AMBROSE WEALTH MANAGEMENT

Partners in Managing, Protecting, and Distributing Wealth.

Ambrose Monthly Wealthinar

Increase Your Yield

Commercial Lending Programs

June 19, 2008

Agenda

- Active Portfolio Management Process
  - Asset Division
  - Sailing Strategies vs. Rowing Strategies
- Commercial Lending, and
- Suitability vs. Fiduciary

Align your Investment Strategy with your Objectives and Risk Tolerance

A Three "Bucket" Asset Division Strategy:

- **Red Money – Short-Term Target Distribution:** Designed to provide two years of current cash flow and principal liquidity by investing in short-term bonds and cash instruments.

- **Yellow Money – Mid-Term Target Distribution:** Designed to provide moderate growth over a two to ten year period by investing in a balanced mix of stocks, bonds and other non market dependent solutions.

- **Green Money – Long-Term Growth:** Designed to provide long-term growth and inflation protection from year ten to life expectancy by investing in a diversified, equity-driven portfolio.

Align your Investment Strategy with your Objectives and Risk Tolerance

Example of Investments by Bucket

Distribution Need

Red Money
0-2 years

Cash

S-T Bonds

Yellow Money
2-10 years

Stocks & Bonds

Real Estate

Gas Drilling
Inc. Portfolio

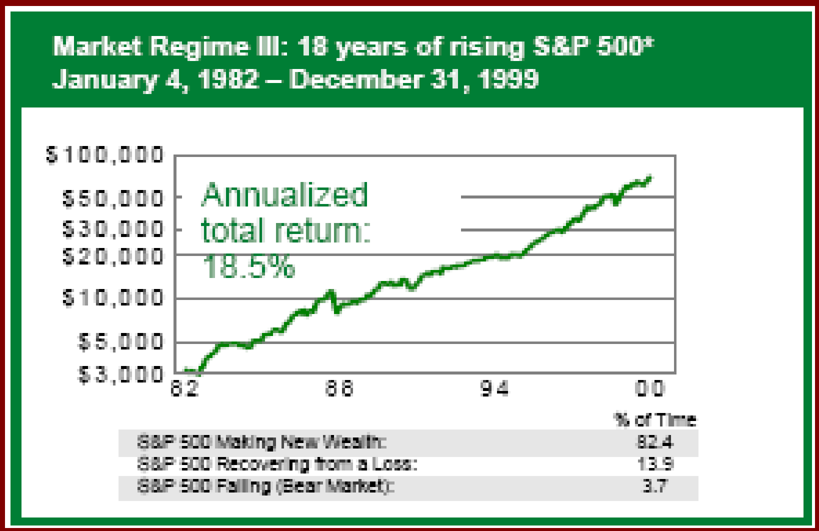
Commercial
Lending

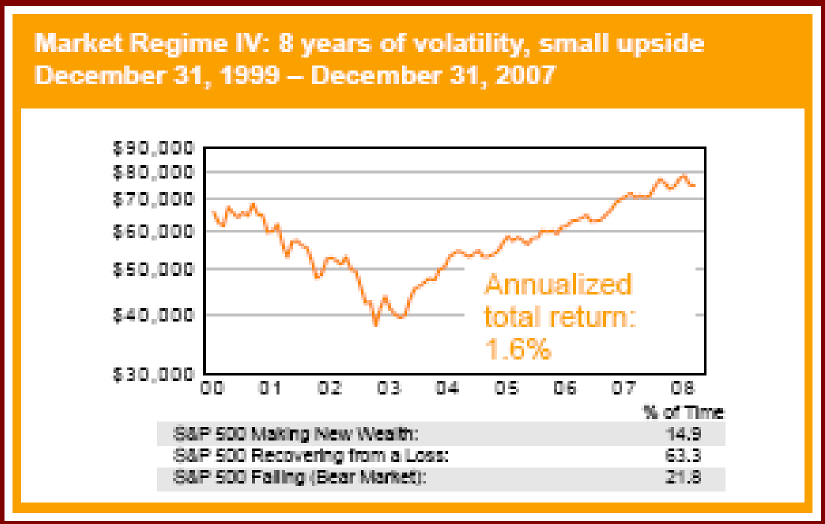
Green Money
10+ years

Stocks & Bonds

Variable
Annuities

Implement a Plan using
the Most Appropriate Investment Strategies





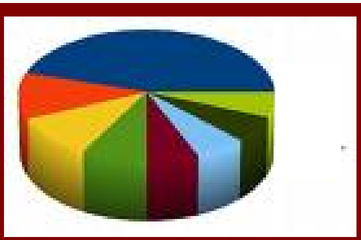
Secular Bull

Relative Return Strategies

Long Stock Strategies

Broadly Diversified

Indexed Investing



Secular Bear

Concentrated Relative Return Strategies

Absolute Return Strategies

Stock & Bond Investment Alternatives

Guaranteed Income Portfolios

Benefits of Investment Alternatives

- Portfolio Diversification
- Little-to-No Stock & Bond Market Correlation
- Preservation, Protection, and Return of Principal, and
- High Current After-Tax Income
  - Sometimes a potential for principal growth

Commercial Lending

What is a Commercial Leasing Program?

- Professionally managed portfolio of equipment leases to major corporations.








Commercial Lending

Why use Leases?

- Corporations need
  - equipment flexibility
  - cash flow flexibility, and
  - preservation of working capital

Benefits of a Commercial Leasing Note
"Become the Bank"

- Portfolio Diversification
- Predictable Income
- Return of Principal
- Competitive Current Income alternative to other interest-bearing securities (not FDIC Insured)
- Competitive Total Return as compared to balanced stock & bond portfolios

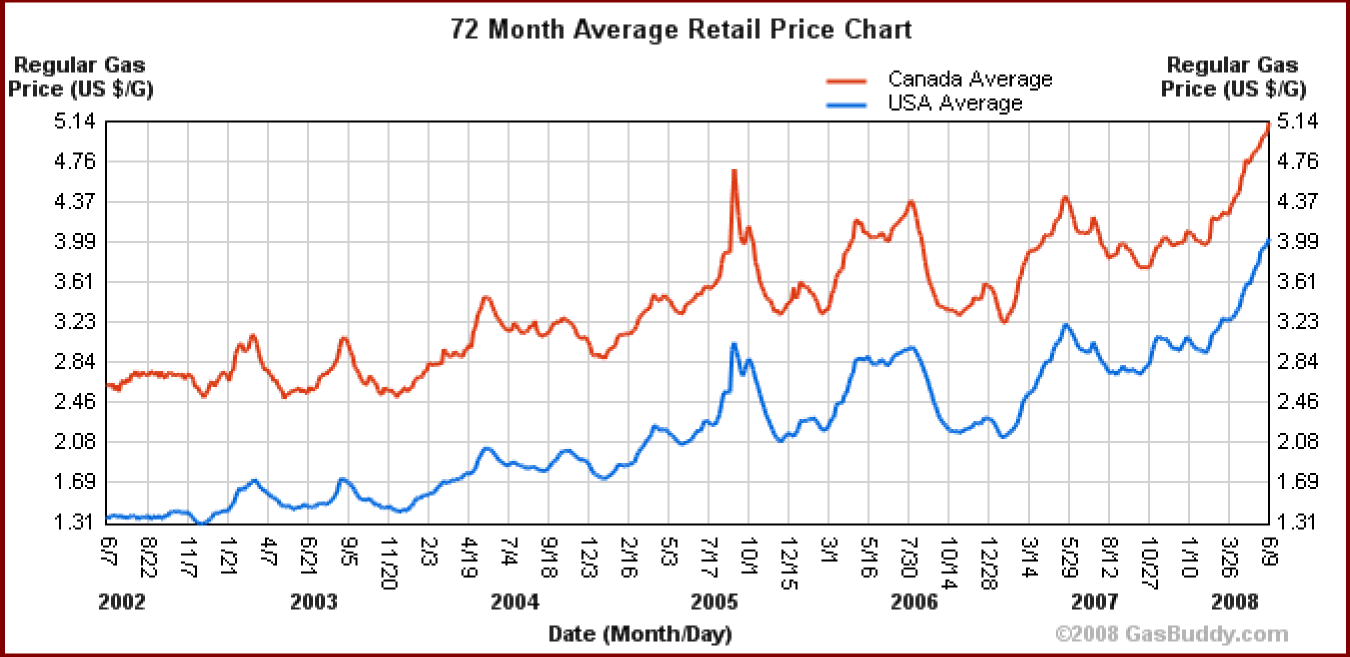
Commercial Lending Programs Case Study

•John and Eileen are two years away from retirement.

•They have worked hard to accumulate a sizeable retirement portfolio and are depending on this nest egg to fund the majority of their retirement income needs.

<u>Problem #1: Interest Income:</u> They like the <u>stable principal</u> and <u>predictable interest</u> from CDs, BUT rates are so low compared to their rising cost of living.

Interest Income Problem
Will CD's pay your bills?



Since the summer of 2002, the price of regular gas has risen an average of 45% per year!

Interest Income Problem
Historical 5-Yr CD Rates

1993	5.55%	2001	5.56%
1994	6.67%	2002	4.99%
1995	7.67%	2003	3.86%
1996	6.67%	2004	4.42%
1997	6.76%	2005	4.96%
1998	6.19%	2006	5.71%
1999	6.36%	2007	5.53%
2000	7.60%	2008	3.75%

** CD's are FDIC Insured up to $100,000 **

Interest Income Solution
Cypress Income Fund

- Portfolio
  - Diversified portfolio of long-lived, low tech equipment leases
- Predictable Income
  - Quarterly Interest Payment – 8.25% per annum
- Return of Principal
  - Repayment of principal in years 5 & 6

- Competitive Current Income alternative to other interest-bearing securities (not FDIC Insured)

Commercial Lending Programs
Case Study

- John and Eileen are two years away from retirement.
- They have worked hard to accumulate a sizeable retirement portfolio and are depending on this nest egg to fund the majority of their retirement income needs.

Problem #2 Stock & Bond Returns: Total returns from conservative stock and bond portfolios allocated towards their nearing retirement have been volatile and inadequate.

Example of a Balanced Mutual Fund Portfolio

Stock & Bond Alternative
Cypress Income Fund

- Portfolio
  - Diversified portfolio of long-lived, low tech equipment leases
- Predictable Income
  - Quarterly Interest Payment – 8.25% per annum
- Return of Principal
  - Repayment of principal in years 5 & 6

- Competitive Total Return compared to balanced stock & bond alternatives.

What to look for…

- Income / Cash Flow Need
  - Replacement or compliment to CDs
  - Funding mechanism for ILITs and other cash flow needs
  - Competitive after-tax alternative to Muni Bonds

- Total Return
  - Mid-term investment goals
    - With 8.25% or lower target return need
    - With lower tolerance for volatility

- Investor Requirements
  - Accredited Only
    - $1,000,000 Net Worth
    - Annual Income of $200,000 single or $300,000 joint
    - Irrevocable Trust with assets of $5,000,000 or more

Suitability vs. Fiduciary

Suitable: 1) right or appropriate for a purpose or action
2) convenient

Fiduciary: 1) one who manages the assets for the benefit of the other person rather than for his or her own profits

There are three job titles that automatically connote a fiduciary standard:

Attorney
Certified public accountant (CPA)
Registered investment advisor (RIA)

There are several other job titles that indicate the opposite. People who are stock brokers (also known as "registered representatives") or insurance agents are allowed to put their own interests, or those of their firm, ahead of yours.

Source: MSN Money, April 3, 2008

THANK YOU