

risk level : high to moderate

goal : capital appreciation and preservation

The Eqwitty Allocation Model Portfolio seeks long-term capital appreciation, and to a lesser extent, capital preservation. Current income is not a main objective. The portfolio is designed around the belief that asset allocation is the largest contributor to returns. The portfolio seeks these objectives through tactical asset allocation through a limited number of exchange-traded funds. The portfolio is intended for individuals with a long-term investment timeline (5 to 7 years or longer).

current allocations

%	fund name	3mo	YTD	1Yr	3Yr	5Yr	10Yr
10%	iShares S&P 500 Index Fund (IVV)	-8.36%	-19.28%	-21.98%	0.16%	5.09%	3.06%
10%	PowerShares FTSE RAFI US 1000 (PRF)	-6.82%	-21.96%	-24.32%	-0.30%	6.37%	6.81%
10%	iShares Russell Mid Cap Value (IWS)	-7.46%	-15.44%	-20.53%	0.38%	9.81%	9.19%
10%	iShares Russell 2000 Value (IWN)	4.95%	-5.36%	-12.26%	1.85%	9.26%	10.14%
10%	iShares MSCI EAFE Index Fund (EFA)	-20.51%	-29.18%	-30.53%	1.00%	9.50%	5.06%
5%	iShares FTSE Developed Small Cap (IFSM)	-24.60%	-32.67%	-35.94%	-0.08%	11.70%	9.59%
15%	iShares iBoxx \$ High Yield Corporate (HYG)	-7.76%	-9.93%	-10.56%	0.40%	3.33%	n/a
30%	iShares Barclays Capital Aggregate (AGG)	-0.60%	0.64%	3.64%	3.92%	3.53%	n/a
100%	eqwitty allocation portfolio*	-6.39%	-12.05%	-13.25%	1.54%	6.15%	n/a

quarterly commentary

The best performing model fund for the 3rd quarter of 2008 was the iShares Russell 2000 Value ETF with a 4.95% return. This was also the only positive returning fund. The lowest performing fund was the iShares FTSE Developed Small Cap ETF with a return of -24.6%. For the quarter at NAV, the Eqwitty Allocation model returned -6.39%, underperforming a 65% S&P 500 / 35% BarCap Aggregate blend return of -5.61%. Year to date, the model returned -12.05%, outperforming a -12.32% blend return.

Domestic stocks took a beating this quarter, much as they have for the last year. Small cap value and mid cap value style stock indexes historically have had higher long-term returns than their large cap counterparts. Small cap value was one of the worst performing asset classes in 2007, but we see that it may have already taken a significant amount of punishment and has held itself up well, relatively, in 2008.

International stocks have also struggled as of late, after many years of outperformance over their domestic counterparts. It is not uncommon to see corrections to stock prices to the best performing asset classes to be of a larger magnitude.

*The quoted performance is not the actual performance of the model and represents the pro forma performance at net asset value of the model as if it had been invested from the beginning of these periods. Index returns are supplemented for NAV returns where the fund was not yet inception. Inception of the model is Dec. 31, 2008.

Investing involves risk. Past performance does not guarantee future results. Current performance may be higher or lower than currently quoted performance. The above information has been obtained from sources believed to be reliable, but is not guaranteed. Brokerage commissions will reduce returns. Read the respective prospectuses carefully before investing.

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as of sep 30, 2008

