



iSectors Endowment Series Overview

LIQUID ALTERNATIVE INVESTMENTS

Five iSectors® Endowment Allocation models are intended to be complete, optimally allocated and well-diversified portfolios, each designed for a respective level of client risk tolerance. Endowment models are comprised of traditional investments (stocks and bonds), along with an allocation to important alternative investments such as hedge funds, private equity, soft commodities, precious metals, natural resources, real estate, and other real assets. The iSectors Endowment Allocation model portfolios are tax-efficient, diversified, liquid and low cost relative to actively-managed mutual funds.

Benefits of Alternative Investments —

The attractiveness of alternative investments is the potential for better returns. This is best exemplified by university endowment fund managers such as Yale University's David Swenson. Recognizing that traditional stock and bond markets are efficient (and thus offer average return potential), these managers have invested a greater percentage of their portfolios in alternative asset classes. As a result, they have profited from the inefficiencies within those various alternative asset class markets while, at the same time, reducing risk because of the low correlation between alternatives and traditional investments.

Alternatives Have Historically Contributed to Higher Returns		
Asset Class Holdings as % of Portfolio-- Yale vs. Other Endowments		
	Yale University Endowment	Average University Endowment
Domestic Equity	7.5	18.0
International Equity	9.8	14.0
Fixed Income	4.0	13.0
Real Assets	32.0	25.0*
Private Equity	24.3	
Hedge Funds	24.3	
Cash/Short-Term	-1.9	8.0
10 Yr. Avg. Annual Return (%) <i>For period end 6/30/2009</i>	11.8	4.0

* Reflects entire alternative assets allocation (Real Assets, Private Equity & Hedge Strategies)
Sources: 2008-09 Yale University Financial Report; 2009 NACUBO-Commonfund Study of Endowments

Yale University allocates a greater percentage of their endowment portfolio to alternative asset classes, which has led to higher returns.

The Problems — Alternative investments (i.e., hedge funds, private equity and real assets) have historically been legally restricted to institutional and high net-worth or accredited investors (those whose net worth exceeds \$1 million). These legal restrictions (meant to protect investors) were primarily due to the lack of alternative investments available as registered securities. Unregistered securities (like limited partnerships) require large investment minimums; they lack transparency; they tend to be very illiquid; they have astonishingly high fees; and, they possess complicated tax reporting issues (i.e. annual K-1 tax reports).

Solution — In recent years, many alternative investments have become available in the form of liquid, regulated securities. These include: open and closed-end mutual funds, ETFs, ETNs and others. iSectors has combined alternative investments such as Real Estate, Hedge Strategies and Private Equity into our Endowment Allocation models so investors can obtain the potential benefits of alternative investments (in the form of registered liquid securities) without the drawbacks typically associated with partnership investments.

iSectors Endowment Allocation models are available to unaccredited investors as a separately managed account (SMA) held in the client's name at an independent custodian. iSectors Endowment models maintain low expenses relative to many actively-managed mutual funds; provide daily pricing and performance updates; and, timely year-end tax reporting. In addition, iSectors Endowment model portfolios maintain daily liquidity, accept low minimum investments and assess no performance-based fees. iSectors Endowment model allocations are available only through Registered Investment Advisors.

What Are Alternative Investments?

Examples include hedge funds, commodities, precious metals, real estate and foreign currency.



Diversification does not ensure a profit nor prevent a loss in a general market decline. iSectors Endowment models are not guaranteed and will fluctuate in value. See reverse for fee and additional disclosure information.

Asset Class Allocation (%)					
	Endowment 20-80 (Conservative)	Endowment 40-60 (Conservative-Mod)	Endowment 60-40 (Moderate)	Endowment 80-20 (Aggressive)	Endowment 100-0 (Equity Aggressive)
Equity	10	20	30	50	60
Fixed Income	70	40	10	10	0
Alternatives	20	40	60	40	40
Total	100	100	100	100	100

Note: Percentages shown are approximate target allocations under normal market conditions. Actual allocations may vary. Two percent of each portfolio will be held in cash for liquidity and to facilitate transactions.

- **iSectors® Endowment Allocation 20-80 - Conservative.** Invests approximately 10% of assets in domestic, international and emerging market equities, 70% in fixed income investments (including domestic, municipal, corporate, high-yield and international bond portfolios), with the remaining 20% in liquid alternative asset classes, such as commodities, gold, REITs, hedge strategies, etc.
- **iSectors® Endowment Allocation 40-60 - Moderately conservative.** Invests approximately 20% of assets in domestic, international and emerging market equities, 40% in fixed income or similar investments, and 40% in liquid alternative assets.
- **iSectors® Endowment Allocation 60-40 - Moderate.** Invests approximately 30% of assets in domestic, international and emerging market equities, 10% in fixed income or similar investments, and 60% in liquid alternative assets.
- **iSectors® Endowment Allocation 80-20 - Aggressive.** Invests approximately 50% of assets in domestic, international and emerging market equities, 10% in fixed income or similar investments, and 40% in a diversified mix of liquid alternative assets.
- **iSectors® Endowment Allocation 100-0 - Equity Aggressive.** Sixty percent (60%) of the portfolio is invested in domestic, international and emerging market equities, with 40% invested in liquid alternative assets.

Fees

iSectors fee: The current maximum annual fee for any iSectors model is 0.30% of assets under management. iSectors' fees are negotiable and subject to change. Minimum investment in any single iSectors Endowment Portfolio is \$100,000.

Additional fee information: Other fees apply. These fees may include investment platform, custody, trading, and advisor fees. ERISA (retirement) accounts may be subject to additional record keeping and administrative fees. For information about the fees that pertain to your account, check with your adviser.

iSectors® is a series of proprietary asset allocation models and services. **iSectors®, LLC** is an affiliate of **Sumnicht & Associates, LLC** (Sumnicht) and, as such, iSectors and Sumnicht share certain employees' services. iSectors became a separate Registered Investment Advisor in August 2008. iSectors Allocation model portfolios are only available through Registered Investment Advisors. iSectors is a registered trademark of Sumnicht Holdings, LLC.

iSectors' Allocation Portfolios are not guaranteed and involve risk of loss. At any given point in time, the value of an iSectors Allocation Portfolio may be worth more or less than the amount invested. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments and/or investment strategies devised or undertaken by iSectors) will be either suitable or profitable for a client's or prospective client's portfolio.

This is not an offer to buy, nor an offer to sell securities. Information pertaining to iSectors advisory operations, services, and fees is set forth in its current disclosure statements (Form ADV, Part II), a copy of which is available upon request.

This presentation has not been approved by FINRA or SEC.