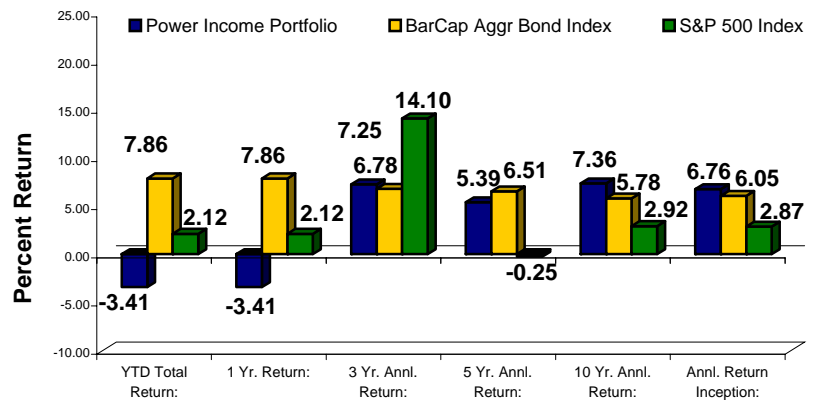
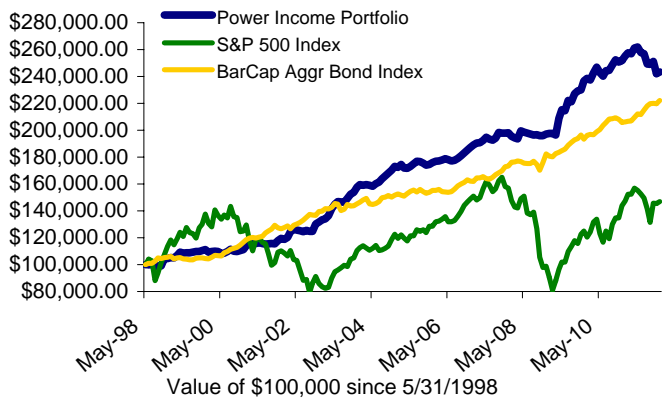


For the Period Ending December 31, 2011

Power Income Portfolio

Advised by W. E. Donoghue & Co., Inc.

This Investment Strategy has the objective of maintaining capital preservation while seeking to maximize total returns. The solution employs technical analysis to provide risk management while utilizing our proprietary defensive trading system. This strategy will primarily invest in lower quality debt instruments during periods of generally rising high yield bond asset prices. During periods of generally declining high yield bond asset prices the strategy will utilize a defensive trading mechanism to shift assets to cash or cash equivalents, such as money markets. This strategy will utilize the Power Income Fund which has a defensive ability to go 100% to moneymarkets inside the fund. Historically the solution has produced attractive returns with low correlation to both the stock and bond market, based upon the S&P 500 Index and the Barclays Aggregate Bond Index respectively. Please see reverse side for important disclosure statements. All investments involve risk. Past performance is no guarantee of future results.



Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	1.29	0.95	(0.22)	1.63	0.24	(1.50)	(0.41)	(2.93)	(0.06)	0.78	(3.58)	0.49	(3.41)
2010	0.71	(0.45)	2.17	1.78	(1.60)	(1.11)	1.70	0.06	1.74	1.44	(0.62)	0.47	6.38
2009	0.23	(0.04)	(0.55)	6.30	3.05	(0.33)	3.53	(0.46)	2.78	0.87	0.38	2.90	20.05
2008	(1.33)	(0.70)	(0.29)	3.07	(0.56)	(0.32)	(0.39)	(0.26)	0.08	(0.41)	0.06	0.62	(0.49)
2007	0.98	0.86	0.02	0.92	1.21	(0.74)	(0.33)	0.68	2.23	(0.20)	(0.06)	0.23	5.92
2006	0.53	0.12	0.47	0.54	(0.48)	(0.42)	0.22	0.84	1.06	1.21	1.09	1.04	6.38
2005	(0.48)	1.26	(1.50)	(0.11)	0.78	1.11	1.04	(0.14)	(0.61)	(0.80)	0.25	0.80	1.57
2004	1.18	(0.29)	0.19	(0.17)	(0.52)	1.20	0.77	1.46	1.27	1.34	1.27	1.73	9.81
2003	1.25	0.51	1.81	3.75	2.39	1.35	(0.10)	(0.16)	1.91	2.00	0.95	2.56	19.74
2002	(0.78)	1.36	3.41	1.54	(0.51)	(0.36)	(0.55)	0.74	(0.50)	0.02	4.37	1.07	10.10
2001	2.52	2.45	(0.83)	(0.02)	0.59	(0.60)	(0.49)	0.26	0.27	(0.21)	2.04	1.48	7.64
2000	(1.78)	0.31	0.34	(0.22)	(1.45)	0.44	1.08	1.37	(1.18)	(0.19)	0.51	0.69	(0.13)
1999	0.70	(0.19)	1.84	2.30	(0.61)	0.12	0.00	0.42	0.40	0.01	0.63	0.81	6.58
1998	N/A	N/A	N/A	N/A	N/A	(0.03)	(0.07)	(1.21)	0.42	(0.14)	5.57	(0.06)	4.42

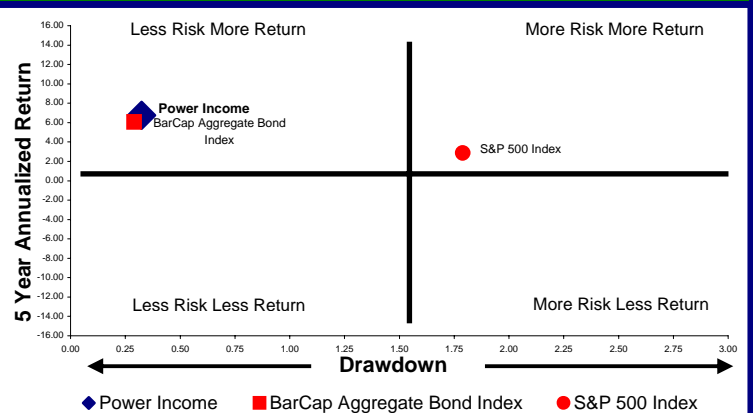
Statistics

	PowInc	S&P	BarCap
Annualized ROR (since inception)	6.76	2.87	6.05
Cumulative Total Return	143.29	46.91	122.13
Best Month	6.30	9.78	3.73
Worst Month	(3.58)	(16.80)	(3.36)
Annl Standard Deviation (3 yrs)	6.78	22.16	3.00
Sharpe Ratio (3 Yrs)	1.07	0.57	2.26

	S&P	BarCap
Maximum Drawdown (since inception)	7.53%	50.95%
Recapture (Months)	N/A	9
Drawdown 5 Years	7.53%	50.95%
Drawdown 3 Years	7.53%	50.95%

Comparison to Benchmarks	S&P	BarCap
Annualized Alpha	3.51	4.21
Beta	0.14	0.04
Correlation	0.45	0.22

Risk vs. Return



For the Period Ending December 31, 2011

The Power Income Portfolio strategy (PowInc) performance results are composite client returns, are the result of actual trades performed by W.E. Donoghue & Co., Inc (WEDCO). The performance results reflect the reinvestment of dividends and interest and are net of all management fees, mutual fund expenses, interest expense (if any), custody expense, transaction fees (if any), and variable annuity (insurance) expenses (if any). The inception of this strategy was 5/31/1998. When this portfolio is used inside a variable annuity additional fees will apply. This strategy can utilize open-end mutual funds, Exchange Traded Funds (ETFs) or variable insurance sub-accounts. 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. The management fee is calculated on the average assets of the previous quarter and billed forward. When the Power Income Fund is utilized inside this strategy W. E. Donoghue & Co. will receive additional fees as the advisor to the fund. Individual client account results will vary from composite client returns.

Past performance is not indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable. The inclusion of the S&P 500 (S&P) Index and Barclays Capital Aggregate Bond Index (BarCap) results are for comparison purposes only. The S&P 500 Index is a market capitalization weighted index of 500 widely held stocks often used as a proxy for the stock market. Standard and Poors chooses the member companies based upon market size, liquidity, and industry group representation. Included are stocks of industrial, financial, utility, and transportation companies. The Barclays Capital Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The historical performance results of the S&P 500 Index and the Barclays Capital Aggregate Bond Index (and all other indexes) are unmanaged, do not reflect the deduction of transaction and custodial charges, nor the deduction of a management fee, the incurrence of which would have the effect of decreasing indicated historical performance results and cannot be invested in directly. Economic factors, market conditions and investment strategies will affect the performance of any portfolio, and therefore are not assurances that it will match or outperform any particular benchmark.

Drawdown calculations are based upon month end values beginning 5/31/98. Drawdown is the percentage loss from the highest month end value to the lowest month end value in the drawdown period. Recapture is the number of months required to return to, or exceed, the account value at the beginning of the drawdown period, including the months of the decline. The risk/return scatter-plot was configured using the five year average annualized return and the five year monthly drawdown annualized.

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. Beta is a measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Beta is calculated by comparing a portfolio's excess return over 90 day US Treasury bills to the market's excess return over 90 day US Treasury bills, so a beta of 1.10 shows that the fund has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund's excess return is expected to perform 15% worse than the market's excess return during up markets and 15% better during down markets.

Correlation is a single number that describes the degree of relationship between two portfolios. Correlation will always be between -1.0 and +1.0. if the correlation is negative, we have a negative relationship; if it's positive, the relationship is positive. A correlation coefficient of zero means that there is no linear relationship between the portfolios. Sharpe Ratio is a risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. It can be used to compare two portfolios directly on how much excess return each portfolio achieved for a certain level of risk. Standard deviation is the statistical measurement of dispersion about an average, which depicts how widely a stock or portfolio's returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that is most likely for a given investment. When a stock or portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Performance results of The Power Income Portfolio strategy were and have been compiled solely by W.E. Donoghue & Co., Inc., are un-audited, and have not been independently verified. W.E. Donoghue & Co., Inc. maintains all information supporting the performance results in accordance with regulatory requirements. Please note; the WEDCO performance results do not reflect the impact of taxes. The Power Income Portfolio will generally involve above average turnover which could negatively impact upon any net after tax gain experienced within a taxable account.

In the event there has been a change in a client's investment objectives or financial situation, they are encouraged to advise their investment professional immediately. Different investment strategies involve varying levels of risk. While our investment strategy seeks to provide attractive risk adjusted returns, it may not be suitable or profitable for individual clients. It is possible that this investment may lose some or all of its value. Further, the percentage of anyone's net worth invested in any single strategy should be closely monitored by their investment professional. Information pertaining to W.E. Donoghue & Co., Inc.'s advisory operations, services, and fees are set forth in W.E. Donoghue & Co., Inc.'s current disclosure statement (form ADV Part 2), a copy of which is available from W.E. Donoghue & Co., Inc. upon request at 800-642-4276.