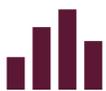




GLOBAL STRATEGIC TRENDS PORTFOLIO

The Cornerstone Global Strategic Trends Portfolio seeks long term capital growth by investing in securities that could benefit from long term Global Trends.

Based first on a Top-Down perspective, Cornerstone's research look for trends that are developing, or have developed, and are likely to last years if not decades. These trends could be economic, market based, demographic or even political.



ECONOMIC TRENDS

What countries or regions have the best outlook for growth? We seek independent research and data to confirm this. We are not pre-disposed to any area of the World. Where-ever the best growth will be over the next several years, that is where we want to be.

EMERGING ECONOMIES	ADVANCED ECONOMIES
High Economic Growth	Low Economic Growth
Low Debt Levels	High Debt Levels
Fiscal Stability	Fiscal Crisis
Increasing Capitalism	Increasing Socialism



FISCAL TRENDS

What countries or regions are having trouble with their budget deficits and debt load? What countries are addressing these issues, and which ones are not? Runaway budget deficits and ever-growing debt loads weigh on an economy, dragging down and stagnating economic growth. If not handled correctly, it could lead to inflation or even hyper-inflation as we have seen with some countries lately.



MARKET BASED TRENDS

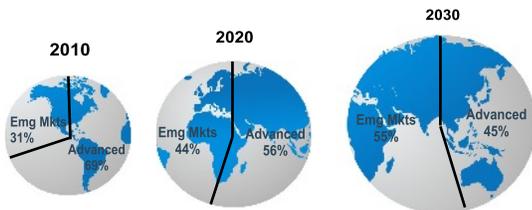
What markets are doing well? Which markets are not doing so well? More importantly, which markets are accurately reflecting their countries or underlying assets potential or value, either up or down? Many markets that are doing well do not reflect what is really going on in the country. It may have slow growth, fiscal problems, but an investor population willing to ignore those issues. Some countries may have a vibrant economy, no fiscal issues and great prospects for future growth, yet their market is going nowhere.

The second scenario is the one we are interested in. Fundamentals usually win out, and a market that is down today, but has a good economy behind it may be a much better investment than a market that is up, but on a weak economy.



DEMOGRAPHIC TRENDS

Demographics, data about a population of groups within a population, can be as slow as an iceberg, but just as unstoppable. Demographics are not just about large populations. Globally, it is about the urbanization of those populations. Domestically, it is about the retirement of the Baby Boomers. Both trends will have long term impacts on investing.



Format: CIS

Source: "Global Economics Paper No: 204", GS Global ECS Research. 8-Sep-10. For illustrative purposes only.



SHORT TERM COUNTER TRENDS

Within every long term trend there can be countertrends, which are trends that disrupt the long term trend for a while - even reversing it. For instance, the new administration in China has reversed the trends of the previous administration. The long term results may be beneficial, but short term, it sure doesn't feel that way.

Oil is another long term trend that has been interrupted. Oil is a finite resource. Fracking and other technologies have been able to extract more oil from the ground more quickly, which has given the appearance of a larger Global supply of oil, when really it is just more oil coming out of the ground. Think of it this way: You have been using a teaspoon to scoop ice cream out of a half-gallon container, then you decide to switch to a tablespoon. You are now taking more ice cream out of the container, but the volume of your container did not change. It is the same for oil; we are just depleting the resource that much faster.



GEO-POLITICAL TRENDS

Geo-politics can be just as important as any other trend. For instance, a change in leadership in China can slow down economic growth, or encourage it. A change in Washington could bring about a new day, a new spirit of capitalism and growth, or it could bring in a crisis of confidence. Freedoms both economic and social can have a huge long term impact on a country and region.



NEGATIVE TRENDS

Some trends are ones we don't like to think about - things getting worse. Interest rates in the US are at all-time lows. At some point, that trend will reverse and rates will go higher and bonds will go lower. That is a negative trend that can last a very long time and there are strategies that can benefit from it.

The Global Strategic Trends Portfolio

does not invest based on all of these trends at once, but they will influence the portfolio. We may focus on several of the trends and shift the portfolio to take advantage of the changing prominence of the trends.

By focusing on the long term, we are able to ignore much of the short term noise that can distract many investors. By not limiting ourselves to only one region or country, we are able to look for and benefit from trends on a Global scale.

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Diversification does not ensure a profit or guarantee against a loss. There is no assurance that any investment strategy will be successful.