WEISS CAPITAL MANAGEMENT, INC.

2nd Quarter 2009

# The WCM ETF Sector Rotation: Concentrated Program

## Portfolio Manager

**Dan Ascani***
*Sub-Advisor*

Mr. Ascani has more than two decades of professional investment experience and is chief executive officer of Ascani Wealth Management, LLC, and former Executive Vice President of Weiss Capital Management, Inc. Mr. Ascani holds FINRA Series 7, 24, 63, and 65 securities licenses and a Series 3 commodities license.

## Program Summary

**Investment Objective**
Long-term growth through speculation and trading

**Portfolio Composition**
Exchange traded funds

**Risk Tolerance**
Investors with an *aggressive* risk tolerance looking for long-term growth

**Benchmark**
S&P 500 Index

**Inception Date**
May 5, 2005
(publicly available October 31, 2005)

**Minimum Initial Investment**
$100,000

**Annual Management Fee**
2.25%

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

The second quarter began with stocks moving strongly higher after falling sharply over the previous 18 months. The rally soon produced some of the strongest internal readings in several years from many of the proprietary and technical indicators designed and maintained by Weiss Capital Management's Sub-Advisor Dan Ascani for the WCM ETF Sector Rotation: Concentrated Program.

These strong readings are the signature of a rally phase that could potentially last several months. Given this reading, the program will employ its ETF sector rotation strategy to buy the strongest ranked ETFs. A "healthy" market rally lasting several months typically begins by attracting institutional capital into early-recovery sectors, such as technology and financials. Later, the rally phase typically broadens out and the rotation moves toward consumer cyclicals and other sectors, finally ending with the energy sector. Following the rally phase, the market typically stages a correction or resumes its bear market decline.

Despite the strong beginning to the second quarter, it was a bumpy road. In mid-May, the rally paused and the technology sector began to correct. By mid-June, the correction broadened out and the Dow Jones Industrial Average fell approximately 800 points from its rebound high near 8870. Meanwhile, the program ended the second quarter of 2009 with a gain of +10.2%, returning +13.7% since inception (May 5, 2005) compared to a return of -14.4% for its benchmark S&P 500 Index over the same period.

The second quarter ended with the market consolidating, having declined somewhat from its June high. However, the program's sub-advisor anticipates that the market will regain its footing and continue the rally phase that began in March.

When the program's proprietary models signal that the equity market is likely to trend downward, the goal is to raise cash and buy

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## The WCM ETF Sector Rotation: Concentrated Program Highlights

- This program seeks to achieve maximum growth by actively trading equity-, fixed income- and commodity-based exchange traded funds (ETFs) to take advantage of all market conditions.
- The program can invest in inverse-index ETFs, which are designed to rise in value when the overall market or specific sectors are falling.
- The portfolio holds a limited number of ETFs, which, in our opinion, may improve the likelihood of outperforming the benchmark S&P 500 Index over time.
- The program uses a sector-rotation strategy — overweighting some sectors while underweighting others — to take advantage of changing market sentiment.

| Program Returns *thru 6/30/09* | 2nd Qtr Total Return | YTD Total Return | 1-Year Total Return | 3-Year Annualized Return | Since Inception Annualized Return (5/5/05) | Since Inception Cumulative Return (5/5/05) |
|---|---|---|---|---|---|---|
| ETF Sector Rotation: Concentrated Program Net Returns | 10.21% | -1.10% | -0.85% | 2.05% | 3.15% | 13.74% |
| ETF Sector Rotation: Concentrated Program Gross Returns | 10.66% | -0.23% | 0.86% | 3.68% | 4.85% | 21.72% |
| S&P 500 Index | 15.93% | 3.16% | -26.21% | -8.22% | -3.68% | -14.42% |

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inverse ETFs — which are designed to rise in value when the index to which they're linked falls. When the model signals that the market is likely to trend upward, the program engages in a sector rotation strategy that seeks to buy the strongest ETFs while avoiding the weakest.

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.

* Effective 1/7/09, Dan Ascani transitioned from Executive Vice President to Sub-Advisor. Dan Ascani is a sub-advisor to Weiss Capital Management, Inc. Dan is the chief executive officer of Ascani Wealth Management, LLC, which manages accounts it introduces to Fidelity Investments through Kovack Securities, Inc., and Kovack Advisors, Inc. Dan is a Registered Representative of Kovack Securities, Inc., and a Registered Investment Advisor Representative of Kovack Advisors, Inc., and is the Managing Director of Gemini Futures LLC, a registered Commodity Pool Operator, Commodity Trading Advisor, and futures Introducing Broker. Both Kovack Securities & Kovack Advisors are completely independent of Weiss Capital Management and Gemini Futures, and do not have an affiliation or business involvement with these entities in any capacity. See ADV Part II for details.

## Important Disclaimers and Disclosures

### Investment Risk

**Past performance is not indicative of future returns, 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.**

**Some ETF shares contain commodities. The risk of loss trading commodities can be substantial.** The value of the ETF shares containing commodities relates directly to the value of those commodities. Fluctuation in the price of the ETF shares could materially adversely affect the ETF shares.

**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 US dollar relative to the values of other currencies, custody arrangements made for the Exchange Trades Fund's foreign holdings, political risks, differences in accounting procedures, and the lesser degree of public information required to be provided by non-U.S. companies.**

### Suitability

This program should only be considered for speculative accounts for investors with an ***aggressive*** risk tolerance and is not available for IRAs, 401(k)s or other retirement accounts. **A three-to-five year minimum holding period is recommended.** The Program may generate short-term capital gains, which may not be suitable for all investors. Please consult with your tax adviser before investing in the Program. This program is not recommended for keep-safe funds. The eligibility of this program for IRAs, 401(k)s and other retirement plans is at the discretion of the plan's sponsor or fiduciary.

### Performance

Performance of the **WCM Sector Series ETF Sector Rotation: Concentrated Program** depends on the performance of the exchange traded funds in which it invests. In turn, performance of the underlying exchange traded funds depends on the performance of the underlying equities, fixed-income vehicles, commodities, etc. 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 S&P 500 Index is a capitalization-weighted index that consists of 500 large-cap US stocks that assumes the reinvestment of dividends and capital gains, and excludes management fees, transactions costs and expenses. Because the S&P 500 Index is likely the most widely recognized index of equity prices and a commonly used benchmark for investors, it is believed to be an appropriate broad-based securities market index against which to compare the program's long-term performance. The program's objective seeks maximum returns through a sector rotation trading strategy by investing in sectors and indices that are deemed likely to outperform the S&P 500 for a period of time, and avoid or sell short those sectors that are deemed likely to underperform the S&P 500 by utilizing Exchange Traded Funds (ETFs). ETFs are baskets of stocks that span many sectors of the U.S. and foreign equity markets, as well as fixed income and commodities such as gold. The program may invest in sectors and indices that are not represented in the S&P 500, and may vary its exposure depending on market conditions. As a result, the program's returns may differ from the performance of this broad-market index, particularly over the short term. **It is not possible to invest in an index.** Index return data source: Bloomberg.

### Important Disclosures

As of January 1, 2008, the management fee for this program has increased to 2.25% with no program-specific breakpoints. Transaction or commission fees will no longer be charged separately, but covered, instead, under the increased management fee. Accounts existing prior to January 1, 2008, will be grandfathered under their current management fee but will still benefit from the elimination of separate transaction and commission fees.

This program's portfolio may be rebalanced as deemed necessary by the portfolio manager.

The WCM Sector Series ETF Sector Rotation: Concentrated 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.

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

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