



May 2010

Dear Advisor,

The seemingly unprecedented reasons behind the investor's "roller-coaster" ride of the last several days remind us of just how volatile markets can be.

Regardless of the root causes for the steep losses of the week ending May 7 and the rebound the following week, we at Chariot were pleased with our performance during the mayhem. Our portfolios were largely unaffected by the turbulence. Of course our primary focus is on long-term results and, just like clients, we should always take any short-term results with a grain of salt. Nonetheless it feels rewarding to us when we come through such uncertainty so well.

Reducing volatility in portfolios has been my number one priority since acquiring Chariot Advisors. Through the creation of new portfolio strategies and the revision of several sub-strategies, we have *significantly reduced volatility at Chariot*. Now our focus is on producing more positive results. This may be a good time for you to meet with your clients and review with them the changes we've made.

We now offer a diverse set of portfolios based upon your clients' interests and risk tolerance, including:

- **Absolute Return Strategies**
  - Blend Plus
  - Blend Advanced
  - Blend Elite
- **Sector Rotation Strategies**
  - Blend Sector Plus
  - Blend Sector Trend
- **Traditional Asset Allocation Models**
  - Chariot Stable
  - Chariot Balanced
  - Chariot Aggressive Growth

We believe that our Absolute Return Strategies may offer the best overall risk/return reward over the long haul. These are designed to navigate all market conditions – up, down, or sideways. However, long-only asset allocation and/or sector-focus portfolios are also available, as alternatives.

Additionally, over the last several months we have worked hard to provide excellent customer service, updated our website, and were added to Jefferson National's Variable Annuity. We expanded our Managed Account business through Trust Company of America/TD Ameritrade and obtained approval to begin restructuring our proprietary absolute return currency fund.

Sincerely yours,

Dana Gower MBA CCP®  
President

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*Strategic Investment Management*

## About Absolute Return Strategies

“The whole is more than the sum of its parts” - Aristotle

Aristotle said it best “The whole is more than the sum of its parts.” Many of us use this phrase when referring to a sports team, an orchestra or our own family. Absolute Return strategies use this concept to seek positive annual returns, *regardless* of the direction of the financial markets. Absolute return strategies seek to achieve consistent positive returns annually by using modern investment tools and have grown in popularity in recent years.

An Absolute Return strategy combines “non-correlated” securities and sub-strategies that complement each other in a way that can result in minimizing risk and maximizing returns in a portfolio. This includes investing the portfolio's assets in short-term cash or equivalents and then taking opportunistic long positions and short positions in various equity, bond, or commodities markets without being exposed to any particular segment over a long period of time. At Chariot, multiple quantitative-based sub-strategies provide asset diversification which also strives to enhance compounded, risk-adjusted long-term returns.

Absolute Return strategies differ from long-only strategies in that traditional strategies offer little, if any, “downside” protection. How did your investors using traditional investment strategies do in 2000 – 2002 or in 2008?

While it is unrealistic to expect positive returns every single year, we do expect to experience positive returns over a complete market cycle of 4 or 5 years. Further, we expect to capture a respectable, though varying, portion of bull market returns on the upside through the use of Absolute Return Strategies.

### Important Disclosure

*Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by the adviser), will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions, or withdrawals may materially alter the performance and results of an investor's portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark.*