Hepburn Capital Management, LLC
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FLEXIBLE INCOME PORTFOLIO

EXECUTIVE SUMMARY

INVESTMENT OBJECTIVE

We strive to provide high total return consistent with Capital Preservation.

HOW WE DO IT

Your money will be invested in bond or currency funds, including precious metals that may be used as currencies and equity-income investments whose price trend is up. If the price cycles down, holdings are replaced with new investments that are going up. Repeat as needed. Growth stocks are not used.

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CLIENT PROTECTION AND INVESTMENT DISCRETION

All accounts are held at a Qualified Custodian, providing SIPC protection for all accounts. Hepburn Capital does not hold client moneys. Accounts are managed on a discretionary basis with notification of account activity provided in monthly statements prepared by an independent custodian.

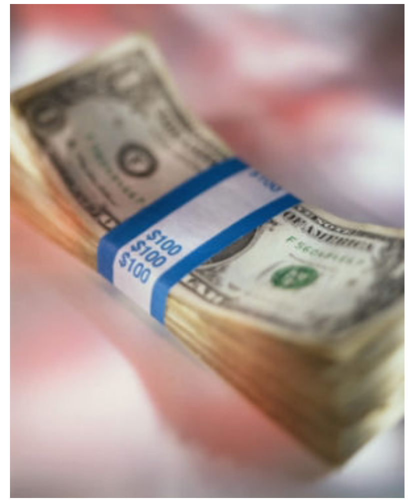
SUITABILITY

If you want more consistent returns and a lower surprise factor than is available through growth stock investing the Flexible Income strategy may be for you.

MINIMUMS

The Flexible Income strategy as described is designed for accounts $250,000. Minimum fee is $1500 per quarter.

ADDITIONAL DETAILS



PERFORMANCE OBJECTIVE

The performance objective of the **FLEXIBLE INCOME STRATEGY** is to outperform (after deduction of HCM's maximum fees and all trading costs) the Vanguard Total Bond Market Index Fund, considered representative of the entire bond market. This index may not accurately reflect the performance of individual segments of the bond market. At times this strategy will invest in securities that are not included in this index so comparisons with this index may not always be appropriate. There can be no assurance that the objectives of this strategy will be met.

INCEPTION DATE

March 15, 2001

CONCEPT

FLEXIBLE INCOME gets its name from its ability to invest in a wide range of income oriented investment vehicles while excluding growth stocks. Investments considered for inclusion in Flexible Income portfolios include, Government, corporate, high yield (junk), global bonds and municipal bonds, high income producing stocks, and currency funds, including precious metals which may be used as currencies.

Holdings may come from any segment of the income markets and from time to time may be concentrated in a single market segment. Primary investment vehicles are ETFs, mutual funds and individual securities.

At times this portfolio may use inverse investments designed to go up as a market goes down, or at times of great market uncertainty, retreat entirely to the relative safety of a money market fund. This ability to get client money "out of harm's way" occasionally on short notice, is what makes HCM different from ordinary advisers.

THE EDGE PROVIDED TO INVESTORS

THE FLEXIBLE INCOME STRATEGY adapts to changing markets® by using an evolving diversification plan designed to avoid being caught in a prolonged market decline while offering the potential for gains in up markets.

At Hepburn Capital we believe that investment success comes from having more money in investments that are going up and less in investments that are going down and our **FLEXIBLE INCOME STRATEGY** is one way of systematically implementing that philosophy.

ADAPTING TO CHANGING MARKETS® by overweighting the better performing investments and retreating or hedging during market declines is designed to provide account growth with only modest exposure to risk.

SUITABILITY

The **FLEXIBLE INCOME STRATEGY** is designed for investors seeking either to avoid the volatility of equity (growth stock) investments or the balance in a portfolio that fixed income investments can provide, and who also wish to avoid having their money exposed to prolonged bond market downturns.

TAX CONSIDERATIONS

Gains from this strategy, if any, are expected to be taxable as ordinary income or short term capital gains. This strategy may be implemented in taxable accounts, but it is especially well suited to an IRA or other retirement plan accounts.

OTHER CONSIDERATIONS

Implementation of the *Flexible Income strategy* may involve the use of mutual funds including exchange traded funds. Mutual funds are not insured by the FDIC or any other agency, are not guaranteed by any financial institution, are not obligations of any financial institution, and involve investment risk, including possible loss of principal. Investment returns and principal will fluctuate so that your shares, when redeemed, may be worth more or less than their purchase price. Please read our disclosure Brochure, SEC form ADV, Part 2A, before investing. The Brochure is available on our website, www.HepburnCapital.com.

Flexible Income portfolios may invest in both long and short positions, and thus may lose or make money regardless of market direction. Leverage may be used which can increase potential profits and losses.

Despite our efforts to capture and quantify the key financial and economic relationships relating to this objective, our knowledge about many of the important linkages is far from complete and in all likelihood will remain so. Every investment model, no matter how detailed or how well designed, conceptually and empirically, is a vastly simplified representation of the securities markets with all its intricacies and variables. Consequently, even with large advances in computational capabilities and greater comprehension of economic linkages, our knowledge base is barely able to keep pace with the ever-increasing complexity of our global markets. No claim is made that the strategy will perform in the future as it has in the past or as described above. Also, there can be no assurances that the strategy will produce a profit in the future; it is possible that the strategy will produce losses.

Flexible Income is an investment advisory service offered by Hepburn Capital Management, LLC, a Registered Investment Advisor. Adapting to Changing Markets® is a registered service mark of Will Hepburn.

Hepburn Capital Management, LLC is located at 2069 Willow Creek Road, Prescott, AZ 86301