

# Diversified Risk Parity Portfolio

December-31-2010

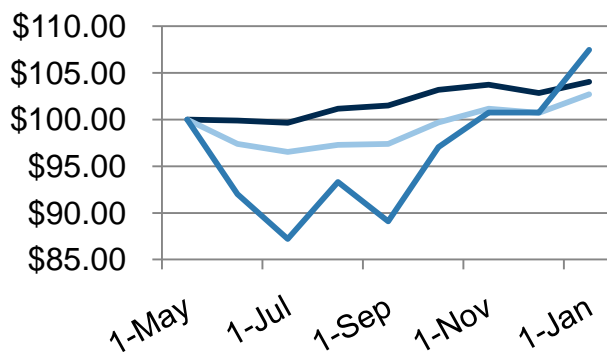
Multi-strategy, multi-manager, diversified exposure to global financial markets

## Investment Highlights

- » The DRP<sup>1</sup> strategy offers exposure to the alternative investment space with lower risk and less volatility than most traditional equity investment returns.
- » Over time, alternative investments have produced returns that are significantly less correlated to traditional investments. This is particularly beneficial in down markets.
- » The goal of the Diversified Risk Parity Portfolio is to seek to compound returns as frequently as possible.

## Investment Performance

■ DRP<sup>1</sup> ■ S&P 500<sup>3</sup> ■ HFRI FoHF<sup>2</sup>  
Growth of \$100 (assuming no withdrawals or contributions and is unaudited).



Statistics (US \$)	DRP <sup>1</sup>	S&P 500 <sup>3</sup>	HFRI <sup>2</sup>
December 2010†	1.16%	6.68%	1.97%
Average Monthly Return†	0.48%	1.09%	0.35%
Standard Deviation†	3.35	22.28	5.64
Sharpe Ratio†	1.03	0.38	0.28
Beta†	1	0.12	0.43

†Based on past 8 monthly returns, and is unaudited

## General Information

**Inception Date:** 5/1/2010  
**Inv. Manager:** Risk Paradigm Group  
**Subscription:** Daily  
**Redemption:** Daily  
**Min. Investment:** \$25,000  
**Addl. Investment :** \$1,000  
**Comparative Indices:** HFRI Fund of Hedge Fund Index  
 Standard & Poor's 500 DRI Index  
**Management Fee:** 2.0%  
**Performance Fee:** None  
**Lock-up Period:** None  
**Eligible Investors:** Non-IRA and IRA eligible

## Performance

### DRP - Monthly Historical Performance (Unaudited)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual (Net)*
2010 (YTD)					-0.21%	-0.32%	1.52%	0.36%	1.66%	0.51%	-0.85%	1.16%	3.86%

### S & P 500 - Monthly Historical Performance (Unaudited)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual (Net)*
2010 (YTD)					-7.99%	-5.23%	7.01%	-4.51%	8.92%	3.80%	0.01%	6.68%	7.48%

### HFRI Fund of Funds Index - Monthly Historical Performance (Unaudited)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual (Net)*
2010 (YTD)					-2.60%	-0.89%	0.77%	0.13%	2.35%	1.49%	-0.46%	1.97%	2.70%

\*YTD performance numbers are not annualized

1. Diversified Risk Parity Portfolio
2. HFRI Fund of Funds Index
3. Standard & Poor's 500 DRI Index

(Past performance is not a guide to future results. Performance is net of fees. Please see Important Information (following page) for more details regarding performance.)

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## Manager's Commentary

Hedge funds finished 2010 with strong performance. Due primarily to macroeconomic forces, 2010 performance was largely a function of market exposure. Generally, the more net exposure a manager held, the higher the performance. Investors were rewarded for assuming larger equity beta bets, especially during the fourth quarter, when risk assets rallied significantly due to the perceived benefits of QE2. While DRP benefitted from that move, we will generally lag relative to long-only or hedge funds with higher net-long exposure. However, as we close the books on 2010 we were pleased with how the fund protected capital at critical points in 2010, such as the May/June period when markets dropped sharply due to macro concerns.

DRP registered a positive 1.22% in December as our metals positions rallied to new highs and dry commodities such as corn, soybeans and sugar rallied. Also crude oil (what we refer to as black gold) moved up in December. Equity relative value strategies were rewarded in December as well. The best news for us in December was the normalization of correlations and dispersion. Alpha was difficult to find in 2010 after most of 2010 produced low dispersion and strange moves in correlations (especially mid way through the fourth quarter). 2010 will most likely be remembered as a period where an unbelievably complicated global macro backdrop dominated market sentiment. Looking ahead, the foreseeable future features a backdrop of accommodative policies supporting bullish sentiment however, several risk factors remain and give us pause from fully joining the risk-on party including several sovereign and municipal fiscal problems.

With that said, if there is one thing that has been hammered home in the last three years, it is that the best way to produce solid compounded returns over a multi-year period is not to endure a significant negative hit to returns in any single year. So, consistent with our history, we remain committed to pursuing hedged opportunities despite the temptation to assume a more directional bias in the current environment. We believe the ultimate arbiter, time, will again dictate our bias to be a prudent one. As always, please do not hesitate to call with any questions. (512) 327-6000.

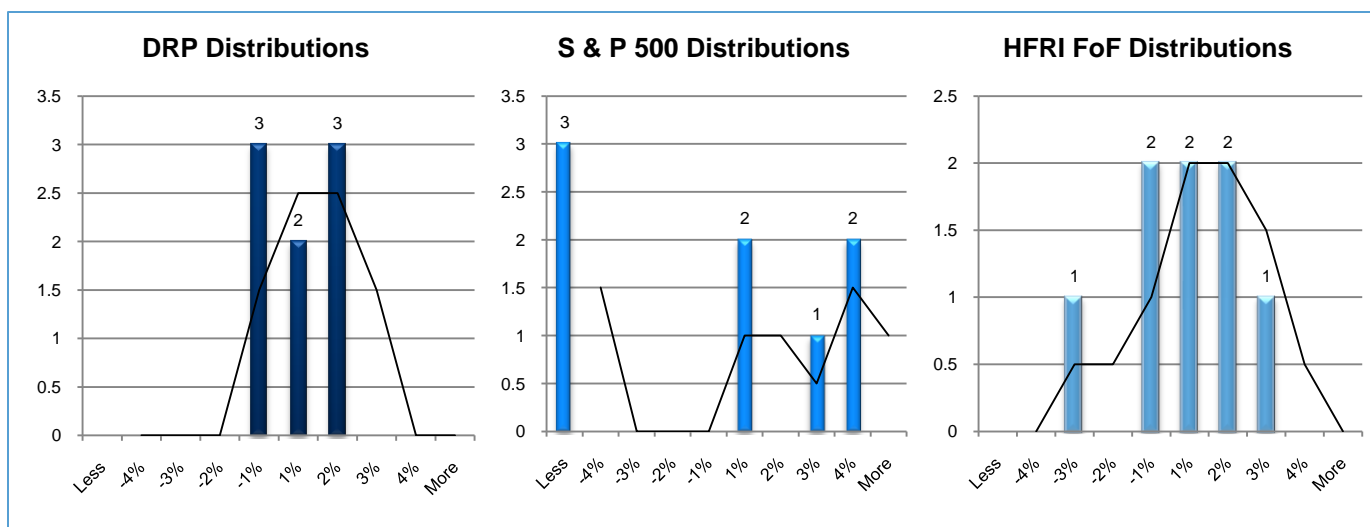
## DRP Strategy Development

Diversified Risk Parity Portfolio, (DRP), ("the Fund") seeks to achieve superior risk adjusted returns by replicating the return streams found within a global hedge fund strategy. Within that framework DRP seeks risk factor neutrality within three major risk factors: Economic Growth, Inflation, and Risk.

In an effort to move the hedge fund allocation toward risk factor balance, we feel it is important to shift the risk exposure of the portfolio from those areas where the general hedge fund allocation creates an outsized exposure to certain economic factors. This risk can then be reallocated into those environments where the portfolio lacks material exposure.

For example, the HFRI Fund of Funds index's largest sensitivity is to rising growth and risk seeking environments with less protection during the opposite conditions or to rising inflation. In an effort to gain meaningful exposure to these factors, we believe that an investment in the Diversified Risk Parity Portfolio can make a material change in a portfolio's overall risk profile. In addition to providing a compelling risk reward profile, the Fund maintains a highly liquid portfolio, offering daily liquidity.

## Return Distributions



### Important Information

**Past performance is not a guide to future results.** Performance reflects the reinvestment of dividends, is net of portfolio-level fees/expenses but not sales charges which will reduce returns and reflects deduction of performance allocation as if payable monthly not quarterly. Performance may be volatile and the portfolio will fluctuate. Investors may not receive the full amount invested upon redemption. **Indexes** listed do not represent benchmarks for DRP, but allow for comparison of DRP's performance to an index. An investor cannot invest directly in an index. Index performance does not reflect fees and expenses. Investments are speculative and involve **Risk**. Portfolio risks include: dependence on the performance of underlying managers; DRP's ability to allocate assets; expenses at DRP and underlying fund; limited transparency with respect to the holdings in portfolio funds; and portfolio funds are generally not subject to any comprehensive regulatory scheme. Risks of underlying funds include, among others, leverage, options, derivatives, distressed securities, futures, and short sales, and investments in small, mid cap, fixed income, illiquid, emerging and developed market securities or specific sectors. Exchange rate fluctuations may affect returns. Allocations and holdings are subject to change. There is no assurance that DRP's investment objective will be attained. Incentive fees/allocation could encourage parties to make investments that are riskier or more speculative. This material is not an offer or a solicitation to subscribe for any Fund, and is not investment advice. Sales of shares are made on the basis of the offering circular only and cannot be offered in any jurisdiction in which such offer is not authorized. There is no secondary market for the investor's interest in DRP, liquidity may be limited and there are restrictions on transferring shares. Investment in DRP may not be suitable for all investors; investors should consider risks and other information in the offering circular and consult their professional advisers regarding suitability, legal, tax and economic consequences of an investment. Securities and advisory services offered through Centaurus Financial, Inc. a registered broker/dealer and a member FINRA and SIPC. This is not an offer to sell securities, which may be done only after proper delivery of a prospectus and client suitability is reviewed and determined. Information relating to securities is intended for use by individuals residing in TX. RAM Financial Group is independent of Centaurus Financial, Inc.