



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

Third Day Advisors, LLC Ultra Aggressive Strategy

Advisor Profile

Minimum Initial Investment: \$50,000

Avg Annual Return From Inception:* 7.1%

Maximum Drawdown:* -29.4%

Risk-Category: Very Aggressive

Custodian: Rydex Series Trust

Advisor Managed Assets: Under \$10 million

Performance as of: July 31, 2010

Background

Like many active money managers, Third Day Advisors founder **Ken Whitley** began his career in an industry unrelated to investments and asset management. Ken graduated from college in 1981 with a B.S. in Computer Science, and has spent his career in the fast-paced high-tech industry. After working for various employers in the high-tech industry, Ken joined a small software company. When this company's software product was acquired by Intel Corporation in 1997, an offer of employment came with the deal. Ken accepted the offer and worked full-time for Intel until January of 2007. Ken now is a full-time money manager.

Having enjoyed the fruits of the 1990s high tech boom, Ken built up a nest egg that he then sought to invest. He began studying the market in his spare time, and after much trial and error, developed a sophisticated model for trading the Nasdaq 100 Index. In November of 2001, Ken completed back-testing of his system to 1995, and concluded that it had a great deal of potential. He then started trading his own money using his system's signals.

In 2003, Ken brought in Doug Fisher and his wife Angela as additional partners in Third Day. Doug, who is still an employee of Intel, provides trading backup and marketing assistance while Angela is responsible for day-to-day trade execution.

The Third Day Ultra Aggressive Strategy

Aggressive investors often seek out programs that can utilize leverage and short positions in an effort to enhance performance. The Third Day Ultra Aggressive Strategy fills this need by providing investors with a leveraged long and short exposure to the Nasdaq 100 Index. The Ultra Aggressive Strategy is traded based on the same systematic trading model that Third Day uses for its Aggressive Strategy, except that allocations can be up to a maximum of 100% of the account value. This results in up to a 200% exposure (long or short) to the performance of the Nasdaq 100 Index.

Third Day's Aggressive Strategy is a proprietary blend of momentum, trend-following and overbought/oversold indicators. There are nine basic indicators that Ken uses to analyze the market, with a number of sub-indicators that also factor into each trading decision. Each indicator "votes" on whether to be long, short or neutral in the market. The relative strength of each indicator then determines to what extent the Third Day program will be invested in the market. The model is 100% "mechanical" (ie – systematic) though Ken does reserve the right to override his system's signals in the case of a national emergency or other unusual circumstances.

The investment vehicles used are the **Rydex Nasdaq 100 2X Strategy** and **Rydex Inverse Nasdaq 100 2X Strategy** mutual funds. These funds are part of the Rydex Dynamic class of funds that seek to provide investment returns that correlate to 200% of the daily performance of the Nasdaq 100 Index, with the Nasdaq 100 2X Strategy Fund providing a positive correlation (long) and the Inverse Nasdaq 100 2X Strategy Fund providing a negative correlation (short).

These specialized mutual funds allow Third Day the ability to be "**long**" or "**short**" the market depending on its signals. Also, unlike most other mutual funds, the Rydex Dynamic funds allow Third Day to **trade in or out of a fund two times per day**, once at 10:45 AM Eastern time and again as of the close of business at 4:00 PM Eastern time. This can be a big advantage.

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

As noted above, the Ultra Aggressive Strategy can allocate up to 100% of the account value to a trade, whereas Third Day's Aggressive Strategy is limited to a maximum of 75%. However, maximum allocations (100%) are rare. According to Third Day the program is anticipated to be in cash (money market fund) approximately 30-40% of the time in any given year, based on historical performance.

The Third Day Ultra Aggressive Strategy does not currently employ any traditional stop-loss techniques to automatically exit losing trades. This is another reason why the program should primarily be considered by **very aggressive** investors who are comfortable with high volatility and significant periodic drawdowns.

Performance Evaluation

While Third Day's trading model has been tested by a variety of market environments since its inception in 2001, the Ultra Aggressive Strategy has actively traded the signal only since January of 2004. As the performance information on the next page shows, Ken's system fared well in the low volatility markets of 2004 – 2006.

Since no trading system can successfully navigate every kind of market environment, it was no surprise when the extreme volatility brought about by the subprime crisis and resulting credit crunch proved to be difficult for Third Day's strategy in 2007 and early 2008. We observed that many other professional money managers suffered the same fate.

Our analysis found that during this period of time, the dynamics and volatility of the Nasdaq 100 Index contributed to Third Day's below-average performance. Since the Nasdaq 100 Index is generally considered to be a proxy for "tech" stocks, good or bad news about the tech sector seems to have caused this index to move independently of the broad market's direction. We feel this is why Third Day's S&P Plan fared better during 2007 than the Aggressive and Ultra Aggressive Strategies.

While Ken Whitley believes, and we agree, that the use of leveraged mutual funds tracking the Nasdaq 100 Index has the potential to provide positive returns, we must also consider this program to essentially be a **"tech sector play."** As such, it will likely be subject to price movements that may or may not affect the broad market indexes, and may struggle in certain market environments.

The Trading Platform

As noted above, Third Day is a small shop, with both Ken and Angela working from home, so you may wonder how Third Day can trade effectively. Fortunately the Rydex family of mutual funds has developed a trading platform custom-made for active

money managers like Third Day. Each trading day, Ken and Angela both input the market data into the system and generate a trading signal. Angela then accesses the Rydex online trading program and enters the necessary trades.

The Rydex online trading platform allows Third Day to execute trades for an entire group of clients with just one trading instruction. Thus, the trading system automatically allocates the appropriate portion of each similarly situated client's account to the proper index mutual fund, or to the money market if the signal is neutral. For backup, Ken and Angela each have their own Internet service and work in separate locations, so simultaneous power outages are less likely. Plus, Third Day can also call in trades to Rydex should both Ken and Angela lose Internet access.

Client funds are held in Rydex mutual fund accounts, and investors have daily access to their accounts through the Rydex website. Rydex issues quarterly statements, and also provides year-end tax reports.

The minimum account size for the Third Day Ultra Aggressive Strategy is \$50,000. Rydex charges no custodial fee other than a \$15 per account IRA fee, though each mutual fund has its own expenses (see funds' prospectuses for more details). Management fees are billed quarterly in advance, based on the following annual percentages for various assets under management:

\$50,000 to \$10,000,000	2.50%
\$10,000,000 and above	2.00% (entire account)

Conclusion

The Third Day Ultra Aggressive Strategy may be an attractive option for very aggressive investors who want both a leveraged long and short exposure in the tech-heavy Nasdaq 100 Index.

The short-term trading nature of the Third Day Ultra Aggressive Strategy will mean that there will be a significant amount of activity in your account. Gains or losses are likely to be short-term in nature and "wash sale" rules will likely apply to accounts not held within an annuity or tax-qualified account such as an IRA or other retirement plan. Therefore, be sure to consult with your tax advisor before making a decision to invest.

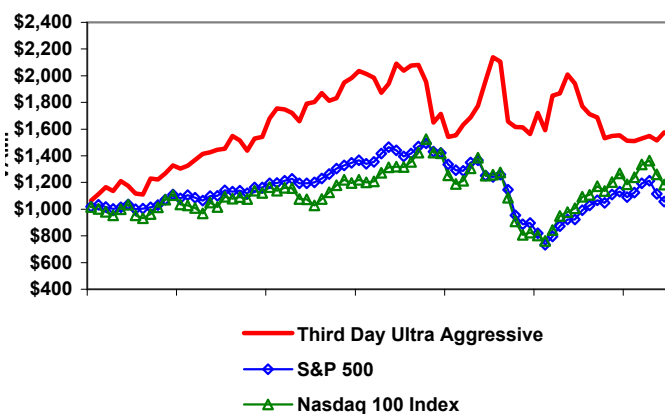
If you want to learn more about the Third Day Ultra Aggressive Strategy, or have questions regarding any of the information provided in this Profile, you can call HWM at **1-800-348-3601**, or e-mail us at info@halbertywealth.com.

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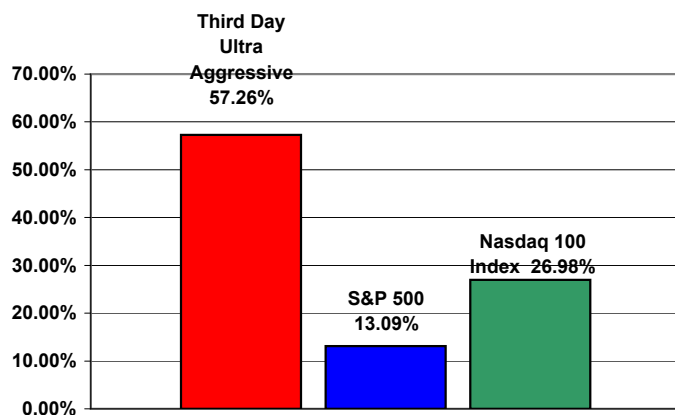
Summary

	Third Day Ultra Aggressive	S&P 500	Nasdaq 100 Index
Beginning Month	Jan-04	Jan-04	Jan-04
Ending Month	Jul-10	Jul-10	Jul-10
Total Return	57.3%	13.1%	27.0%
Annualized Return	7.1%	1.9%	3.7%
Three Year Avg Return	(8.3%)	(6.8%)	(1.2%)
Five Year Avg Return	1.6%	(0.2%)	3.0%
Worst Drawdown	(29.4)%	(50.9)%	(50.1)%
Current Losing Streak	(26.5)%	(24.3)%	(16.7)%
Standard Deviation	20.1%	15.3%	19.7%
Alpha (Annualized)		8.2%	7.2%
Beta		0.35	0.35
R-Squared		0.07	0.11
Sharpe (3.00%)	0.30	0.01	0.13
Semi Deviation	21.9%	19.3%	22.5%

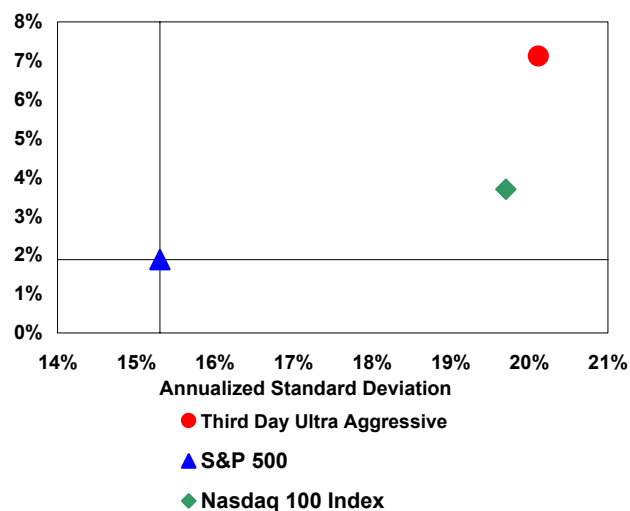
Growth of \$1000 Investment



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	(2.65)%	(0.23)%	1.32%	1.25%	(2.12)%	3.89%	(0.14)%						1.18%
2009	10.08%	(7.55)%	16.29%	0.90%	7.57%	(3.31)%	(8.72)%	(3.47)%	(1.32)%	(9.29)%	1.10%	0.37%	(0.59)%
2008	(10.18)%	0.89%	4.98%	3.47%	5.05%	10.75%	8.87%	(1.58)%	(21.32)%	(2.43)%	(0.18)%	(3.06)%	(8.85)%
2007	2.63%	(1.09)%	(1.41)%	(5.65)%	3.52%	7.86%	(2.56)%	1.96%	0.23%	(6.16)%	(15.53)%	3.93%	(13.51)%
2006	9.09%	4.40%	(0.46)%	(1.57)%	(3.59)%	7.93%	0.72%	3.76%	(3.16)%	1.16%	6.35%	1.76%	28.65%
2005	(1.82)%	1.69%	3.27%	3.31%	0.85%	1.38%	0.47%	6.61%	(2.23)%	(5.10)%	6.36%	0.82%	16.06%
2004	6.53%	4.33%	4.83%	(2.48)%	6.49%	(3.00)%	(4.90)%	(0.66)%	10.96%	(0.58)%	3.71%	4.71%	32.83%

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

Important Notes

Halbert Wealth Management, Inc. (HWM) and Third Day Advisors, LLC ("TDA") 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. Please consult a competent professional and the appropriate disclosure documents before making any investment decisions. Investments mentioned involve risk, and not all investments mentioned herein are appropriate for all investors. HWM receives compensation from TDA in exchange for introducing client accounts. For more information on HWM or TDA, please consult Form ADV Part II, 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 NASDAQ 100 Index represent an unmanaged, passive buy-and-hold approach. The volatility and investment characteristics of these benchmarks cited may differ materially (more or less) from that of the Third Day Ultra Aggressive Plan since they are unmanaged Indexes which cannot be invested in directly. The performance of the S & P 500 Stock Index and the NASDAQ 100 is not meant to imply that investors should consider an investment in the Third Day Ultra Aggressive Plan 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 100 largest non-financial stocks listed on The NASDAQ Stock Market that comprise the NASDAQ 100. Historical performance data represents an actual account in a program named Third Day Ultra Aggressive Plan, custodied at Rydex Series Trust, and verified by Theta Investment Research, LLC. These results reflect actual trades in a proprietary account of the Advisor, managed to mimic the Advisor's trading signals. The results may not reflect the performance of actual client accounts due to contributions and withdrawals from client accounts, tax loss sales, client-imposed investment restrictions and other factors. These performance numbers have not been verified by HWM, and therefore HWM is not responsible for their accuracy. The signals are generated by the use of a proprietary model developed by Third Day Advisors, with the objective of using leveraged long and short market exposure to generate profitable trades. 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. Mutual funds carry 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.

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 and transaction fees charged to an account. 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 Third Day Ultra Aggressive Plan trading program.

In addition, you should be aware that (i) the Third Day Ultra Aggressive Plan is speculative and involves a high degree of risk; (ii) the Third Day 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) Third Day 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 Third Day trading program's fees and expenses (if any) will reduce an investor's trading profits, or increase any trading losses.

Returns illustrated are net of the management fees, custodial fees, underlying mutual fund management fees, and other fund expenses such as 12b-1 fees. Management fees are deducted from the account on a quarterly basis, and are not accrued monthly. They do not include the effect of annual IRA fees or mutual fund sales charges, if applicable. 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. Dividends and capital gains have been reinvested. Money market funds are not bank accounts, do not carry deposit insurance, and do involve risk of loss. 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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