

**FOR IMMEDIATE RELEASE:**

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### **Mid Cap Stocks have Improved the Risk/Return Profile of Domestic Equity Portfolios**

**Portland, Oregon May 5, 2008** – IMS Capital Management today announced that mid cap stocks have a record of improving the risk/return profile of domestic equity portfolios over the last 20, 10, 5 and 3 calendar years.

As part of a study analyzing the benefits of mid cap stocks in domestic equity asset allocations, IMS Capital Management found that when mid cap stocks were added to hypothetical portfolios having equal weights of large cap value, large cap growth, small cap value and small cap growth stocks (also known as the “4 corners”), they demonstrated higher returns, higher Sharpe Ratios, higher alpha and higher up capture return than the same hypothetical portfolios without mid cap stocks, as illustrated in the table below.

Year Ending	Average Annual Total Return (%)		Sharpe Ratio		Alpha (%)*		Up Capture (%)*		Down Capture (%)*	
	4-Corners	4 Corners +Mid Cap	4 Corners	4 Corners + Mid Caps	4 Corners	4Corners +Mid Cap	4 Corners	4Corners + Mid Cap	4 Corners	4Corners + Mid Cap
<b>2007</b>										
<b>20 Years</b>	11.31	11.96	.46	.50	-0.12	.35	99	105	103	102
<b>10 Years</b>	5.86	6.81	.14	.20	0.63	1.27	104	108	103	102
<b>5 Years</b>	12.73	14.01	.86	.92	-1.35	-.66	101	102	134	126
<b>3 Years</b>	4.58	6.18	.04	.17	-2.45	-1.83	92	93	144	136

*Data above represents past performance, which does not guarantee future results. The “4 Corners” are represented by equal weights of the Russell 2000 Growth Index (small cap growth), the Russell 2000 Value index (small cap value), the Russell 1000 Growth Index (large cap growth) and the Russell 1000 Value Index (large cap value), rebalanced annually. Mid cap stocks are represented by the Russell Mid Cap Index. Alpha and up and down capture figures are calculated relative to the Russell 300 Index, which is considered representative of the entire equity market. Calculations by IMS Capital Management.*

Although absolute performance is important, portfolio statistics measuring excess return, volatility and risk-adjusted return are also important to understanding the effectiveness of one particular investment over another. **The Sharpe ratio** measures risk-adjusted return by subtracting the risk-free rate (3-month Treasury bill) from the rate of return of a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance.

## Mid Cap Stocks Have Improved Domestic Equity Risk-Return/ Page Two

In all time periods noted above, portfolios with mid cap stocks had higher Sharpe ratios than portfolios without mid cap stocks, and therefore, generated better risk-adjusted returns.

**Alpha** is a measure of the “excess return” on an investment. It is a common way to assess value-added performance since it measures return in excess of an index. In all time periods noted above, the portfolios’ alpha compared to the Russell 3000 (a measurement of the entire equity market) was higher when mid cap stocks were included as an equal weight in the “4-Corners” asset allocation, indicating that the addition of the mid cap stocks resulted in higher excess returns.

The **up and down capture** is a measure of how well a portfolio is able to replicate or improve upon positive index returns, and how badly a portfolio is affected by negative index returns. In all periods illustrated in the table above, the portfolios with mid cap stocks achieved a larger percentage of gains during an up market (up capture ratio) and a smaller percentage of losses in a down market, when using the Russell 3000 Index as a proxy for the stock market.

According to Carl W. Marker, founder of IMS Capital Management and co-manager of the mid cap blend **IMS Capital Value Fund (IMSCX)**, “mid caps are a historically overlooked asset class. Many investors think they can achieve a mid cap allocation by simply mixing large and small cap stocks, but that simply is not possible. In our opinion, mid caps are a distinct asset class with fundamentals and business characteristics that cannot be replicated by anything other than true mid cap stocks. Characteristics unique to mid cap stocks include their rates of growth, established product cycles, organic growth, decreasing capital expenditures and high barriers to entry. We have found that such characteristics provide fundamental support to the earnings of mid cap companies that small and large companies do not necessarily share. Therefore, to omit mid cap stocks from an investment portfolio, in our opinion, is to omit a significant and attractive portion of the equity market.”

### Mid Caps in Action

One example of how mid cap stocks have performed against the more widely used large cap stock category would be the **IMS Capital Value Fund (IMSCX)**. The table below illustrates how the Fund, which invests in mid cap, value-oriented stocks, compares to the large cap S&P 500 Index.

*Average Annual Total Returns as of 9/30/08*

	<u>Qtr*</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
IMS Capital Value Fund	-7.39%	-17.65%	-0.21%	6.60%	10.45%
S&P 500	-8.91%	-21.96%	0.22%	5.16%	3.05%

\*not annualized

**1.52%** --Total/gross expense ratio as of 8/31/08

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## **Mid Cap Stocks Have Improved Domestic Equity Risk-Return/ Page Three**

*Data above represents past performance, which does not guarantee future results. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than original cost. Figures include change in principal value, reinvested dividends and capital gain distributions. Current and monthly performance may be lower or higher than that quoted above, and is available by visiting [www.imscapital.com](http://www.imscapital.com). The S&P 500 Index is widely recognized as an unmanaged index of common stock prices and is representative of a broader range of securities than in the Fund. Individuals cannot invest directly in an Index, but they can invest in index and exchange-traded funds (ETFs).*

The IMS Capital Value Fund is part of the IMS Family of Funds. With no loads and no 12b-1 fees, the Funds represent \$249 million in assets, and are available with no transaction fees on Fidelity FundsNetwork®, TD Ameritrade, Schwab OneSource and a number of discount brokers. The adviser to the IMS Funds, IMS Capital Management, Inc., was founded by Carl W. Marker in 1988 and in total manages \$615 million in assets as of March 31, 2008. The firm is based in Portland, Oregon and has offices in Seattle, Washington and Eugene, Oregon.

*Investing in mid cap stocks may be more risky and volatile than investing in large cap stocks during certain time periods. The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the funds, which may be obtained by visiting [www.imscapital.com](http://www.imscapital.com). Read it carefully before investing. Foreside Distribution Services, LP.*