

Ride Your Winners, Cut Your Losses HCM Profit Push

To win, there are rules:

1. Know the game.
2. Have a strong defense as well as an offense.
3. Play your best players.
4. Don't be afraid to cut a bad performer.
5. Stay with winning combinations.
6. Some games you can't win.
Protect your players for the next game.



HCM Profit Push is an investment approach that trades individual stocks, striving to target top performers each year by doing more of what is working and less of what is not working. That may sound a bit cryptic, so let us explain.

It starts with knowing the game. Howard Capital Management has been offering professional money management since 1999. We are an experienced money management firm with a proven track record. One of the lessons that experience has taught us is that a good offense or investment approach is only half the game. You must be able to hold on to your gains — that takes a defense. After years of research, we developed a systematic method of investing, based around our proprietary intermediate term indicator, the HCM-BuyLine®, that is designed to protect our clients' assets during market declines.

At the start of each of two 12-month cycles, which begin January 1 and July 1, we screen stocks for our three Profit Push models — Large Cap, Small- & Mid-Cap and Global — using nine criteria to identify stocks we believe will make up our best players. 20–30 stocks will be selected for the Large Cap model; 40–50 for the Small- & Mid-Cap model, and 25–40 for Global. Each stock will initially have an equal weighting in the portfolio.

Now we monitor the portfolios using proprietary indicators to determine if and when we should exit a position. When a position is sold, the proceeds are evenly reinvested among the remaining positions. This methodology enforces the discipline of riding our winners and cutting the losers. At the end of 12 months, we want to own the very best stocks from the original group.

Sometimes, holding equities isn't a good idea, no matter how much you may like the individual stocks. The HCM-BuyLine® is our proprietary strategic indicator that tells us when to be in the equity markets and when not to be. If the HCM-BuyLine® dictates a move to the sidelines,

Profit Push will liquidate all positions and move to cash, and/or short-term bonds or bond funds. When we return to the market, it will generally be with the same positions held previously, unless that number has become too small. In that case, we will use the original screening process to deepen the portfolio.

Profit Push Portfolios	Initial number of stocks in the portfolio	Annual management fee	Benchmark
Large- & Mid-Cap	20 – 30	2.2%	S&P 500 TR
Small- & Mid-Cap	40 – 50	2.2%	Russell 2000
Global	25 – 40	2.2%	MS EAFE

The HCM-BuyLine® is a reactive indicator, not a proactive one. It will not catch the first 5–10% of a bull or bear move. Ideally, it will avoid most of the downtrends and catch the vast bulk of the uptrends. There may be times when the use of the indicator will result in a loss when we re-enter the market. Other times there may be a modest positive impact. When severe downtrends occur, however, such as in 2000–2002 and 2007–2008, it has the potential to make a significant difference in portfolio performance.

Naturally, there can be no guarantee that the HCM-BuyLine® indicator or the HCM Profit Push strategy will perform as anticipated. All investment approaches have the potential for loss as well as gain. Please read the disclosure on page 2. What this program provides is a systematic, objective approach to investing in individual securities with both an offense and a defense. We welcome an opportunity to explain their use further and discuss the track record HCM has achieved over both bull and bear markets.

One of the hardest games to win is stock picking, picking the top performing stocks for the year and riding them to superior performance for your portfolio. But for those who are successful, the rewards are worth the struggle.

Program: HCM Profit Push

Design: For aggressive investors seeking long term capital appreciation

Strategy: The HCM Profit Push is an individual stock investment strategy that strives to invest in top performing equities over a 12-month cycle. Portfolios are created on January 1 and July 1 and run for 12 months. During those 12 months, positions that no longer meet HCM criteria will be liquidated and assets reallocated equally among the remaining positions with the objective of riding winners and cutting losses short by selling positions that fail to perform as anticipated.

Howard Capital Management, Inc. (HCM) is a Registered Investment Advisor, specializing in professional money management. We actively manage portfolios and trade accounts for private clients, brokers, broker dealers, and hedge funds. While we are a results-oriented firm, our primary mission is asset protection. For this reason, we developed our proprietary indicator, the HCM-BuyLine[®], which is designed to help keep our clients on the right side of the market and forms the cornerstone of how we conduct business. We invite you to visit our website at www.howardcm.com to learn more about our trading methods. You may wish to sign up for the *Wealth Watch* to gain more insight. Please do not hesitate to contact us for more information. We look forward to assisting you with your investment portfolio.

Please work with your financial advisor to determine if the HCM Profit Push program is consistent with your financial objectives and risk tolerance.

Disclosure: HCM Profit Push is an actively managed program and as such has an above-average turnover rate in volatile markets, which could have a negative impact upon the net after-tax gain experienced by an individual client in a taxable account. No current or prospective client should assume that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels. The actual performance of an individual client's portfolio may be lower or higher than the performance of the HCM portfolio strategy due to differences in timing of contributions and withdrawals, account start date and actual fees paid.

Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark for measuring the performance of a portfolio.

The Standard & Poor's 500 Total Return Index (S&P500 TR) is a capitalization-weighted index of 500 stocks with dividends reinvested. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Russell 2000 index measures the performance of the 2,000 smallest companies in the Russell 3000 index. The Morgan Stanley Europe, Australia, Asia, and Far East Index (MS EAFE), includes the returns of 21 countries' stock markets. Indexes are unmanaged investment measures and are not available for investment purposes. Historical performance results for investment indexes and/or categories

generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results.

Investment Risks: All investments carry risk. HCM Profit Push returns will fluctuate and are subject to market volatility, so that an investor's shares when redeemed may be worth more or less than their original costs. The HCM-BuyLine[®] is a trend following indicator and as such will not catch the first 5-10% of a market move. There can be no assurance that the HCM-BuyLine[®] indicator will protect a portfolio from loss of capital.

Individual stocks are vulnerable to financial risk, market risk, interest rate risk, inflation risk, tax risk and political and governmental risks. There are unique potential risks associated with the specific asset classes in which the Profit Push strategy may invest. Investments in smaller companies typically exhibit higher volatility. In addition to the normal risks associated with investing, narrowly focused investments typically exhibit higher volatility. Investments in foreign securities generally incur greater risks than domestic investments. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume.

Investors should carefully consider the investment objectives, risks, charges and expenses of the HCM Profit Push program before investments.

Past performance is no guarantee of future results.

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