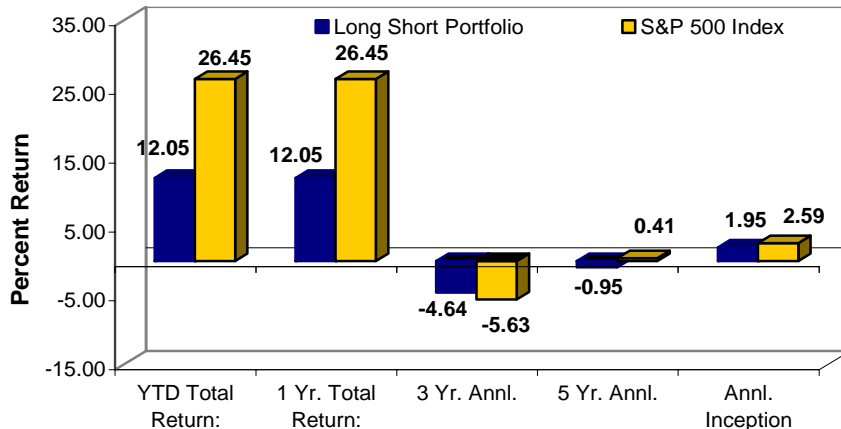
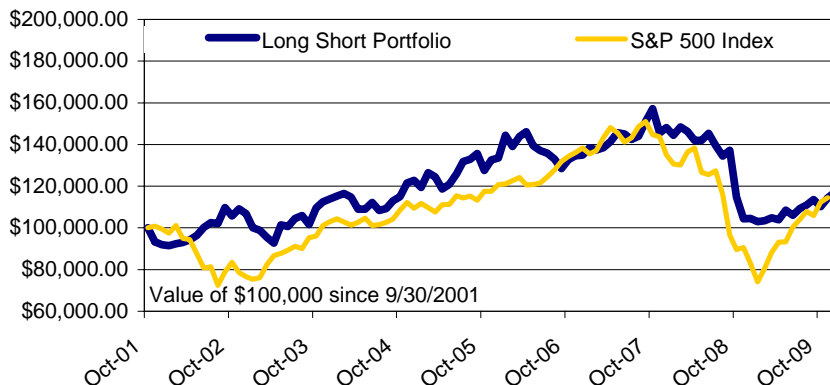


Long Short Diversified Index Fund Portfolio

Returns for Period Ending December 31, 2009

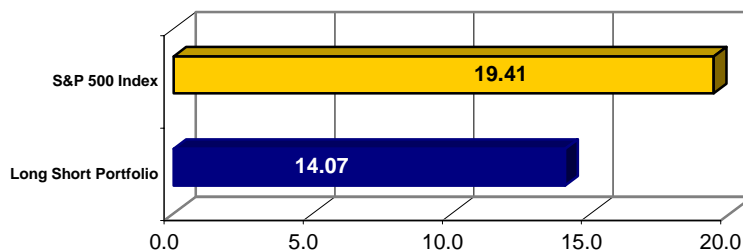


Growth of \$100,000



	YTD Total	1 Year Total	3 Year Annl.	5 Year Annl.	Inception Annl.
Long Short Portfolio	12.05	12.05	-4.64	-0.95	1.95
S&P 500	26.45	26.45	-5.63	0.41	2.59

Standard Deviation 3 Years



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 e-mail: info@donoghue.com | website: www.donoghue.com

This portfolio is designed for accounts with the investment objective of profiting from proactive trading in both BULL (rising) and BEAR (declining) markets, this Portfolio is comprised of eight roughly-equal fund positions. Each position is chosen based on its relative-strength and momentum.

In bull markets, Portfolio positions are chosen from a universe of 25 or more, domestic sector, index or broad asset class funds.

In bear markets, positions are chosen from enhanced bear market index funds. Enhanced bear market index funds include funds with the investment objective of inversely mirroring stock index performance, in this case, earning profits in bear markets. If the market index goes down these funds are designed to go up in value.

The universe of funds may consist of open ended mutual funds, exchange traded funds (ETFs) or Variable Insurance sub-accounts.

RISK PROFILE AND INVESTOR SUITABILITY

This Portfolio is an aggressive portfolio which has excellent upside potential for patient investors with a five- to ten-year time horizon.

It is designed to participate in the intermediate- term trends in eight stock market indexes or sector indexes at a time to provide broad diversification and to cut its losses on a timely basis. It is not designed to forecast short-term market turns (which can often reverse before you can identify them).

* Returns are composite client returns, net of all fees, applicable loads and expenses; and normally include the reinvestments of all dividends and distributions. Prior to 10/31/2001 a model portfolio is used for performance calculations, which is not subject to specific economic or market forces, assumes end of day securities prices which may cause individual account results to differ from the model, includes the maximum advisory fee and does not include reinvestment of dividends and distributions. This strategy can utilize open-end mutual funds, Exchange Traded Funds (ETF) or variable insurance sub-accounts. When this portfolio is used inside a variable insurance product additional fees will apply. When Exchange-Traded Funds are utilized, they will trade on an exchange like an individual stock, brokerage trading fees or asset based pricing fees in addition to advisory fees assessed by W.E. Donoghue & Co., Inc. will apply. W. E. Donoghue & Co., Inc.'s maximum annual advisory fees are 2.50% on first \$100,000, 1.95% on next \$150,000, 1.75% on next \$250,000, 1.50% on next \$500,000 and 1.00% on amounts over \$1,000,000. Individual client account results will vary from composite client returns. Past performance is no guarantee of future results or returns. The investment return and principle value of an investment will fluctuate so that an investor's Portfolio, when redeemed, may be worth more or less than their original investment. Inception 10/31/2001.