

STEVE SHELLANS
PRESIDENT

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September 30, 2007

Brian Carruthers — Carruthers & Associates
301 Forest Avenue
Laguna Beach, CA 92651

Dear Mr. Carruthers:

At your request we have conducted an independent third party performance analysis of three of your asset management portfolios:

| Program Name | Holdings | Appropriate Benchmark |
|--------------------------------------|--------------------------|--------------------------------|
| Carruthers Managed Income Portfolio | 100% bonds | Vanguard All-Bond Fund |
| Carruthers Income & Growth Portfolio | Bonds + max 40% equities | Blend of bond fund and S&P 500 |
| Carruthers Momentum Portfolio | 100% equities | S&P 500 Index |

The following table shows your risk and return for these programs for various time periods ending December 31, 2005 (Note 1) accompanied by a comparison to a buy-hold strategy in each of the benchmarks listed above:

| Program or Benchmark | Compounded Annualized Rates of Return for the time periods shown; all ending on December 31, 2005 (Note 1). (Net of fees for Carruthers Programs) | | | | Risk for the five-year period (Note 2) |
|---|--|--------------|--------------|--------------|---|
| | From Inception | 10 years | 5 years | 3 years | |
| Carruthers Managed Income Portfolio | 10.7% (13.75 years) | 10.6% | 12.0% | 13.8% | 0.2 |
| Carruthers Income & Growth Portfolio | 10.1% (10 years) | 10.1% | 10.3% | 13.6% | 1.3 |
| Carruthers Momentum Portfolio | 13.1% (4.5 years) | n/a | n/a | 16.2% | 4.1 (Note 3) |
| Vanguard All-Bond Fund | | 6.0% | 5.4% | 3.6% | 0.8 |
| Blend of S&P 500 (40%) and Bond Fund (60%) | | 7.2% | 3.5% | 7.9% | 23.1 |
| S&P 500 Index with dividends reinvested | | 9.1% | 0.5% | 14.4% | 56.4 |

The performance calculations were done according to the methods and standards recommended by the Association for Investment Management and Research (AIMR). These methods and standards are endorsed by the Financial Analysts Federation (FAF), the Institute of Chartered Financial Analysts (ICFA), and the National Association of Active Investment Managers (NAAIM), and are widely regarded in the financial community as being the most accurate and meaningful.

MoniResearch Corporation (MRC) has been tracking the performance of money managers since 1981. From March 1986 to July 2006 MRC published the MoniResearch Newsletter, a publication devoted to tracking the performance of dynamic asset allocators. The personal credentials of the president of MRC include a Bachelor of Science degree from M.I.T., and a Master of Science degree in Computer Science from the Stevens Institute of Technology, and 30+ years' of relevant experience.

Our work has appeared in the Wall Street Journal, Barron's, Money Magazine, Financial Planning Magazine, Financial Planning on Wall Street, The Journal of Portfolio Management, The Journal of Financial Planning, Institutional Investor, and many other lay and professional publications.

Sincerely,



Steve Shellans,
President

Notes to Above Material

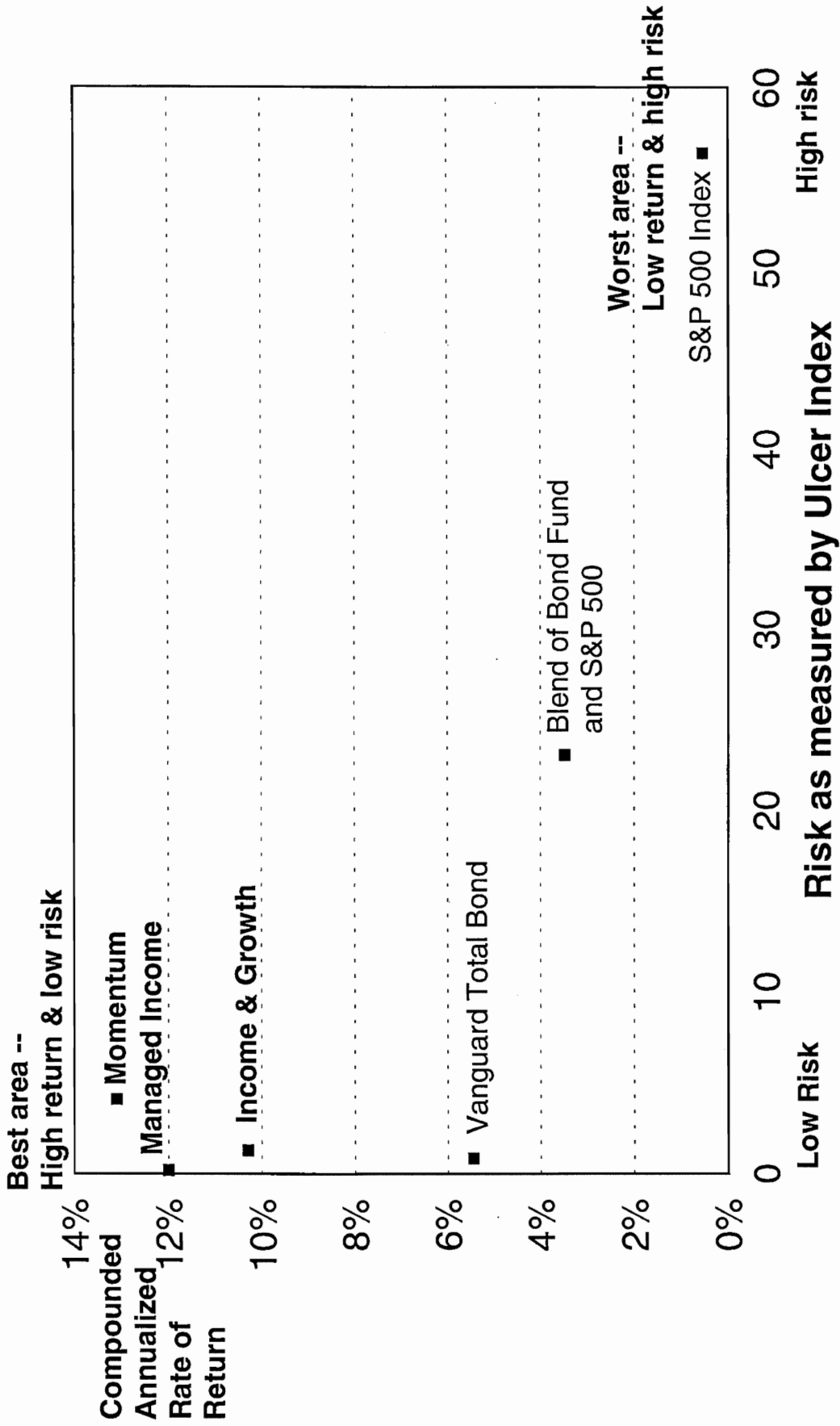
Note 1: MoniResearch audited Mr. Carruthers' track record for these three programs through December 31, 2005 for publication in the MoniResearch Newsletter. Shortly thereafter MoniResearch ceased publication of the MoniResearch Newsletter and we have conducted no further audits of Mr. Carruthers' track record. For this reason the performance statistics shown in this newsletter do not extend beyond year-end 2005.

Note 2: As shown in the table, "Risk" is measured by the Ulcer Index (UI). This measure penalizes both the depth and duration of drawdowns in a portfolio or benchmark. There is no perfect measure of risk. At MoniResearch, we believe that UI is a more meaningful measure of risk than standard deviation, beta, or other risk measures. The Ulcer Index was first promulgated by Peter G. Martin and Byron B. McCann in their book: "Investor's Guide to Fidelity Funds." Low numbers indicate low risk.

Note 3: Since the Momentum Program has only a 4.5-year track record, we computed the Ulcer Index for this period rather than a full five years.

Risk versus Return

Brian Carruthers Programs and Three Benchmarks



For five-year period ending 12/31/2005. Carruthers figures are net of fees