



# HATTERAS MODEL

Performance Report for the 3rd Quarter of 2011

Historical Time Weighted Returns <sup>2</sup>	2011 YTD	Annualized <sup>3</sup>			Since Inception	Total Return
		1 Year	3 Year	5 Year		
Hatteras	(8.44%)	(4.01%)	(3.69%)	(0.84%)	1.64%	17.24%
S&P 500 Index <sup>1</sup> (SPX)	(10.03%)	(0.86%)	(1.01%)	(3.27%)	(0.15%)	(1.45%)
Lehman Aggregate Bond Index (LEH)	6.65%	5.26%	7.97%	6.53%	5.81%	73.41%

*Model Inception Date is 12/31/01*

*Results are net of fees and expenses*

## ABOUT THE HATTERAS MODEL

### A model portfolio for accounts over \$500,000

This portfolio uses a broad spectrum of asset types and classes to achieve its two stated objectives of competitive total return with below average portfolio volatility and to provide positive investment returns over a 12 month period in almost any investment climate. It should be considered a balanced portfolio and is managed as if it is the entire investment portfolio of a prudent investor.

When the Hatteras model was first developed it was initially a “long-only” strategy. That is no longer the case. The manager is focused on absolute return and not relative return. Therefore the manager may take long or short market positions, including shorting index funds or individual stocks. The manager also uses strict disciplines related to stop-loss orders and other techniques to minimize portfolio volatility. The manager may use a wide variety of asset types to achieve the stated objectives including: individual stocks and bonds, tax free municipal bonds, corporate bonds, U.S. and foreign government or agency bonds traded on major U.S. exchanges; exchange traded equity and bond funds (ETF’s); options; mutual funds; American Depository Receipts (ADR’s); and individual stocks traded on Canadian exchanges. Leverage may be used in the model from time to time.

Historically the model portfolio has been invested predominantly in U.S. based assets that are dollar denominated. However, the manager seeks diversification away from U.S. assets and dollar denominated assets to provide a hedge or cushion to smooth out portfolio volatility and to enhance investment performance. The manager does not employ a strategy that implies a fixed ratio of assets be deployed in stocks, bonds, or cash. Asset allocation can vary dramatically depending upon the investment climate, including moving to a significantly over-weighted position in cash.

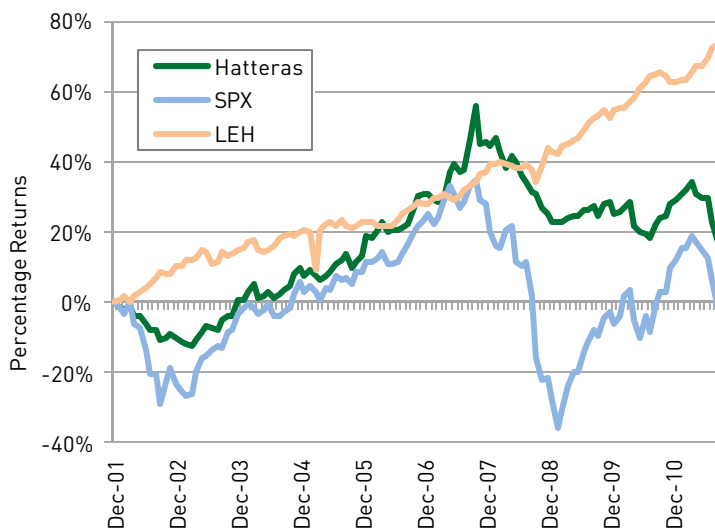
# PERFORMANCE STATISTICS

Through September 30, 2011

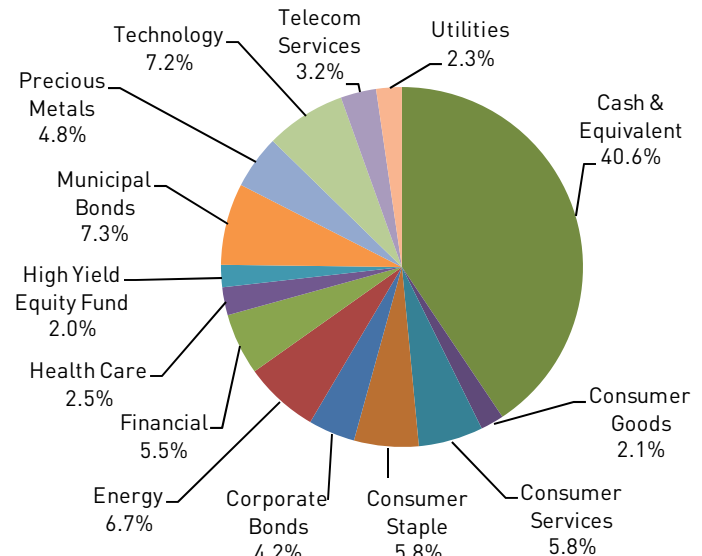
## TOP HOLDINGS

<u>Security</u>	<u>Percent</u>	<u>Security</u>	<u>Percent</u>
Streettracks Gold Trust (GLD)	4.79	Starbucks Corp. (SBUX)	2.75
Apple, Inc. (AAPL)	4.52	Bank of San Francisco	2.73
Enterprise Products Partners, LP (EPD)	3.65	Kimberly-Clark Corp. (KMB)	2.72
Coca-Cola Co. (KO)	3.08	International Business Machines (IBM)	2.69
Linn Energy, LLC (LINE)	3.06		
McDonalds Corp. (MCD)	3.06	Cash & Equivalent	40.56

## HISTORICAL RETURNS From Inception



## HOLDINGS BY SECTOR



1. The S&P 500 returns reflect simple appreciation. The overwhelming majority of our clients take significant distributions from their accounts and therefore we don't consider a dividend reinvested return to be an appropriate benchmark.

2. The performance numbers presented here represent the composite performance of all client accounts managed by 5T Wealth that were included in the model group at the time the composite performance number was achieved. All the individual accounts in the model group are traded together in a "block" in order to maintain as much similarity between the accounts as possible and to keep them all aligned with the proprietary investment model. Model groups may change subsequent to the production of the stated investment returns represented here. For example 5T Wealth make take in a new client whose account gets assigned to the model group. During 2008 an account was removed from the Hatteras model performance statistics after they retained 5T Wealth for Financial Planning and Wealth Management services, thereby changing their fee structure.

Individual account results may vary from the composite performance represented here for a variety of reasons, including the cash flow requirements of individual account holders. Some clients reinvest all interest and dividends. Some clients take cash distributions from their accounts.

All returns are calculated as Time Weighted Rate of Return using Centerpiece software. They are net of actual management fees, custodial fees, all trading costs, all mutual fund expenses such as short term redemption fees or management fees. No adjustment has been made for income tax liability.

Accounts managed according to the models by 5T Wealth do not carry deposit insurance, and do involve risk of loss. The results shown are for specific time periods and may not be representative of the results that would be achieved over different time periods or in different economic and market environments.

The data used to calculate these returns is provided by an independent data provider believed to be reliable. However, 5T Wealth does not guarantee the accuracy of this data. The performance of an index is not an exact representation of any particular investment, and is provided only for comparison purposes.

Securities in these models are frequently traded and rebalanced. Allocations are subject to change without the knowledge of the account holder. **Past performance does not indicate future results.**

3. The 1 year, 3 year and 5 year annualized returns are calculated using a rolling year, i.e. the 3 year return represents the annualized Time Weighted Return over the last 36 months.