

The Equity Index Plus strategy seeks to replicate the returns of a monthly covered call writing program on a broad market index such as the S&P 500, the S&P 400 Midcap, or Nasdaq 100 indexes. Our goal is to achieve market-like returns, on average over time, with significantly less volatility than a buy-and-hold strategy. Historically, the benchmark for this strategy – the Chicago Board Options Exchange’s BXM index<sup>1</sup> – has provided rates of return approximately equal to the market, but with only about 60% of the risk. The potential for enhanced risk-adjusted return may make the strategy especially appealing to risk-averse investors who desire equity-like returns, but with significantly reduced portfolio volatility.

In a monthly covered call-writing strategy on a market index, an investor forgoes some short-term appreciation potential in the underlying equity index to receive an upfront cash payment called an option premium. This monthly premium typically equals 1.0% – 3.0% of invested capital and is retained by the investor regardless of any movements in the equity index over the period. For example, if the market index is unchanged at the end of the option cycle, the investor keeps the original option premium received, outperforming the index. Should the market rise over this period, the investment gain will be capped based on the premium received (i.e. at 1.0 – 3.0%). In down markets however, the option premium provides a meaningful buffer to any decline in the index, cushioning the overall impact on the portfolio.

*As a result, a covered call-writing strategy will generally outperform a buy-and-hold strategy in down, flat, and slightly up markets and generally underperform in sharply, rising markets.*

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## POTENTIAL BENEFITS OF THE EQUITY INDEX PLUS STRATEGY

*Tax Efficiency* – When implementing Equity Index Plus for taxable accounts, we use a twofold approach that enhances the tax efficiency of the strategy. First, a position in the index is established, usually through a low-cost exchange-traded index fund (ETF). Second, we use index options for the call-writing portion of the strategy to take advantage of their favorable tax treatment – 60% of all gain (or loss) is treated as long-term and 40% as short-term, regardless of holding period. This twofold approach allows the underlying ETF position to grow tax-deferred indefinitely – giving the investor complete control over the realization of gains or losses.

*Enhanced Risk-Adjusted Return* – The flagship benchmark for this strategy, the CBOE’s BXM index, historically has provided rates of return virtually equal to the stock market, but with substantially less risk. In addition, the monthly option premiums have provided substantial downside protection during prolonged market declines, such as those experienced from 2000 to 2002. Please see attached performance information for more details.

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This strategy can be customized to meet varying investor objectives, such as the potential desire for more upside participation, or downside protection. In addition, the proliferation of exchange-traded funds, and options on such funds, allows this strategy to be implemented on a variety of market indices and sectors.

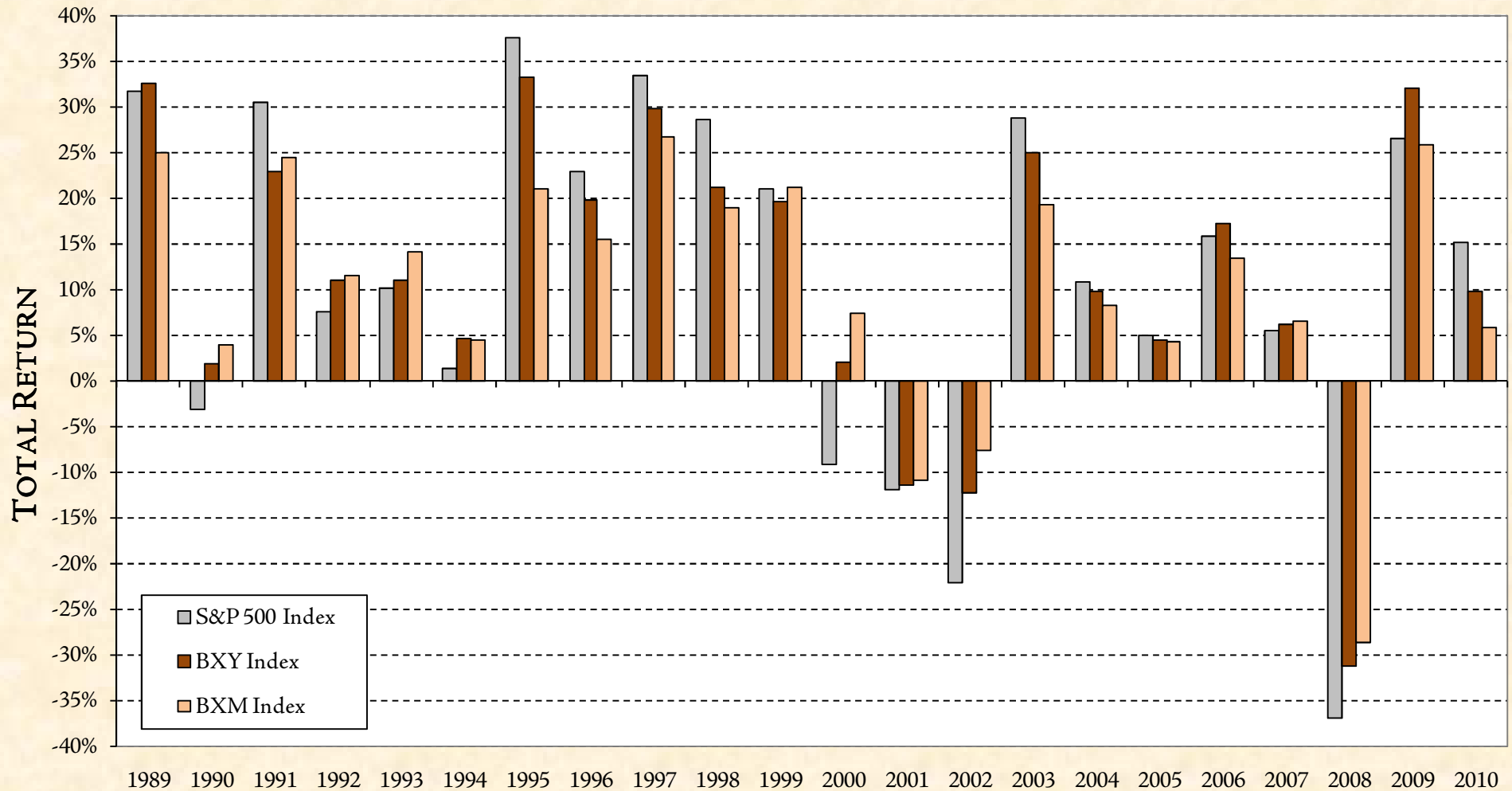
For more information on how Gould Asset Management can structure an Equity Index Plus portfolio customized to your unique investment needs and objectives, please contact your investment representative, or one of our Portfolio Managers at (909) 445-1291 or [info@gouldasset.com](mailto:info@gouldasset.com).

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<sup>1</sup> The CBOE’s BXM index is the benchmark for the S&P 500 implementation of Equity Index Plus.

*Gould Asset Management LLC is a registered investment adviser. Note: registration does not imply a certain level of skill or training. A copy of Gould’s current written disclosure statement discussing advisory services and fees is available for review upon request. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or investment strategy will be profitable in the future. Moreover, you should not assume that any discussion or information contained above serves as the receipt of, or as a substitute for, personalized investment advice from Gould Asset Management.*

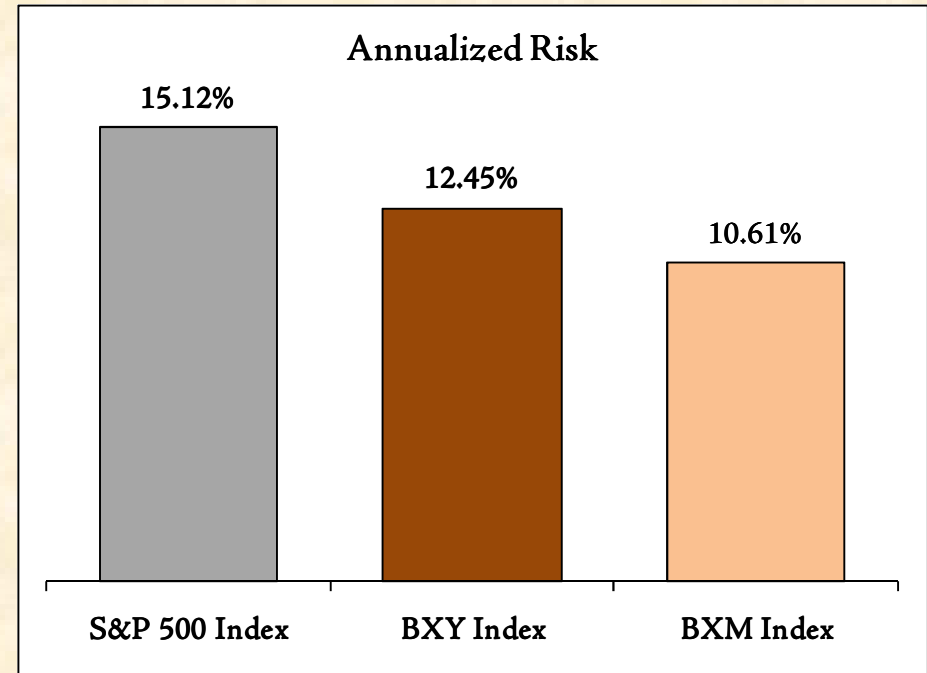
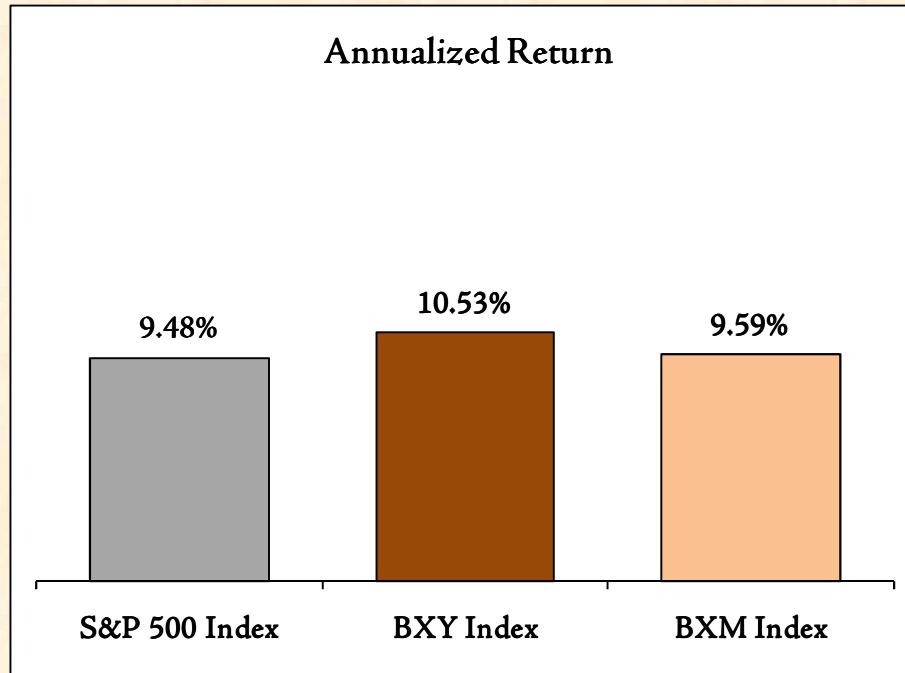
# RETURN COMPARISON: EQUITY INDEX PLUS BENCHMARK VS. S&P 500



The chart above illustrates how the variability of year-to-year returns was significantly reduced under the EQUITY INDEX PLUS – CORE and the EQUITY INDEX PLUS – GROWTH strategy benchmarks (the BXM and BXY indexes) when compared to investing only in the equity index.

Please See Important Disclosure Information on Reverse

# RISK AND REWARD COMPARISON: 1989 THROUGH 2010



Note that the benchmarks for the EQUITY INDEX PLUS – CORE and EQUITY INDEX PLUS – GROWTH strategies (the BXM & BXY indices) outperformed the equity index with significantly less risk.

**Please Note:** Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable or equal the performance of the benchmark indices shown here. The performance shown is a collection of three indices: the Standard and Poor's 500 Index (S&P), the CBOE S&P 500 BuyWrite Index (BXM), and the CBOE S&P 500 2% OTM BuyWrite Index (BXY). The S&P is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the US stock market. Standard & Poor's chooses the member companies for the S&P based on market size, liquidity, and industry group representation. Included are the common stocks of industrial, financial, utility, and transportation companies. The BXM is a passive total return index designed by the Chicago Board of Options Exchange based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPX) "covered" call option, generally on the third Friday of each month. The SPX call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The SPX call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written. The BXY uses the same methodology as the BXM but the BXY Index is calculated using an approximately 2% out-of-the-money S&P 500 Index (SPX) call options, rather than at-the-money SPX call options. The period illustrated (1989-2009) represents the entire period in which full-year data was available for all three indices. The historical performance results for the benchmarks are provided for the purpose of providing general comparative risk and return information to assist a client in evaluating whether a particular Gould strategy based on these indices may correspond to the client's investment objective. It should not be assumed that benchmark performance will correspond directly to the performance of any accounts managed by Gould Asset Management. It is not possible to invest directly in an index. The historical performance results for the benchmarks do not reflect the deduction of transaction, custodial or investment management fees, each of which would have the effect of decreasing indicated historical benchmark performance results. Gould charges an annual fee as a percentage of assets under management for accounts following this strategy. The total fee to an investor may be higher if the fee includes a payment to a solicitor for referring an investor to Gould. Investment advisory fees are described in Part II of Gould's Form ADV. The minimum account size is \$500,000. The benchmark returns are expressed in terms of United States currency, and assume reinvestment of any interest, dividends and other cash distributions received. The benchmark performance results do not reflect the impact of taxes. Details of calculations are available upon request.

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