



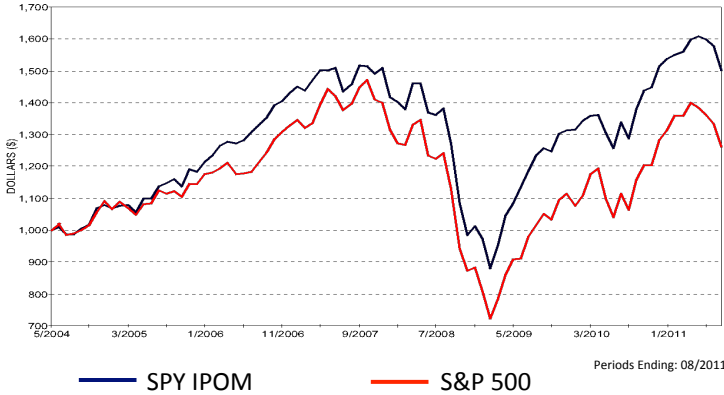
# SPY IPOM Strategy

[www.ipominfo.com](http://www.ipominfo.com)

A professionally managed covered call strategy overlaying the S&P 500 index.

November 2011

## THE RELATIVE PERFORMANCE OF \$1,000 INVESTED OVER TIME



**INVESTMENT PHILOSOPHY - IPOM** (Income Producing Options Model) is a sophisticated covered call writing strategy that uses our proprietary options modeling software to help our advisors continually identify opportunities to enhance income and capitalize from the volatility of the markets. IPOM Growth and Income strategy acts as an overlay strategy to owning the S&P 500 by generating income thru covered calls. IPOM seeks to provide more upside appreciation than a traditional covered call strategy while still generating income from covered call selling. IPOM is also run on clients individual holdings.

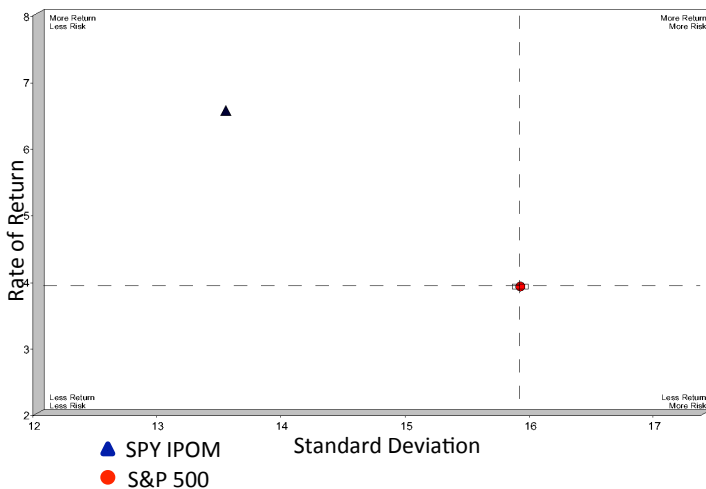
## MONTHLY PERFORMANCE\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SP 500	BXM**
2004	-	-	-	-	-	0.92	-2.22	0.16	1.65	1.45	4.83	0.91	7.82	9.28	6.00
2005	-0.75	0.64	0.19	-2.06	3.98	0.07	3.53	0.75	1.24	-1.98	4.71	-0.67	9.80	4.91	4.23
2006	2.50	1.70	2.56	1.03	-0.57	0.85	2.12	1.60	1.85	2.76	0.84	1.83	20.78	15.79	13.34
2007	1.51	-0.88	2.28	2.13	-0.01	0.42	-4.82	1.58	4.04	-0.26	-1.42	1.07	5.50	5.49	6.59
2008	-5.95	-1.20	-1.55	5.87	0.00	-6.20	-0.68	1.47	-7.78	-14.92	-9.14	2.78	-32.91	-37.00	-28.65
2009	-3.83	-9.48	8.21	9.80	3.53	4.72	4.48	4.20	1.79	-0.87	4.63	0.71	29.80	26.46	25.90
2010	0.09	2.17	1.20	0.14	-3.99	-3.73	6.38	-3.74	7.05	4.27	0.64	4.66	15.32	15.06	5.86
2011	1.56	0.84	0.63	2.47	0.51	-0.65	-1.16	-4.96	-5.92	9.40	0.66	-	2.63	1.08	0.15

\* Performance is net of fees

\*\*The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 index. CXM is a service mark of the Chicago Board Options Exchange (CBOE). The CBOE calculates and disseminates the BXM Index.

## TOTAL RISK REWARD-May 2004 to December 2010



## OTHER STATISTICS

Period	SPY IPOM ROR	S&P 500 ROR	SPY IPOM STDEV	S&P 500 STDEV	SPY IPOM ALPHA	SPY IPOM BETA
3 Yrs.	0.14	-2.86	18.58	21.85	2.19	0.81
4 Yrs.	1.45	-0.83	16.52	19.49	1.66	0.79
5 Yrs.	5.05	2.29	14.96	17.67	2.61	0.79
6 Yrs.	5.83	2.72	13.99	16.43	3.01	0.79
Inception	6.51	3.87	13.52	15.88	2.79	0.79

Periods Ending: 12/2010, Since Inception: 05/2004-12/2010

## OTHER INFORMATION

Address: 2730 S. Val Vista Dr., #124  
 Gilbert, AZ 85295  
 Phone: 480-889-8998  
 Portfolio Manager: Mr. Brad Gwilliam  
 Mgr. Experience: 1999  
 Product Contact: Mr. Mark Vest  
 Incentive Fee: No  
 Min Account Size: \$150,000  
 Min Annual Fee: \$1,000

The performance presentation shown above represents the performance of the Watts Gwilliam & Company IPOM (Income Producing Options Model). The performance shown prior to August of 2009 was calculated using a hypothetical model portfolio. The results for periods before August 2009 do not represent the results of actual trading by WGC using client assets but were achieved by means of retroactive application of a back-tested model that was designed with the benefit of hindsight. For periods before August 2009, assumptions were made including historical interest rates, implied volatilities, dividends, option expirations, and option strike prices. This data was obtained from sources we believe to be reliable. Sources of data include the CBOE (Chicago Board of Options Exchange) website and iVolatility website.

Future securities market conditions may be affected by factors that cannot be accounted for using historical modeling techniques. While it is WGC's goal that the IPOM Strategy adds value to investment portfolios, especially in flat or down markets, portfolios might underperform in rising markets. The performance presentation shown above does not reflect the effect of paying taxes which may be a significant consideration for taxable accounts. The performance does include the reinvestment of interest, dividends and other earnings. Returns for the Watts Gwilliam & Company Covered Options Model were calculated using the time-weighted rate of return method. The results achieved by individual clients did and will vary and will depend on a number of factors including the particular underlying stock and its dividend yield, option market liquidity, interest rate levels, implied volatilities, and the client's expressed return and risk parameters at the time the service is initiated and during the term.

Since 2004, the market conditions have been very favorable towards a covered call writing strategy. Those same conditions, relatively flat market with higher volatility, may not exist in the future. The results shown reflect the deduction of all investment management fees, commissions, and other expenses actually paid by clients for periods after August 2009. Before August 2009 the highest investment advisory fee, and highest commission rates charged by WGC for this strategy were applied when calculating the model portfolio results. The results shown reflect the addition of dividends and interest if any to the account. Past performance is no guarantee of future results and there is the potential for loss of capital.

The results shown above are compared with a benchmark index. Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or management fees. The benchmark index used in this presentation is the S&P 500 Index. It measures the performance of the 500 largest US companies based on total market capitalization. S&P ranks the US common stocks from largest to smallest market capitalization at each annual reconstitution period.

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