Financial Advisor and Private Wealth Magazines Present

FIRST ANNUAL

Innovative Alternative Strategies

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION AND ALPHA

Advisors Explain Their Own Alternative Strategies

Moderator

Jeff Schlegel
Senior Editor
Financial Advisor Magazine

Panelists

DeFred Folts,
Windward Investments Management

Suzanne Hamilton
Fund Manager; President
Legacy Capital Fund, LP;
Legacy Asset Management, Inc.

Michael Underhill
Capital Innovations, LLC

DeFred G. Folts III "Fritz"
Senior Principal & Member of the Investment Committee
Windward Investment Management, Inc.

Fritz Folts has over 20 years of experience in the investment industry and joined Windward in 2003 from Lehman Brothers. Prior to Lehman, he co-founded and served as President of Saugatuck Securities, Inc., of Westport, CT. Saugatuck was a registered broker-dealer firm which provided investment banking and private placement services to hedge fund and private equity firms. Mr. Folts began his career at The Boston Company where he ultimately served as Vice President and Director of Global Funding for the then newly formed Boston Safe Deposit & Trust Co. (UK) Ltd., in London, England. Fritz has spoken at numerous investment industry conferences and panels about the use of ETF's {Exchange Traded Funds} as investment vehicles in professional portfolio management.

Fritz is a graduate of Connecticut College, and he received his MBA degree from IESE (Instituto de Estudios Superiores de la Empresa), a bilingual Spanish/English MBA program in Barcelona, Spain. Fritz enjoys golf, alpine skiing, fishing for striped bass in the Kennebec River region of mid-coast Maine and upland field training of his Labrador retrievers.

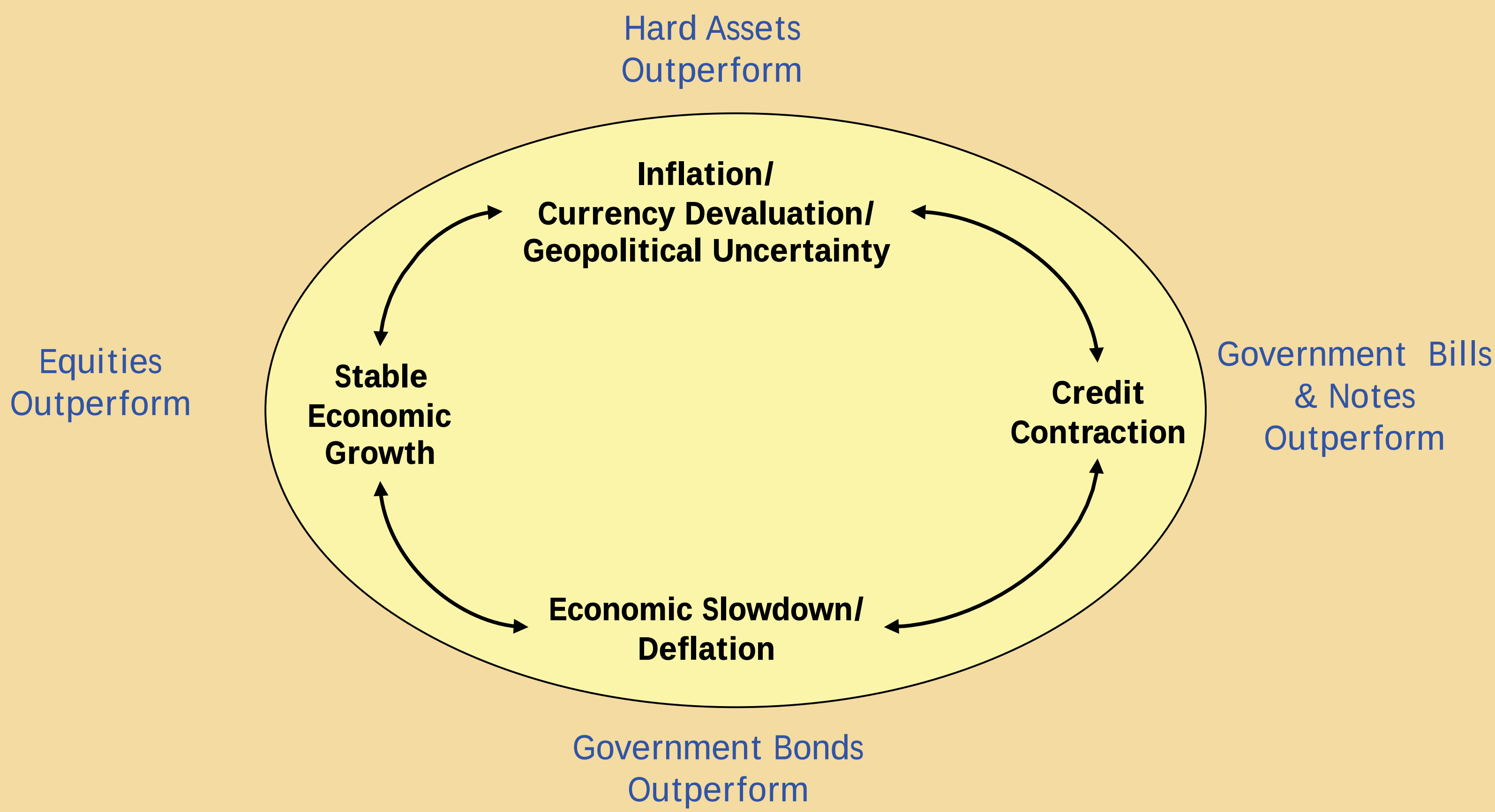
Windward Highlights

Windward Investment Management, Inc. is an SEC-registered independent investment advisory firm with approximately $3.8 billion in assets under management.

- Markets are generally micro-efficient, but macro-inefficient {*or at least less efficient*}.
- Historical Gaussian risk analysis significantly underestimates actual portfolio risk (and is especially vulnerable to improbable "*black swan*" or "*fat tail*" events)
- Windward models the global capital markets as a nonlinear, dynamic system of inter-related variables.
- Active Portfolio Management through passive index vehicles – ETF's {Exchange Traded Funds}.
- Hedged portfolios through broad diversification across both asset classes as well as geographies.
- Risk management through a multiple objective function to maximize risk-adjusted returns and minimize maximum drawdown.

The Importance of Investing Across A Broad Range Of Asset Classes

Generally each phase of the economy favors a different asset class



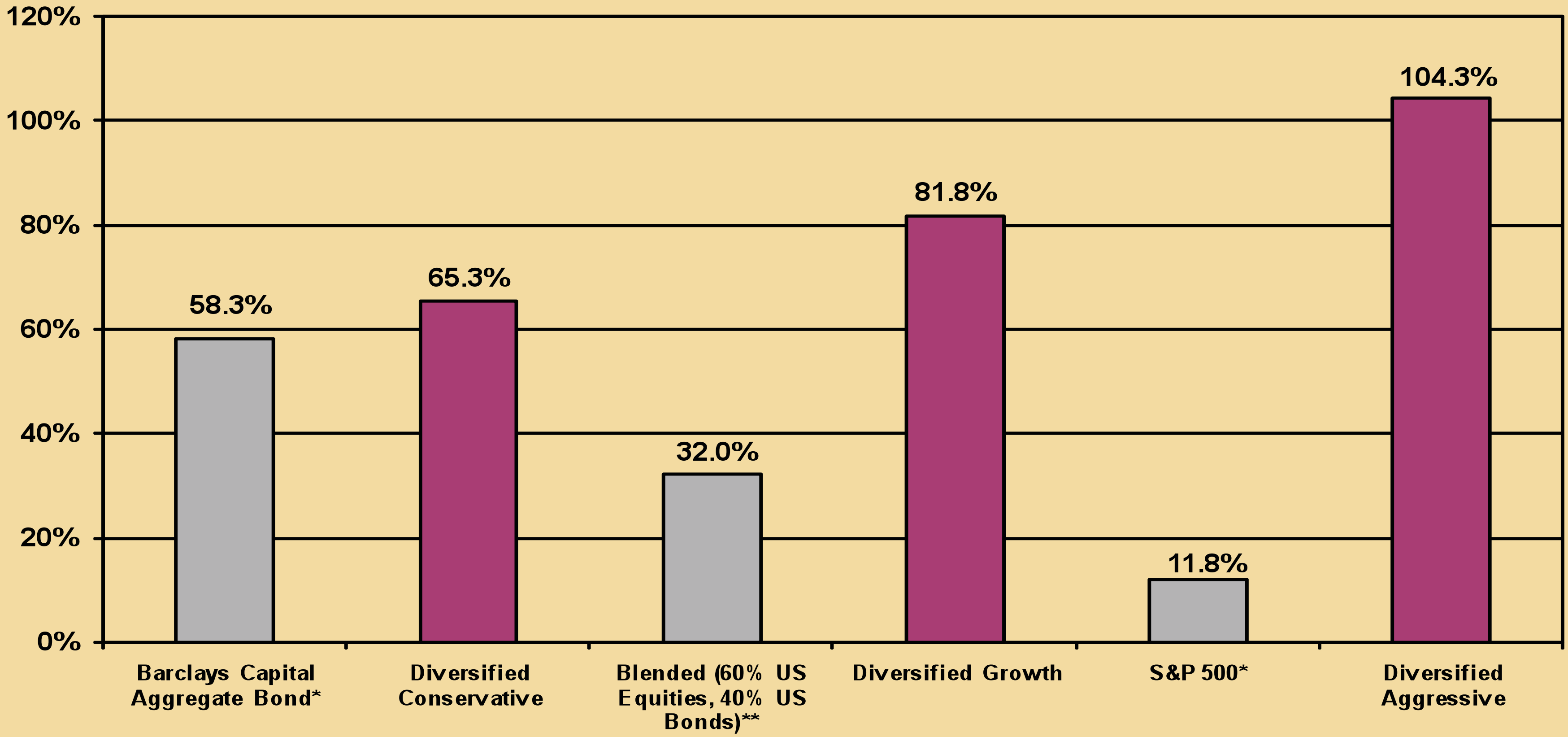
Windward's Investment Universe

Windward evaluates the following markets and indices for inclusion in its portfolios:*

	Equity	Fixed Income	Hard Assets	Real Estate	Currency
U.S.	S&P 500 Russell 2000 NASDAQ 100 Wilshire 5000 Mergent Dividend Achievers	10-Year Gov't Bond BarCap Aggregate Bond 10-Year TIPS U.S. High Yield Bond U.S. Inv Grade Corp Bond 1-3 Year Gov't Note		NAREIT Equity Index	U.S. Dollar 3-month T-Bill Enhanced Short Maturity
Europe	DAX FT-SE 100	10-Year German Gov't Bond			Euro 3-month T-Bill Pound 3-month T-Bill
Asia	Nikkei 225 Hang Seng FTSE / Xinhua China 25 Index Bombay Sensex 30 KOSPI	10-Year Japan Gov't Bond			Yen 3-month T-Bill Chinese Yuan 3-month T-Bill Indian Rupee 3 month T-Bill
Global	Bovespa Index MSCI All Country World Index ex-US S&P BMI Emerging Markets Small Cap** BNY Mellon BRIC	JP Morgan Non-U.S. Gov't Bond Index DB Global Govt ex-US Inflation-Linked Bond Capped Index JP Morgan Emerging Markets Bond Index	S&P Goldman Sachs Commodity Index DB Liquid Commodity Index Gold	FTSE EPRA/NAREIT Global Real Estate Index - ex North America	JP Morgan Emerging Local Markets Index Plus Brazilian Real 3-month T-Bill Asian & Gulf Currency Revaluation Index

* The indices shown here are not investable, so Windward uses ETFs, ETNs, registered funds and individual securities to implement the investment strategy. These investment vehicles have their own fees and costs associated with them and will not exactly match the performance of the index they represent.
** S&P/Citigroup/BMI World Ex-US Cap Range < 2 Billion USD Index
See additional explanatory notes and disclosures at the end of this document.

Windward Investment Management Cumulative Returns (1/1/2002 - 5/31/2010)*



Performance of the Windward portfolios is based on actual returns, net of all fees and expenses. Past performance is not necessarily indicative of future return.
See additional explanatory notes and disclosures at the end of this document.
*Period reflects longest available time period for which all three Windward Strategies existed concurrently.
**Data Source: Bloomberg.
***The blended benchmark combines the S&P 500 and the Barclays Capital U.S. Aggregate Bond indices. Data Source: Bloomberg

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Elite Advisors Rely On Alternative Strategies

The advisor that is going to be highly in demand is one whose clients' portfolios appreciate not only in bull markets but also in bear markets. The traditional asset allocation models for providing diversification are not adequate in providing protection. History proves that long only assets have higher correlations during bear markets – in fact correlation is one of the few things that does go up in a major market decline. The true diversifier and the only hedge for a long is a short or inverse. A portfolio consisting of long only choices of equities, bonds, real estate, commodities, and even private equity is not properly diversified unless the short or inverse can be included. With such a portfolio, an advisor is no longer limited to gains only when markets rise. In fact, markets tend to drop faster and harder than they rise – protecting and appreciating capital in down markets significantly enhances portfolio returns.

Legacy's Alternative Strategies

Legacy Asset Management is an RIA. Since direct shorting and futures trading is not permitted in retirement accounts, the SMAs rely on 2x long and 2x inverse ETF pairs at half position size:

- 2x long BUY & 2x short SELL → LONG 1x
- 2x long BUY & 2x short BUY → HEDGED
- 2x long SELL & 2x short BUY → SHORT 1x
- 2x long SELL & 2x short SELL → CASH

Legacy Capital Fund is our hedge fund. In addition to the ETFs used by the SMAs, the hedge fund uses futures to trade the S&P 500 and Treasuries both long and short

Disclosure

This presentation is not intended to provide tax, legal, or investment advice and nothing in this presentation should be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security by Legacy Asset Management, Inc. or any third party. You alone are solely responsible for determining whether any investment, security, or strategy, or any other product or service, is appropriate or suitable for you based on your investment objectives and personal and financial situation. You should consult an attorney or tax professional regarding your specific legal or tax situation.

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