HALBERT WEALTH MANAGEMENT

CHALLENGING WALL STREET'S CONVENTIONAL WISDOM

Welcome to Halbert Wealth Management:

What would your financial life be like if you had access to the advantages of a major institutional investor?

The first difference would be a professional staff seeking out high quality investment managers with the potential to provide absolute returns – real growth of investment assets regardless of market conditions. A diverse set of alternative investment strategies would be available to you to build a portfolio appropriate for your personal situation. Your team would monitor the performance of every manager in your portfolio to see if the investments are performing as expected.

Your portfolio would be diversified not only by asset class, but also by investment strategy. A personal consultant would periodically bring you new ideas, new managers and new investment approaches to evaluate, and add to your portfolio if appropriate. Online access would be available from independent custodians holding your investments. Most of all, you would remain in control.

These are just some of the advantages Halbert Wealth Management brings to individuals just like you… professional investment management with the potential for results many institutional investors would be pleased to achieve.

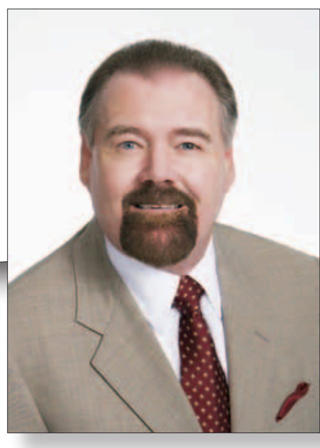
Halbert Wealth Management, however, goes beyond even that. The first money we place with a manager belongs to me, Gary D. Halbert. I invest to make money, just like you do. While investing always comes with a measure of risk, I want to know that there are strategies in place that seek to limit that risk. That's why Halbert Wealth Management works primarily with active investment managers and monitors their results on a daily basis.

The following pages will tell you more about why and how we help investors like yourself. I would also like to add the assurance that our professional staff is committed to responding quickly with the answers to your questions and with investment solutions to meet your needs.

At Halbert Wealth Management, we are challenging Wall Street's conventional wisdom to help you grow and manage your personal wealth.

Sincerely,

Gary D. Halbert
President



Gary D. Halbert
President and CEO

Editor since 1977 of FORECASTS & TRENDS — Gary D. Halbert's Weekly E-Letter

The value of an active management approach

There is an important difference between Halbert Wealth Management (HWM) and the conventional wisdom offered by the majority of investment advisors and the financial media. We do not believe in limiting your investment options to only passive buy-and-hold investing, where assets are allocated among a variety of static asset classes or index mutual funds.

Passive investing is a ***no-brakes*** approach to investing. It may work well in bull markets, but it fails virtually every test of risk management in market declines. And declines matter a great deal more than many investors realize. Historically, the major stock market indexes have spent 60% of the time either losing money in bear markets or struggling back to break even. That's not a prudent or efficient way to make money, in our opinion.

At HWM, we believe that investors should include allocations to "alternative investment strategies," with the potential to offset the volatility often found in passive buy-and-hold strategies. We define alternative investment strategies as those that use ***active management techniques*** in an effort to enhance performance, reduce volatility and provide additional portfolio diversification.

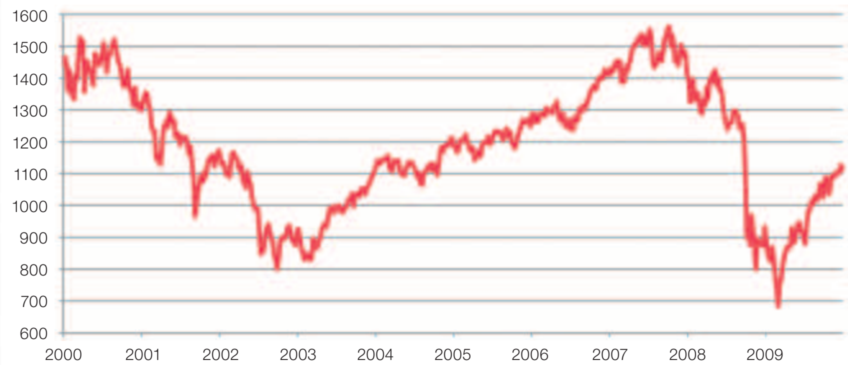
So, what are these "active management techniques?" In a nutshell, they are impartial, systematic approaches to managing money that seek to minimize losses or maximize gains regardless of the market environment. Examples include strategies that can move to cash or hedge long positions in bear markets and major corrections, use leverage to amplify market movements and even use "net short" trades for the potential to profit in declining markets.

Bear Market Realities

- Historically, bear markets happen on average once every five years.
- The average bear market costs investors 30% of their portfolios. That may not matter as much when you have 20 years to rebuild, but it is devastating when you are nearing retirement.
- Bear markets in the late 1980s and 1990s were relatively brief with quick recoveries. But it isn't always that way. The S&P 500 Index took more than seven years to recover from the bear market of 1973-1974. Back-to-back bear markets in 2000-2002 and 2008-2009 left many investors under water for over a decade.
- Bear markets do not happen in isolation, or overnight. Nor do bull markets.

The Lost Decade — 2000–2009

S&P 500 Index



The Standard & Poor's (S&P) 500 Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. Indices are not managed and do not incur fees or expenses. It is not possible to invest directly in an index.

Can you afford another decade like the one that ushered in the 21st century? From 2000 through 2009, most buy-and-hold portfolios saw little, if any, growth. The S&P 500 Index, shown above, began the year 2000 at 1469 only to end 2009 at 1115.

Past performance does not guarantee future results.

Active management strives to manage the risk of market downturns and hold on to the gains from up markets.

It's no secret that legendary investors rarely just buy and hold. Even Warren Buffett, for all his talk of long-term investing, liquidated his positions prior to the 1973-1974 bear market, explaining that there were no good buys. There is a difference, however, between the "buy low and sell high" decisions of professional managers and individual investors. That difference is the knowledge, objectivity and the investment strategies used by professionals.

Various studies by investment research firms have measured the effects of investor decisions to buy, sell and switch into and out of mutual funds. Typically, these studies show that the average fund investor earns significantly less than mutual fund performance reports suggest. The reason for this underperformance is the investor's natural urge to exit losing investments and look for the next "winner," buying high and selling low. Unfortunately, the typical solution suggested by these studies is that investors need to be taught to buy and hold, no matter what.

But it isn't that simple. **Not only are passive buy-and-hold strategies often an inefficient means of achieving wealth, they also run counter to human behavior.** In no other area of our lives are we taught that inaction and ignoring risk are the best strategies. When every investment offering is accompanied by the words Past performance is not a guarantee of future returns, why is it suddenly logical to say, "The market will recover in time for me to meet my financial goals if I just hold on?"

"Investing is simple, but not easy."

Warren Buffett,
in an interview on CNBC

Active management strives to reduce risk, improve returns

Active management is the "thinking" investor's approach. Active managers strive to understand the current market conditions and invest in those assets that their systems indicate have the greatest potential for producing consistent gains.

Our goal in using active managers is two-fold. The first is to lower the volatility of a portfolio by minimizing losses. The second is to participate in rising markets.

Mathematics of Gains and Losses

If the **DECLINE** is	It takes the following **GAIN** to break even
-25%	+33%
-33%	+50%
-50%	+100%
-75%	+300%
-90%	+900%

It is hard to overstate the importance of not losing money. It takes a 33% gain to make up a 25% loss. Lose 50% of your portfolio's value and you need to gain 100% to return to breakeven.

As the table above illustrates, if you can minimize the impact of market losses on your portfolio, you have more money to make money when the market rallies.

The second goal of active management is to participate in the majority of the market's rise. The key to a successful active management strategy is knowing when to get back in the market. Many investors miss much of an up cycle because they are hesitant to invest, fearful that the market will fall again. While not every position will produce gains, active management provides a systematic approach to investing that allows us to react to market conditions to manage risk and look for opportunities for profit.

The professional manager advantage

Do you need an investment manager? Our answer is unequivocally, **"Yes."** Even if you think you've done a good job managing your portfolio, the right professional management can make a big difference.

At HWM, we believe that investors who allow professionals to manage their money often do better than those who try to do it on their own. We strive to assure the success of your portfolio by selecting only those investment managers who meet our strict guidelines.

Good investment managers have spent years studying the financial markets and looking for ways to exploit market inefficiencies and trends to achieve positive returns without excessive risk. Many of the best managers are those who use quantitative analysis to remove emotional factors from their decisions. Quantitative — or technical — analysis also gives them the framework to repeat successful decisions. And it gives Halbert Wealth Management a means of evaluating why their investment approach worked and whether it has the potential to continue to be successful.

Professional management with HWM means control, transparency and liquidity. You have access to your assets at any time; portfolio positions are available online through the custodian's website and you ultimately control how your overall portfolio is invested.

Halbert Wealth Management investment principles:

1. **Effective diversification is more than just investing a portfolio in various asset classes.** Diversification should include various investment strategies and management styles as well as asset classes.
2. **Active investment strategies are the best means of achieving absolute returns in most market environments in our opinion.** We do not believe that passive asset allocation or buy-and-hold investment approaches are always in the best interest of investors. These approaches are often too high risk and leave most investors vulnerable to market downturns.
3. **Professional due diligence is a top priority.** When selecting managers for your assets, you cannot afford to take the manager's word for granted. We follow an extensive due diligence process before investing and throughout our relationship with a manager to help assure accuracy, accountability and performance.
4. **Markets and managers change.** Investments and managers need to be monitored and when necessary changed. To do so effectively, we use a systematic approach, based on experience and insight into the investment markets.

HWM seeks professional managers who have proven their ability to produce positive results for clients through a systematic approach to investing.

Past performance does not guarantee future results.

Halbert Wealth Management, Inc. finds, evaluates, and recommends professional money managers.

Halbert Wealth Management is an investment advisory firm registered with the U.S. Securities and Exchange Commission. As a Registered Investment Advisor, we have the fiduciary duty "to render to clients on a personal basis, competent, unbiased and continuous advice regarding the sound management of their investments." That requirement is at the heart of everything we do.

The members of our Investment Committee have more than 75 years of experience in evaluating money managers and investment strategies spanning a variety of market environments. This historical perspective provides a level of expertise only possible through hands-on experience over time. When we find money managers that meet our strict selection criteria, we monitor their performance and operations on an ongoing basis to assure that they continue to perform as anticipated. If need be, we will also suggest their replacement as performance and client needs dictate.

Knowing that HWM has conducted extensive due diligence on the managers and continues to monitor their operations and performance, do-it-yourself investors can select the Advisor(s) they feel best suit their goals and investment objectives.

For investors needing more assistance, HWM Investment Consultants can help identify suitable money managers, whether it be for an individual investment or an entire portfolio.

Ways You Can Access HWM's Innovative Approach to Money Management:

- The first is through ***AdvisorLink***,® which includes alternative investment strategies for both bull and bear markets with the goal of either minimizing risks or maximizing returns for the investor. All ***AdvisorLink*** programs employ active management strategies, and some of our more aggressive strategies even have the potential to make money in both up and down markets.
- The Absolute Return Portfolio (ARP) is another way for investors to gain access to HWM's expertise at a lower minimum investment. This portfolio also seeks to produce absolute returns and features a blend of traditional mutual funds selected and monitored by HWM. Unlike most ***AdvisorLink*** programs, ARP will not move to cash in down markets since active management strategies are often employed at the fund level.

In all of our relationships, HWM is an independent "manager of managers." We have no ownership position in the managers and mutual funds we offer. If at any time we feel a manager or fund no longer meets our performance or due diligence requirements, we have complete flexibility to suggest clients move to another program. This kind of service is often reserved for large institutional investors, but is now available to you through Halbert Wealth Management.

Few investors have the time and means to seek out the best investment managers, analyze their data and monitor the managers on a regular basis. At HWM, that is our job.

Becoming an HWM Client

Halbert Wealth Management has hundreds of clients all across America. Here's a surprising fact: **we have never met most of them**. Many of our clients come to us by way of referrals from our existing clients (thank you!).

We live in the Internet Age. It is no longer important that your investment advisor or broker be in your local community. **You can get advice virtually anywhere; it doesn't matter where you live**. So why limit it to your city or town? Just call us and we can help.

Call one of our experienced HWM Investment Consultants to discuss how our innovative investment strategies can be incorporated into your portfolio to help you attain the risk-adjusted returns you need.

To help us identify your investment goals, define your investment expectations, and determine your tolerance for investment risk, you may be asked to complete a **Confidential Investor Profile** questionnaire. The questionnaire can be completed online or by mail. Your confidential personal information will always remain confidential.

Please see our Privacy Policy at **www.halbertwealth.com**.

It is important to us that you only participate in investments that are tailored to your individual needs.

The value we add comes in our ability to provide you with carefully researched investment strategies and excellent client service. Only this way can we earn your trust and build a long-term relationship.

For more complete information on Halbert Wealth Management, including a discussion of fees, please request a copy of our ADV Part II or download it from our website at **www.halbertwealth.com**.

Call 800-348-3601 and ask for a Halbert Wealth Management Investment Consultant.

At HWM, our goal is your financial success.

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Important Information: Past returns are not necessarily indicative of future results. Securities trading, including investments in mutual funds, is not guaranteed and involves the risk of loss of principal. Mutual funds carry their own expenses which are outlined in the relevant mutual fund's prospectus. Programs offered are not bank accounts, and are not guaranteed by the FDIC or any other governmental agency. In addition, you should be aware that the programs offered i) involve varying degrees of risk; ii) may have volatile performance; iii) could result in an investor losing a significant amount of his or her investment; iv) will generally involve the use of a single Advisor with 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) will have fees and expenses that will reduce an investor's gross trading profits.

This information is not intended to provide any individual investment, financial, legal, regulatory, accounting or tax advice, and nothing herein should be construed as a recommendation by Halbert Wealth Management, its affiliates or any third party, to acquire, or dispose of any investment or security, or to engage in any investment strategy or transaction. You should consult your own investment, legal and/or tax professionals regarding your specific situation. See HWM's ADV Part II for more information, and you should review it before making a decision to invest.