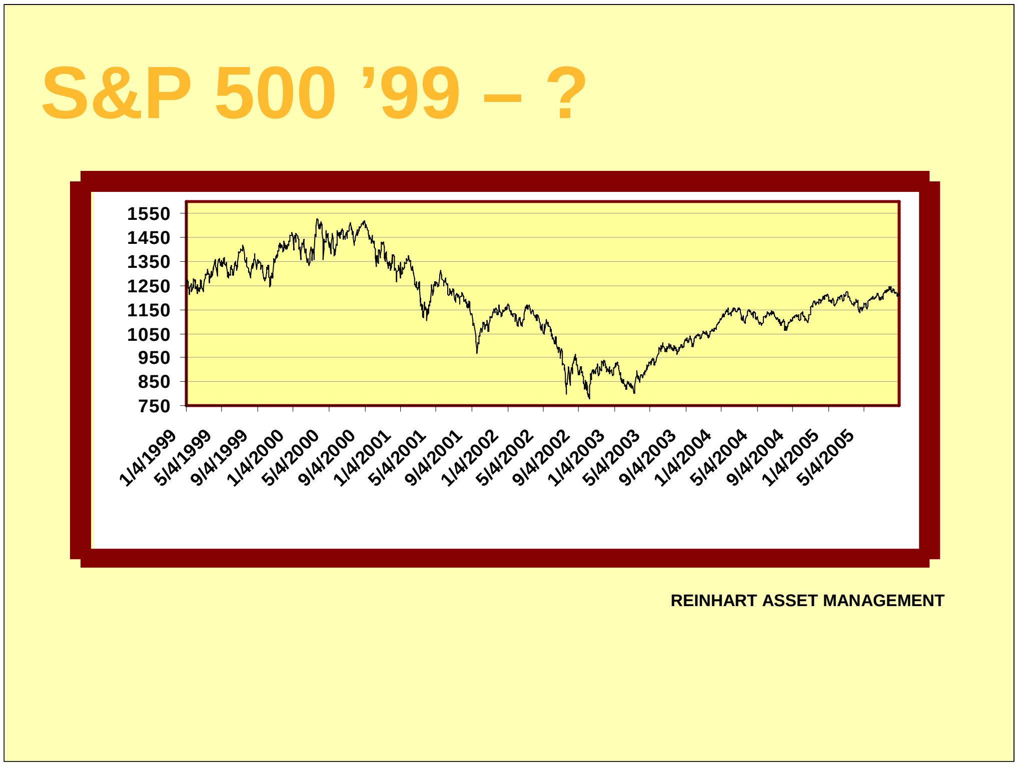
WHY DO YOU NEED ACTIVE MANAGEMENT?

One of the key benefits of using our managed platforms are the inherent flexibilities they offer in maneuvering through ever-changing market environments. This flexibility comes in several forms, such as equity style (large, medium, and small) asset categories (bonds, cash, equities) and various hedges such as gold, inverse correlated funds, and international investments.

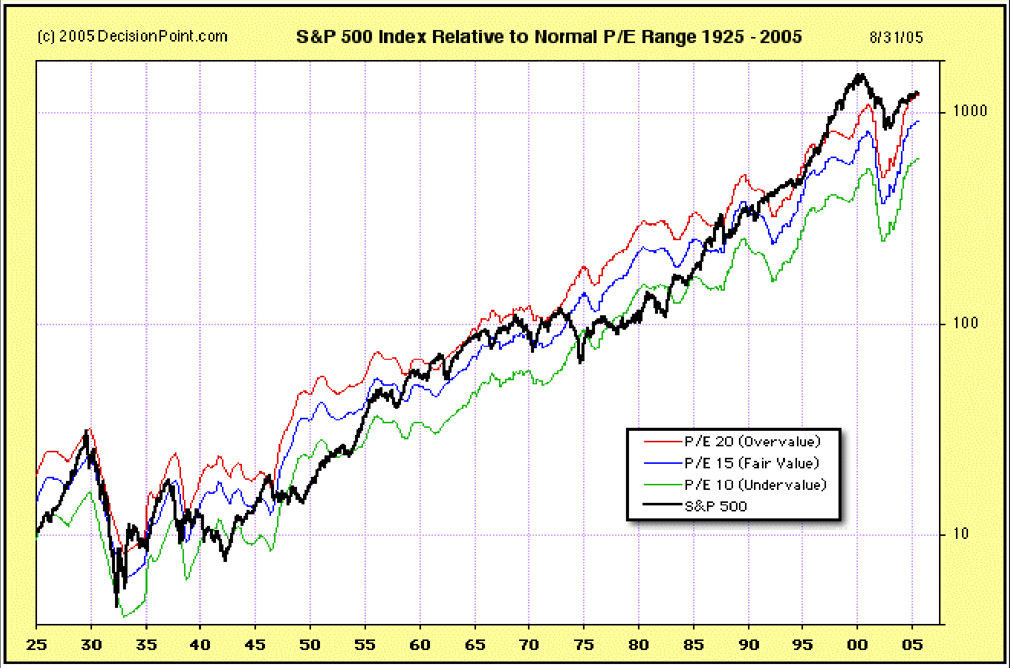
This brings to the forefront the question of buy and hold versus active management. This slide answers the question of the benefits of using an actively managed portfolio versus buy and hold.



Buy and hold does not work in long term secular bear markets. Over multiple years, buy and hold approach leaves the investor vulnerable to emotional mistakes due to the volatility and realization of no significant gains over several years.



This slide reflects how buy and hold relates to our current time frame. The graph indicates from January 1999 to present, the S&P 500 has went up and down and in the end has actually been flat. The one way buy and hold approach leaves the investor vulnerable to the rollercoaster of these long-term trading ranges with no significant progress over long periods of time. They simply get worn out and discouraged with the ride. The question mark indicates the long term trading range may not be over. The following slide gives suggestions as to why it may indeed continue.



Source. Decisionpoint.com

These relationships have held dating back to1925 which are simply the historical interactions of the four lines depicted in this chart. The green line represents what value the S&P 500 would be at with a p/e ratio of 10 (a ten p/e being historically a low valuation or cheap market) while the blue line represents what the S&P would be at with a p/e ratio of 15 (historically a fairly valued market ratio) and the red line representing what the S&P would be at with a p/e ratio of 20 (historically an overvalued level on a p/e basis). The black line represents the current S&P price and how it relates on a valuation basis to the historical interactions of the three P/E levels depicted.

With a brief glance you can clearly see how extremely overvalued the S&P became in the bubble years and even through 2003. From this long term historical perspective, you can see how, on a P/E ratio basis, the market is still very expensive. This does not mean it cannot get even more expensive as we seen in the bubble years, but with these ranges intact for the last several decades, it does no bode well for a new spike up in the underlying P/E ratio.

COMMON QUESTIONS

- Is there a holding period once RAM buys a fund for the portfolio?
  - There is no holding period for any funds in the MAST universe. If a fund underperforms RAM in not entitled to maintain that position.
- If I am dissatisfied, will I have to pay penalties if I withdraw my funds?
  - A client pays $100 termination fee if they wish to withdrawal from the offered management services during the first year. After the first year the client pays $50 if they wish to terminate the contract.
- Is it possible to have a major fallout in the portfolios with the strategies RAM applies?
  - Like any investment management firm, Reinhart Asset Management cannot guarantee results. In an effort to minimize losses, RAM uses a Hybrid Analytical Approach, which encompasses four key analytical processes allowing RAM to maneuver portfolios accordingly while reducing parts of the risks associated with single analytical processes. (i.e.. Computer generated models, pure fundamentalist thoughts.)

When working with Questar Representatives we found three common questions their clients were asking. To help you the representative we put a slide together with these questions along with direct answers. This material has already been covered, but was designed to allow you to close with the questions that your clients may be waiting to ask.

For further information or to receive a more detailed presentation of Reinhart Asset Management materials please contact us at

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Or call at 419.242.5956