



HALBERT WEALTH MANAGEMENT

CHALLENGING WALL STREET'S CONVENTIONAL WISDOM

AdvisorLink®

The Smart Way to Invest

Frequently Asked Questions



First, A Little Background Information

This introduction is designed to answer the first question you may have: *"Exactly what IS AdvisorLink®?"* We're glad you asked! The Halbert Wealth Management ("HWM") *AdvisorLink®* Program is a collection of professionally managed investment strategies allowing our clients to participate in risk-managed investment alternatives. Each Advisor has undergone an extensive due diligence review by HWM before they are added to our program. We want to make sure we are comfortable with them before we offer them to our clients.

At its heart, AdvisorLink® is a collection of carefully reviewed independent, third party Investment Advisors who use active management strategies toward the common goal of maximizing your potential investment returns while attempting to minimize losses.

Our *AdvisorLink*® Advisors seek to manage risk by employing "active management strategies," which are trading techniques designed to proactively address market risks. They do this by sometimes shifting away from investments with a high risk of loss in favor of cash, other sectors of the market, or even short positions to attempt to capitalize on market downturns. In some cases, active managers will also hedge long positions in an effort to minimize downside risk.

If this all sounds familiar, that's probably because the hedge fund industry has used these same sophisticated risk-management techniques for many years to provide potential "absolute returns" to their wealthy clients. **Absolute returns** are defined as those that are consistently positive, even in periods of down markets. While no money manager can guarantee positive returns, some of those in the *AdvisorLink*® Program do have the distinction of having navigated a variety of difficult market environments in the past with admirable results.

Even if an Advisor has been successful in the past, it is important to closely monitor the Advisor's performance on an ongoing basis. That's where HWM's ongoing monitoring comes in. We review the performance and trading activity of every Advisor on a daily basis to attempt to verify that the Advisor's trades are consistent with its published strategy. While we find and monitor the Advisors in the *AdvisorLink*® Program, our allegiance is to you, our client, and what is in your best interests. If an Advisor falls out of favor for whatever reason, or if your investment objectives change, we may suggest that you withdraw from one Advisor in favor of another whose program may be more suitable.

The questions and answers that follow are all based on typical questions that our Investment Consultants field every day from clients and prospective clients. Our hope is that you will be able to review this information at your convenience, and come away with a better understanding of how actively managed investment programs work, and why *AdvisorLink*® is your key to accessing these programs for your own portfolio.

Frequently Asked Questions About Active Management

How does "active management" compare to "passive management"?

Perhaps the best way to answer this question is to say that active and passive management are on opposite sides of the money management spectrum. A passively managed investment program is essentially on autopilot. There is no discretion in regard to whether to be in or out of the market. Index funds are good examples of passive management, since these funds simply imitate the holdings of a particular stock or bond index, and are always fully invested.

Active management, on the other hand, describes an investment program where there is discretion (within the program's policies) as to what assets to purchase, when to buy and sell these assets, or whether to go to cash or hedge in bear markets or major market corrections. All of the *AdvisorLink*® Advisors have developed proprietary systems and methodology to generate active trading signals or help them select the securities they feel have the best potential for gains. Some signals are frequent, meaning managers execute several trades per month, while other managers may average only a few trades per year. Some active managers will even "short" the market in an effort to profit during periods of down markets.

Why is active management important to my portfolio?

The ultimate goal of most actively managed investment programs is to produce reasonable returns with less market risk. Thus, active management is important to your portfolio because it seeks to reduce the frequency and severity of investment losses (also known as "drawdowns"). If your account declines by over 50%, as the S&P 500 Index did during the 2007 - 2009 bear market, it would take cumulative gains of over 100% just to get back to break-even.

An investment strategy that seeks to minimize losses (drawdowns) can help to smooth your journey toward your financial goals. The **AdvisorLink®** Advisors have historical records that demonstrate they have mitigated the impact of potential losses in the past. No guarantees for the future, of course.

How do "Absolute Returns" differ from "Relative Returns"?

As discussed earlier, "Absolute Returns" are generally defined as consistent positive returns even during periods of down markets. "Relative Returns," on the other hand, are returns compared to a specific index or set of indices. The difference between these concepts is huge. While an absolute return strategy seeks consistent positive gains, a relative return strategy can consider itself successful if it merely loses less than its benchmark. So, next time you see a mutual fund bragging about "beating the market," you'll know to dig a little deeper.

A good example is the S&P 500 Index's loss of 37% during 2008. A relative return strategy could lose over 20% and still brag that it outperformed its benchmark index. We believe the best way to meet your future financial goals is to keep losses to a minimum along the way. All of the Advisors in the **AdvisorLink®** Program use strategies to manage risk. There are no guarantees, of course.

My broker told me active management doesn't work. Is he right?

We hear from lots of investors who have been told by their brokers or the financial media that active management doesn't work, and that they should avoid these strategies. This is obviously self-serving advice, since many brokers either don't understand or have no way to offer active management strategies, so they talk down anything they can't sell.

Here's a way to handle your broker. Show him the actual track records for the **AdvisorLink®** programs offered by HWM. These performance numbers are net of all fees and expenses, and have been reviewed by HWM. Tell your broker you'll be happy to invest in any program he or she has with similar actual performance results. Make sure this includes both average annual returns AND drawdowns or losses. Attractive returns don't look so impressive when they come with significant drawdowns.



Frequently Asked Questions About the AdvisorLink Program

Why do most AdvisorLink® Advisors use mutual funds or ETFs instead of individual securities?

Good question! There are several advantages an Advisor gains by using mutual funds or ETFs. First, the Advisor is able to gain diversification among a wide variety of companies and industries because the mutual fund or ETF holds many different stocks or bonds in its portfolio. This "automatic" diversification feature also allows the Advisor to accept a lower minimum investment than if individual securities were used.

Another benefit of using mutual funds and ETFs is that they are traded on a number of different platforms, many with no loads or commissions for clients of Investment Advisors. Since most mutual funds are traded only once per day, the Advisor can utilize the custodian's bulk trading capability to execute trades in literally hundreds of accounts with a single trading instruction. ETFs are traded throughout the day, which allows the Advisor more flexibility when making trades.

What is the minimum investment to participate in the AdvisorLink® Program?

Minimum investments vary by Advisor, and currently range from \$25,000 to \$300,000. See our Advisor Profiles for specific minimum investment requirements for each Advisor.

Must I place all my investments with HWM to participate in AdvisorLink®?

No. While some clients feel comfortable placing virtually all of their investable assets in a portfolio of *AdvisorLink*® programs, others feel that actively managed programs need only be a portion of their overall portfolio. The extent to which actively managed investment programs may be suitable for you will depend upon your unique individual financial situation. A HWM Investment Consultant will be happy to review your financial situation with you and present the program or programs that may be most appropriate for you.



At HWM, we won't pressure you to put all your assets with us. While we have many different programs that use different strategies, we want you to be comfortable with your investment choices.

How do I select the most suitable Advisors for my portfolio?

If you are unsure which Advisor(s) might be a good fit, there are two different ways we can help you. First, you review our programs grouped by risk level on the [Strategies/AdvisorLink](#) page on our website. This is a good guide to help you determine which program might be most appropriate for you. You can click on the link for the program(s) you are interested in to learn more. Once you decide which program(s) may be a good fit for you, let us know and we'll then send you detailed information,

including applications and paperwork, for the Advisor(s) you have selected.

Or, if you would like more personal help in selecting which Advisor(s) might be a good fit, you can complete our [Confidential Investor Profile](#). This form provides more detailed information about your current financial situation. Once you complete it, simply return it to us. One of our Investment Consultants will review the information, and will then call you to discuss which Advisor(s) may be a good match for you.

Special Note: HWM will never sell, rent or otherwise share your personal information with any other outside entity or organization. We never have and we never will.

What level of fees will I pay for active management of my investments?

Each *AdvisorLink*® Advisor may charge a different level of fees. Generally, the fees range from 1.75% to 2.5% per year. Remember when you review the performance results, they are all shown net of fees.

We believe judging an investment program by fees alone is as faulty as judging performance without netting out the fees. There are investment managers who have historically delivered performance over and above their fees. We focus on returns **after** the fees have been deducted, which is the actual return you made on your investment, regardless of the fees charged by the manager.

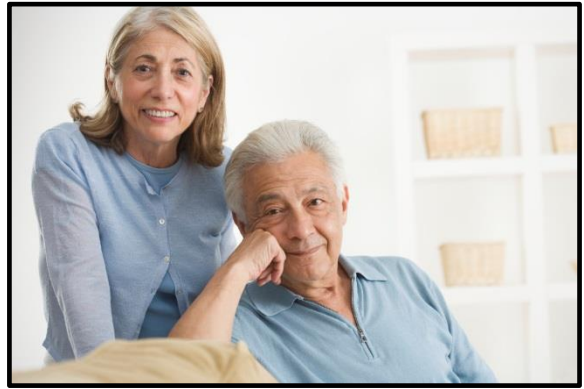
The bottom line is, we feel that a program with the potential to provide positive returns and/or risk management is worth the money. After all, at the end of the day the important thing is whether you have accumulated enough money to meet your financial goals, not what you paid in fees.

Why can't I find and invest with these Advisors on my own?

The simple answer is that you might be able to, but why would you want to? Not all of the Advisors accept direct business, and those that do service retail clients often charge the same level of fees whether or a not a solicitor like HWM is involved. Thus, going direct to an Advisor may give you access to an Advisor's strategy, but you would not have the benefit of HWM's ongoing monitoring and other services. Plus, even with the wealth of information found on the Internet, it's still not easy to find successful money managers. First off, there are literally thousands of them from which to choose, and many have slick marketing approaches designed to convince you to invest in their strategy. Then you have to evaluate their strategies, performance records, administrative capabilities, regulatory history, etc., etc.



We analyze performance data using our sophisticated software, obtain a mountain of information through detailed questionnaires, and insist on having the basics of the strategy explained to us by the Advisor. In this way, we can determine if there is a real system in place, or the Advisor is just flipping a coin in the back room.



We often insist on an on-site due diligence evaluation where we not only determine administrative capacity through interviews and procedural reviews, but also examine track records by referencing account statements or other third-party sources. Only after we are comfortable that an Advisor's approach to the market provides a potential for gains over and above the level of fees and expenses charged do we include them in our *AdvisorLink*® Program.

After making my investment, how soon will the Advisors put my money to work?

All of our Advisors have their own procedures for placing new money into their programs. Generally speaking, if the Advisor's strategy is still generating a strong "buy" signal, new money will likely be invested within a short time of receipt. If market conditions are weakening and it looks like the trade may be exited soon, your investment may remain in a money market until the next trading signal is generated.

Who holds my money while invested with an Advisor?

Your money will be held at an independent custodian like Fidelity or TD Ameritrade, selected by the Advisor. Custodial arrangements currently used by Advisors include brokerage accounts with major brokerage firms, custodial accounts at a trust company, and placing funds directly at the mutual fund company. Your funds will be held in an account under your name and will not be commingled with any other client funds or accounts.

While the Advisor will have trading authority over your account, neither the Advisor nor HWM will ever have the right to use the money in your account other than as needed to satisfy fees.

Custodians are responsible for the safekeeping of your funds, and for periodic reporting. The frequency of periodic reports will vary, but all custodians provide statements at least quarterly. In addition, the custodians provide you with Internet access to account information. Most custodians will also provide information necessary to help you with your income tax return.

How liquid is my AdvisorLink® investment?

Since most of the *AdvisorLink*® investment programs use mutual funds or ETFs, the process required to liquidate your account can begin at any time upon receipt of your proper and timely notification. Of course processing time, time zone differences and trade cutoff deadlines may result in trades being executed after the date upon which they are received. In many cases, the investment positions can be closed-out the same day or the following day.

I'm interested! How should I proceed?

You can learn more about the Advisors on our website at www.halbertwealth.com. You'll find detailed information on each of the programs, including performance and a description of the strategies used. You can decide which one(s) are best to help you reach your goals.

If you would like HWM to help you find the Advisor or combination of Advisors who may be most suitable for you, please complete the [Confidential Investor Profile](#) questionnaire and answer the questions as thoroughly as possible. If you have any question about how to answer any of the items, call one of our Investment Consultants at **800-348-3601** to walk through the questionnaire with you.



Once the HWM Investment Consultant has reviewed your submitted information, he will present one or more of the **AdvisorLink®** investment programs to you. This presentation may be in a written format, or communicated to you over the phone, depending upon your preference.

Once you agree to a suggested **AdvisorLink®** portfolio, appropriate paperwork will be forwarded to you containing all necessary forms to establish your accounts. Detailed instructions will also be provided to assist you in completing the paperwork.

We encourage you to get started on the [Confidential Investor Profile](#) at your earliest convenience, so that you, too, can discover why we call **AdvisorLink®** *The Smart Way to Invest*. Of course, if you have questions about any of the programs, you can simply call us and we'll be glad to answer any questions you have. Always remember that help is just a phone call away at **800-348-3601**.



HALBERT WEALTH MANAGEMENT, INC.

11719 Bee Cave Road, Suite 200,

Austin, Texas 78738

(800) 348-3601

About Halbert Wealth Management

Gary D. Halbert founded Halbert Wealth Management in 1995 in order to help clients meet their financial goals by offering professionally managed investment programs, many of which are designed to generate absolute returns while also managing the risks of being in the market. HWM attempts to achieve this goal by searching out third-party Registered Investment Advisors whose actively managed programs offer the potential for favorable returns while carefully managing to control the overall risks. Some of the programs have the potential to make money, no matter if the markets are going up or down. Our very knowledgeable and experienced staff make customer service and client satisfaction their number one priority.



HWM is an Investment Adviser registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. HWM was established in 1995 and is located in Austin, Texas

HALBERT WEALTH MANAGEMENT, INC.

11719 Bee Cave Road, Suite 200, Austin, Texas 78738
(512) 263-3459 Fax Toll Free (800) 348-3601 E-mail:
info@halbertwealth.com



IMPORTANT NOTES: For more information on HWM or Advisors please consult the HWM Form ADV Part II and the Advisors' Form ADV Part II, available at no charge upon request. All investments have risks and are not guaranteed. Past results are not necessarily indicative of future results. Be sure to read the appropriate disclosure for the specific program you are interested in investing in for more detailed information and disclosure.