



Advisor Profile

Minimum Initial Investment:	\$25,000	Risk Category:	Moderate to Aggressive
3-Yr. Annualized Return:	8.5%	Custodian:	Trust Co. of America
5-Yr. Annualized Return:	18.2%	Advisor Location:	White Plains, NY
Maximum Month-End Drawdown:	-12.9%	Performance as of:	April 30, 2012

Advisor Background

Vinay Munikoti, owner and founder of **System Research, LLC** has always had an interest in trying to explain physical phenomena with models and "expert systems". This curiosity led him to get his B.S. in Mechanical Engineering. After graduating, Vinay went to work as an engineer and in his spare time was investing his own money. His investment decisions at the time were based on gut feel and things seen in the financial news. As time went by, Vinay began to feel that there must be a way to be more systematic by applying the rigorous modeling seen in engineering to the financial markets, but wasn't sure where to begin.

It was at this point that he decided to leave his engineering job and try to learn more about quantitative methods in finance, eventually leading to an M.S. in Financial Engineering. Upon graduating, he spent several years working as a quantitative analyst for Commodity Trading Advisors and a Fund of Hedge Funds. At these firms, he worked on designing systematic investment models as well as portfolio risk management systems. The investment models were typically long/short active trading models allocating across asset classes such as bonds, equities, commodities and currencies.

During these years, he kept working on his own trading models which eventually evolved to incorporate not only price momentum but also macro-economic factors that can drive movement in the asset classes. In 2008, System Research, LLC began offering clients access to Vinay's highly developed investment models, which he characterizes as active long/short trading incorporating macro-economic forecasting and price momentum analysis.

The Equity Alternative Trading Model

The Equity Alternative trading strategy aims to capture movements in the US 30 Year Treasury Bond in both rising and falling interest rate environments. The program is driven by a quantitative approach that combines economic forecasting models and technical systems. The fundamental factors provide complementary information to the technical analysis, with the aim of achieving greater stability by combining the two types of inputs.

The strategy uses a quantitative, multi-model approach with each of four sub-models generating its own directional score. The sub-model output scores are aggregated using a consensus method to derive the top level signal. The sub-models give near-term forecasts for interest rates based on analysis of the following: inflationary forces, equity market risk appetite, and dynamics in interest rates. The average trade duration is approximately 11 days.

One of the unique features of the Equity Alternative Program is that it has a "flight to quality" indicator built into its model. As we all know, Treasury bond prices can sometimes shoot upward when global uncertainty or a market meltdown causes investors to seek out a safe haven. By building in a proprietary technical indicator to measure the chances of a flight to quality, we feel that Vinay has addressed one of the greatest uncertainties in 30-year Treasury bond trading over the coming years.

Positions can be long, short or neutral (cash). Allocations can be scaled based on the strength of the signal, but 100% long or short positions are most common. The program manages risk by reducing position size during adverse price moves and during excessive market volatility. Positions of less than 50% invested are common but 100% cash positions are rare. The model is 100% mechanical with no discretion.

* Past performance does not guarantee future results. See important performance disclosures on Page 4 of this Profile.

Equity Alternative is traded using long and inverse 30-year Treasury Bond index mutual funds at Rydex/Guggenheim. The **Government Long Bond 1.2X Strategy** provides the long exposure while the Inverse **Government Long Bond Strategy** provides an unleveraged “short” exposure.

Performance Evaluation

The historical performance of the Equity Alternative Program is characterized by opportunistic trading. Over the four complete calendar years of 2008 through 2011, Equity Alternative produced a range of net returns spanning from a low of 9.13% to a high of 58.53%. The program now has 5 years of actual returns with an admirable annualized return, net of all fees and expenses. We have also found that the Equity Alternative Program tends to be less likely to be whipsawed by volatile markets due to the average duration of its trades.

A more detailed performance analysis is found on Page 3 of this Advisor Profile. Reviewing these numbers, you will see that Equity Alternative not only beat its long-term bond benchmark since its inception, but also the S&P 500 Index, a broad measure of stock performance. Also important to any analysis is the correlation of returns as measured by R-squared. Equity Alternative has virtually no correlation with either the S&P 500 Index or the Barclay’s Long-Term Treasury Index since its inception. Thus, it has shown the ability to produce returns independent of the direction of both the stock and bond markets.

Best of all, this outsized performance is accompanied by impressive risk management. The worst peak-to-valley drawdown experienced by the Equity Alternative Program was only -12.9%, as compared to -50.9% for the S&P 500 Index. This drawdown is also in line with the -12.9% figure for the Barclay’s Long-Term Treasury Index. Higher absolute returns with less risk is the primary goal of this strategy and, so far, it hasn’t failed to deliver. (Of course, past performance can’t guarantee future results.)

Administration

Vinay’s business is essentially a one-man shop. However, like many other individual money managers, Vinay has outsourced administrative tasks to **Purcell Advisory Services** of Tacoma, Washington. Purcell provides back-office support for his trading activities, allowing him to concentrate on market analysis and the generation of a trading signal.

Vinay communicates his trading signals to Purcell on a daily basis, and they execute the trades and administer client accounts. Purcell is highly experienced when it comes to providing back-office operations for professional money managers, and currently does so

for a number of Investment Advisors nationwide. Purcell handles the account set-up paperwork, reporting, fee billing and other necessary back-office operations. Purcell can also serve as backup to Vinay and unwind any trades should he become incapacitated.

Client funds are held in individual accounts at Trust Company of America (TCA), and clients have online access to their accounts via the TCA website. Both TCA and Purcell Advisory Services issue quarterly statements, and TCA produces year-end tax reports. There are about 30 trades per year (15 round trips) on average and the program is not expected to be tax efficient. It will also be likely to produce wash sales in taxable accounts. Be sure to consult with your tax advisor if you have any questions about these issues.

The minimum account size for the **Equity Alternative Program** is \$25,000. Management fees are billed quarterly in advance, based on the following annual percentages for various assets under management:

First \$500,000	2.50%
\$500,000 to \$1 million	2.25% (entire account)
Over \$1 million	2.00% (entire account)

TCA charges a custodial fee of 1/10 of 1% on the account balance (10 basis points) for its custodial services. See mutual funds' prospectuses for details regarding their fees.

Conclusion

We feel the **Equity Alternative Program** may be a suitable investment choice for the investor who wants to have an actively managed long-term Treasury bond exposure with the ability to “short” the market when interest rates begin rising in the future. It may also be appropriate for investors who want a program with a past record of low correlation to both stock and Treasury bond indexes that offers the potential for reasonable absolute returns and limited losses.

Some clients may also see the benefit of combining the Equity Alternative Program with other non-correlated quantitative investment strategies offered in HWM’s **AdvisorLink** Program. Such combinations not only offer increased diversification, but also the potential to reduce drawdowns and enhance risk-adjusted returns.

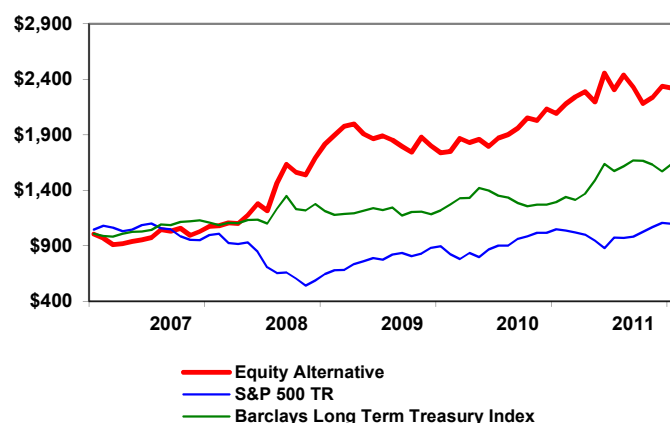
If you have questions about this program or would like to learn more about the various combinations of programs available at HWM, feel free to talk to one of our experienced Investment Consultants at 1-800-348-3601 or e-mail us at info@halbertwealth.com.

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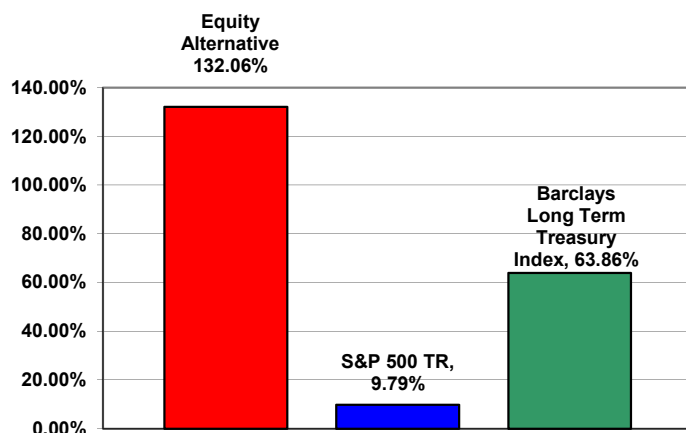
Summary

	Equity Alternative	S&P 500 TR	Barclays Long Term Treasury Index
Beginning Month	Apr-07	Apr-07	Apr-07
Ending Month	Apr-12	Apr-12	Apr-12
Total Return	132.1%	9.8%	63.9%
Annualized Return	18.0%	1.9%	10.2%
Three Year Avg Return	8.5%	19.5%	10.6%
Five Year Avg Return	18.2%	1.0%	10.2%
Worst Drawdown	(12.9)%	(50.9)%	(12.9)%
Current Losing Streak	(5.5)%	(0.6)%	(1.7)%
Standard Deviation	17.9%	18.9%	13.1%
Alpha (Annualized)		20.2%	12.6%
Beta		(0.09)	0.59
R-Squared		0.01	0.19
Sharpe (2.00%)	0.91	0.09	0.66
Semi Deviation	16.4%	21.1%	11.6%

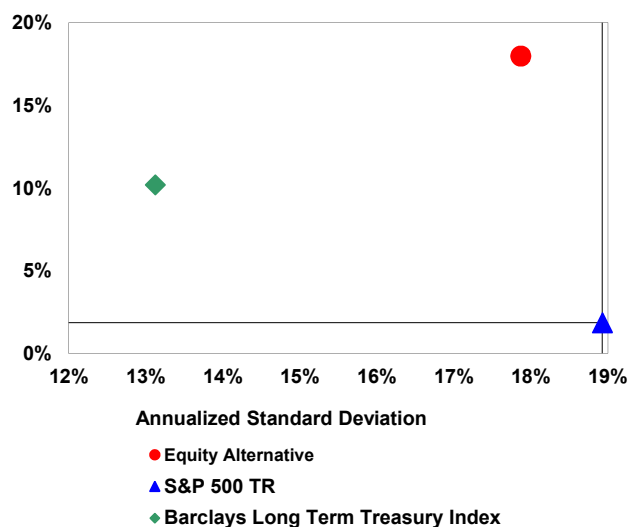
Growth of \$1000 Investment



Total Returns Since Inception



Risk vs. Return Scatterplot Since Inception



Annual Performance Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	(6.37)%	2.56%	4.53%	(0.72)%									(0.35)%
2011	4.78%	(1.10)%	5.12%	(1.93)%	4.16%	2.90%	1.99%	(4.01)%	11.82%	(6.12)%	5.79%	(4.49)%	18.90%
2010	(2.87)%	7.78%	(4.17)%	(3.47)%	0.70%	6.69%	(2.08)%	1.57%	(3.31)%	4.18%	1.68%	2.97%	9.13%
2009	(4.36)%	(1.63)%	9.98%	7.33%	4.45%	4.27%	0.98%	(4.47)%	(2.23)%	1.38%	(1.97)%	(3.12)%	9.83%
2008	2.47%	(6.01)%	3.60%	4.55%	0.32%	2.52%	(0.51)%	6.81%	8.93%	(4.93)%	20.17%	11.73%	58.53%
2007				0.43%	(3.71)%	(5.89)%	0.86%	2.21%	1.63%	2.06%	7.29%	(1.28)%	3.07%

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.
Please see Important Notes on Page 4

Important Notes

Halbert Wealth Management, Inc. (HWM), Systems Research, LLC (Systems), and Purcell Advisory Services, LLC (Purcell) are Investment Advisors registered with the SEC and/or their respective states. Information in this report is taken from sources believed reliable but its accuracy cannot be guaranteed. Any opinions stated are intended as general observations, not specific or personal investment advice. There is no foolproof way of selecting an Investment Advisor. Investments mentioned involve risk, and not all investments mentioned herein are appropriate for all investors. HWM receives compensation from the Advisors in exchange for introducing client accounts to the Advisors. For more information on HWM, Systems or Purcell, please consult their respective Form ADV Part 2, available at no charge upon request. Officers, employees, and affiliates of HWM may have investments managed by the Advisors discussed herein or others.

As benchmarks for comparison, the Standard & Poor's 500 Stock Index (which includes dividends) and the Barclays Long U.S. Treasury Index were used. Both represent unmanaged, passive buy-and-hold approaches, and are designed to represent their specific market. The volatility and investment characteristics of these indexes may differ materially (more or less) from that of the Equity Alternative trading program since they are unmanaged Indexes which cannot be invested in directly. The performance of the

S & P 500 Stock Index (with dividends reinvested) and the Barclays Long U.S. Treasury Index is not meant to imply that investors should consider an investment in the Equity Alternative trading program, which is actively managed, as comparable to an investment in the "blue chip" stocks that comprise the S & P 500 Stock Index or the US Treasury securities with a remaining maturity of 10 plus years that comprise the Barclays Long U.S. Treasury Index.

Historical performance data from inception through March 31, 2011 represents a track record from an actual account at another advisor managed using the same strategy as the strategy used by the Systems Research to supply the signals to Purcell. It has been adjusted for Purcell's annual fee of 2.5%. Performance from March 31, 2011 reflects the return of a representative account traded by Purcell Advisory Services. The representative account has the maximum fee (2.5%) withdrawn, has been in the strategy for no less than two consecutive months with no withdrawals, distributions or additions. Should the representative account fail to meet the criteria, another account that complies with the requirements will be substituted. The representative account is held at Rydex Funds. Accounts held at TCA are required to maintain a cash balance of 2% and are charged a custodial fee of 10 bps. This is not reflected in these returns so actual returns for accounts at TCA will vary. Returns reflect the reinvestment of dividends and other earnings, and are net of all transaction fees. Neither sets of these performance numbers have been verified by HWM, and therefore HWM is not responsible for their accuracy. Since all accounts in the program are managed similarly, the results shown are representative of the majority of participants in the Equity Alternative Program.

Purcell utilizes research signals purchased from Systems Research, an unaffiliated investment advisor. The signals are generated by the use of a proprietary model developed by Systems Research. Statistics for "Worst Drawdown" are calculated as of month-end. Drawdowns within a month may have been greater. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

When reviewing past performance records, it is important to note that different accounts, even though they are traded pursuant to the same strategy, can have varying results. The reasons for this include: i) the period of time in which the accounts are active; ii) the timing of contributions and withdrawals; iii) the account size; iv) the minimum investment requirements and/or withdrawal restrictions; and v) the rate of brokerage commissions, custodial fees and transaction fees charged to an account as well as any minimum cash balance requirements or additional fees for variable annuity accounts. There can be no assurance that an account opened by any person will achieve performance returns similar to those provided herein for accounts traded pursuant to the Equity Alternative trading program.

In addition, you should be aware that (i) the Equity Alternative trading program is speculative and involves risk; (ii) the Equity Alternative trading program's performance may be volatile; (iii) an investor could lose all or a substantial amount of his or her investment in the program; (iv) Purcell will have trading authority over an investor's account and the use of a single advisor could mean lack of diversification and consequently higher risk; and (v) the Equity Alternative's trading program's fees and expenses (if any) will reduce an investor's trading profits, or increase any trading losses.

Any investment in a mutual fund or money market fund carries the risk of loss. Mutual funds and money market funds have their own expenses which are outlined in the fund's prospectus. An account with any Advisor is not a bank account and is not guaranteed by FDIC or any other governmental agency. Management Fees are deducted quarterly, and are not accrued on a month-by-month basis. They do not include the effect of annual IRA fees or mutual fund sales charges, if applicable. Individual account results may vary based on each investor's unique situation. No adjustment has been made for income tax liability. Consult your tax advisor. "Annualized" returns take into account compounding of earnings over the course of an investment's actual track record. The results shown are for a limited time period and may not be representative of the results that would be achieved over a full market cycle or in different economic and market environments.

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