ARGUS CORE EQUITY PORTFOLIO

INVESTMENT OBJECTIVE

The Argus Core Equity Portfolio seeks to outperform the S&P 500 Index over full market cycle by holding a diversified basket of financially strong companies with uncorrelated revenue streams. The Argus Core Equity Strategy is designed to capture active return from industry and stock leadership rotation using a counter- momentum re-balancing process.

INVESTOR PROFILE

The Argus Core Equity Portfolio may be appropriate for investors who seek long-term capital appreciation with current income as a secondary goal. The portfolio is designed for risk-tolerant investors who are willing to accept volatility in the portfolio's value comparable with that of the S&P 500. The Argus Core Equity Portfolio is not intended to be a complete investment program and there is no guarantee that it will achieve its investment objective.

PORTFOLIO STRATEGY

Argus uses a fundamental, bottom-up approach to build a well-diversified portfolio of about 50 equally weighted, medium-to-large cap financially strong companies. Stocks are screened for market capitalization and financial strength. The research focus of Argus' portfolio manager/analysts is to assess the financial strength of companies largely through balance sheet and cash flow analysis. Particular emphasis is placed on evaluating a company's capital and R&D expenditures, and the company's ability to finance those expenditures without incurring a burdensome level of debt. Core Equity portfolio managers divide the relevant index into distinct and uncorrelated industries, or peer-group and then identify the peer groups that they deem most critical to the future of the domestic economy. Finally, using fundamental, bottom-up analysis, AIC selects portfolio holdings from leaders within a diversified list of economic industries and sectors. Individual holdings are chosen based on their ability to diversify the total portfolio. Portfolio issues are selected irrespective of their GICS classifications or of conventional style labels, e.g., growth, value. Argus portfolio managers make no attempt to overweight, underweight or match the S&P 500 or any other index.

PORTFOLIO CONSTRAINTS

The portfolio will consist of 45-55 equally weighted holdings. Initial purchases are made based on financial strength, industry leadership and diversification of the whole portfolio. Most buy and sell activity in the Core Equity portfolio results from systematic counter-momentum re-balancing to maintain equal stock weightings. Holdings will be reviewed on an ongoing basis and rebalanced back to equal weight as necessary. The rebalancing process further reduces the risk that one sector could dominate the portfolio.

Argus sells a full position only if a holding no longer meets the strategy's financial strength and/or industry leadership criteria. Positions would also be sold if a company substantially changes its business so that it is no longer an industry leader or fails to represent a distinct and uncorrelated peer risk group. Mergers, acquisitions and major changes in a company's business segments are the most frequent reasons for liquidation.

COMPOSITE INCEPTION DATE: DECEMBER 31, 1994

CONTACT INFORMATION

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PORTFOLIO RISKS

An investment in the Argus Core Equity Portfolio is subject to a range of market, income, sector, and management risks.

Market Risk
The price of portfolio securities may decline due to unexpected changes in equity markets. Moreover, certain stocks and sectors may shift rapidly in and out of favor depending on market and economic conditions. Because the Core Equity Portfolio does not target a hypothetical cash balance, portfolio returns may be more volatile than those of similar portfolios that maintain cash positions as part of a defensive strategy.

Income Risk
The portfolio's ability to generate income depends on the earnings and dividend payments of component securities. If dividends are reduced or eliminated, portfolio income is likely to decline.

Sector Risk
The Core Equity Portfolio rebalancing to maintain equal weightings of all stock holdings is designed to reduce the risk that one sector could dominate the portfolio but may result in a different return of a certain holding or sector vs the benchmark.

Management Risk
The portfolio manager may not be successful in selecting securities that collectively perform similar to the benchmark.

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