

# CONGRESSIONAL EFFECT FUND

Fund Fact Sheet • August 2010



## FUND FACTS

Date of Inception: May 23, 2008  
Fund Advisor: Congressional Effect Management, LLC  
Fund Distributor: Matrix Capital Group, Inc.  
Class: Moderately Allocated Balanced (Morningstar)

Symbol: CEFFX  
Initial Investment: \$1,000  
Subsequent: \$50

## INVESTMENT OBJECTIVE

Capital appreciation and income.

## INVESTMENT STRATEGY

The “Congressional Effect”: The Advisor has analyzed empirical data since 1965 that shows that on days Congress was in session, the S&P 500 index had an annualized price gain of only +.94% as compared to +16.04% on days when Congress was out of session.

The Fund’s principal investment strategy has been designed in an effort to take advantage of the Congressional Effect. The Fund generally will invest in the U.S. stock market (through securities reflecting the S&P 500 index) on days when Congress is out of session and will be out of the U.S. stock market on days when Congress is in session.

## PRIMARY INVESTMENT INSTRUMENTS USED

### When Congress is In Session

Treasury Bills  
U.S. Government Obligations & Bonds  
Collateralized Repurchase Contracts  
Money Market Instruments & Funds

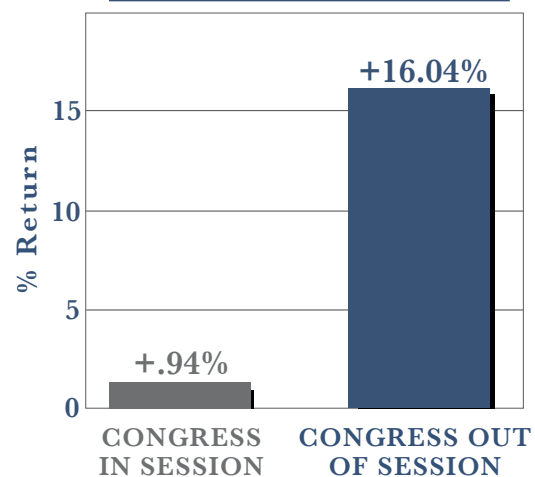
### When Congress is Out of Session\*

S&P 500 Index Futures Contracts  
E-mini S&P 500 Index Futures Contracts  
ETFs & Index Mutual Funds (that approximate the performance of the S&P 500)

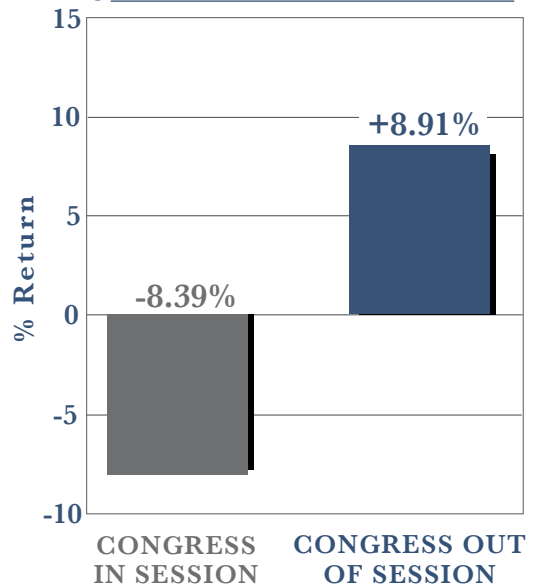
\* During this time, the Fund may also remain 90% or more invested in cash equivalent investments, in part to collateralize its futures contracts positions.

## S&P 500 INDEX DAILY PRICE GAIN ANNUALIZED

Jan. 1, 1965 - Dec. 31, 2009



Jan. 1, 2000 - Dec. 31, 2009



*The S&P 500 is an index created by Standard & Poor’s Corp. considered to represent the performance of the stock market generally. It is not an investment product available for purchase. In calculating these price gains, the Advisor used the performance of the S&P 500 without including dividends due to difficulties in obtaining daily data. If dividends had been included, the performance numbers for both in and out of session days would have been higher.*

## CONGRESSIONAL EFFECT FUND

### PERFORMANCE\* (CONGRESSIONAL EFFECT FUND, SYMBOL CEFFX)

	S&P 500	CEFFX	+/- S&P500
Inception through June 30, 2008	-7.81%	1.97%	9.78%
Inception through Dec.31, 2008	-34.20%	-2.19%	32.01%
Inception through June 30, 2009	-29.53%	-1.99%	27.54%
Inception through Dec. 31, 2009	-10.78%	-4.11%	6.67%
Inception through June 30, 2010	-11.30%	0.15%	11.45%
Year to date through June 30, 2010	<b>-6.65%</b>	7.30%	13.95%
One Year (06/30/09 - 06/30/10)	14.43%	2.57%	-11.86%

\*Performance Since Inception (May 23, 2008)

Expense Ratios – Gross 4.97%, Net 1.75%. The Congressional Effect Fund is a no-load Fund. The Advisor has agreed to maintain the Fund's total annual operating expenses at 1.75% through 8/1/11.

\*Aggregate total returns, not annualized, except for "One Year" which is annualized. Investments in mutual funds involve risks. Performance is historic and does not guarantee future results. Investment return and principal will fluctuate with changing market conditions so that when redeemed, shares may be worth less or more than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month end performance information, please call the Fund toll free at 1-888-553-4233 or visit [www.CongressionalEffect.com/performance.php](http://www.CongressionalEffect.com/performance.php) Investors should consider the investment objectives, risks, charges and expenses carefully before investing or sending money. This and other important information about the Fund can be found in the Fund's prospectus, For a prospectus containing this and other important information, call or write to the Fund c/o Matrix Capital Group, Inc., 630 Fitzwattertown Road, Willow Grove, PA 19090. Or you can download it at [www.CongressionalEffect.com](http://www.CongressionalEffect.com) Please read it carefully before investing.

### EQUITY AND DEBT MARKET EXPOSURE

A 45 year back test analysis of the Investment Strategy shows that Congress has historically been out of session roughly 35% of all trading days, and that the S&P 500 price went up at an annualized rate of +16.04% during this time. This result is in sharp contrast to the remainder of those trading days, when one or both houses of Congress were in session and the S&P 500 appreciated at an annualized rate of only +.94%. As a result, the Fund seeks capital appreciation and income from a balanced investment approach using two sources of return: price appreciation from equity exposure only on Out of Session days and interest from money market investments. Because of this, the Fund's Advisor believes it is "moderately allocated" between debt and equity exposure, and has been so classified by Morningstar.

It is the goal of the Fund to provide returns that are comparable to those historically provided by 100% exposure to equities, as measured by the S&P 500 index, while only being exposed to equities 35% or less of the time. The fund has substantially exceeded this goal since inception. However, there can be no assurance the Fund will meet this objective.

# CONGRESSIONAL EFFECT FUND

## WHO SHOULD INVEST?

Individuals concerned that Congressional action or proposed action may have unintended adverse consequences for the country generally or for specific industries;

Investors seeking both moderate growth of capital and income;

Investors seeking a simple way to achieve a balanced exposure to debt and equity holdings;

Investors with a long-term investment horizon.

## WHO SHOULD NOT INVEST?

Investors seeking maximum long-term growth of capital;

Investors unwilling to accept share price fluctuations;

Investors seeking exposure to global stock markets and/or foreign currencies.

*Investor should note the following risks associated with the Congressional Effect Fund:*

*The share price of the Fund changes daily based on the performance of the securities in which it invests. The ability of the Fund to meet its investment objectives is directly related to the Advisor's investment of the Fund's assets. The Fund's principal investment strategy and investment methodology is based on the Congressional Effect, but this investment strategy and methodology has not yet been applied in practice. The Advisor's use of an investment strategy based on the Congressional Effect may be ineffective because the Congressional Effect may not produce expected results, either for short or long-term periods. Moreover, the Fund cannot give any guarantee that the Congressional Effect observed during past periods will continue to be observed in the future. Therefore, there is no guarantee that the Fund's management style will produce the desired results, and the Fund may lose money.*

*While the Advisor periodically (at least daily) inquires as to whether each house of Congress is in session, the Advisor may not be able to make an accurate determination as to whether or not Congress is in session or intends to be in session at all times due to difficulties in obtaining legislative schedules, and unexpected or unannounced changes in such schedules. Because the Fund's investment strategy depends in large part on accurately determining when Congress is in session, inaccurate information about whether or not Congress is in session could negatively impact the performance of the Fund.*

*Because the Fund generally only expects to achieve capital appreciation during periods when Congress is out of session, the Fund may be susceptible to market timers who attempt to invest in the*

*Fund immediately before Congress is in recess, and divest from the Fund immediately before Congress convenes. Such market timing could present risks for other shareholders with long-term interests in the Fund, which may include, among other things, interference with the efficient management of the Fund's portfolio, increased brokerage and administrative costs, forcing the Fund to hold excess levels of cash to meet redemption requests, and an increase in costs to shareholders due to a decrease in the Fund's asset base.*

*Although the Fund has adopted certain policies and procedures intended to identify and to discourage frequent trading, including a redemption fee, it cannot ensure that all such activity can be identified or terminated.*

*Finally, the Fund will buy and sell portfolio securities in response to whether Congress is in session or out of session, without regard to the length of time they have been held. The Advisor anticipates that the Fund will generally move substantially all of its portfolio from "in session" investments (Cash and Cash Equivalents) to "out of session" investments (S&P 500 futures contracts) and vice versa each time Congress changes its session status. Since Congress's in session status can change daily, the Fund's portfolio will be changed rapidly (e.g., within a single trading day) a number of times during the year. Since portfolio turnover involves paying brokerage commissions and other transaction costs, portfolio changes cause additional expenses for the Fund.*

*However, the Advisor has entered into an Expense Limitation Agreement with the Fund under which it has agreed to reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, payments, if any, under the Distribution Plan and Acquired Fund Fees and Expenses) through August 1, 2011. As a result, the Fund's "Total Annual Fund Operating Expenses" will be limited to 1.75% of average daily net assets of the Fund.*

*This information is directed to U.S. investors. The Fund is not registered in all states.*

*Not FDIC Insured • No Bank Guarantee • May Lose Value*

## CONTACT

[www.CongressionalEffect.com](http://www.CongressionalEffect.com) → 1.888.553.4233