

Mid Grade 33
DIVERSIFIED GLOBAL HIGH YIELD
SEPARATELY MANAGED ACCOUNT

PREPARED FOR : EXAMPLE

About J W Korth

J W Korth & Company was founded in 1982 by James W. Korth, following the successful distribution of \$160 million of GMAC debt securities to retail investors – an industry first. J W Korth & Company focuses on serving institutional money managers and high net worth individuals by investing mainly in income oriented securities. The company employs highly trained fixed income specialists who collectively have hundreds of years in fixed income expertise. The fixed income securities J. W. Korth & Company are involved in on a daily basis are:

- Treasuries and Agencies
- CMBS/RMBS/ABS
- Convertible Bonds, Corporate Bonds, Emerging Market Debt, Floating Rate Notes
- Tax free and Taxable Municipal Bonds
- Preferred Stock and Structured Notes

We manage risk so that our clients can relax, earn income, and retire.

Custodian

We clear and custody all of our clients assets with RBC Capital Markets. Clients will receive statements from RBC and will have access to their accounts online via RBC's investor connect website.



RBC is an investment bank that provides financial services to corporations, institutional investors and governments globally.

- Headquartered in Canada
- Rated Aa1 by Moody's and AA- by S&P
- Tier 1 Capital Ratio of 12.2%

Portfolio Managers

James W. Korth, Lead Manager

- Founder of J W Korth & Company
- 40 years of Investment Experience
- BBA and Masters Degree from Michigan State University

TBD, Co-Manager

- The co manager will be chosen depending on your branch
- and account needs

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Sample Portfolio Comparison

	2008	2009	2010	2011
High Yield Portfolio Target Yield ⁽¹⁾⁽³⁾	N/A	8.50%	8.00%	7.5%
S&P 500	-38.5%	26.50%	15.10%	0.00%
US Agg Bond	5.21%	5.93%	6.54%	7.84%
Treasury Bonds	2.21%	3.84%	3.29%	1.88%
Money Market	2.29%	.06%	.06%	.02%

- (1) These are not performance results. These were the average target yields to maturity for bonds that were acquired in taxable managed portfolio at their time of purchase.
- (2) Values for S&P, Bonds and money markets provided by Bloomberg
- (3) The target portfolio yield at the time of purchase is a benchmark. Results will vary based on the market and performance of each security acquired. Past performance or targets are not a prediction of future results.

Current Holdings

100% Fixed Income

Domestic

International

Alternative Investments

Corporate

Agencies

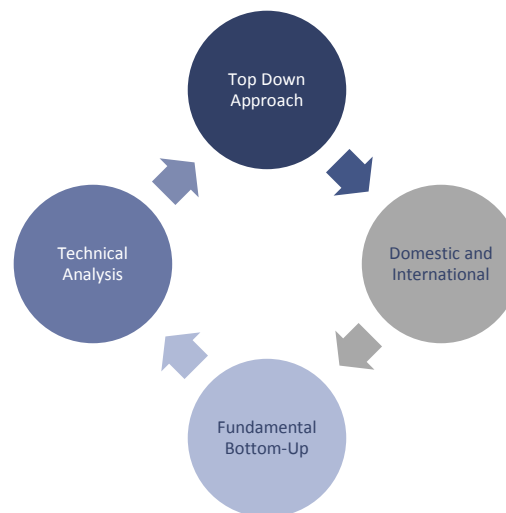
Corporate

Sovereign

Structured Notes

Trust Certificates

Business Process Model



Summary

- We are currently targeting yield to maturity of 6.00% . This target will be raised or lowered based on market conditions.
- Each client will have their own separately managed portfolio tailored towards their specific investment objectives
- Portfolio managers will actively monitor holdings.
- By directly holding at least 33 separate diversified income securities, the effect of individual value changes is minimized.
- Target maturities are adjusted based on general interest rate expectations.

Key Facts

Objective

- Take advantage of global investment opportunities
- Achieve strong long-term investment performance
- Minimize interest rate risk, credit risk and political risk through fundamental analysis and wide diversification of industries, political subdivisions and individual credits

Strategy

- Portfolio to be broad with reasonable percentages in many different categories
- J W Korth daily securities selections by its entire staff to be the “bottom” up source of investments
- Take time to fully create portfolios while managing existing positions
- Monitor portfolio continuously along with the J W Korth other managed accounts
- Adjust portfolio target maturities based on interest rate expectations.

Portfolio Construction

- No investment greater than 3.00% of portfolio value
- Industry maximum 10%, currency max 10%
- Current Average Maturity Target 5-6 years
- Average Rating BB-BBB
- Fully investing a portfolio takes approximately 3 months or more as selection is made on an opportunistic basis
- Current Minimum Target Current Yield Threshold 7.00%
- Typical Portfolio has at least 33 separate investments

Return Drivers

- Casting a wide net across a variety of asset categories and classes, with a largely sector agnostic view, allows for broad diversification and solid yield.
- Selling investments that have substantial profits on principal.
- Minimizing losses by selling bonds with potential for principal decline and replacing with solid investments with appreciation potential
- Offering bonds for sale at an “asked price” and buying bonds for sale at the “bid price” wherever possible.

Example Diversified Global High Yield Portfolio

Type	Cusip	Description	Coupon	Maturity	Qty	Value	Mkt Price	Cost Basis
CA	Cash balance	USD			447,420	\$ 447,419.68	0	
SE	11133TAA1	BROADRIDGE FINL SOLUTIONS INC	6.13%	6/1/2017	158,000	\$ 166,157.54	105.16	101.86
SE	362337AK3	GTE NORTH INC	6.73%	2/15/2028	200,000	\$ 163,028.00	81.51	81.65
SE		AEGON N V	8.00%	2/15/2042	6,000	\$ 156,180.00	26.03	25
SE	05382A203	AVIVA PLC	8.25%	12/1/2041	5,800	\$ 154,686.00	26.67	24.45
SE	44181EZG6	HOUSEHOLD FINANCE CORP	5.16%	11/10/2013	153,000	\$ 154,181.16	100.77	96.72
SE	61745E2V2	MORGAN STANLEY GROUP INC 100%	10.00%	2/26/2030	150,000	\$ 148,500.00	99	100
SE	14043CAB9	CAPITAL ONE CAP V	10.25%	8/15/2039	140,000	\$ 144,200.00	103	106.95
SE	U75111AC5	ROCKIES EXPRESS PIPELINE	6.85%	7/15/2018	150,000	\$ 143,250.00	95.5	95.54
SE	59022CAP8	MERRILL LYNCH & CO INC	10.71%	3/8/2017	250,000	\$ 141,275.95	56.51	63.79
SE	156700AT3	CENTURYLINK INC	7.65%	3/15/2042	150,000	\$ 141,130.50	94.09	100
SE	06048WAN0	BANK AMER CORP	7.42%	1/13/2025	150,000	\$ 133,500.00	89	96.69
SE	4041A3AH5	HBOS PLC	6.75%	5/21/2018	150,000	\$ 133,486.50	88.99	93.66
SE	48248A405	KKR FINANCIAL HOLDINGS LLC	8.38%	11/15/2041	5,000	\$ 132,400.50	26.48	26.45
SE	G05384139	ASPEN INSURANCE HOLDINGS	7.40%		5,000	\$ 126,150.00	25.23	25.5
SE	257867AC5	R R DONNELLY & SONS CO DEBS	8.88%	4/15/2021	125,000	\$ 125,625.00	100.5	96.5
SE		DEUTSCHE BANK AG	10.25%	12/20/2013	220,000	\$ 124,618.39	56.64	64.68
SE	06741JCC1	BARCLAYS BANK PLC 100%PPN	9.68%	2/3/2026	130,000	\$ 120,900.00	93	98
SE	S69124MN2	REPUBLIC OF SOUTH AFRICA	8.75%	12/21/2014	875,000	\$ 118,189.52	13.51	13.07
SE	02319LAB1	AMBEV INTL FIN CO LTD	9.50%	7/24/2017	200,000	\$ 116,320.63	58.16	55.48
SE	U0662KHW4	BANK OF AMERICA COR	10.00%	11/19/2014	200,000	\$ 111,645.81	55.82	55.33
SE	303901AG7	FAIRFAX FINL HLDS LTD	7.38%	4/15/2018	100,000	\$ 111,635.00	111.64	104.03
SE	14743RAB9	CASE CORP NOTES	7.25%	1/15/2016	100,000	\$ 109,500.00	109.5	101.88
SE		AMERICAN INTL GROUP INC	6.45%	6/15/2077	4,500	\$ 106,515.00	23.67	22.62
SE	05531B201	BB&T CAPITAL TRUST VI	9.60%	8/1/2064	4,000	\$ 106,000.00	26.5	26.9
SE	35914PAJ4	FRONTIER OIL CORP	8.50%	9/15/2016	100,000	\$ 106,000.00	106	105.05
SE	40429CGD8	HSBC FINANCE CORP SR SB	6.68%	1/15/2021	100,000	\$ 105,607.00	105.61	99.49

Example Portfolio - Continued

Type	Cusip	Description	Coupon	Maturity	Qty	Value	Mkt Price	Cost Basis
SE	210805DH7	CONTINENTAL AIRLS PASS THRU	6.70%	12/15/2022	200,000	\$ 103,198.38	107	51.79
SE	638904AA0	NAVIGATORS GROUP INC SR NT 7%1	7.00%	5/1/2016	100,000	\$ 102,637.00	102.64	102.25
SE	881609AT8	TESORO CORP	6.50%	6/1/2017	100,000	\$ 102,000.00	102	97.2
SE	807066AG0	SCHOLASTIC CORP	5.00%	4/15/2013	100,000	\$ 101,375.00	101.38	95.93
SE	693320AF0	PHH CORP	7.13%	3/1/2013	100,000	\$ 101,250.00	101.25	96.95
SE	20047QAH8	COML MTG PASSTHRU CTF	5.78%	6/10/2046	150,000	\$ 100,030.50	66.69	94.47
SE	74432AVH0	PRUDENTIAL FINL INC	6.05%	10/15/2018	100,000	\$ 100,015.00	100.02	100.3
SE	78490FGW3	SLM CORP	5.00%	3/15/2014	100,000	\$ 99,818.00	99.82	90.62
SE	17453BAW1	CITIZENS COMMUNICATIONS CO SR	7.13%	3/15/2019	100,000	\$ 98,750.00	98.75	98.97
SE	960887AB3	WESTMORELAND COAL CO SR	10.75%	2/1/2018	100,000	\$ 94,250.00	94.25	99
SE	17307GW79	CITIGROUP MTG LN TRUST	2.58%	10/25/2035	240,000	\$ 89,165.76	88.98	46.01
SE	268766AS1	EOP OPERATING LTD PARTNERSHIP	7.25%	6/15/2028	100,000	\$ 81,000.00	81	74.42
SE	41659FAS3	HARTFORD LIFE INSTL FDG	5.91%	12/15/2014	80,000	\$ 77,953.60	97.44	87.15
SE	P19110AC2	BUENOS AIRES PROVINCE	10.88%	1/26/2021	100,000	\$ 71,800.00	71.8	94.9
SE	05948X3R0	BANC AMER MTG SECS INC	6.50%	10/25/1931	305,000	\$ 71,513.34	56.78	41.87
SE	961548AQ7	WESTVACO CORP	7.65%	3/15/2027	67,000	\$ 71,367.73	106.52	~97.20
SE	X2912YAM4	HOUSING FINANC	3.75%	9/15/2014	18,233,000	\$ 70,895.16	0.24	
SE	267045BC5	DUTCHESS CNTY N Y LOC DEV	6.82%	7/1/2020	60,000	\$ 67,456.20	112.43	
SE		NEW JERSEY ECONOMIC DEV AUTH R	5.25%	2/15/2030	60,000	\$ 60,939.00	101.57	96.72
SE	31396Y4T6	FEDERAL NATIONAL MTG ASSN	13.32%	4/25/2038	125,000	\$ 56,201.18	117.92	56.02
SE	38375AZS6	GOVERNMENT NATIONAL MTG ASSN	6.26%	6/16/2039	600,000	\$ 55,989.22	16.1	12.52
SE	G21189AA6	CHINA SCE PROPERTY HOLDINGS	10.50%	1/14/2016	415,000	\$ 53,163.46	12.81	13.82
SE	05964TAA7	BANCO SAFRA S A	10.88%	4/3/2017	90,000	\$ 51,354.32	57.06	57.47
SE		GENERAL ELECTRIC CAPITAL CORP	6.10%	11/15/2032	2,000	\$ 50,780.00	25.39	24.03
SE	31394EH50	FANNIE MAE CMO/SERIES 2005-67	13.89%	8/25/1935	101,000	\$ 47,760.29	120.7	48.37
SE	74254PEB4	PRINCIPAL LIFE INCOME FUNDINGS	5.09%	2/1/2017	45,000	\$ 45,419.40	100.93	85
SE	61745EK91	MORGAN STANLEY GROUP INC	10.00%	12/21/2029	45,000	\$ 41,681.25	92.63	106.73
SE	05949CHX7	BANC AMER MTG SECS INCQ	5.14%	10/25/2035	65,000	\$ 25,813.27	93.45	
SE	61745E5U1	MORGAN STANLEY GROUP INC	10.00%	9/30/2029	10,000	\$ 8,675.00	86.75	100
SV	Total value of securities only		7.77%	7/8/2022	-	\$ 5,502,934.56	0	
Total Account Value						\$ 5,950,354.24		

Disclosures

- J W Korth & Company is a Registered Investment Advisor and Broker Dealer. FINRA, SIPC
- Stated yield targets are gross. They do not take into account management fees. Management fees will vary by account and will reduce the yield on the portfolio.
- Our services are only available in jurisdictions where we are lawfully registered.
- All investments have risk. Past performance is not an indication of future results.

Please call portfolio managers at (800) 553-5512 for an Example Portfolio and more information