



BondWave Advisors Program Portfolios™

3-Year Municipal Index Targeted Program

Program Considerations and Objectives

The 3-Year Municipal Index Targeted Program provides an index-based allocation program designed to assist investment advisors with their selection of tax-exempt municipal securities for their clients. The model takes a stratified approach to approximate the performance of the 3 (2-4) Year Component of the Barclays Capital Municipal Bond index (the "Index"). (See the following page for a description of the Index.)

The Program Model utilizes filters (Branches) that contain a set of attribute-based Bond Types, not specific securities. Bond types are used during the portfolio construction and maintenance process to select bonds that have similar structural and risk characteristics to those of the Index. A specified number of bonds must be purchased for each Bond Type in the Program Model. As a result, the bonds held in a portfolio constructed using the Program Model may differ from investor to investor. The Program Model recommends that each portfolio rebalance every 13 months. However, the Program Model is updated monthly to allow for portfolio monitoring.

The 3-Year Municipal Index Targeted Program seeks to offer principal preservation, predictable income and potentially lower price volatility (shorter duration) compared to strategies for bonds with a longer maturity. Principal value fluctuations are reduced relative to longer-maturity strategies.

Key Investment Features

Branches - Branches are weighted "partitions" within the portfolio. Branches are weighted by maturity in accordance with the Index with a minimum of five holdings per branch. Call protection is a minimum of 13 months. Duration and coupon ranges are targeted to the Index.

Restrictions - The following bonds will be excluded from the portfolio: taxable municipal bonds, non-rated bonds and bonds subject to alternative minimum tax. Although included in the Index, the program excludes student loan bonds, hospital revenue bonds and those rated below Aa3/AA- in an attempt to create a more conservative credit profile than the Index.

Portfolio Targets and Limits (Security Attributes) - The following statistical guidelines are targeted to the Index: average coupon, portfolio duration, average rating and average years to effective maturity. Although not targeted to the Index, percentage of issuer saturation is another attribute considered by the Program Model.

Benefits

- Provide a disciplined, strategy-based fixed income investment approach;
- Allow for a custom portfolio that can match the personal risk preferences or income requirements of the investor;
- Offer all the widely recognized benefits of individual bond investment – principal preservation, predictable income, portfolio control, full investment, well-defined yield to maturity and tax consequences and lower interest rate risk;
- Principal value fluctuations are reduced relative to longer-maturity strategies;
- Conservative credit quality;
- Higher current income with potentially less price volatility;
- Coupon posturing can derive higher income and less volatility in rising rate environment or lower income and potential higher total return in declining rate environment.

Considerations

- Principal valuations are potentially more affected by short-term interest rate fluctuations;
- Low income/yield relative to fixed income portfolios with lower call protection, higher volatility, longer maturities and lower credit quality;
- Credit quality may vary from AAA rated to AA- rated securities.

3-Year Municipal Index Targeted Program (continued)

Barclays Capital Municipal Bond Index - 3 (2-4) Year Component

BondWave Advisors' 3-Year Municipal Index Targeted Program is designed to create portfolios that attempt to approximate the performance of the 3 Year (2-4) component of the Barclays Capital Municipal Bond Index. The index represents tax-exempt U.S. municipal bonds that have a remaining maturity of greater than or equal to 2 years and less than 4 years. Securities have at least \$7 million par amount outstanding and were issued as part of at least a \$75 million transaction. Securities must be rated investment grade (Baa3/BBB- or higher) and have a fixed rate coupon.

About BondWave Advisors

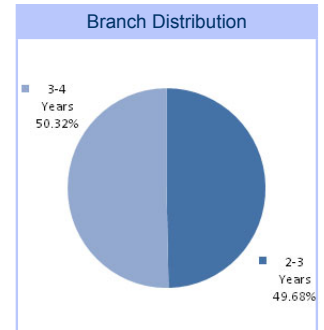
BondWave Advisors' (BWA) Program Portfolios™ fixed income portfolio construction process incorporates a rules-based, disciplined methodology that creates professional diversified portfolios defined by detailed bond attributes. Our approach covers the U.S. municipal, corporate, agency and treasury securities markets. BWA's approach seeks to manage risk through minimizing tracking error versus the chosen benchmark. Our highly customizable models are utilized to (1) Represent an existing professional index, (2) Create a bias by emphasizing specific attributes of an index or (3) Assist in creating a customized strategy based on the needs of the client.

Furthermore, BWA's pre-trade analysis process seeks to provide price assurance through identification of a clearly-defined peer group. This group is the result of the screening of actual trades and executable offerings available in the marketplace of bonds that meet the defined model parameters. This screening creates an acceptable pricing range (min., max., target) for offerings that will comprise the portfolio. BWA's rules-based models and price assurance create an efficient and transparent process for easily constructing, executing, monitoring and managing the elements of the portfolio.

Risk Considerations

An investment in bonds should be made with an understanding of the risks involved, such as interest rate risk, inflation, economic recession and the possible deterioration of either the financial condition of the issuers or the general condition of the bond market. You should be aware that portfolios constructed using the program are comprised of bonds which involve additional risks. You should consider the portfolio's investment objectives, risks, and charges and expenses carefully before investing. Contact your financial advisor before investing.

The strategies do not guarantee future correlation to the stated objective or underlying index, nor should they be used as a predictor of future returns. There can be no assurance the Program Portfolios™ strategies will match or outperform a given index or sampling over any time period or that it will have positive results. The strategies have a potential for loss.



* All rules and calculations as of 4/30/2009

Trade data courtesy of MSRB

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