

# Quarter-at-a-Glance

3RD QUARTER 2008

As seen in Forbes®



“Ten Most Dependable™”  
Wealth Managers of Florida\*

## Program Summary

**Investment Objective**  
Current income

**Portfolio Composition**  
Open- and closed-end  
income-producing  
mutual funds

**Risk Tolerance**  
Investors with a  
*moderate* risk tolerance  
looking for a higher  
level of current income

**Benchmark**  
Lehman Aggregate  
Bond Index

**Inception Date**  
October 31, 2003

**Minimum Initial  
Investment**  
\$50,000

**Annual Management Fee**  
1.00%

**Recommended  
Holding Period**  
Three-to-five years

**Portfolio Manager**  
Steven P. Chapman,  
Vice President

\*See page 4

## Weiss Diversified Income Builder<sup>1</sup>

### QUARTERLY HIGHLIGHTS

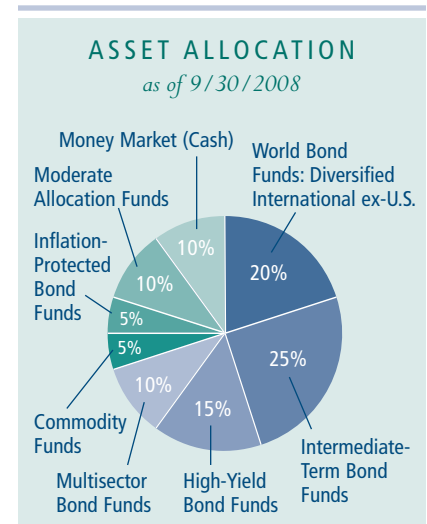
During the third quarter of 2008, we witnessed an absolute barrage of bad news about the financial markets and the economy. In fact, every time you look at CNBC these days you see some headline flash that reads: “Breaking News.” And every time, we think, “What’s Broken Now?”

Here’s the answer: just about everything on Wall Street is “broken”— and there’s no “quick-fix” for it either. Nearly every asset class declined in value last quarter amidst a total lack of confidence in the financial markets. At this point, there is no transparency as to who owns what – making it difficult to determine fair value and creating increased volatility and falling asset values due to distrust.

The combination is a total show-stopper for a market that requires clarity, facts, and accurate valuations to function properly and efficiently. What’s more, the markets will continue to be under stress until conditions change for the better.

Perhaps you remember a popular old Beatles song that proclaimed, “Money Can’t Buy Me Love.” Well, if that song were re-released today, maybe we should add the new lyrics, “Money Can’t Buy Me Confidence.”

The media reports that we are in the midst of a “liquidity crisis,” but that label is dead wrong. Money is everywhere and, in fact, too much cheap & easy money was the main culprit

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### WEISS DIVERSIFIED INCOME BUILDER - Returns thru 9/30/2008

|  | 3rd Qtr Total Return | YTD Total Return | 1-Year Total Return | 3-Year Annualized Return | Since Inception Annualized Return (10/31/03) | Since Inception Cumulative Return (10/31/03) |
|--|----------------------|------------------|---------------------|--------------------------|--|--|
| Weiss Diversified Income Builder Net Returns   | -7.78%               | -10.44%          | -11.80%             | -2.04%                   | -0.41%                                       | -1.98%                                       |
| Weiss Diversified Income Builder Gross Returns | -7.56%               | -9.76%           | -10.91%             | -1.07%                   | 0.59%  | 2.95%  |
| Lehman Aggregate Bond Index                    | -0.49%               | 0.63%            | 3.65%               | 4.15%                    | 4.09%  | 21.80%                                       |

<sup>1</sup> Name was changed from Weiss Diversified Income Program on July 25, 2007



## Portfolio Manager

Steven P. Chapman

## At Weiss Capital

## Management,

we can customize

your overall portfolio

to help you meet

your individual

investment needs

## WEISS DIVERSIFIED INCOME BUILDER

If you're an investor who needs supplemental and/or extra retirement income – rather than growth – the Weiss Diversified Income Builder may be right for you. This moderate-risk program is designed to generate a high level of current income by investing in a globally diversified portfolio of open- and closed-end mutual funds. These income-producing funds hold stocks, corporate bonds, convertible securities, real estate and floating rate notes as well as money market and tax-free municipal bond funds – depending on prevailing interest

rates and relative value, based on our outlook for the economy and financial markets.

Because this income-generating program is designed to meet your cash-flow needs, you can choose to receive your income, directly and automatically, either by check or deposited right into your bank account. You can even specify how often you'd like to receive the income, including monthly or quarterly. Or if you prefer, you can reinvest your income to take advantage of the power of compounding until you elect to withdraw it – the choice is yours.

## WEISS DIVERSIFIED INCOME BUILDER OVERVIEW

- This mutual-fund-based-program is designed to deliver a higher level of current income consistent with moderate risk.
- The program invests in open- and closed-end mutual funds that invest in both domestic and international bonds, stocks, convertibles and many other income-producing securities based on the current interest-rate environment and where we are finding the greatest values.
- This moderate-risk program is suitable for investors who, in addition to seeking income, are also looking for global diversification.
- Because we participate on a 'no-transaction fee' mutual-fund platform, you get access to these funds, and their managers, without paying a sales load.

## WHY YOU SHOULD INVEST WITH WEISS CAPITAL MANAGEMENT

- Our portfolio managers and sub-advisor have managed money, on behalf of investors, through all market cycles – bull and bear markets – and their years of experience can be put to work for you.
- We offer investment programs with varied investment objectives and degrees of risk that are designed to potentially benefit in all market conditions – up markets, down markets and markets that are trendless.
- Our team approach to client relationships means there is always someone to assist you and answer your questions.
- As your financial profile changes, your Client Service Team will make recommendations to your overall investment strategy based on your new situation.

## Q U A R T E R L Y H I G H L I G H T S continued from page 1

in the first place. *NEW* taxpayer money is being pumped into the system at a rapid rate, but it is being hoarded by banks and other financial firms who are trying to repair their damaged balance sheets. They want to keep this cash safely in their own vaults, rather than lend it out.

What we have on our hands is not a *liquidity crisis*, but a *crisis of confidence*, plain and simple. The financial markets are frozen not because of a lack of money, they are frozen due to a lack of trust in financial institutions – the heart of this crisis. All the money pumped into this system by all the king’s horses and all the king’s men will take some time to restore confidence again.

We are also witnessing distrust and panic between financial institutions on a global basis that was born from decades of out-of-control leverage and lack of proper oversight. Banks are probably still sitting on huge *unrealized losses*, but we must let the system work as it intended – to reward intelligent businesses and purge the foolish. In other words... let the chips fall where they may. Postponing the truth only prolongs the pain.

As a result of this unprecedented financial market stress, the *Weiss Diversified Income Builder Program* declined 7.8% in the 3rd quarter ended September 30, 2008. However, there are a few key points to keep in mind: the program’s mandate calls for the generation of maximum income to investors, while preserving capital in the process, so we are forced to make a choice. If we over-emphasize preservation of capital, then the program would likely produce very little income; and if we overemphasize income, we must resort to investments in high-yield bonds that have experienced dramatic capital losses of late.

Instead, we strive to strike a balance between both income and capital preservation – a difficult task in this high stress environment. Keep in mind that the annual estimated yield at the end of the quarter was just over 6.5% in the *Weiss Diversified Income Builder Program*. This is a forward-looking estimation of the yield for the program based on portfolio holdings at the end of the quarter and is not guaranteed, but such an attractive yield should help offset short-term fluctuations in the “paper value” of the portfolio – not realized or actual losses.

These are important details to keep in mind as long as extreme market volatility persists. The longer-term good news is that interest rates are trending down globally, which tends to stabilize or boost bond valuations.

We remain bullish on select global bond markets, but are wary about an eventual return to inflation due to massive government bail-out efforts. We are watching for an expected rebound in extremely over-sold bond markets, and intend to participate in near-term rallies in pursuit of profit opportunities as they arise.

Going forward, the *Weiss Diversified Income Builder Program* will focus on bond positions of generally higher quality, which will include increased holdings in U.S. Treasury securities due to the ongoing flight-to-quality. In addition, we maintain higher than normal cash, invested in the relative safety of the Weiss Treasury Only Money Market Fund.

This material may contain forward-looking statements regarding intent and belief with regard to the program and the market in general. Readers are cautioned that such statements are not a guarantee of future performance and actual results may differ materially from those statements.

### Other Programs Offered by Weiss Capital Management

#### Core Investment Programs

*Foundational to a well-diversified investment portfolio*

Weiss Balanced Program

Weiss Diversified Income Plus Program

Weiss Diversified Global Income and Growth Program<sup>1</sup>

Weiss ETF Strategic Allocation Portfolio

Weiss Managed Treasury Program

Weiss Select Equity Portfolio

#### Specialty Investment Programs

*Focused, supplemental strategies that strive to enhance returns*

Weiss All-World Strategic Growth Program<sup>2</sup>

Weiss Bear Strategy

WCM Sector Series

– ETF Sector Rotation: Concentrated Program

– ETF Sector Rotation: Diversified Program

<sup>1</sup>Name changed from Weiss Miniature Diversified Income Program on March 31, 2007

<sup>2</sup>Name changed from Weiss All-Star Growth Program on July 25, 2007



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### As seen in Forbes®

As seen in the October 8, 2007 issue of *Forbes*, Goldline Research criteria used:

- 10+ years experience
- Exceptional client references
- \$200 M+ in assets under management
- 100+ active clients
- Comprehensive range of wealth management and financial planning service
- No grievances or lawsuits

After meeting this criteria for inclusion on the list, Weiss Capital Management contributed to the cost of publication in *Forbes*.

## Important Disclaimers and Disclosures

### Investment Risk

Past performance is not indicative of future results and as with any investment program it is possible to lose money by investing in the Program. There are no guarantees that the Program will be able to achieve its stated objectives.

International investing presents certain risks not associated with investing solely in the United States. These include, for instance, risks related to fluctuations in the value of the U.S. dollar relative to the values of other currencies, custody arrangements made for foreign securities, political risks, differences in accounting procedures, and the lesser degree of public information required to be provided by non-U.S. companies.

### Suitability

The Weiss Diversified Income Builder Program is suitable for investors with a *moderate* risk tolerance looking for a higher level of current income. The suitability of this program for IRAs, 401(k)s and other retirement plans is at the discretion of the plan's sponsor or fiduciary. A three-to-five year holding period is recommended.

### Performance

Performance of the *Weiss Diversified Income Builder Program* depends on the performance of the underlying mutual funds in which it invests. In turn, performance of the underlying mutual funds depends on the performance of fixed-income and money markets.

Returns are based on a composite of actual client accounts. Individual client returns may vary depending on, among other things, account opening date, contributions, withdrawals, and fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

**Net returns** cited include actual management fees, commissions, and other similar fees charged on transactions, and reinvestment of dividends, income and capital gains.

**Gross returns** cited exclude management fees and are net of actual commissions and other similar fees charged on transactions, and include dividends, income and capital gains.

### Benchmark

The Lehman Aggregate Bond Index is a market-value weighted index of taxable investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed

securities. It assumes the reinvestment of dividends and capital gains, and excludes management fees, transactions costs and expenses. Although the index was chosen because it represents a significant portion of the universe from which the portfolio manager may value, the program may invest in securities that are not included in the benchmark index, and may select funds containing commodities, real estate, currencies, natural resources and precious metals. The Program may also utilize inverse-index funds, depending on market conditions. It is not possible to invest in an index. Index return data source: Bloomberg.

### Important Disclosures

As an investor in this mutual fund-based program, you will not pay a sales load on any of the mutual funds used in this program. Fidelity's No Transaction Fee (NTF) platform allows our clients access to load mutual funds at no load. No-load mutual funds not included on Fidelity's NTF platform may be used in the Program. However, transaction costs will apply, and will be received by the custodian. **Weiss Capital Management, Inc. does not receive any special compensation or financial incentive from any mutual fund company for the inclusion of any mutual fund in our managed investment programs.**

Early redemption fees may be assessed by some mutual funds included in the Program. Redemption fees may apply if fund shares are sold prior to a fund's stipulated minimum holding period. Redemption fees, if any, are assessed and received by the mutual fund itself and not by Weiss Capital Management.

This program's portfolio may be rebalanced as deemed necessary by the portfolio manager. **Rebalancing may generate additional fees.**

The Weiss Diversified Income Program may invest in the Weiss Treasury Only Money Market Fund, which Weiss Capital Management, Inc., or its affiliates provide advisory, administrative, distribution and other services, and receive compensation. **An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.** A prospectus can be obtained online at [www.WeissFund.com](http://www.WeissFund.com).

For additional program information, please read the firm's ADV Part II before investing.