

**SYSTEM RESEARCH  
TREASURY BOND  
PROGRAM**

The System Research Treasury Bond Program is a quantitative investment strategy that trades the US Treasury markets long and short. The model takes into account several fundamental and technical factors to determine long and short trades in the 30 year Rydex US Treasury mutual bond funds. Technical factors are used to measure price momentum and overbought / oversold conditions. Fundamental factors provide a forecast based on the measurement of inflation and capital flows between worldwide equity and fixed income markets. The model incorporates a risk management overlay that is designed to delever portfolio exposure during periods of high volatility.

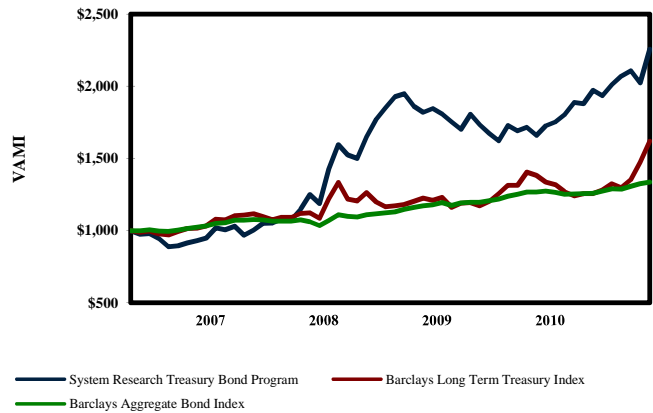
**Monthly Performance (%) Net of Fees\*\*\***

| Year | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Year          |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| 2011 | 4.64%  | -0.46% | 4.95%  | -1.90% | 4.04%  | 2.82%  | 1.88%  | -4.01% | 11.44% |        |        |        | <b>25.01%</b> |
| 2010 | -2.90% | 6.13%  | -4.04% | -3.43% | -3.08% | 6.56%  | -2.12% | 1.41%  | -3.20% | 3.96%  | 1.60%  | 2.86%  | <b>2.95%</b>  |
| 2009 | -4.38% | -1.63% | 9.98%  | 7.38%  | 4.45%  | 4.27%  | 0.99%  | -4.47% | -2.23% | 1.40%  | -1.97% | -3.12% | <b>9.89%</b>  |
| 2008 | 2.49%  | -6.01% | 3.60%  | 4.59%  | 0.32%  | 2.52%  | -0.51% | 6.81%  | 8.93%  | -4.96% | 20.17% | 11.73% | <b>58.57%</b> |
| 2007 |        |        | -2.49% | 0.44%  | -3.71% | -5.89% | 0.87%  | 2.21%  | 1.63%  | 2.07%  | 7.29%  | -1.28% | <b>0.53%</b>  |

**Returns**

|                                  | SR       | Barclays | Bar Agg  |
|----------------------------------|----------|----------|----------|
| Compound ROR                     | 19.41%   | 11.08%   | 6.52%    |
| Annualized Standard Deviation    | 17.68%   | 13.27%   | 3.70%    |
| Annualized Down Deviation (3.0%) | 8.00%    | 7.17%    | 2.08%    |
| Worst Drawdown                   | -16.75%  | -12.93%  | -3.82%   |
| Annualized Sharpe (3.0%)         | 0.93     | 0.64     | 0.93     |
| % Positive Months                | 60.00%   | 61.82%   | 72.73%   |
| Best Month                       | 20.17%   | 12.30%   | 3.73%    |
| Worst Month                      | -6.01%   | -8.65%   | -2.36%   |
| Cumulative Return                | 125.46%  | 61.89%   | 33.55%   |
| Cumulative VAMI                  | \$ 2,255 | \$ 1,619 | \$ 1,335 |

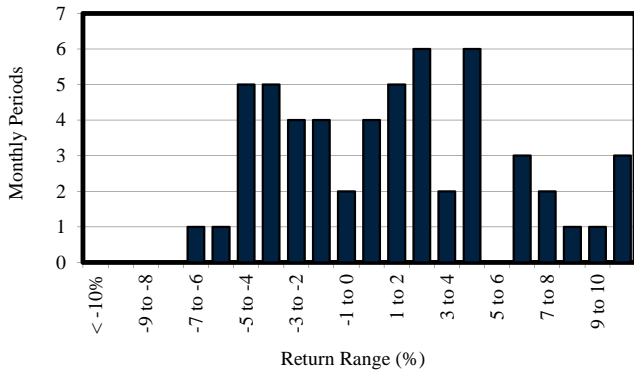
**Growth of Initial \$1000**



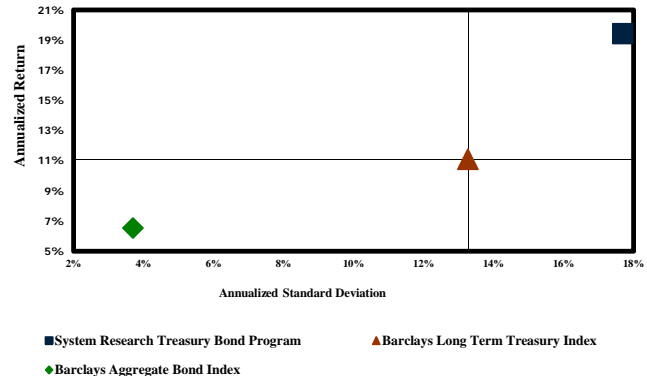
**Comparison To Benchmark(s)**

|                  | Barclays | Bar Agg |
|------------------|----------|---------|
| Alpha (monthly)  | 1.03%    | 0.50%   |
| Annualized Alpha | 13.04%   | 6.17%   |
| Beta             | 0.62     | 2.09    |
| Correlation      | 0.46     | 0.44    |
| R-Squared        | 0.21     | 0.19    |

**Distribution of Returns**



**Risk vs. Return**



**Contact Information**

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\*\*\*Please see Page 2 for important performance disclosure information.

## Summary of Terms

|                    |               |                |               |
|--------------------|---------------|----------------|---------------|
| Inception Date     | March 1, 2007 | Management Fee | 2.50%         |
| Minimum Investment | \$100,000     | Custodian      | TCA           |
| Subscriptions      | Daily         | Legal Counsel  | Stark & Stark |
| Redemptions        | Daily         |                |               |

## Description Of The Technical Terms Used In This Report

### Returns:

Compound ROR: The annualized rate of return that has been compounded since inception.

Standard Deviation: A measure of the degree to which an individual probability value varies from the distribution mean. The higher the number, the greater the risk.

Down Deviation (3.00%): A value representing the potential loss that may arise from risk as measured against a minimum acceptable return. Downside deviation aims to isolate the negative portion of volatility.

Sharpe Ratio (3.00%): A reward of a portfolio's excess return relative to the total variability of the portfolio.

Cumulative Return (since inception): A rate of return that has been compounded for more than one year.

Cumulative VAMI (growth of \$1000): The Value Added Monthly Index reflects the growth of a hypothetical \$1,000 in a given investment over time.

Benchmarks: The benchmarks used in this report are the Barclays Long Term Treasury (Barclays) and Barclays Aggregate Bond (Bar Agg) indices.

### Correlation To Benchmark(s):

Alpha: The premium an investment portfolio earns above a certain benchmark. A positive alpha indicates that the investor earned a premium over that index.

Beta: The measurement of a dependent variable's (fund's) volatility relative to an independent variable (benchmark). Beta is the percent change in the price of the dependent variable given a 1% change in the independent variable. This reveals if the dependent variable moves in step with the independent variable; where a beta of 1 indicates perfect alignment.

Correlation: The degree to which the fluctuations of one variable are similar to those of another.

R-Squared: A correlation term describing the variance in the dependent variable that can be explained by the independent or explanatory variable. The coefficient of determination (R-Squared) is a pure number ranging 0 to 1, with 1 giving perfect correlation and 0 giving perfect non-correlation. It is often used to describe the amount of investment risk in portfolios that can be associated with market risk.

## CMG Capital Management Group, Inc. Disclosure Statement

CMG Capital Management Group, Inc. ("CMG") is an SEC registered investment adviser located in the Commonwealth of Pennsylvania.

### **Performance Disclosure**

Performance from July 2007 to November 2009 represents performance from an actual tracking account managed by System Research, LLC, tracked independently by Theta Investment Research, LLC. Performance from December 2009 to the present is based on a blend of actual accounts managed by CMG. Individual returns may vary substantially from those presented due to differences in the timing of contributions and withdrawals, account start dates, and actual fees paid.

Performance results from inception to the present are net of the current advisor fee for the program, 2.50%, paid quarterly in arrears. Performance is not net of custodial fees. The performance results shown include the reinvestment of dividends and other earnings. Comparison of the System Research Treasury Bond Program to any other indices is for illustrative purposes only and the volatility of the indices used for comparison may be materially different from the volatility of the System Research Treasury Bond Program due to varying degrees of diversification and/or other factors. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable. CMG and System Research, LLC do not make any representation that the System Research Treasury Bond Program will or is likely to achieve returns similar to those shown in the performance results in this presentation. System Research reserves the right to trade different funds within their models.

The System Research Treasury Bond Program invests in Rydex mutual funds. Information pertaining to any Rydex mutual fund that is a current component of the System Research Treasury Bond Program is set forth in each respective mutual fund's prospectus, a copy of which is also available from CMG (or on CMG's website, [www.cmgfunds.net](http://www.cmgfunds.net)). Information pertaining to System Research's operations, services, and fees is set forth in CMG's current disclosure statement, a copy of which is available from CMG upon request.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable, or equal to any corresponding historical index. The composition/percentage weighting of each corresponding CMG index (i.e. Barclays Long Term Treasury Index or Barclays Aggregate Bond) is also disclosed. For example, the Barclays Long Term Treasury Index ("Barclays Treasury") is an index of all publicly issued U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade and have \$250 million or more of outstanding face value. The historical performance results of the Barclays Treasury (and those of or all indices) do not reflect the deduction of transaction and custodial charges, nor the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. The Barclays Treasury is not an index into which an investor can directly invest. The historical Barclays Treasury performance results (and those of all other indices) are provided exclusively for comparison purposes only, so as to provide general comparative information to assist an individual client or prospective client in determining whether the performance of CMG's or System Research's portfolio meets, or continues to meet, his/her investment objective(s). A corresponding description of the other comparative index, the Barclays Aggregate Bond Index (i.e., a fixed income index) is available from CMG upon request. It should not be assumed that CMG or System Research Treasury Bond Program holdings will correspond directly to any such comparative index. The CMG performance results do not reflect the impact of taxes.

In the event that there has been a change in a client's investment objectives or financial situation, he/she/it is encouraged to advise CMG immediately. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investment strategies devised or undertaken by CMG) will be profitable for a client's or prospective client's portfolio. All performance results have been compiled solely by CMG and have not been independently verified. Information pertaining to CMG's advisory operations, services, and fees is set forth in CMG's current disclosure statement, a copy of which is available from CMG upon request.

Data for the Barclays Long Term Treasury and the Barclays Aggregate Bond indices was calculated using PerTrac Financial Solutions, LLC. It should not be assumed that CMG account holdings will correspond directly to any such comparative index.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE**