



IMS Capital Management, Inc.

www.imscapital.com

IMS Focus 30 Portfolio

A concentrated, multi-cap global equity strategy



Portland • Eugene • Seattle

1-800-408-8014



IMS Capital Management – Firm Overview

- Founded in 1988, 21 years in business
- Northwest-based, offices in Portland, Oregon, Eugene, Oregon and Seattle, Washington
- Staff of 15 professionals, 7 investment team members
- Independently-owned and operated boutique investment manager
- Professional credentials:
 - CFA® (Chartered Financial Analyst) charter members – 3
 - Certified Market Technician
 - Master of Business Administration – 2
 - Certified Public Accountant
 - Master of Science



Experienced Investment Team

STEPHEN WENDELL, CPA – 26 years industry experience

Mr. Wendell is the lead portfolio manager for the Focus 30 Strategy and is former president and founder of Juniper Capital, a Eugene-based RIA with \$65 million in assets. With 26 years investment management experience, Mr. Wendell has served as a senior financial executive and director of several Oregon-based companies in the public and private sector, including Bohemia, Inc., International Kings Table, Inc., Obie Media, and Umpqua Feather Merchants. Currently, Mr. Wendell serves on the Board of Directors of Agate Resources Inc., a Eugene-based company developing technology-driven solutions for healthcare management. Mr. Wendell received a Bachelor of Science degree in Business Administration from Portland State University and a Master of Business Administration in Finance and Accounting from the University of Oregon.

REID WEAVER – 7 years industry experience

Reid Weaver is a research analyst and trader for the Focus 30 Strategy. He has been working with Mr. Wendell for the past seven years. A Level III CFA candidate, Mr. Weaver has a Bachelor of Science degree from the University of Oregon.

CAMERON K. MARTIN – 12 years industry experience

Cameron Martin is a portfolio manager at IMS Capital Management. Prior to joining IMS in 2008, Mr. Martin worked at Smith Barney where he managed discretionary portfolios since 1999 and served as a Financial Advisor since 1996. With 12 years experience in the financial services industry, Mr. Martin graduated from the University of Oregon in 1993.

CARL W. MARKER – 21 years industry experience

Carl W. Marker, 46, is the founder and president of IMS Capital Management. Mr. Marker received a Bachelor of Science degree from the University of Oregon and has managed the IMS family of no-load mutual funds since inception. He is a member of the Portland Society of Financial Analysts and is frequently interviewed by national television and print media.



Experienced Investment Team

ARTHUR G. NUNES, CMT – 26 years industry experience

Mr. Nunes is market strategist, portfolio manager and principal of IMS Capital Management. He co-manages the IMS Strategic Allocation Fund and performs research and technical analysis for the IMS Capital Value Strategy. He earned a Bachelor of Science degree from Ohio State University. Prior to joining IMS, Mr. Nunes worked for RBC Dain Rauscher and Salomon Smith Barney.

JOSEPH M. LEDGERWOOD, CFA – 7 years industry experience

Joseph M. Ledgerwood is a portfolio manager and senior research analyst specializing in equities. Prior to joining IMS, Mr. Ledgerwood gained financial services and investment experience working at a bank and full service brokerage firm. Mr. Ledgerwood graduated from the University of Portland, where he earned a Bachelor of Business Administration degree in Finance. He is member of the Portland Society of Financial Analysts.

DON A. SHUTE, CFA – 19 years industry experience

Don Shute is a portfolio manager and senior research analyst specializing in fixed income. He previously worked for Bear Stearns Asset Management, GT Capital Management, and Wells Fargo Asset Management performing all aspects of fixed income analysis and portfolio management. His experience includes quantitative risk analysis and modeling, credit analysis, and international markets. A member of the Portland Society of Financial Analysts, Mr. Shute has a Bachelor of Arts degree from the University of Illinois and a Master of Science degree from Utah State University.



Investment Philosophy

*We believe that **sector allocation** is critical to outperforming the broader market.*

*We believe companies with **monopolistic characteristics** offer a competitive edge.*

*Although **market cap agnostic**, we believe it is important to pay careful attention to monetary policy and capital markets when making cap weight decisions. We believe **significant exposure to international markets** that are business friendly, with favorable tax and fiscal policies, is necessary to enhance portfolio returns.*



IMS Focus 30 Strategy – Distinguishing Features

- Flexible, multi disciplinary process employed: macro market, fundamental and technical analysis.
- Multi cap style ranging from micro cap to mega cap, value and growth.
- Opportunistically invest in both developed and emerging market countries.
- Concentrate on companies with returns on equity exceeding 15% and a debt to capital ratio less than industry average.
- Portfolio manager has two decades experience as a CFO of two publicly-traded companies and is skilled at interpreting financial statements, particularly SEC filings.



Stock Selection Overview

**Target sectors for emphasis
(or de-emphasis).**

**Identify countries that have favorable
tax and fiscal policy.**



**Screen for fundamental strengths, relative
valuation and growth characteristics. Seek
companies with monopolistic characteristics.**



**Consider stocks that range in
size from micro cap to mega cap.**



**Preferred characteristics include
high return on equity,
low debt to capital
low PEG ratio (P/E to growth),
and strong free cash flow.**



Resulting portfolio of approximately 30 securities



Idea Generation

Sources of new ideas:

- Independent & buy-side research
- Sell-side Research
- Proprietary screening
- Regulatory filings
- Periodicals and research publications
- Analyst reports
- Discussions with company management, conference calls and investor relations



Stock Evaluation Criteria

- Emphasize fundamental factors such as strong sales and earnings growth, return on shareholders' equity, PEG ratio, price to sales, price to book and good free cash flow.
- Balance sheet analysis focuses on gearing ratio (debt to total capital), which drives all other ratios, and asset values. Avoid companies with high levels of intangible assets.
- Seek minimum ROE of 15% where the debt to capital ratio is below industry averages.
- Purposefully seek out companies with monopolistic characteristics.
- Review technical analysis characteristics: price movement, moving averages, relative strength.



Portfolio Construction and Risk Controls

- Diversified portfolio with a target of 30 securities.
- 3.3% standard position size, representing multiple economic sectors.
- Positions are allowed to grow to 5% and, under special circumstances, 10%, at which point the position is trimmed or sold.
- Sector weightings at purchase will not exceed 30% of the portfolio.



Sell Discipline: A Difficult and Critical Part of the Investment Process

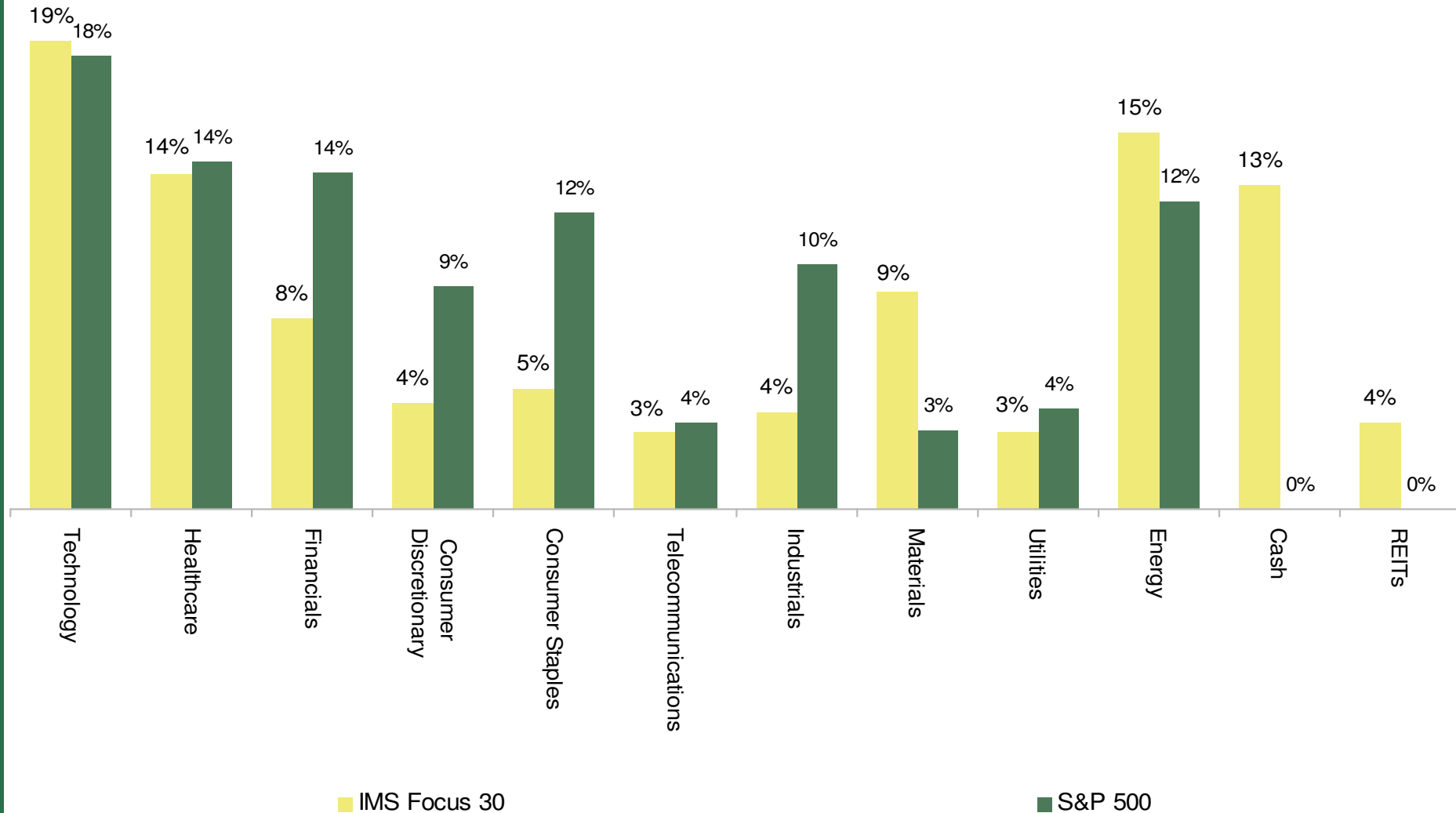
WHY WE SELL

- Make room for a new idea that we believe has a better risk/reward ratio.
- If our investment thesis proves incorrect.
- If the stock appreciates to 10% of the portfolio, it is trimmed or liquidated.
- Holding has reached excessive valuation



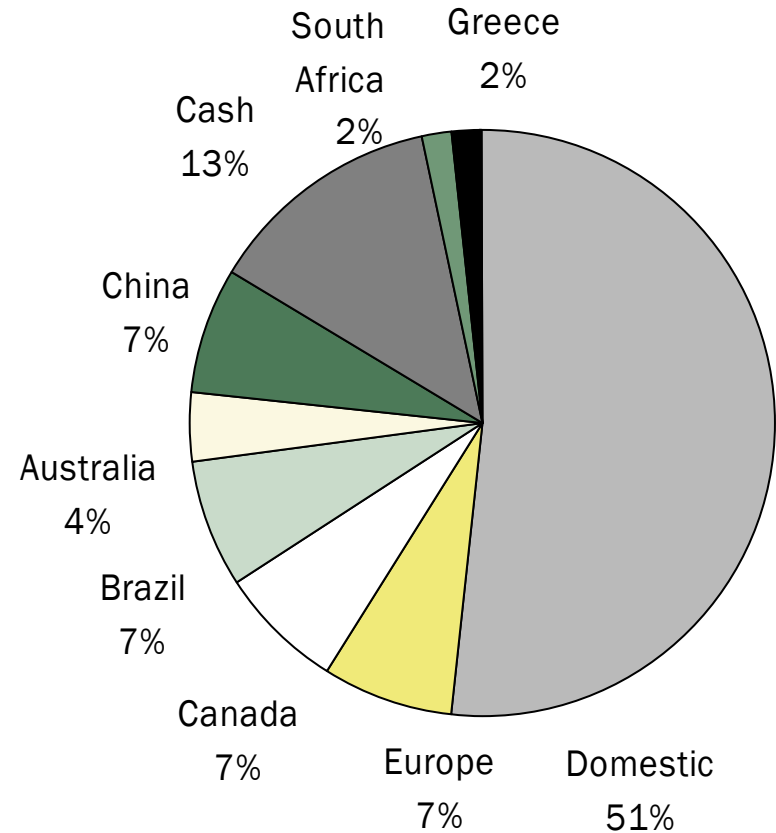
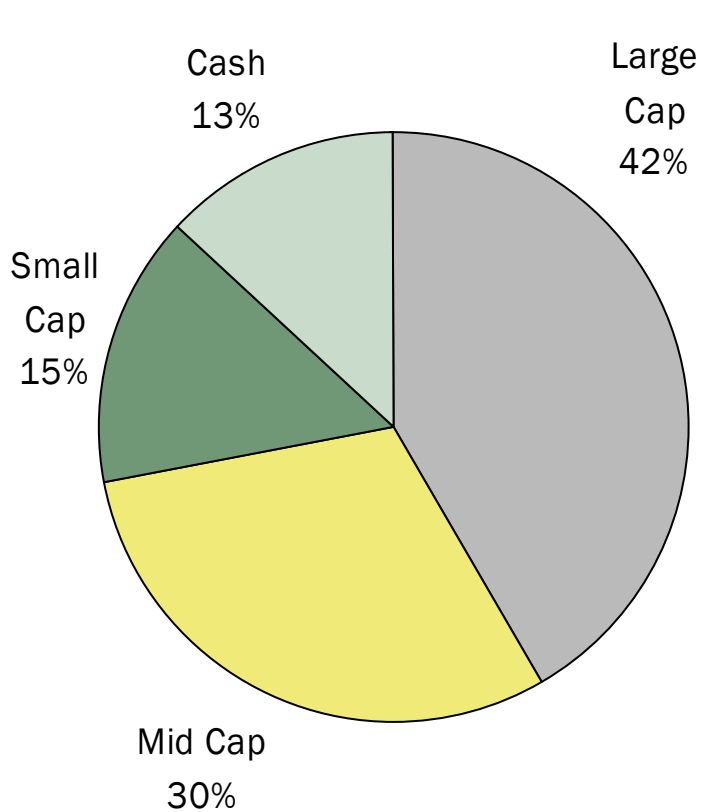
Sector Weightings

as of June 30, 2009





Diversification by market cap, international exposure *as of June 30, 2009*



Portfolio holdings are subject to change at any time.



Top Ten Holdings

as of June 30, 2009

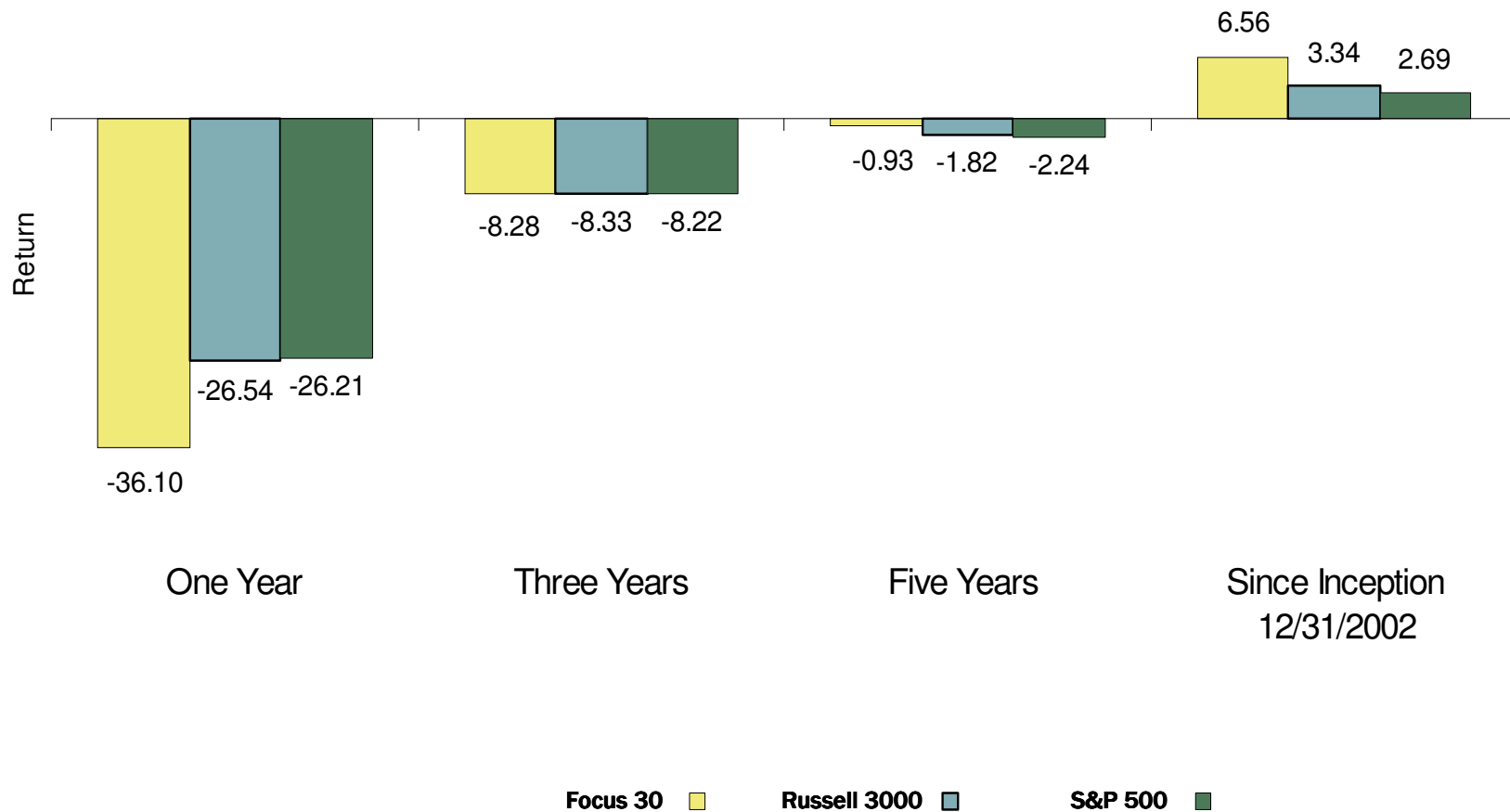
STOCK	PERCENTAGE OF PORTFOLIO
Apple, Inc.	4.9%
Gilead Sciences	4.3%
BHP Billiton	3.9%
Quality Systems	3.7%
Atwood Oceanics	3.7%
Petroleo Brasileiro	3.7%
Bank of Nova Scotia	3.5%
Annaly Mgmt	3.5%
Taseko Mines Ltd.	3.4%
CPFL Energia	3.1%

Portfolio holdings are subject to change at any time.



Annualized Average Total Returns

as of June 30, 2009

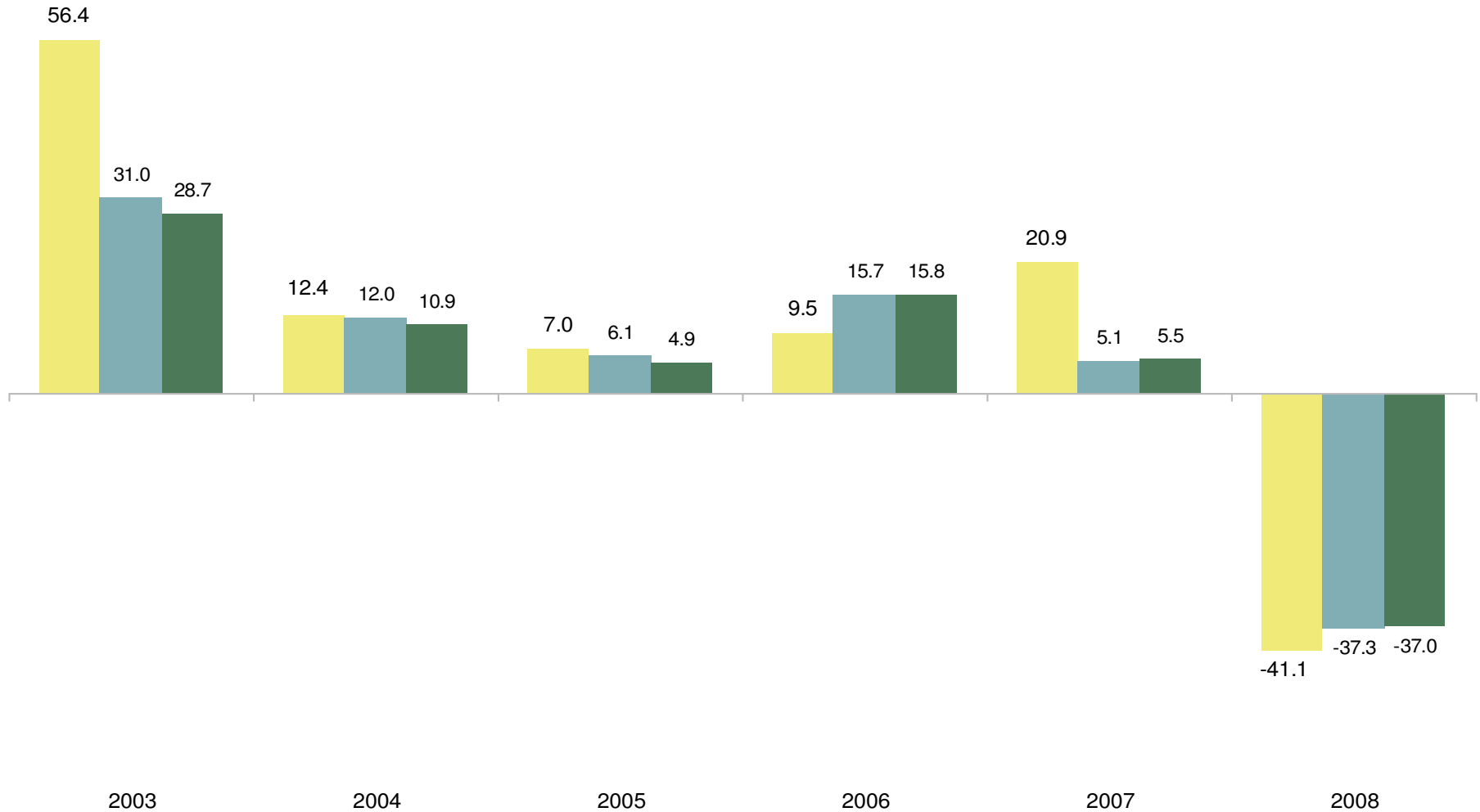


* Not annualized. Past performance above does not guarantee future results. Gross and net calendar returns are listed on page 17, along with important disclosure.



Calendar Year Returns

As of December 31, 2008



■ IMS Focus 30

■ Russell 3000

■ S&P 500

* Not annualized. Past performance above does not guarantee future results. Gross and net calendar returns are listed on page 17, along with important disclosure.



Why IMS Capital Management?

- 21 years in business
- Highly focused and skilled investment team, experienced in both up and down markets
- Independently owned and operated investment “boutique”
- Highly entrepreneurial culture
- Commitment to constantly improving investment process
- Recognized in major publications and national media such as *Barron’s*, *Forbes*, *The Washington Post*, *The Wall Street Journal*, *New York Times*, *Business Week*, *USA Today*, *Smart Money* and *CNBC*.

Mission: Deliver exceptional client service, outstanding investment counsel and superior investment returns.



Institutional Fee Schedule

- First \$25 million -- 0.75%
- Second \$25 million -- 0.60%
- \$50,000,000 + -- 0.50%



Important Disclosure

IMS Focus 30 Composite

Year	Gross Composite Return	Net Composite Return	Benchmark Return (Russell 3000)	Accounts at Year-end	Dispersion (%)	Total Composite Assets (\$ mil)	Composite Assets as a Percentage of Firm Assets (%)	Total Firm Assets (\$ mil)
2003	56.35%	54.85%	31.06%	6	NA	5	N/A	N/A
2004	12.35%	10.85%	11.95%	8	1.04	4	N/A	N/A
2005	6.98%	5.48%	6.12%	8	NA	4	N/A	N/A
2006	9.51%	8.01%	15.71%	5	NA	3	N/A	N/A
2007	20.89%	19.40%	5.14%	5	NA	4	1	656

IMS Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Notes:

1. For the purpose of complying with the GIPS standards, the firm is defined as IMS Capital Management (“IMS” or the “Firm”), an independent investment advisor registered under the Investment Advisers Act of 1940, that manages mutual funds, retail portfolios and institutional portfolios. The firm’s wrap account business is defined separately. A complete list and description of the firm’s composites, as well as additional information regarding policies for calculating and reporting returns, are available upon request.
2. The IMS Focus 30 Portfolio includes all fully discretionary, fee paying portfolios that invest in approximately 30 stocks that are designed to outperform the broader market with an acceptable level of risk. Portfolios that participate in the composite must have assets equal to or exceeding \$200,000. The IMS Focus 30 Composite was created in January 2008.
3. The benchmark for the IMS Focus 30 Composite is the Russell 3000 Index. The benchmark returns are provided to represent the investment environment during the time periods shown. For comparison purposes, the index is fully invested, which includes the reinvestment of dividends and capital gains. The returns for the index do not include any transaction costs, management fees or other costs.



Important Disclosure, cont.

4. Returns are presented in US Dollars.

5. All returns are presented net of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings. Gross returns are presented before the deduction of management fees but after all trading expenses. Net returns reflect the deduction of model management fees. Net returns are derived using the maximum fixed fee rate in effect for the respective time period. The management fee schedule currently in effect is as follows: 1.50% on the first \$500,000, 1.20% on the next \$500,000, 1.00% on the next \$5,000,000, 0.75% on the next \$20 million, 0.60% on the next \$25 million and 0.50% on the next \$50+ million.

6. Dispersion is calculated using the equal-weighted standard deviation of annual returns of all portfolios that were included in the composite for the entire year. For periods with five or fewer portfolios included for the entire year, “N/A” is noted as the dispersion is not considered meaningful.