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Market Overview

Despite the ongoing uncertainty posed by the European sovereign debt crisis, stock markets around the world jumped to a positive start for 2012. A key driver of stock market gains has been better-than-expected economic data, especially in the U.S. For instance, the most recent monthly payrolls report indicated that 243,000 jobs were created in the month of January, while the unemployment rate fell to the lowest level since January of 2009. For the month of January, the Dow Jones Industrial Average ended up 3.55% while the S&P 500 increased 4.48%. Stock market sectors with greater sensitivity to economic activity performed even better in January, such as the Russell 2000 Index of small-cap stocks that gained 7.06% during the month.

The month of January was also rewarding for fixed income investors willing to take on exposure to high yield corporate bonds. As the equity markets rallied, high yield corporate bonds led all fixed income sectors as the Barclays Capital High Yield Bond Index returned 3.04% for the month. As worries over a potential European credit crisis subsided, investors continued to look for additional yield. This increased appetite for risk also prompted investment grade corporate bonds to outperform U.S. Treasury securities for the month as the Barclays Capital Intermediate Corporate Bond Index returned 2.20% in January, compared to a return of just 0.51% for the Barclays Capital Intermediate U.S. Treasury Index.

Meeder Investment Models

Defensive Equity Model Update

Although our defensive equity investment model continues to indicate some elements of risk in the stock market, we

have noted a broad improvement in many of the trend and technical factors that deteriorated during 2011. In addition to the trend/technical components, our investment model is also comprised of interest rate and fundamental factors. The interest rate factors remain decisively positive, which is being driven by the Federal Reserve's decision to hold the fed funds rate at extremely low levels as well as the positive slope of the yield curve (see Chart 1).

The fundamental factors in our investment model also remain quite positive, which is being driven by the attractive level of stock market valuation compared to fixed income investments. For instance, the earnings yield of the S&P 500 Index is significantly above the yield being offered by short-term Treasury securities. Additionally, domestic gauges of economic activity continue to point toward growth, although the pace of the recovery may seem sluggish. For instance, durable goods orders (excluding the volatile transportation sector) increased by 2.2% in December from the prior month, and is the largest monthly gain since March of 2011.

While the interest rate and fundamental factors are positive in our investment model, the trend and technical factors suggest some elements of risk remain in the stock market. We utilize eight trend and technical factors in our investment model, with one factor still producing a negative reading. The negative reading belongs to the Directional Movement Index component, which measures the longer-term trend of the stock market.

Theme Model Update

The theme investment model continued to emphasize growth-oriented sectors in our equity positioning, including the technology and healthcare sector. Valuation measures, such as the earnings and cash flow yield, continue to favor the aforementioned sectors. Momentum variables utilized in our investment model also favor healthcare over a short- and intermediate-term basis. Finally, the steepness of the yield curve favors technology and healthcare, while elevated levels of volatility in the stock market support our healthcare overweight.

During the month of January, we avoided exposure to international markets. The key investment model factors driving preference for domestic securities include the cash flow yield valuation factor, as well as momentum variables given the out-performance of domestic securities compared to international markets over the intermediate-term time interval (see Chart 2 on next page). However, we have noted improvement in the international scores in our model, which is being driven by near-term performance as well as weakness in the dollar.

Chart 1: Yield Curve as of 1/31/2012

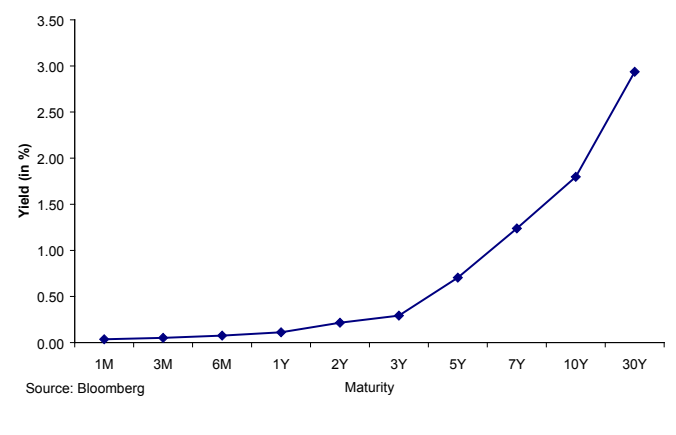
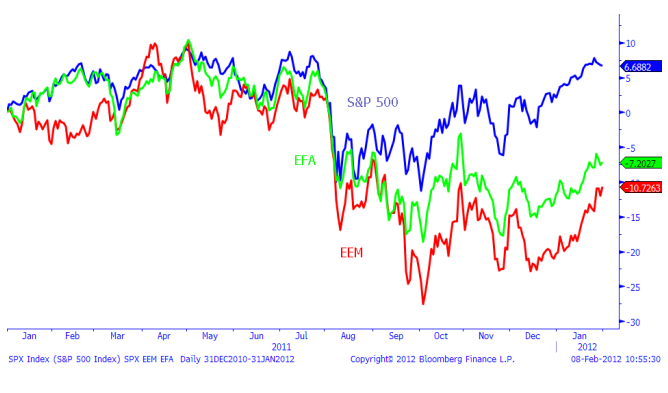


Chart 2: S&P 500 Index vs EFA & EEM



Fixed Income Model Update

In the month of January, the readings from our model that highlight fundamentals remained remarkably consistent with that of the previous month. The only factor that changed during the month was data tied to tracking currencies. This factor is part of our international model, which provides guidance for allocations between more speculative fixed income sectors. Movements between representative currencies tracked in the model indicated a more favorable environment for growth within the emerging market sector. This shifted the model slightly to favor emerging market bonds versus high yield corporate bonds. As the domestic credit quality model continued to favor high yield corporate bonds over investment grade corporate bonds and U.S. government securities, we increased the allocations to both high yield corporate bonds and emerging market bonds in The Total Return Bond Fund.

Current Portfolio Positioning

Equity

In our defensive equity portfolios, we are maintaining a partially defensive cash position due to the negative trend factor discussed in the model output section. However, we are prepared to increase our stock market exposure should we note further improvements in our trend and technical factors, which would complement the positive interest rate and fundamental components of our investment model.

Prepared by the Meeder Financial Investment Team.

Performance shown represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so an investor's shares or units, when redeemed, may be worth more or less than their original cost. For current Fund performance information visit www.flexfunds.com. Investors are advised to consider the investment objectives, risks, charges and expenses of The Flex-funds® carefully before investing. The Flex-funds® prospectus contains this and other information about the Funds and should be read carefully before investing. To request or receive a copy of The Flex-funds® prospectus, contact Shareholder Services at 800.325.3539 or visit www.flexfunds.com. Investments in foreign securities may entail unique risks, including political, market and currency risks. Opinions and forecasts regarding sectors, industries, companies, countries and/or themes, and portfolio composition and holdings, are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security, industry, or sector. The unmanaged Standard & Poor's (S&P) 500 Index is a market value-weighted index of common stocks considered representative of the broad market. Total returns for the unmanaged index assume change in security prices and reinvestment of dividends and capital gain distributions, but do not reflect the costs of managing a mutual fund. The Barclays Capital US Aggregate Bond Index is an unmanaged index of dollar-denominated non-convertible fixed-rate bonds issued by the U.S. Government that are rated investment-grade or higher, have a maturity of one to ten years, and at least \$250 million outstanding. The Index does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. The Russell 2000 Index is a market-capitalization weighted index of the 2,000 smallest companies included in the Russell 3000 Index. The Russell 3000 Index is a market-capitalization weighted index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2000 Index does not take into account the deduction of expenses associated with a mutual fund, such as investment management and accounting fees. One cannot invest directly in an index.

Regarding the stock market exposure in our tactical equity portfolios, we have reduced our exposure to small-cap investments. As previously discussed, our investment model decreased preference for these investments during January due to momentum and valuation factors, and we reduced our position as a result. We have also maintained our positions in the technology and healthcare sectors, but are reducing our overweight to growth investments relative to value investments following indications from our investment model.

Finally, we continue to avoid exposure to international markets, although we are monitoring our models carefully given the recent improvement in the international scores. As a point of reference, we eliminated our emerging market exposure at the beginning of July 2011, and have avoided developed international markets since December 2009. We are carefully monitoring our investment models, and are prepared to make additional adjustments if necessary.

Fixed Income

As our models continued to strengthen their conviction among more speculative sectors of the fixed income market during January, The Total Return Bond Fund (FLBDX) increased its allocation to both the high yield corporate bond and emerging market bond sectors of the fixed income market. Exposure to high yield corporate bonds increased from 20% to 30%, and exposure to emerging market bonds increased from 15% to 20% of the portfolio. This increased exposure benefitted the portfolio during the first month of 2012 as high yield corporate bonds and emerging market bonds outpaced Barclays Aggregate Bond Index by 2.16% and 0.75%, respectively.

The Flexible Fixed Income Portfolios maintained their 80% allocation to investment grade bonds as the models continued to favor this sector over U.S. Government securities. This was a benefit to the portfolio as intermediate corporate bonds outperformed intermediate treasury securities by 1.99% for the month.