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July 8, 2014

VE International Benchmark Portfolio Performance Report Summary

ValuEngine has created and tracked a variety of investment portfolio strategies which reflect varying investment objectives. Known as “benchmark portfolio strategies,” these strategies provide an excellent starting point for using ValuEngine's cutting-edge research to select a basket of stocks.

This performance report covers the VE Income Benchmark Portfolio. All of our strategies feature stocks selected according to specific criteria designed to meet the overall strategy goals for return and risk. All selections are based on calculations made by ValuEngine's proprietary stock valuation and forecast models as well as additional fundamental data—market capitalization, e/p ratio, momentum, dividend schedules—where applicable, as well as other factors.

A research team of Ivy League academics and Wall St. investment professionals created ValuEngine's proprietary financial models and investment tools. This four-year effort required a team of 12 PhDs and a budget of more than \$4 million. Each ValuEngine model takes a view of the market from a different perspective and then the various outputs are combined in order to rate and rank each ticker in our universe of 5000 stocks--of which @ 500 are ADRs and foreign companies that trade on US exchanges. The two main models utilize complex mathematical modeling formulas as well as computer simulation techniques to compute what stock prices should be if the market were totally rational and efficient and what stock prices will be given the actual state of the market today.¹

1 For additional information on the academic research that serves as the basis for ValuEngine's equity research and investment tools, please see the following papers: [Stock Valuation in Dynamic Economies](#), Bakshi, Chen, 2001; [A Generalized Earnings-Based Stock Valuation Model](#), Dong, Hirshleifer, 2004; [Stock Valuation and Investment Strategies](#), Chen, Dong, 2001; [Investing With a Stock Valuation Model](#), Chang,

The research effort resulted in the publication of a variety of theoretical research in leading academic journals. The cutting-edge theoretical financial research behind ValuEngine is often cited by other academics working in the field of quantitative finance. Because ValuEngine is an independent research provider, conflicts of interest are avoided and the attempts of investor relations people and others to garner "optimistic" coverage are mitigated. These models are fast, efficient, systematic, and--above all--*objective*.

One must always remember that despite the proven robustness and performance of the ValuEngine models and the scientific rigor of our research and back testing program, there is no foolproof manner of predicting market performance. ValuEngine provides an avenue to better than average returns because it applies cutting-edge financial theory to a very large universe of stocks in a manner that human beings simply cannot replicate.

ValuEngine systems evaluate fundamental data 24 hours a day, 7 days a week. However, they do have limitations. No research provider can quantify an unannounced M&A deal, an SEC action, a crooked CFO, an Enron, an accident, storm, or any other act of god. They certainly cannot factor the fanaticism that so many users have vis-a-vis their Macs or their iPods. They are also dependent on the quality of the financial data on which they rely--"garbage in, garbage out!"

The best way to utilize ValuEngine research is to take the data and combine it with your own analysis and read of market conditions. ValuEngine's research and tools are not meant to be utilized as a "black box," they demand human oversight and decision making. Always take model recommendations into account, but make sure you consider the sorts of qualitative data that they cannot quantify.

DISCLAIMER

STOCK TRADING involves high risks and YOU can LOSE a significant amount of money. ANY PERFORMANCE RESULTS LISTED ABOVE AND IN ALL MARKETING MATERIALS REPRESENT SIMULATED COMPUTER RESULTS OVER PAST HISTORICAL DATA, AND NOT THE RESULTS OF AN ACTUAL ACCOUNT. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. TESTIMONIAL OR ACTUAL ACCOUNT RESULTS PRESENTED DO NOT NECESSARILY REFLECT THE RESULTS OF ALL USERS OF THE PROGRAM AND ALL USERS SHOULD NOT EXPECT TO EXPERIENCE SIMILAR RESULTS. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. CURRENT PERFORMANCE MAY BE LOWER THAN PERFORMANCE STATED. PLEASE READ CUSTOMER DISCLOSURE DOCUMENT BEFORE PURCHASING. VALUENGINE, INC. IS NOT A REGISTERED INVESTMENT ADVISOR, AND DOES NOT PROVIDE INVESTMENT ADVICE. NEITHER THE SOFTWARE, WEBSITE, NOR ANY DEMONSTRATION OF ITS OPERATION SHOULD BE CONSTRUED AS AN INVESTMENT RECOMMENDATION OR AN OFFER TO BUY OR SELL SECURITIES. ALL PURCHASERS MUST DETERMINE WHICH SECURITIES TO USE WITH THE SOFTWARE, WEBSITE OR OTHER SERVICES. OUR SALES DEMONSTRATIONS AND CUSTOMER SUPPORT DEPARTMENT ARE STRICTLY LIMITED TO INSTRUCTIONS RELATING TO OPERATION AND USE OF THE SOFTWARE, WEBSITE, AND SERVICES.

Chen and Dong, 1999.

Strategy Description

The VE International Benchmark Portfolio is based on our VE Stock Rating System. The VE Rating System is designed to sort and rank a huge universe of stocks into five groups--"5 Engine" STRONG BUY, "4 Engine" BUY, "3 Engine" HOLD, "2 Engine" SELL, "1 Engine" STRONG SELL. ValuEngine's Strong Buy-rated stocks have an averaged annual return of 19% since 2001.

ValuEngine stock ratings are derived from the 1-Year Forecast (1YFR) prices of the VE Forecast Model. The ValuEngine Forecast model predicts what a stock's price *will be* at a specified future time period given current market conditions. The Forecast Model builds upon the output of the VE Stock Valuation Model by combining it with econometric and simulation techniques to output target prices for one, three, and six-month and one, two, and three-year time horizons, as well as a percentage probability for gains and losses.

The VE Forecast Model uses a distinct forecasting model for the six forecast time horizons for every industry. It considers--among other things, short-term price reversals, intermediate-term momentum continuation, and long-term price reversals. As with the ValuEngine Stock Valuation Model, parameters are updated in real time. While the dynamic environment of the financial markets precludes forecasting with absolute certainty, the ValuEngine Forecast Model's inclusion of micro/macro, short term/long term parameters and the use of probability statistics, results in forecasts that are robust and actionable. Remember that while it is impossible for anyone to predict the markets with absolute certainty, the forecast figures are especially useful for comparing tickers to each other in order to determine the best investment targets for a given time frame.

The VE International Benchmark Portfolio consists of ADRs and foreign stocks that trade on US markets. The portfolio picks international stocks with the highest 1YFR calculations. No diversity criteria or country criteria are applied and thus the strategy is free to create a portfolio without limits in a search for maximum total return. This strategy allows better overall gains but does result in an increase in volatility as the portfolios may be significantly over or underweighted on a sector and/or country basis depending calculations at the time of portfolio selection. Rebalancing occurred once per month. An equal amount of capital was allocated to all stocks. Stocks meeting these criteria with market prices over \$5.00 and whose market cap is greater than @ \$500 million—are selected for the portfolios. An equal amount of capital is allocated to all stocks. Portfolio size is limited to 20 stocks.

Report Parameters

VE INTERNATIONAL BENCHMARK	
Report Date	July, 2014
Time Frame	March 2011-July, 2014
Strategy	International
Market Cap	\$500 Million
Rebalancing	Monthly
Portfolio Size	20
Market Price	> \$5.00

Return and Volatility Table

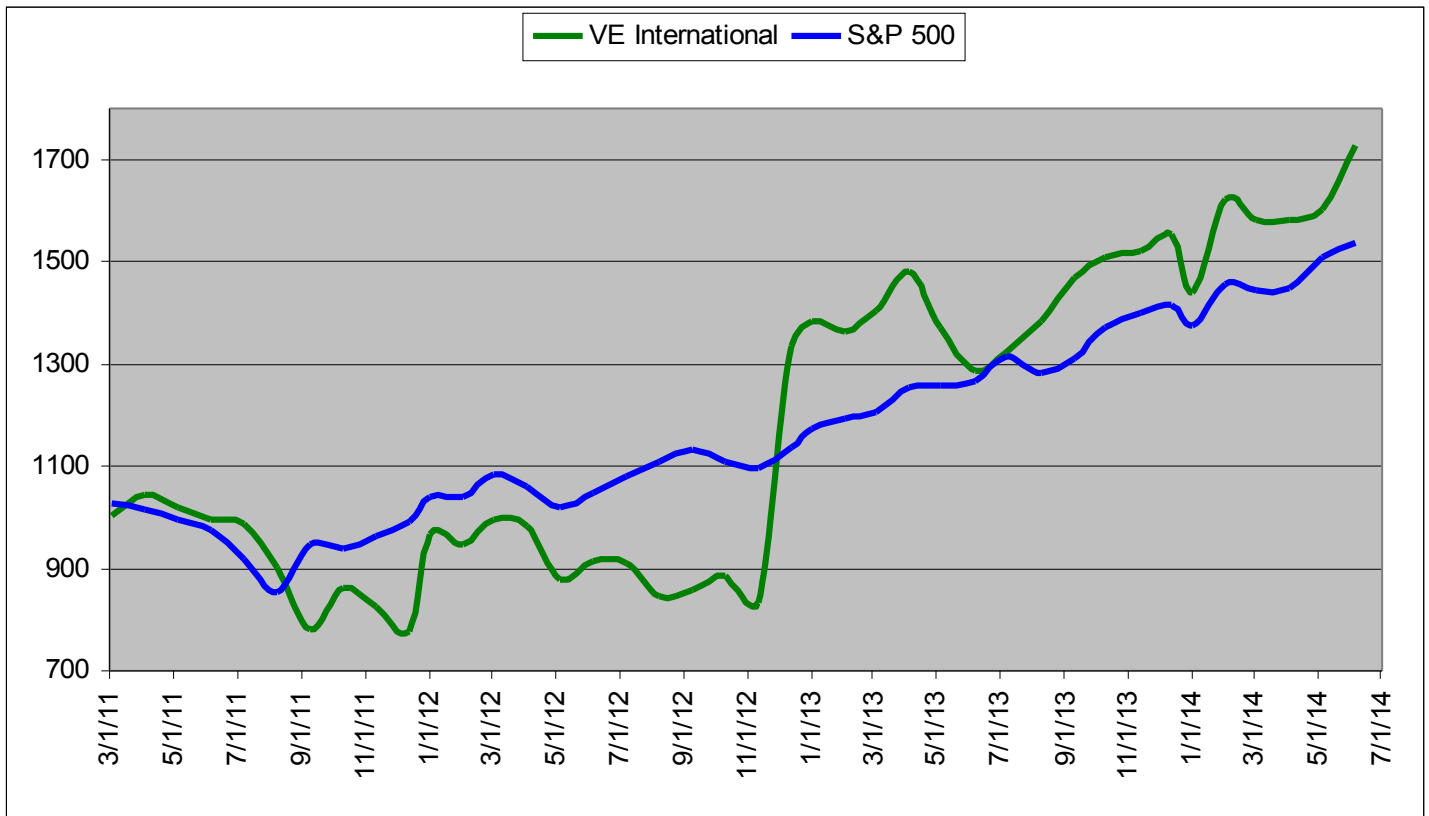
	VE International	S&P 500
Last 1-Yr Return	34.26%	21.67%
Last 3-Yr Return	73.55%	57.84%
Since Inception	72.80%	53.85%
Avg Monthly Return	1.92%	1.14%
Avg Annual Return	25.58%	14.54%
Annual Volatility	40.49%	11.69%
Max Drawdown	-25.76%	-17.03%
Sharpe Ratio	0.63	1.24
Sortino Ratio	2.03	2.10

Annual Return Table

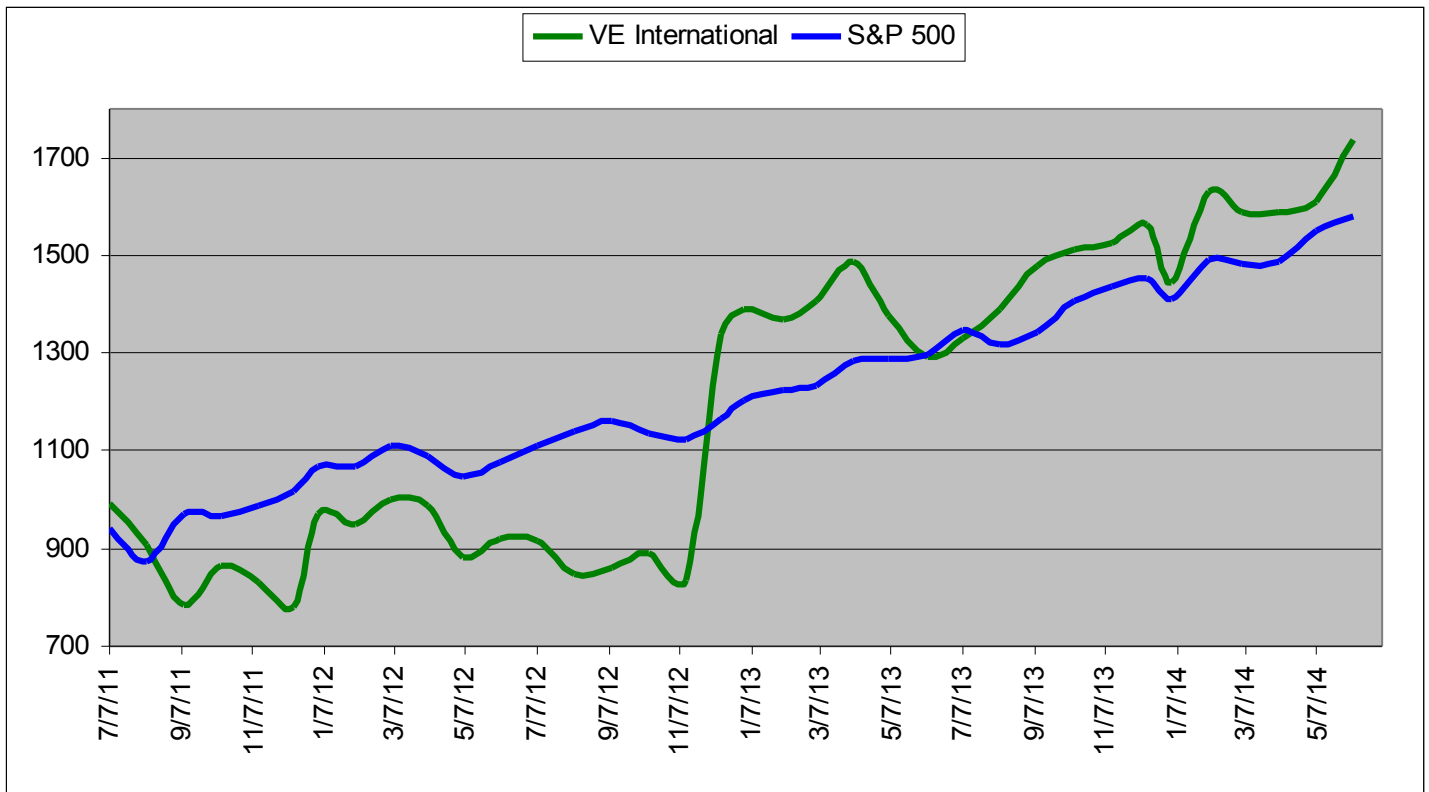
Year	VE International	S&P 500
2012	72.02%	14.76%
2013	16.55%	24.57%
2014 YTD	11.11%	8.69%

Wealth Accumulation Charts

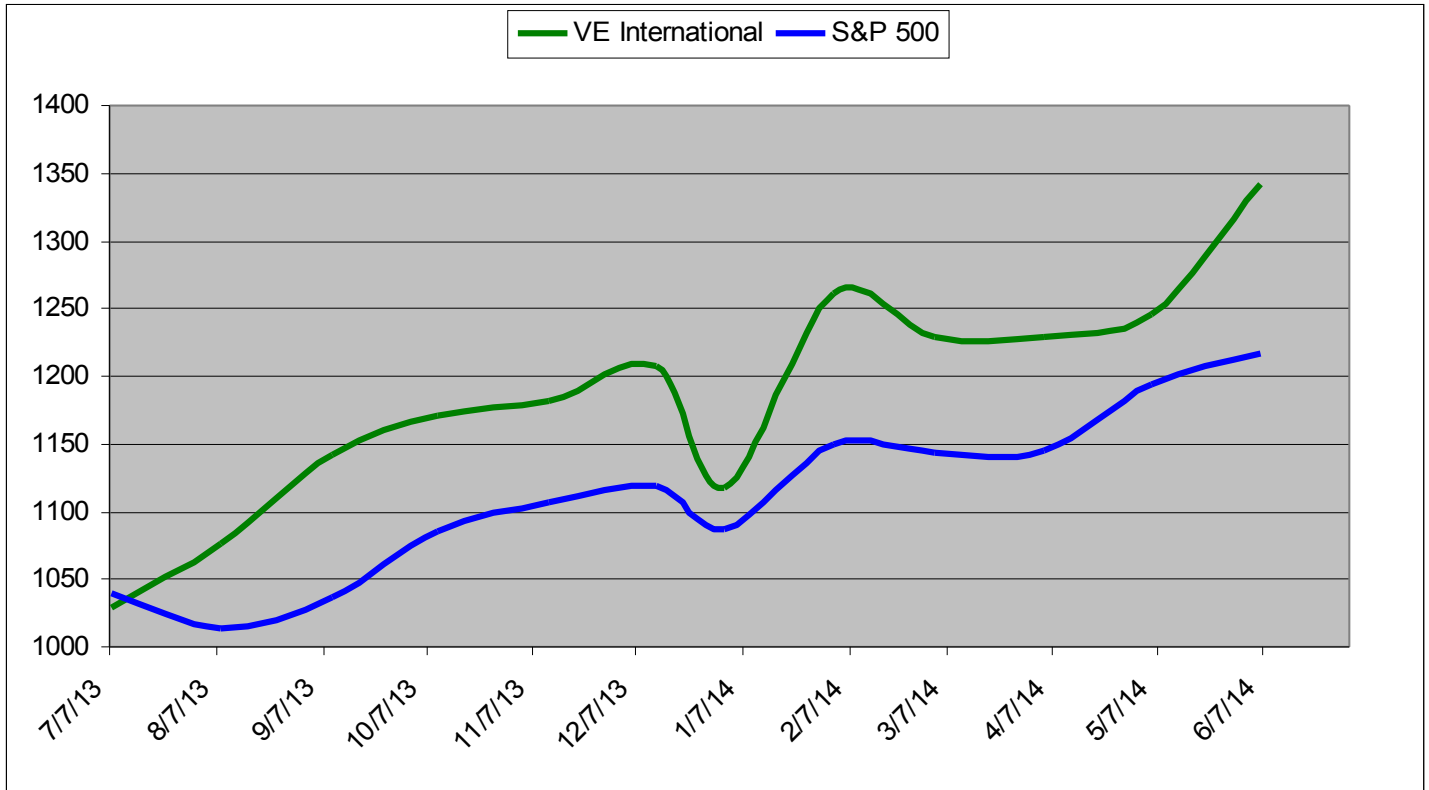
March 2011-June 2014 Since Inception



July 2011-June 2014 Last Three Years



July 2013-June 2014 Last Twelve Months



Monthly Return Table

Month	VE International	S&P 500
Mar-11	0.51%	2.85%
Apr-11	3.96%	-1.35%
May-11	-2.58%	-1.83%
Jun-11	-2.19%	-2.15%
Jul-11	-0.99%	-5.68%
Aug-11	-8.36%	-7.18%
Sep-11	-13.34%	10.77%
Oct-11	10.09%	-0.51%
Nov-11	-4.11%	2.47%
Dec-11	-6.13%	2.73%
Jan-12	24.63%	5.21%
Feb-12	-2.26%	-0.07%
Mar-12	5.45%	4.07%
Apr-12	-1.19%	-2.07%
May-12	-10.72%	-3.94%
Jun-12	4.22%	3.01%
Jul-12	-0.54%	2.92%
Aug-12	-7.41%	2.72%
Sep-12	1.62%	2.01%
Oct-12	3.44%	-2.23%
Nov-12	-6.19%	-1.01%
Dec-12	60.39%	3.72%
Jan-13	3.72%	3.11%
Feb-13	-1.51%	1.94%
Mar-13	2.85%	0.77%
Apr-13	5.48%	4.13%
May-13	-7.18%	0.31%
Jun-13	-6.23%	0.58%
Jul-13	2.88%	4.01%
Aug-13	4.61%	-2.49%
Sep-13	6.15%	2.13%

Oct-13	2.51%	4.73%
Nov-13	0.86%	1.95%
Dec-13	2.30%	1.20%
Jan-14	-7.50%	-2.92%
Feb-14	12.77%	5.84%
Mar-14	-2.55%	-0.64%
Apr-14	0.08%	0.14%
May-14	1.35%	4.38%
Jun-14	7.77%	1.85%



VALUENGINE'S METHODOLOGY

ValuEngine's research combines the most advanced academic concepts with real world Wall Street practice. The result is state-of-the-art fair market valuation and price forecasting technologies.

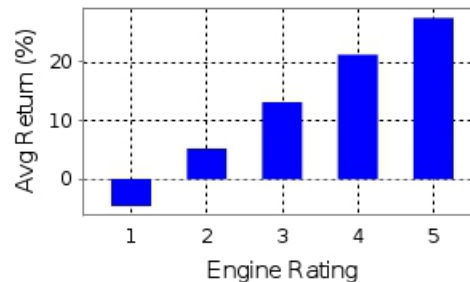
ValuEngine's stock valuation employs a sophisticated, three-factor approach. Fundamental variables, such as a company's trailing 12-month Earnings-Per-Share (EPS), the analyst consensus estimate of the company's future 12-month EPS, and the 30-year Treasury yield, are all used to create a more accurate reflection of a company's fair value. Together with eleven additional variables, ValuEngine paints a detailed picture of a company's fair value, represented by the model price.

ValuEngine's stock forecasts examine, among other things, short-term price reversals, intermediate-term momentum continuation, and long-term price reversals over six time horizons for every industry to ensure forecasts are established relative to a stock's proper peer groups. Advanced statistical/econometric techniques are used to run thousands of simulations estimating the probability of a double in stock price, as well as the probability of meeting and exceeding any given portfolio or stock investment target.

The stock's engine rating is an assessment of its overall attractiveness. It combines valuation, risk-return trade-off, momentum, market capitalization and forecasted future returns. Only two percent of the stock universe receives the highest 5-engine rating. The lowest rating is a single engine.

For more information on ValuEngine, its models and performance, go to www.ValuEngine.com

Engine Rating and Average Annual Return
(Jan 1990 - Jul 2008)



DISCLOSURES

ValuEngine offers equity recommendations and related return estimates to investors and their advisors. It uses a three-class Buy-Hold-Sell rating system. This is a consolidated version of the firm's five class rating system: most favorable and favorable ratings are buys; neutral ratings are holds and the categories unfavorable and most unfavorable are sells.

STOCK RATINGS: The terms below are used to rate a stock's 12-month performance:

1. Buy: Expected to outperform the SP500 producing above average returns.
2. Hold: Expected to perform in line with the SP500 with average returns.
3. Sell: Expected to underperform the SP500 producing below-average returns.

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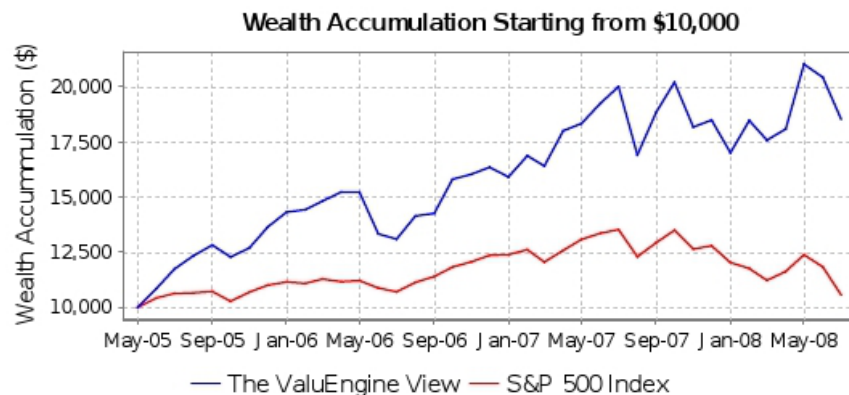
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ValuEngine View Newsletter:

A monthly newsletter for busy people less concerned with the day-to-day fluctuations of the market. Editor and highly experienced fund manager Eric Stokes uses the ValuEngine models to screen for stocks and shortlists the results into a manageable 15-stock portfolio, adjusted once per month. He then goes "behind the numbers" to explain each of his picks from business and industry perspectives. All you have to do is follow the Editor! The cost is only \$29.95 per month, with discounts for longer-term subscribers. The ValuEngine View newsletter portfolio has returned substantial gains since its launch in May 2005-- full statistics can be viewed at <http://www.valuengine.com/nl/NLPperformance> (or by visiting www.ValuEngine.com and clicking on the 'Newsletter' option).



ValuEngine Institutional (VEI):

VEI is a software package designed to meet the demanding requirements of Finance Professionals. VEI contains advanced features that include larger portfolio creation, customization, and data Import/Export capabilities. The software provides access to top performing Market-Neutral portfolio strategies and the ability to extract the entire 4,500 company database of ValuEngine model outputs each day. VEI is a fast, objective, accurate, and consistent computerized 24/7 Research Assistant at your beck and call. Full access to all individual company reports, such as this one, is included with every VEI subscription. Whether you are a Fund Manager, a Research House, an Independent Financial Advisor, or an Independent Broker/Dealer with hundreds of financial advisors, VEI will dramatically increase your productivity.

Consultancy Services:

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