



# NCM Client Notification

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To our clients:

**YOU NEED NOT RESPOND TO ANY REQUESTS FOR PAPERWORK RELATED TO LITIGATION REGARDING SCHWAB YIELDPLUS. You have automatically been included.**

Many of you are receiving notifications regarding litigation directed at a fund we used to utilize named Schwab Yield Plus.

This was a Charles Schwab fund marketed as having only slightly higher risk than a money market. The fund invested in a variety of holdings, some of which were mortgage backed securities (MBS). The managers of the fund underestimated the extent of the damage to be inflicted upon the types of MBS's they used in the event of a mortgage meltdown.

When the fund share price began to slide in late 2007, the NCM Investment Committee could make little sense of it because interest rates were flat to declining. Share prices should have been rising.

After research and interviews regarding the cause for the decline we chose to liquidate all positions. We did this after only minor losses in late 2007 (the fund was down 1% for the calendar year).

Fortunately, our liquidations were early. Other investors too began to redeem shares forcing the fund to liquidate their MBS's in a very unfriendly environment. Those investors who remained were socked with an additional 35% loss in 2008 and another 11% in 2009. This was a stunning decline for any fund - stock or bond - but even more remarkable for one marketed as only slightly more aggressive than cash.

Based upon the seemingly inappropriate marketing of this fund, Charles Schwab was sued. You are a party to this class action litigation and there may be some recovery, although most losses were inconsequential.

To reiterate, you are automatically included and need not submit any paperwork.

Please remember that there is risk associated with everything in which we invest. NCM monitors this risk and watches for abnormal security performance given the investment environment. It is through this monitoring process we detected the Yield Plus fund's abnormality.

We will continue to seek out gains and mitigate losses in this very turbulent market and global economy. No easy feat.

Sincerely,

Northern Capital Management, Inc.

Investment Committee