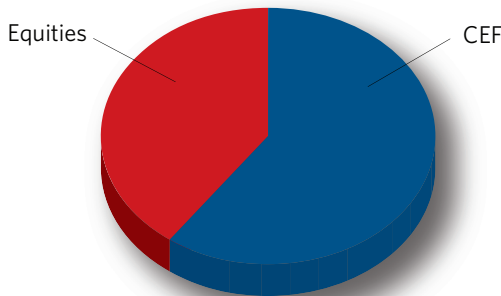


## Yield Select Overview

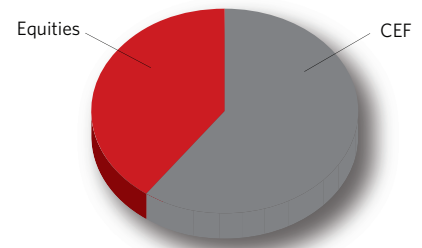


Yield Select components

The *Yield Select* strategy invests in highly liquid U.S.-listed securities, including equities, American Depositary Receipts (ADR), and closed-end funds (CEF). Its primary objective is to offer a balance between current income and future growth, with a bias toward risk management. The portfolio will be comprised of two parts: the first invests in CEFs representing both equity and fixed income asset classes and the second invests in individual stocks that have a high current dividend yield plus the potential for dividend growth. Between the two pieces, the goal is to establish a portfolio of approximately 40 positions that is diversified by asset class, sector and size that will generate current income through dividends, interest income and royalty payments plus offer the potential for long-term appreciation.

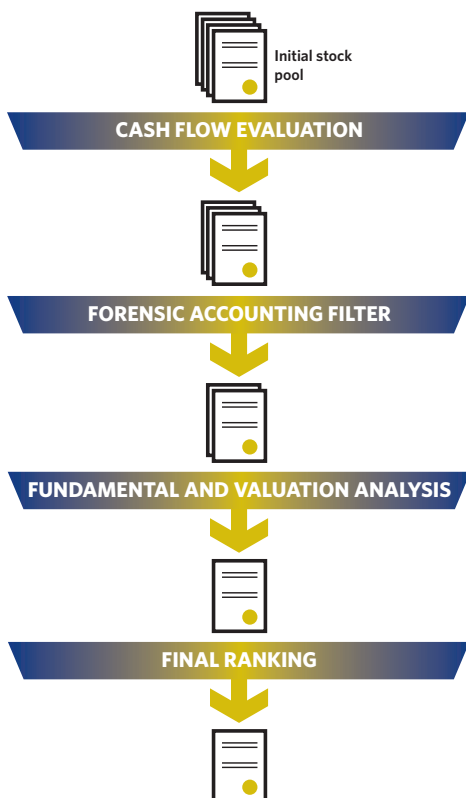
### Equity Basket

Approximately 40% of a Yield Select portfolio will be invested in individual equities. Advanced Equities Asset Management's (AEAM) stock selection process seeks to identify high current yield companies that have both the ability and willingness to provide a stable dividend plus offer capital appreciation potential.



### Stock Selection Process

Our rigorous quantitative screening process employs numerous techniques, which are refined at the industry level, to identify firms that stand out among peers in terms of balance sheet strength and operating efficiency.



We believe in the the old adage that “cash is king,” so our fundamental screening process begins by identifying firms with minimal differences between cash and accrual-based earnings measures. Given our preference for stocks that pay dividends, we believe it is important to limit our universe to those companies that are also able to internally fund ongoing operating and capital expenditures rather than rely on external financing, particularly in the current environment where credit and capital are scarce.

Next, emphasis is placed on avoiding severely distressed companies using balance sheet analysis to identify “red flags” such as under-funded pension plans, weaknesses in internal controls, and material off-balance sheet obligations. We have designed numerous proprietary screens to attempt to systematically identify firms with a high risk of earnings shortfalls, material earnings restatements, or the potential need for unexpected and dilutive infusions of outside financing—all of which could jeopardize the dividend.

From this filtered subset, we then seek to identify firms which exhibit time-tested investment characteristics such as an attractive dividend yield backed by a reasonable payout ratio relative to earnings and free cash flow, above average sales and earnings growth, consistent growth in book value, and long-term above average return on capital. Each firm in our universe is ranked based on our favored valuation and growth metrics relative to its sector and only companies rating in the top 20% of our universe are considered for entry into the portfolio.

Table 1

Annualized Returns High vs. Low Dividend Growth				
	5-yr	10-yr	15-yr	20-yr
	12/31/2003 12/31/2008	12/31/1998 12/31/2008	12/31/1993 12/31/2008	12/31/1989 12/31/2008
High Dividend Growth Universe	8.6%	9.1%	10.8%	10.3%
Low Dividend Growth Universe	3.6%	2.2%	7.9%	8.4%
Difference	5.0%	6.9%	2.9%	1.9%

*Source: Bloomberg Past performance is not a guarantee of future results.*

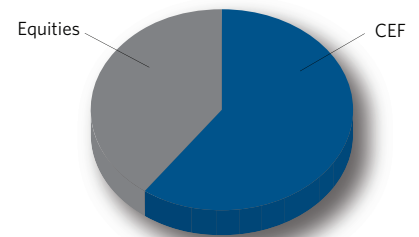
Another factor we consider is the ability and willingness of a company to deliver above average dividend growth. This often reflects strong business fundamentals and a management team that is focused on providing shareholder value. As shown in Table 1, a high rate of dividend growth has historically been associated with above average stock performance within the large-capitalization, dividend-paying universe of companies.

Finally, after the individual names are identified, we conduct various technical analysis screens in an effort to identify the securities which are most attractive from a timing perspective. From the companies identified in our stock selection process, a portfolio is constructed with an emphasis on sector diversification and with limits on exposure to specific macro factors. For example, no sector will account for more than 25% of the portfolio, which differentiates AEAM from the heavy sector concentration that is prevalent among many value-based portfolio managers. Moreover, the sector exposure of the portfolio is dynamically adjusted using tactical asset allocation models.

As of December 2008, the foregoing process has identified a portfolio of 20 stocks with a maximum sector exposure of 16% and a current annualized yield<sup>1</sup> of 6.4%. The stocks in the portfolio also had an historic three-year dividend growth of 14.9% per year, a payout ratio of only 60%, and annual return on equity of 19.6%. Yield Select's stock selection process is repeated weekly, with daily monitoring. However, the screening process is designed to identify long-term investments, and portfolio turnover is expected to remain low with an anticipated average holding period of at least 12 months.

### Closed-End Fund Basket

The majority of the income from the strategy is generated from a portfolio of closed-end funds, which makes up approximately 60% of the overall portfolio. A CEF is a publicly traded investment company that invests in a variety of securities, such as stocks and bonds. Capital is pooled from many investors and the manager invests according to the fund's objectives. Because it is not continuously offered, a CEF only trades on stock exchanges (i.e., secondary markets) and the price can fluctuate from the value of the underlying investments based on the sentiment of buyers and sellers. This can provide heightened yield when the CEF trades at a "discount," but can also bring additional risks that we attempt to manage in the context of the broader portfolio construction.



AEAM targets closed-end funds that meet the following criteria:

- Highly liquid
- Limited amount of leverage
- Attractive yield
- Trading at greater discount than historical average

The portfolio seeks to combine CEFs from a wide variety of different domestic and international stock and bond asset classes. We also seek diversification from many different well-known issuers to attempt to add differing management styles to the portfolio.

As of December 31, 2008, the closed-end fund portion of the portfolio includes 22 holdings, representing 11 issuers and 8 distinct asset classes. Though past performance is not an indication of future results, the holdings' average current yield is approximately 8.9% and the funds are trading at an average discount to their NAV of 3.5%, slightly greater than their 5-year historical average.

### Closed-End Fund Sector Breakdown

as of 12/31/08

Cash & Other	12.9%
US Government & Agency Bonds	10.8%
Foreign Government Bonds	12.2%
Mortgage-Backed Bonds	6.0%
Senior & Asset-Backed Loans	1.7%
Corporate Bonds	15.5%
Convertible Bonds	2.3%
Preferred Equity	5.1%
Master Limited Partnerships	6.3%
Covered Calls	9.6%
Common Equity	13.8%
Real Estate Investment Trusts	3.9%

As shown in the table, the portfolio of closed-end funds has exposure to many asset class categories. We construct the portfolio with our proprietary capital market assumptions in mind—attempting to tilt exposures to be overweight in asset classes where we see long-term opportunity. A critical part of our selection process involves analyzing the holding to ensure it contributes diversification benefits to the overall portfolio. Though many CEFs can move in lock-step with each other, the average correlation of our 18 holdings over the past year has been only 41%, indicating that if these relationships hold in the future, the portfolio would reap some diversification benefits. Further, due to their structure, CEFs often exhibit lower correlation to changes in interest rates than other interest yielding vehicles. Our current portfolio has demonstrated a -37% correlation to Treasury bonds over the past 12 months and only a 44% correlation to corporate bonds. Since government rates are currently at historic lows and Treasury issuance will greatly expand to fund America’s budget obligations, we believe it is important that the portfolio not be overly exposed to rising U.S. interest rates.

## Summary

Investors seeking yield in traditional means are currently confronted with unique challenges. Over the past year, Treasury bonds have benefited from the largest rally in decades. With yields hovering near zero for shorter term paper and 2 percent for longer term paper, bond investors face heightened price risk as the wind is no longer at their backs with falling yields. In addition, inflation risks are heightened following unprecedented monetary policy shifts in light of the credit crisis. The unintended consequences from this government interaction are yet to be seen.

In light of this market backdrop, AEAM created the Yield Select program to offer clients a balance between current income and capital appreciation. The portfolio includes a blend of high dividend paying stocks that have passed our rigorous financial statement filters as well as CEFs that are trading at a discount to their net asset value and represent a multitude of diversified asset classes.

We believe that current market conditions have created dislocations which might provide opportunity in the years to come. As a result, the Yield Select strategy will attempt to source yield at a reasonable price and risk level within any instrument or asset class available.

Each client’s portfolio is established in a separately managed individual account with a minimum investment of \$25,000. Clients can choose to have income re-invested in the strategy, have a fixed amount sent out quarterly or monthly, or have the actual dividend/income earned distributed on a quarterly or monthly basis. The wrap fee of this account is inclusive of all fees, and the subsequent tax gains/losses generated are yours alone. This type of account structure contrasts with mutual funds, which pool dollars together from a broad group of investors, equally assign capital gains to all fund shareholders (regardless of investor’s time in fund) and can trigger tax consequences caused by exiting shareholders.

## You should know...

### Advantages of CEFs

- **Opportunity to buy at a discount:** Investors can buy a dollar’s worth of assets for less than a dollar. If the discount narrows, it may give a boost to the fund’s performance
- **Intra-day liquidity:** Provides the ability to buy and sell opportunistically throughout the trading day as opposed to alternatives that might only trade at the close
- **No minimums:** Offers the ability to diversify client accounts with many different holdings without limitations of minimum individual fund investment

### Risks of CEFs

- **Issuer:** risk that issuer will not be able to meet operating expectations
- **Credit:** risk of default of underlying holdings
- **Interest rate:** risk that a rise in interest rates will cause value to decline
- **Inflation:** risk that inflation will result in the erosion of the value of an investment
- **Liquidity:** risk that the market cannot accommodate the size of an order and price of the CEF will decline
- **Currency:** risk that change in exchange rates might result in a decline in value of an asset
- **Leverage:** risk that cost to fund leveraged capital will rise or exceed earnings on that capital

1. Current yield is calculated by dividing the current declared annual cash flows by the security's price. The issuer can change its dividend policy, which would affect the yield an investor realizes. The total return an investor earns will also be a function of changes in the security's price.

**An investor should carefully consider investment objectives, risks, charges and expenses before investing.**

*There is no certainty that any investment or strategy will be profitable or successful in achieving investment objectives. CEFs may have investment objectives other than matching a particular market index, may have a tendency to trade below net asset value (NAV) and are subject to liquidity risk. Closed End Funds are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares may be worth more or less than their original cost. There is no certainty that any investment or strategy will be profitable or successful in achieving investment objectives. The Yield Select strategy is a new strategy with a limited operating history and AEAM has limited management history running CEF portfolios. Past performance is no guarantee of future results.*

*There are unique potential risks associated with the specific asset classes that each CEF represents. Investments in smaller companies typically exhibit higher volatility. In addition to the normal risks associated with investing, narrowly focused investments typically exhibit higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. Bonds and bond funds will decrease in value as interest rates rise. Master Limited Partnerships' risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; MLP industry risk; leverage risk; valuation risk; interest rate risk; tax risk; concentration in the natural resource sector amongst others. Commodities markets have historically been extremely volatile.*

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- Advanced Equities, Inc., a registered broker/dealer and investment adviser
- First Allied Advisory Services, Inc., a registered investment adviser
- First Allied Securities, Inc., a registered broker/dealer and investment adviser
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655 West Broadway  
Suite 1050  
San Diego, CA 92101  
(866) 299-4864



14614 North Kierland Blvd.  
Suite N320  
Scottsdale, AZ 85254  
(866) 299-4864