



**HALBERT WEALTH  
MANAGEMENT**  
CHALLENGING WALL STREET'S CONVENTIONAL WISDOM

## Absolute Return Portfolio

### Advisor Profile

**Minimum Initial Investment:** \$15,000  
**Maximum Management Fee:\*** 1.25%  
**Custodian Fee:\*** Transaction-Based Fees

**Risk Category:** Moderate  
**Custodian:** TD Ameritrade Institutional  
**Performance as of:** January 31, 2010

### Investment Goal

The Halbert Wealth Management ("HWM") Absolute Return Portfolio (the "Portfolio") has been developed for investors who seek the potential for absolute returns with minimal losing periods. The concept of **absolute returns** refers to investments that have the potential to produce positive returns in both up and down markets. They differ from relative returns in that performance is not evaluated relative to a market index, but rather to the goal of a positive return.

In an effort to achieve the goal of absolute returns, HWM searches out equity mutual funds that have historically shown the ability to produce positive returns in various market environments. The objective is to select mutual funds whose managers employ active management strategies such as hedging, short selling, sector rotation or holding a higher percentage of assets in cash when there are no securities that fit the fund's investment objectives.

Once a mutual fund has shown it meets HWM's strict criteria discussed below, it is incorporated into a portfolio of other absolute return mutual funds. **In the case of the Portfolio, the goal is an attractive positive rate of return (net of fees) over three-year and five-year periods, with reasonable drawdowns at the portfolio level.**

Since the mutual funds making up the Absolute Return Portfolio will generally utilize active management strategies during difficult market conditions, the Portfolio will remain fully invested in the selected mutual funds at all times. **HWM will *not* move the Portfolio to cash positions during bear markets or major corrections.**

### Mutual Fund Selection Methodology

We search for suitable mutual funds by statistical analysis of the Morningstar mutual fund database of over 7,000 distinct mutual funds. Among the various criteria we look for are a low correlation with major market indices, low volatility, reasonable losing periods (drawdowns) and a history of mostly positive returns. In addition, prospective mutual funds must also be available through the TD Ameritrade brokerage platform.

This information is supplemented by additional detailed research from various financial publications, as well as the offering materials of the funds. No attempt is made to select funds based on asset allocation, a sector rotation model, or any other template that may seek to categorize mutual funds. Instead, the overriding criteria are consistent returns with managed risk.

After we narrow our search statistically, we conduct a subjective review of the mutual fund at their fund family website. We look for information that will tell us about the fund's investment discipline, the fund manager, and whether they use options, futures, short selling or cash for hedging. Our desire is to find a mutual fund manager who actively manages the fund's portfolio to maximize risk-adjusted returns.

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

Once suitable funds are identified, we combine them into the **Absolute Return Portfolio** in order to attain even greater diversification. Our goal is to select a group of funds that have various trading strategies, are not highly correlated with each other, and that may provide an attractive potential risk-managed return at the Portfolio level.

The Absolute Return Portfolio generally contains five equally weighted mutual funds, each of which having shown a historical ability to produce absolute returns in various market environments. **Because the Portfolio includes mutual funds that employ non-traditional active management strategies, it should only be considered by investors who are comfortable with moderate risk.**

Mutual fund selection and retention is not a one-time occurrence. We monitor the performance of the Portfolio on a daily basis, and also review the individual mutual funds within the Portfolio each calendar quarter. However, a more frequent review may be deemed necessary if there is a change in the fund manager, fund investment objective, or any other factor we deem to be important to the ongoing success of the fund.

Should our review determine that it is prudent to replace a fund or funds within the Portfolio, HWM will handle all of the paperwork. It is not necessary for you to take any action, we will make the trade automatically. While we will normally hold a mutual fund for at least one year to take advantage of long-term capital gain treatment for taxes, we will not do so if we feel the continued use of the fund within the Portfolio will not be in our clients' best interests.

On an annual basis, the Absolute Return Portfolio will be reviewed to determine if rebalancing is advisable in order to maintain an equal weighting. When making this determination, HWM will consider relevant factors such as the degree to which funds are out of balance, early redemption charges (if any), and the potential tax consequences to the investors. Rebalancing may be delayed if we think it may be prudent during unusual market conditions.

## Performance

The performance information on Page 3 illustrates actual **Portfolio** returns from October of 2005 to present. The actual trading results are net of all fees and expenses, and reflect annual rebalancing of the funds to be equally weighted within the Portfolio. Again for actual trading results, rebalancing time frames may be changed if we feel this is prudent.

While the performance information on Page 3 compares the **Portfolio** to major market indexes, remember that it is more important to evaluate the Portfolio based on its ability to generate consistent absolute returns in line with your individual investment goals. In addition, it is equally important to evaluate the risk management aspects of the Portfolio as compared to the roller coaster ride provided by most passively managed stock indices.

## Administration and Reporting

The minimum investment amount for the **Absolute Return Portfolio** is \$15,000. This investment strategy is available to any present or prospective client of Halbert Wealth Management. It may be particularly suited for assets held in separate accounts (an IRA or custodial account for example) that may not meet the account minimums of our other programs. The Absolute Return Portfolio may be used by individuals, trusts, corporations, IRAs, retirement plans and most other entities.

You will receive statements and annual tax information from TD Ameritrade. Be sure to consult with your tax advisor before making a decision to invest. The 1.25% management fee will be automatically withdrawn from the account in January and July of each year, in arrears. See the mutual funds' prospectuses for details on mutual fund fees.

Each year, HWM will contact you to see if your financial situation or investment goals have changed, and help you evaluate whether your investment in the Absolute Return Portfolio continues to be suitable.

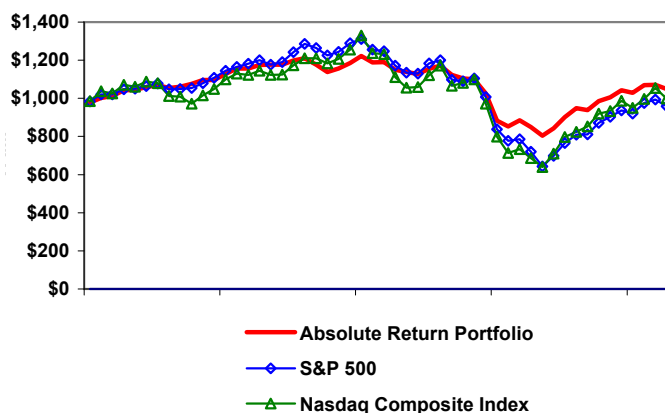
If you have any questions or would like to discuss the Absolute Return Portfolio in more detail, please call one of our experienced Investment Consultants at **1-800-348-3601**. They will be glad to answer any questions you may have and help you determine if this program may be suitable for you.

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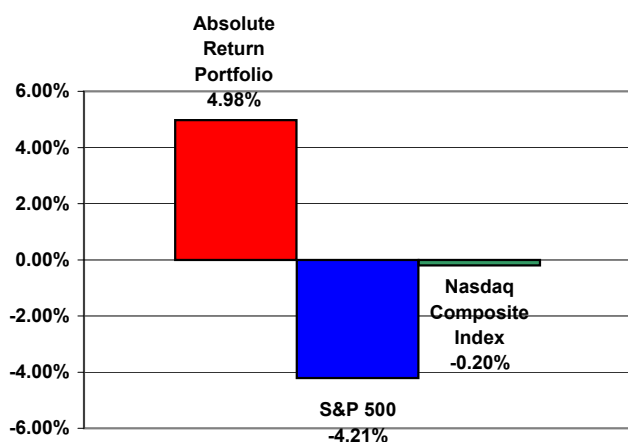
## Summary

	Absolute Return Portfolio	S&P 500	Nasdaq Composite Index
Beginning Month	Oct-05	Oct-05	Oct-05
Ending Month	Jan-10	Jan-10	Jan-10
Total Return	5.0%	(4.2%)	(0.2%)
Annualized Return	1.1%	(1.0%)	(0.0%)
Three Year Avg Return	(3.7%)	(7.2%)	(4.5%)
Four Year Avg Return	0.2%	(2.2%)	(1.8%)
Worst Drawdown	(34.2)%	(50.9)%	(51.8)%
Current Losing Streak	(14.1)%	(26.9)%	(24.9)%
Standard Deviation	12.0%	17.1%	20.2%
Alpha (Annualized)		1.5%	0.8%
Beta		0.66	0.53
R-Squared		0.89	0.79
Sharpe (5.00%)	-0.25	-0.26	-0.14
Semi Deviation	13.9%	22.3%	24.0%

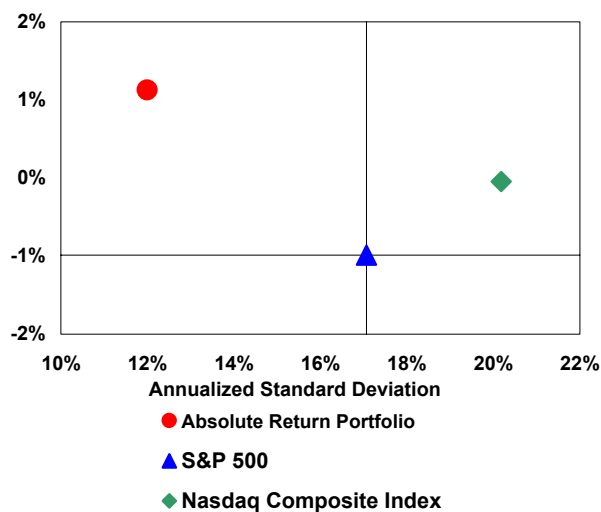
## Growth of \$1000 Investment



## 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
2010	(2.01)%												(2.01)%
2009	(3.85)%	(5.42)%	4.74%	7.08%	5.22%	(1.17)%	5.14%	1.96%	3.73%	(1.25)%	3.82%	0.23%	21.18%
2008	(3.35)%	(0.95)%	(0.94)%	2.39%	1.48%	(4.14)%	(1.71)%	(0.44)%	(6.68)%	(13.94)%	(3.41)%	3.62%	(25.69)%
2007	1.71%	0.13%	(0.07)%	1.84%	0.98%	(2.72)%	(3.30)%	1.69%	2.43%	3.11%	(2.76)%	0.09%	2.92%
2006	3.09%	0.13%	1.41%	0.91%	(1.40)%	0.74%	1.36%	1.88%	0.04%	2.89%	2.56%	(0.11)%	14.26%
2005										(2.17)%	2.47%	0.92%	1.17%

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

## Important Notes

Halbert Wealth Management, Inc. (HWM) is an Investment Advisor registered with the SEC. This report does not constitute a solicitation to residents of any jurisdiction where the program mentioned may not be available. Information in this report is taken from sources believed to be reliable but its accuracy cannot be guaranteed. Any opinions stated are intended as general observations, not specific or personal investment advice. Please consult a competent professional and the appropriate disclosure documents before making any investment decisions. Not all investments mentioned herein are appropriate for all investors. For more information on HWM, please consult the Form ADV Part II for HWM, available at no charge upon request. Officers, employees and affiliates of HWM may have investments managed in this program, in the funds in the program and others.

The performance shown illustrates the actual returns of an account in this program from October 2005 to present. From time to time, HWM will remove and replace the mutual funds in the program. Therefore, many of the funds currently in the program were not in the program during the entire period shown.

Another mutual fund program was previously offered by HWM using different funds and different fund selection criteria. The other program was an asset allocation strategy and sought to provide superior returns relative to major market indexes. In addition, there were previously two other portfolios offered, Moderate-Plus and Aggressive. The returns some clients experienced in these programs/portfolios were below the returns shown here, and these returns are not reflected in this performance illustration. The asset allocation strategy and the Moderate-Plus and Aggressive Portfolios are no longer offered by HWM.

The results are net of all fees and expenses, include the reinvestment of all dividends and capital gains, and generally reflect annual rebalancing of the funds to be equally weighted within the portfolio. Adjustments made to reflect management fees are done every six months, and are not accrued on a monthly basis for the results shown. The track record represents an account that is generally rebalanced annually, even if the fund does not meet the minimum additional investment requirements or the transaction costs would make rebalancing the account economically inefficient. Actual client accounts will not be rebalanced if they do not have sufficient cash to meet the fund's minimum additional purchase requirements, or if, in HWM's opinion, the transaction costs of rebalancing outweigh the potential benefits. In addition, accounts, including the track record account, may be rebalanced on a frequency more or less often than annually, or on a date other than the anniversary date if HWM believes it prudent. Accordingly, actual client accounts may not be managed in the exact same manner as the tracking account. The performance of the tracking account may be different from actual client accounts, and this difference may grow over time.

When reviewing past performance records, it is important to note that different accounts, even though they are managed pursuant to the same strategy, can have varying results. The reasons for this include: 1) the period of time in which the accounts are active; 2) the timing of contributions and withdrawals; 3) the account size; 4) the minimum investment requirements and/or withdrawal restrictions; 5) the rate of brokerage commissions and transaction fees charged to an account; and 6) restrictions, limitations or decisions on whether the account can be rebalanced annually, or if rebalancing is delayed. There can be no assurance that an account opened by any person will achieve performance returns similar to those provided herein for accounts.

In addition, you should be aware that: 1) this program is speculative and involves a moderate degree of risk; 2) the program's performance may be volatile; 3) an investor could lose all or a substantial amount of his or her investment in the program; 4) HWM 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 5) the program's expenses will reduce an investor's trading profits, or increase any trading losses.

Past performance is not indicative of future results. No representation is made that the investor will obtain similar results to those shown above. Performance does not reflect the effects of taxation, which results in lower returns to taxable investors. Consult your tax advisor. "Annualized" returns take into account compounding of earnings over the course of an investment's actual track record. As benchmarks for comparison, the Standard & Poor's 500 Stock Index and the NASDAQ Composite Index (which include dividends) represent unmanaged, passive buy-and-hold approaches. The volatility and investment characteristics of the S&P 500 and the NASDAQ Composite Index may differ materially (more or less) from that of the Advisor, since they are unmanaged Indexes which cannot be invested in directly. The performance of the S & P 500 Stock Index and the NASDAQ Composite is not meant to imply that investors should consider an investment in this 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 stocks listed on The NASDAQ Stock Market that comprise the NASDAQ Composite. Statistics for "Worst Drawdown" are calculated at month end. Drawdowns within the month may have been greater. 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 or market conditions.

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