
HORTER
C. AUSTIN

Drew K Horter, CFP ®
Founder and Chief Investment Strategist

Drew K Horter is the President, Founder and Chief Investment Strategist. With over 20 years of investment management experience, Mr. Horter has extensive industry knowledge as a Registered Investment Advisor. Having held FINRA Securities licenses that include the Series 6, 7, 22, and 63 over the past 29 years, Mr. Horter has experienced many economic, political and financial cycles.

Horter Investment Management, LLC was founded in 1991. Mr. Horter's Registered Investment Advisor firm manages assets on a fee basis for it's clients. Early in his career Mr. Horter recognized the need for high quality private wealth managers for his clients. Since becoming a Registered Investment Advisor, Mr. Horter has worked with many equity and fixed income managers.

More recently Mr. Horter has focused on low risk, low volatility asset managers for the 88 investment advisor representatives affiliated with Horter Investment Management (located in 33 states). These private wealth managers can attain equity like rates of return without the risk generally associated with the stock market.

To compliment the low risk and low volatility private wealth managers, Horter Investment Management also works with high quality, low beta equity managers that present excellent opportunities for clients.

Mr. Horter has been a CFP™ since 1986 and is a licensed insurance professional. Insurance products are offered through Horter Financial Strategies, LLC.

RIA based
No Load Variable Annuity

$20 per Month *TOTAL* Contract cost

$0   M & E Charges

A Client-*first* Variable Annuity

What are the problems with variable annuities today?

- High Expenses – 3 to 4% per year
- Poor Sub-account management
- A “hope and a prayer” portfolio

If you could possibly earn 6 to 8% per year over 5 to 10 years with low risk and low volatility, what percentage of your investments would you devote to this asset?

RIA based Wealth Management firms with:

- Low Risk Low Volatility
- Averaging 7% to 9%per year for over 10 years (net of fees and expenses)

HIM Portfolio 1: Track Record

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year	Cumulative Returns
1994	-2.79 %	-2.15 %	0.27 %	1.93 %	**-2.78 %**	**-2.78 %**
1995	3.56 %	3.70 %	1.79 %	10.36 %	**20.64 %**	**17.28 %**
1996	-2.49 %	0.15 %	1.57 %	5.83 %	**4.97 %**	**23.11 %**
1997	-1.01 %	2.86 %	2.40 %	6.36 %	**10.90 %**	**36.53 %**
1998	0.76 %	1.27 %	3.55 %	8.27 %	**14.40 %**	**56.19 %**
1999	-0.83 %	-1.28 %	0.01 %	9.18 %	**6.90 %**	**66.96 %**
2000	1.12 %	0.97 %	1.88 %	12.32 %	**16.84 %**	**95.07 %**
2001	2.05 %	-0.59 %	4.72 %	6.86 %	**13.52 %**	**121.45 %**
2002	-0.06 %	2.21 %	2.19 %	6.79 %	**11.47 %**	**146.86 %**
2003	1.05 %	1.56 %	-0.96 %	5.87 %	**7.61 %**	**165.64 %**
2004	1.41 %	-2.56 %	1.83 %	4.56 %	**5.21 %**	**179.49 %**
2005	-1.12 %	1.77 %	-1.17 %	5.35 %	**4.77 %**	**192.83 %**
2006	-1.16 %	-0.91 %	2.60 %	-1.08 %	**-0.60 %**	**191.07 %**
2007	0.87 %	-1.85 %	3.50 %	2.17 %	**4.69 %**	**204.73 %**
2008	1.92 %	-1.84 %	-3.41 %	24.38 %	**20.19 %**	**266.27 %**
2009	0.17 %	4.61 %	4.80 %	2.57 %	**12.64 %**	**312.56 %**
2010	2.09 %	1.68 %	2.71 %	3.19 %	**10.02 %**	**353.90 %**
2011	0.56 %	1.11 %	-1.62 %	2.55 %	**2.58 %**	**365.61 %**
2012	1.91 %				**1.91 %**	**374.52 %**
	Average annualized compounded return:					**8.91 %**

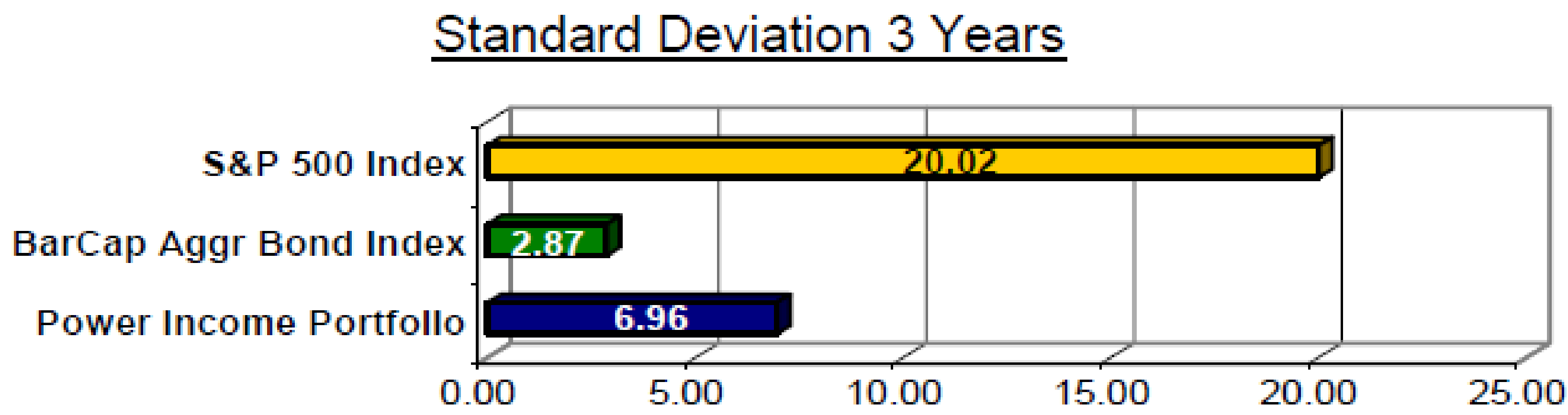
- *HIM Portfolio 3 combines the award-winning performance of two PIMCO bond funds with HIM Money Managers 2's unique seasonal trading protocol. Late in the calendar year, HIM Manager 2 supplements PIMCO's fixed-income returns with three equity trades using the Russell 2000 small-cap index. These trades are designed to exploit the year-end tendency of small-cap stocks to outperform the market. Client accounts devote 60% of assets to these trades while retaining a 40% commitment to the PIMCO Total Return Fund throughout the fourth quarter. This enhancement shows up in the fourth quarter returns of the strategy.*

CAUTION: The periods prior to 10/09 are hypothetical (backtested) and reflect an annual charge of 3%, applied quarterly, for fees and expenses. Actual client composite net returns begin 10/09. This strategy may be offered by advisors to their clients at a higher fee to compensate for reduced minimum account sizes or other value-added services.

Past performance is no guarantee of future results or returns.

HIM Portfolio 2: Track Record

	Year to Date	1 Year Total	3 Year Annl.	5 Year Annl.	10 Yr Annl.	Incept. Annl.
Power Income Portfolio	4.15	-1.41	8.84	5.86	7.37	6.95
S&P 500 Index	12.58	8.53	23.41	2.01	4.11	3.70
Aggregate Bond Index	0.31	7.73	6.85	6.26	5.81	5.96



• *All Returns are composite client returns, net of all fees, applicable loads and expenses; and normally include the reinvestments of all dividends and distributions. When this portfolio is used inside a variable annuity additional fees will apply. This strategy can utilize open-end mutual funds or variable insurance sub accounts.*

In addition, when HIM Portfolio 1 is utilized inside this strategy, HIM Money Manager 1 will receive fees from the fund as the advisor to the fund. Individual client account results will vary from composite client returns. Past performance is no guarantee of future results or returns. Bonds in the comparative charts represent the average of all U.S. corporate and government bonds using the Barclays Aggregate Bond Index. Inception 5/31/1998.

You Must Be Registered with Horter Investment Management for these managers!

- Past performance is no guarantee of future results. Investors can lose money.

Supercharge non-qualified account growth!

- Utilize the same private wealth managers outside the no load variable annuity.

Non-Qualified No Load Variable Annuity - "Stretch" for generations

- Multi-generational planning.

(Only available with Horter Investment Management)

Great for Marketing!

- A unique selling proposition for Retirees, pre-Retirees, and Conservative Investors

100% Liquid At Any Time!

No Surrender Charges!

Average Sale

$200,000

Field Training

- Combine **Horter Investment Management's** excellent field training for our Investment Advisor Representatives
- DOUBLE annual FIA production
- Fixed Index Annuities through ECA marketing

Plus - Add Assets Under Management for recurring revenue every quarter

- Example:
- $20,000,000 AUM = $200,000 in Recurring Revenue
- Business Value = $500,000

What do Advisors Want Today?

- Ways to get in front of more prospects
- Get all of the client's assets
- Double fixed index annuity sales
- An excellent low risk money management system

What do Advisors Want Today?

TRAINING!

TRAINING!

TRAINING!

Managing Risk
How Much Risk Do You Want?

Risk Protection

LTC

Healthcare

Taxes

Inflation

ESTATE PLANNING

Emergency Cash Reserves

Safe & Secure Assets

_____%

Goal 3.5 – 4%
5-10 years

Low to Moderate Risk Investment

_____%

Goal 6 – 7%
per year

High Risk Investment

_____%

Goal 10%
per year

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Investment Management, LLC

Understanding How Bonds Actually Work…

Most advisors and the media believe all bonds act alike in all economic scenarios and assume when interest rates go up that all bonds will go down in value. This is **"NOT"** correct and the investing public needs to know what bonds to fear most "*when interest rates do go up*".

As you can see from the chart, when the US Treasury 3 month T-bill rose from 1.01% in 2003 to 4.73% in 2006, the Domestic High Yield Bond Funds did well. Long Term Treasury Bond values did not do nearly as well.

If you purchased a 10 Year Treasury bond in August 2011 paying 2% and the 10 Year Treasury bond goes to 6% in a few years, who wants to buy your 2% bond when investors can get a 6% new bond? ***NOBODY!*** So you would have to take a loss equal to a reduced value that is equal to a 6% new 10 year Treasury bond.

Again not all bonds act alike. In different economic periods some will do well and some will not. Bond sector results can vary greatly as seen on the chart.

For example in 2008 investors should have avoided High Yield Bond Funds (see HIM Manager 1 Brochure) and should have invested in 3 Month Treasury Bills (money market rates), or Long Term US Treasury Bonds. Knowing when to move to the appropriate bond asset class is very important!

In 2009 however 3 Month US Treasury Bonds (or a Money Market Account) and Long Term US Treasury Bonds were **"not"** the place to be invested. Rather High Yield Bond Funds provided the best bond class to make money. Knowing when to reposition assets again is the key to successful bond management.

To enhance annual rates of return, a proven actively managed bond investment strategy needs to be utilized.

Total Annual Returns of Popular Bond Fund Sectors Since 1995

Year	Domestic High Yield Funds [1]	Long Term Government Bond Fund 15-30 Years Maturing [2]	US Treasury 3 Month T-Bill [3]
1995	18.51%	30.09%	5.49%
1996	15.05%	-1.26%	5.01%
1997	12.17%	13.90%	5.06%
1998	0.59%	13.05%	4.78%
1999	5.77%	-8.68%	4.64%
2000	-1.33%	19.72%	5.82%
2001	0.94%	4.31%	3.40%
2002	2.13%	16.67%	1.61%
2003	39.20%	2.68%	1.01%
2004	11.24%	7.12%	1.37%
2005	2.72%	6.61%	3.15%
2006	12.75%	1.74%	4.73%
2007	2.26%	9.24%	4.36%
2008	-22.10%	22.51%	1.37%
2009	58.09%	-12.06%	0.15%
2010	14.37%	8.92%	0.15%
2011	3.19%	29.27%	0.14%

1 - Composite of 46 High Yield Bonds since 1995 provided by www.fasttrack.net .

2 - Long Term Treasury Bond Fund Vanguard Funds – VUSTX.

3 - Board of Governors of the Federal Reserve System (www.federalreserve.gov/release/his/data.htm).

See HIM Manager 1 and other Horter Investment Management Bond Portfolios
Past performance is no guarantee of future results.

Horter Investment Management
Stringent Criteria for Private Wealth Managers

*Must have earned at least 7% per year (net of any fees or expenses) for the past 10 years.

*Must have made money or been flat in the "bad" stock market years (net of any fees or expenses) in 2000, 2001, 2002, and 2008.

Past performance is no guarantee of future results. Actual results may vary. Investors can lose money.

Great Fee Based Money Managers

Low to Moderate Risk

Two Very Good Fixed Income Managers

+9.28% through 3/31/12 (annualized)

+8.91% through 3/31/12 (annualized)

Past performance is no guarantee of future results. Actual results may vary. Investors can lose money.

HIM Manager

Performance history to: 12/31/2011

Quarterly performance of HIM Manager 1, after fees:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year	Compounded Return
1995	3.31%	5.08%	2.96%	2.93%	15.06%	15.06%
1996	3.34%	1.41%	4.80%	3.08%	13.22%	30.26%
1997	1.13%	5.26%	6.31%	0.26%	13.45%	47.79%
1998	4.92%	-0.20%	-0.31%	3.48%	8.02%	59.64%
1999	3.28%	0.89%	-0.48%	3.32%	7.15%	71.05%
2000	0.24%	0.01%	-1.02%	3.68%	2.87%	75.97%
2001	-0.45%	-0.25%	-1.85%	3.50%	0.87%	77.50%
2002	1.95%	0.27%	0.27%	6.90%	9.57%	94.48%
2003	6.70%	11.29%	2.25%	6.45%	29.24%	151.35%
2004	0.45%	-1.01%	1.22%	4.00%	4.68%	163.12%
2005	-0.57%	2.00%	1.84%	-0.38%	2.89%	170.72%
2006	2.95%	-0.25%	1.67%	4.88%	9.49%	196.42%
2007	2.28%	0.90%	1.55%	-1.40%	3.34%	206.32%
2008	-0.36%	0.69%	-0.83%	1.20%	0.69%	208.43%
2009	-2.63%	17.33%	11.65%	3.90%	32.53%	308.77%
2010	2.41%	-1.16%	5.25%	1.41%	8.05%	341.66%
2011	3.59%	-0.22%	-2.05%	0.18%	1.42%	347.94%
Average annualized compounded return:						9.22%

[1] Horter Manager 1 (MGED) diversifies each client account among at least 4 selected HYCB funds. The goals of the High Yield Corporate Bond Program are to produce satisfying long-term returns while limiting downside risk, a combination which we have found meets the goals of retirees and other conservative investors. Notice that our results do vary from quarter to quarter, and that some quarters are negative, but the downturns have never been very large, even during the bear markets of 2000-2002 and 2008. Past performance of any mutual fund is no guarantee of future performance.

CAUTIONS: The periods prior to 7/98 are hypothetical (back-tested). Although some HYCB funds used by HIM Manager 1 in actual accounts had comparable results, HIM Manager 1 did not have any actual managed accounts using this portfolio until 7/98. Please note the following cautions (based on SEC requirements): a) Backtested performance does not represent actual account performance and should not be interpreted as an indication of such performance; b) There is no assurance that these backtested results could, or would have, been achieved by HIM Manager 1 during the years presented; c) The backtested portion of the performance data does not represent the impact that material economic and market factors might have on an investment advisor's decision-making if the advisor were actually managing clients' money; d) The SEC mandates that we state: The investment strategy that the backtested results were based upon can (theoretically) be changed at any time with the benefit of hindsight in order to show better backtested, and (theoretically) the strategy can continue to be tested and adjusted until the desired results are achieved. Please note that at HIM Manager 1, no such "data fitting" adjustments have in face been made.

Why Horter Investment Management?
A Registered Investment Advisor
A Unique Opportunity

What is your **Unique Selling Proposition** (USP)?

- What separates you from the competition?
- What makes clients want to work with you?

1. **Training, Training, Training! – Our Training Gives You The Power To Win Most If Not All Of A New Client's Assets**

1. **"WIN" Nearly 90% Or More Of All Client Portfolio Comparisons**
   - Take their top 5 holdings and compare them to HIM's recommended funds
   - How to compare common stocks to HIM's recommended high quality, no load mutual funds
   - How to compare bonds or bond funds to an excellent, actively managed bond fund portfolio

2. How to use **third party documentation** to win against a brokerage statement

3. Become a **Fee Based Trusted Advisor** versus commission based with "A," "B," and "C" share mutual funds, variable annuities or VUL.

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5. **Excellent case studies** on major wire house portfolios, Raymond James, UBS, Fidelity, etc.

6. **Horter IAR support person** to help with transfers to managed portfolios <u>and</u> annuities

7. **A Cooperative Clearing Firm** to send money to annuities. (Ex: 401K Rollover)

8. Large portfolios can be ACATED and sold **at low trading costs** for transfers to annuities or managed assets (pre-approval is necessary).

9. **Compliance Marketing Turnaround in 72 Hours**

10. **Build value to your practice with Assets Under Management and a recurring revenue stream:**

- $20 million of AUM would provide you approximately $200,000 of revenue annually
- Estimated saleable business value could be $500,000

Registered Investment Advisers

or

Investment Advisor Representatives of an RIA

or

Series 6 or 7 with a Broker Dealer

What Makes the Most Sense?

What are the Pros and Cons of being your own RIA?

Cons:

- Your own Compliance Manual
- Your own Code of Ethics
- Your own E&O
- Your own outside Compliance Consulting firm
- Approving your own marketing material
- State Audits every two years
- No Marketing or Money Management Training
- **No "Field Training"** – How to win almost every time against your competition using a simple third party analysis

Pros:

- Independent to use different investment platforms
- Adheres to the Fiduciary Standard

What are the Pros and Cons of being an IAR?

Cons:

- Not independent; rely on RIA
- Must adhere to RIA Compliance and other RIA requests
- Utilize only the RIA's investment platform

Pros:

- Compliance is performed by the RIA
- Group E&O is provided by the RIA for a cost
- A powerful investment platform you can believe in and work with
- Excellent field training
- No audit by the SEC or State
- Adheres to the Fiduciary Standard

What are the Pros and Cons as a Registered Representative of a Broker Dealer

Cons:

- Commission based
- Suitability Standard not Fiduciary Standard
- Variable Annuity – High Cost and Poor Sub-account Management; Surrender Charges
- Load mutual Funds
- Non-tradable, illiquid REITS

Pros:

- Some “cooperative BD’s” work with our firm for our field training and have their Registered Representatives place AUM with HIM so you can keep your Series 6 or 7.
- Must have a Series 7 or 66

How to analyze a brokerage Statement with simple, easy to understand, kindergarten style third-party analysis

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Portfolio Summary Performance Report

60% Equities
40% Bonds

Equity Funds	Symbol	1 Year	3 Year	5 Year	10 Year
Hartford Capital	ITHAX	5.20%	-3.27%	0.65%	4.03%
Davis NY Venture	NYVTX	10.21%	-0.24%	-0.25%	3.23%
Trowe Price Value	PAVLX	17.23%	2.67%	1.99%	4.19%
Scout International	VMBWX	17.83%	2.66%	5.47%	7.98%
Fidelity Advisors New Insights	FINSX	22.18%	3.64%	5.16%	N/A
Average		**14.53%**	**1.09%**	**2.60%**	**4.86%**
Bond Funds					
Pimco Total Return	PTRAX	5.40%	9.59%	8.53%	6.88%
JP Morgan Bond	WOBDX	5.37%	8.02%	7.14%	5.96%
Loomis Sayles Bond	LSBRX	13.25%	10.35%	8.40%	10.26%
Average		**8.01%**	**9.32%**	**8.02%**	**7.70%**
HIM Manager 1 [1]	MGED	1.42%	13.26%	8.61%	9.7%
HIM Manager 2 [2]	BOND	2.58%	8.33%	9.85%	7.71%
HIM Manager 3 [3]	BOND BALANCE	-1.32%	11.57%	13.07%	12.70%

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CAUTIONS: The periods prior to 7/98 are hypothetical (back-tested). Although some HYCB funds used by HIM Manager 1 in actual accounts had comparable results, HIM Manager 1 did not have any actual managed accounts using this portfolio until 7/98. Please note the following cautions (based on SEC requirements): a) Backtested performance does not represent actual account performance and should not be interpreted as an indication of such performance; b) There is no assurance that these backtested results could, or would have, been achieved by HIM Manager 1 during the years presented; c) The backtested portion of the performance data does not represent the impact that material economic and market factors might have on an investment advisor's decision-making if the advisor were actually managing clients' money; d) The SEC mandates that we state: The investment strategy that the backtested results were based upon can (theoretically) be changed at any time with the benefit of hindsight in order to show better backtested, and (theoretically) the strategy can continue to be tested and adjusted until the desired results are achieved. Please note that at HIM Manager 1, no such "data fitting" adjustments have in face been made.

[2] HIM Manager 2 combines the award-winning performance of two PIMCO bond funds with HIM Manager 2's unique seasonal trading protocol. Late in the calendar year, HIM Manager 2 supplements PIMCO's fixed-income returns with three equity trades using the Russell 2000 small-cap index. These trades are designed to exploit the year-end tendency of small-cap stocks to outperform the market. Client accounts devote 60% of assets to these trades while retaining a 40% commitment to the PIMCO Total Return Fund throughout the fourth quarter. This enhancement shows up in the fourth quarter returns of the strategy.

CAUTIONS:
The periods prior to 10/09 are hypothetical (back tested) and reflect an annual charge of 3%, applied quarterly, for fees and expenses. Actual client composite net returns begin 10/09. This strategy may be offered by advisors to their clients at a higher fee to compensate for reduced minimum account sizes or other value-added services. Please see the disclosure at the end of this brochure for complete explanation.

Disclosure: Past performance is not a guarantee of future performance. The above illustration reflects a precise asset allocation formulate as follows: Jan. 1 – Sept. 30: 70% PIMCO Total Return Fund / 30% PIMCO Low Duration Fund; Oct. 1 – Dec. 31: 40% PIMCO Total Return Fund + three power period trades using the Russell 2000 Indexx 1.5. See other data for details. *The HIM Manager 2 data presented above represent a net of a 3% annual charge for fees and expenses for returns prior to October 2009. Actual client composite net returns are used beginning October 2009. PIMCO's fund fees and expenses are incorporated in the illustration. The illustration uses index returns for the Russell 2000. The Russell 2000 is an index which cannot be used in actual investing and index funds that replicate the Russell 2000 may vary from the index returns. The data does include interest and dividends attributed to the Russell 2000 index. No allowance for interest/dividends earned on 60% of the portfolio during the fourth quarter is included. This strategy may be executed using products which may increase the total expense factor. In some cases, the expense factor will remain unaffected due to lower management fees from HIM Manager 2. These expense factors cannot be quantified in advance. Potential investors should inquire as to the exact additional costs of these investment venues. Model results, being hypothetical, have inherent limitations due to the fact that they do not reflect actual trading and may not reflect the impact that material economic and market factors might have had on the advisor's decision-making if actual client funds had been invested model strategy. No matter how positive the model returns have been over any time period, the potential for loss is always present due to factors in the future which may not be accounted for in the model.

[3] **Legend:** HIM Manager 3 represents the S&P MidCap 400 Index held from November 1 to May 31 and the Barclays Capital Intermediate Treasury Bond Index held from June 1 to October 31.

Disclosure: * HIM Manager 3 represents the managed enhancement of the Mid-Cap Power Index net of a 3% annual charge for fees and expenses for returns prior to 2010, and actual client composite net returns beginning January 2010. The periods prior to 2010 are an investment model with hypothetical (back-tested) returns. Even though the enhancements of the index are mechanical, objective, and fully disclosed, hypothetical models must be approached with caution because they are created with the benefit of hindsight and do not represent how the manager of the model may react under material economic and market conditions. Past performance is not a guarantee of future performance. Actual accounts may use funds which deviate from the indexes represented in the hypothetical model illustration.

Tax Return Analysis

Understanding the:

1. Dividend Line
2. The Interest Line
3. Capital Loss Carry forward
4. Social Security Line
5. Effective Tax Bracket
6. Marginal Tax Bracket

Tax Return Analysis

1. How to uncover new fixed index annuity sales

2. Why municipal bonds make no sense for most retirees

   *Use capital loss carry-forward for big sales

Municipal Bond Blow-up Strategy

- Why most retirees should never have municipal bonds

How to Destroy the Competition

Tearing apart brokerage statements

COMING SOON

- Turnkey Social Media Marketing for our advisors

- Social Security Planning Services

- Account Aggregation for ALL client assets for LOW Advisor annual cost (plus important document storage)

Thank you for joining us today!