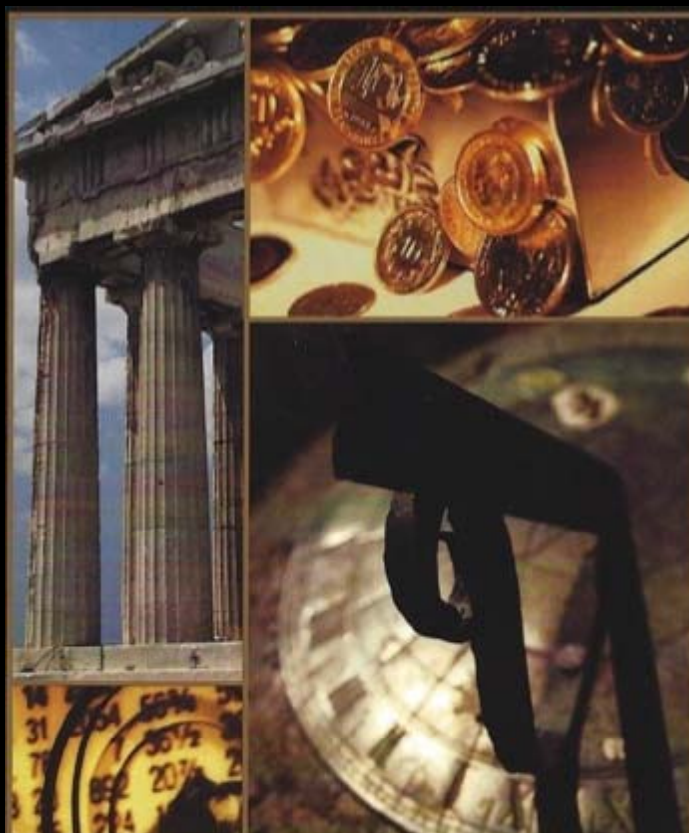


hermes





Hermes

ECONOMETRICS

FUND ENHANCEMENT PROGRAM



HERMES

Was a trusted advisor and watchful guardian from Greek mythology who blended wisdom with versatility. Possessed with a scientifically shrewd mind, this god of commerce invented the Greek systems of astronomy, musical scales plus weights and measures. The wing-sandaled messenger was often used by other Greek gods to oversee their most important biddings. The people of Greece relied upon Hermes to protect and prosper those aspects of life that they held most dear: their homes, flocks, and the travels they undertook.

Pursuing Growth and Protecting Principal

Capitalizing on Opportunities

Investment possibilities today are abundant.

Global markets, vast amounts of information, new investment vehicles and emerging technology provide tremendous potential returns.

Long term success requires the ability to invest in areas with good growth prospects in a timely fashion.

It is equally important to face the challenge of managing risk.

Management decisions must be thoughtful and responsive

Pursuing Growth and Protecting Principal

The Power of Time – *Investing for Optimal Results*

Constant vigilance improves the likelihood of attaining potential profits and avoiding losses.

Stated simply: When markets are strong or prices are low, it is rewarding to be invested.

When markets are weak or prices are peaking, it is prudent to invest defensively until risk levels subside and a better environment for gains rises.

Hermes Econometrics recognizes the powerful role time plays in investment results.

The firm's approach to portfolio management is straightforward:

Enhance mutual funds through a disciplined methodology seeking the benefits of rising markets while protecting capital in declining markets.

Historically,
most stock and
bond prices
move in unison
either upward or
downward.

For this reason,
unlike many
portfolio
managers, who
cling to the
importance of
what you own.

We believe that to
achieve superior
results:



“When you own is more important than what you own.”



THE HERMES ECONOMETRICS FUND ENHANCEMENT PROGRAM

The Hermes Econometrics Fund Enhancement Program is designed for
core assets.

It takes world-class mutual fund and variable annuity portfolios and
enhances them with the addition of an advanced risk management
strategy.

Thus, Hermes provides investors with a more secure approach to pursue
today's exciting growth prospects.

A STRATEGY FOR CORE ASSETS

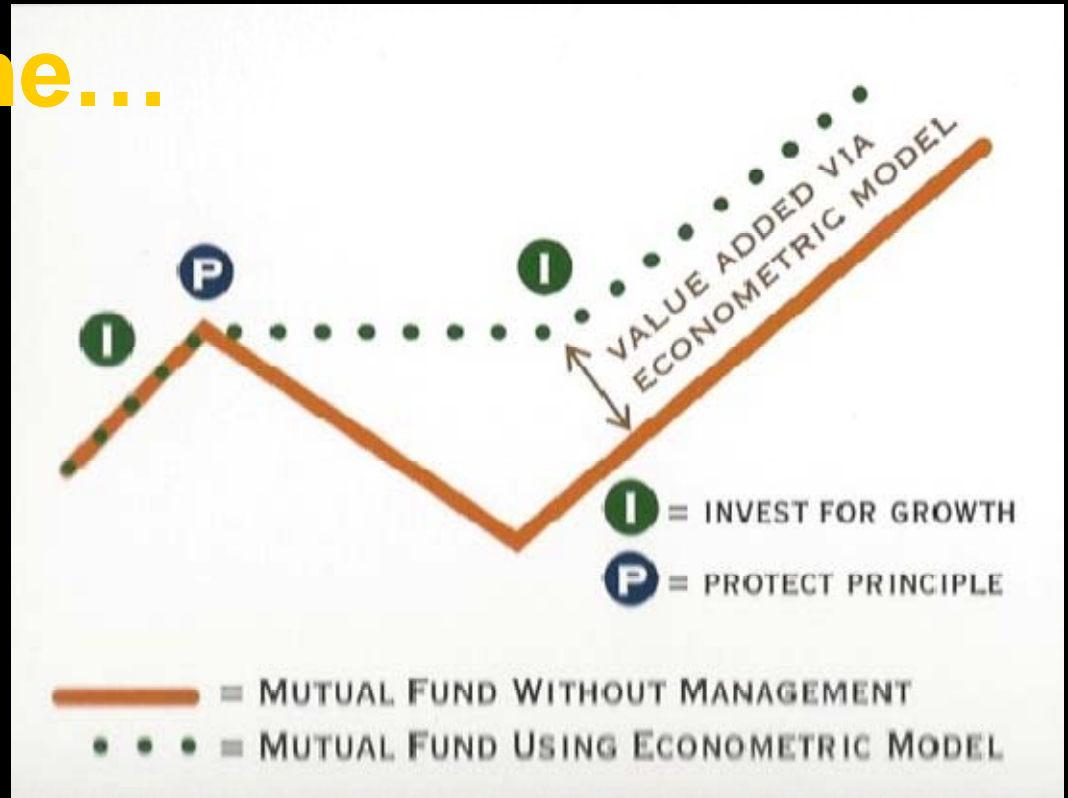
At The Right Time...

Econometric Modeling –Measuring Market Strength

Econometric Model – A statistical study of correlated variables

Price trend and momentum, specific aspects of broad and narrow market indicators, monetary factors, interest rates and bullish/bearish sentiment are all variables that can be consistently measured in relation to market prices.

Econometric models seek to capitalize on this information to accurately measure current strength or weakness in financial markets.



In the Right Place...

World-Class Security Portfolios

The Hermes Econometrics Fund Enhancement Program utilizes mutual funds and variable annuities. These portfolios benefit from research and security selection by some of the brightest minds in the investment world. Thus, Hermes investors own stock in companies with some of the best growth prospects.

The Value of Reducing Risk When Seeking Growth

Market Declines Occur with Regularity

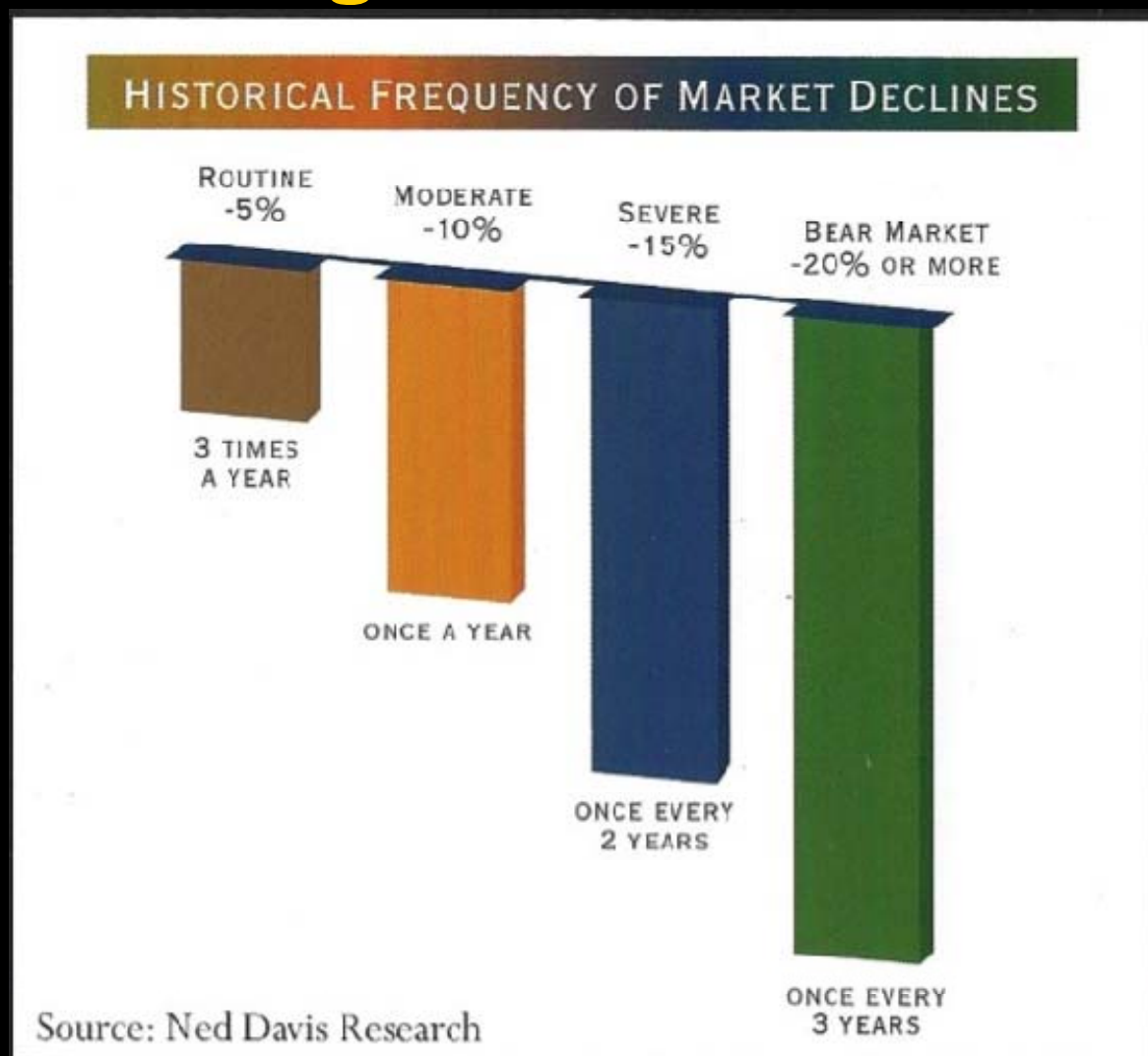
Market volatility and regular price drops or market turbulence leave many investors feeling uneasy.

Often, emotional discomfort prevents investors from fully participating in the potential gains of various investment markets.

Discomfort with volatility is understandable.

Volatility is a recurring fact of investment life.

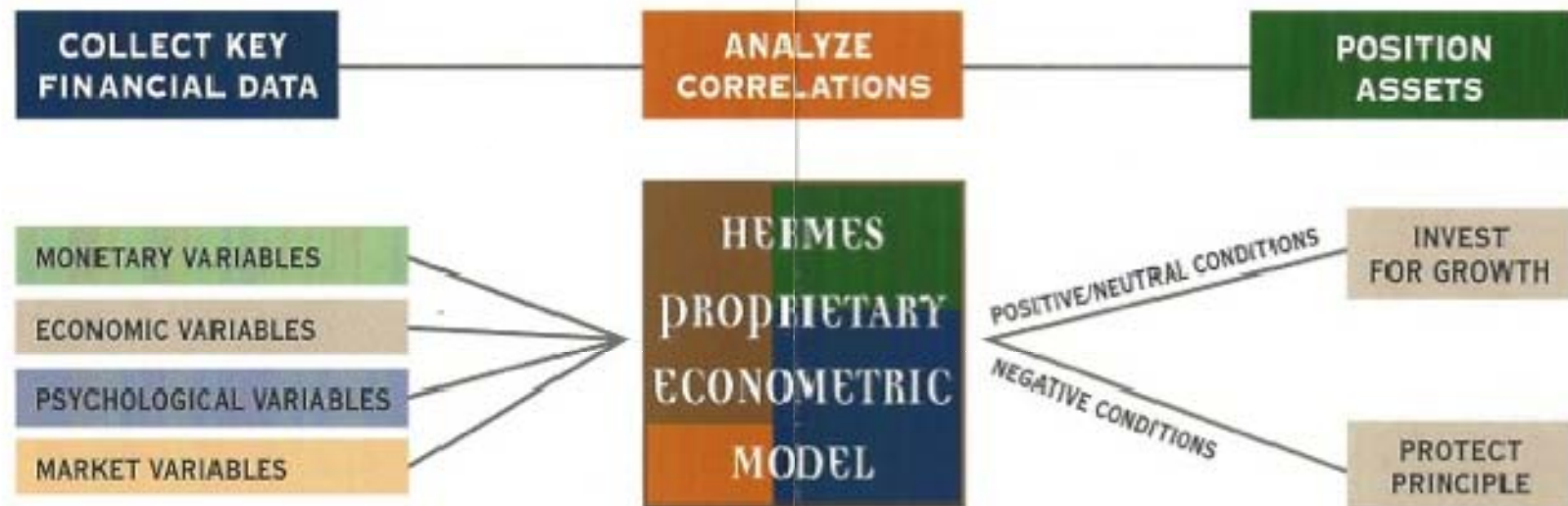
The chart to the right indicates the historical frequency of various levels of decline in the S&P 500 between 1950 and 1998.



Disclaimer: This is for illustrative purposes only. This information should not be relied upon to make investment decisions. It is not meant to represent any Hermes Econometrics results. Past performance should not be used to predict future results.

A Better Approach to Growth Investing

Financial markets are neutral to strong 70% to 80% of the time. At these times, it is advantageous to be fully invested. During periods when markets are weak or falling, it is wiser to avoid exposing assets to downside risk.



The Hermes Econometrics Fund Enhancement Program employs advanced measurements to identify periods of opportunity and potential risk. Portfolios are positioned in response to results determined by a tailored model.



CORE PROGRAMS

US Managed Fund Programs

Invests in broad-based small to large capitalization domestic equity mutual funds.

S&P 500 Index Program

Invests exclusively in S&P 500 index mutual funds.

NASDAQ Index Program

Invests exclusively in NASDAQ index mutual funds.

Global Equities Program

Invests in broad-based small to large capitalization international equity mutual funds.

Corporate Bond Program

Invests in mutual fund portfolios of investment grade and high yield corporate bonds.

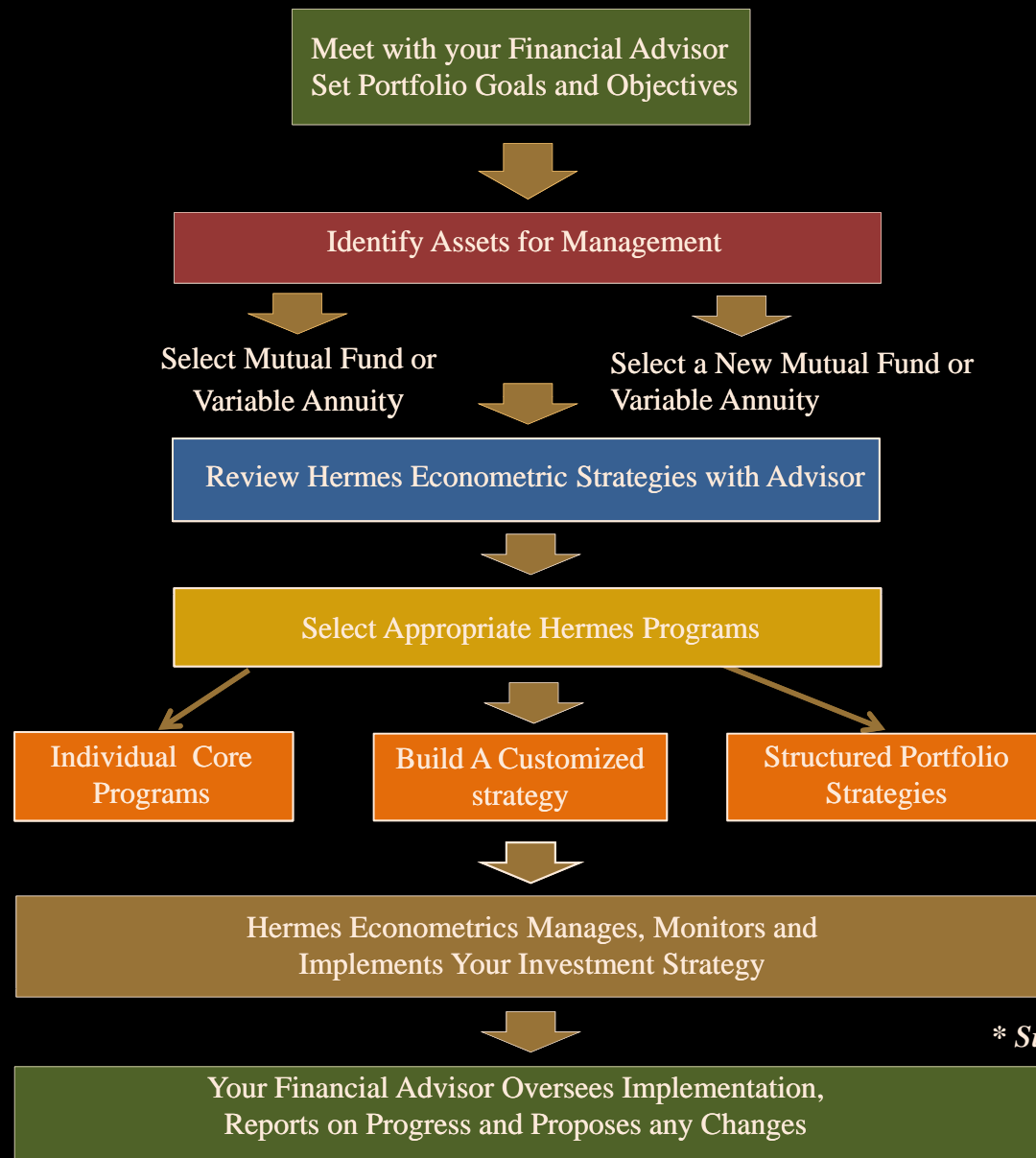
Econometric models have been used since the 1930's. The Dow Theory, one of the first, measured the relationship between the Dow Jones Industrial Average and the Dow Jones Transportation indices.

Today, Hermes Econometrics assesses economic and financial data from around the world.

The Hermes Core Programs cover a diverse array of securities and asset categories. Each uses a specialized econometric model tailored to the unique attributes of the emphasized investment area.

Putting The Hermes Fund Enhancement Program to Work for You

The HERMES Process



** Subject to minimum account size*



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