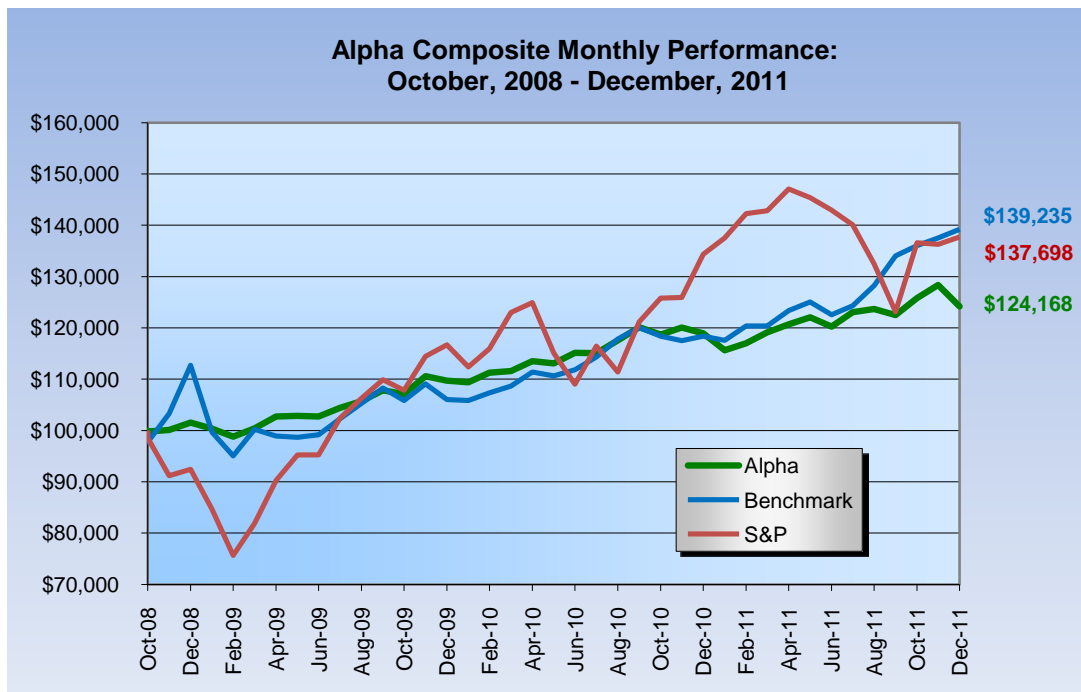




**STAR™ III: Alpha**  
Structured Target Returns: Appreciation

**Objective:** Alpha seeks to ensure the protection of principal across all market cycles while providing market appreciation potential.

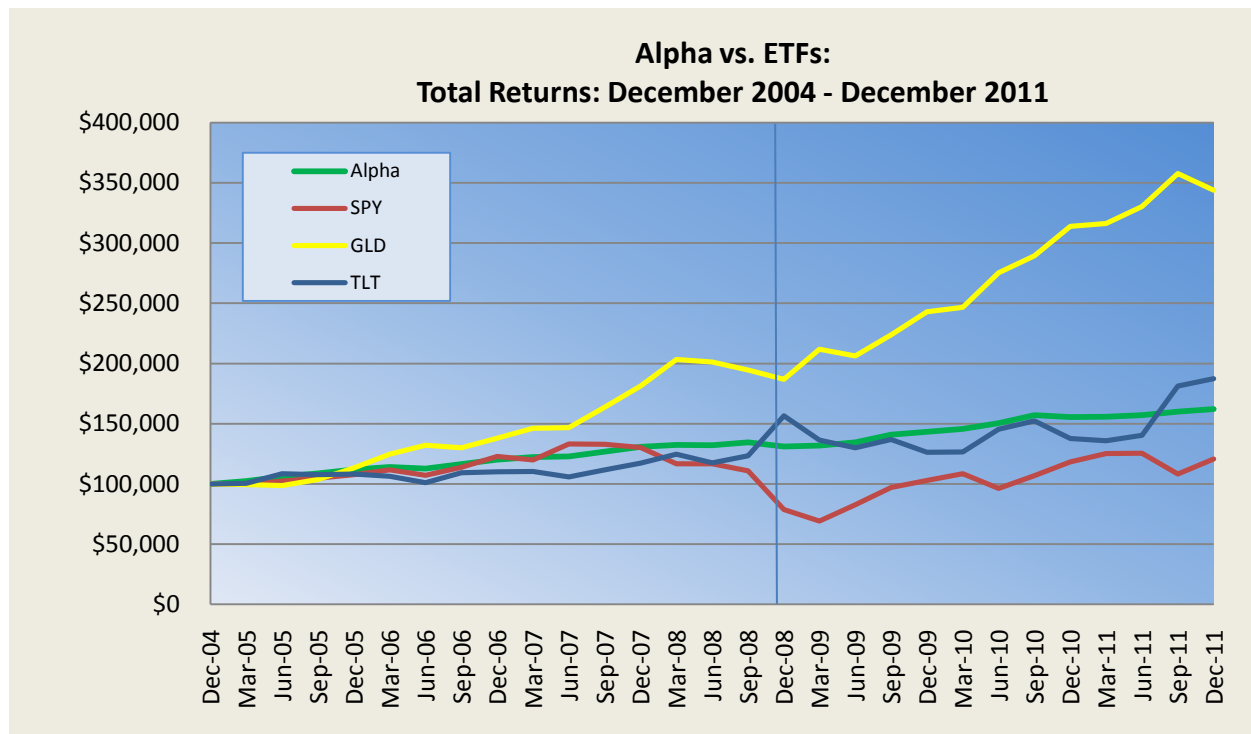
Alpha combines both equities and gold in a combined portfolio while buffering the downside risk via the use of option spreads and income from U.S. Government bonds. Fixed-income typically represents the majority of total account equity, which has the additional effect of further lowering overall price volatility.



Period	Alpha	S&P	Benchmark
2008*	1.52%	-7.58%	12.73%
2009	8.04%	26.46%	-5.93%
2010	8.45%	15.06%	11.60%
2011	4.38%	2.11%	17.65%
Since Inception	24.17%	37.70%	39.24%

Performance depicted comprises client accounts invested in the Alpha strategy commencing October 21, 2008. To help ensure that large cash flows do not skew results positively or negatively, composite returns are a time and dollar weighted average through the date shown. The composite example does not include every account currently in Alpha, but is intended to be a representative illustration of the strategy metrics. Benchmark is the blended return of 60% TLT/ 40% SPY. Performance is net of actual fees and expenses. YTD and Inception through December 31, 2011. 2008 Alpha return was adjusted 09.2011 upward from prior reports from 1.17% and 2009 adjusted downward from 12.42% due to improved calculation methods and inclusion and exclusion of appropriate accounts that properly reflect the strategy.

**Alpha Actual (from October 21, 2008) and  
Historical Back-test Model Returns (Prior to October 21, 2008)**



Alpha invests in three non-correlated ETFs: the S&P 500 (SPY), Gold (GLD) and Treasury Bonds (TLT).  
Alpha returns prior to October 21, 2008 are derived from the historical backtest

Calendar Year Returns			
Year	Alpha	S&P 500	Benchmark
2011	4.38%	2.11%	17.65%
2010	8.45%	15.06%	11.60%
2009	8.04%	26.46%	-5.93%
2008	0.30%	-37.00%	12.73%
2007	8.86%	5.49%	8.05%
2006	7.26%	15.79%	6.74%
2005	11.97%	4.91%	7.00%
Average	7.04%	4.69%	8.26%
Standard Deviation	3.45%	18.71%	6.81%

Beta ( $\beta$ ): 0.11

Alpha: 6.50%

The alpha statistic measures risk-adjusted performance, factoring in the risk due to the specific portfolio rather than the overall market (S&P 500). A high value for alpha implies that the portfolio has performed better than would have been expected, given its volatility. Returns shown are January to December of each year. Beta ( $\beta$ ) is a measure of an investment's relative volatility to the underlying index. Alpha ( $\alpha$ ) is a risk-adjusted measure of the so-called active return on an investment. It is the return in excess of the compensation for the risk borne. Average and StDev are calculated using an annualized return since 2005.

Alpha returns prior to October 21, 2008 are derived from a historical back test and are thus not actual returns. Back tested Alpha Calendar Year returns are based upon option quarterly expiration dates. The S&P 500 index performance is total returns with dividends reinvested. Please see important disclosures for additional information. The Beta ( $\beta$ ) of a stock or portfolio is a number describing the relation of its returns with that of the financial market (S&P 500) as a whole. Alpha ( $\alpha$ ) is a risk-adjusted measure of the so-called active return on an investment. It is the return in excess of the compensation for the risk borne.

## Partnervest Advisory Services LLC

### Important Disclosures

*Past performance is not indicative of future returns and when investing there is always a risk of loss of principal as well as gain. Partnervest does not predict or guarantee that an investor will achieve any expected return. Investors cannot invest directly in an index and fees for investing in unmanaged index funds may be significantly less than those fees paid for a managed account, thus index returns are not a direct comparison of returns in the Partnervest portfolios. Graphs and charts should not be the sole basis of any investment decision. Benchmark indices and composite ETFs and funds chosen by Partnervest in the depiction herein are those which Partnervest believes are reasonable comparisons to the portfolios presented. There may be other indices, ETFs or funds which may provide a closer comparison. The Alpha strategy includes the use of significant options investing designed to enhance returns and mitigate loss in a client's portfolio, but no guarantee that such objectives may be achieved is made by Partnervest. There is cost and risk in investing in options and clients should read and understand the Characteristics and Risks of Standardized Options before investing. A copy of this brochure may be obtained from the Options Industry Council at [www.optionseducation.org](http://www.optionseducation.org).*

*Excluded accounts include: accounts invested in another strategy during part of the period depicted, and accounts with non-manager constraints imposed by the client or Advisor.*

*Investment management services are provided through Partnervest Advisory Services, LLC, a Registered Investment Advisor. A more detailed description of the Investment Advisor and its management approach are available in the Advisor's Form ADV Part II, available by contacting Partnervest Advisory Services LLC Attn: Compliance Dept. 1216 State Street, 3rd Floor Santa Barbara, CA 93101. 805.966.1266 or at [www.partnervest.com](http://www.partnervest.com).*

*Contact your Investment Advisor Representative for advice concerning your specific circumstances. Partnervest has had and continues to provide strategies dependent upon client circumstances and thus performance presented is not reflective of how all Partnervest client portfolios have performed over the time period presented or since inception. Performance presented is not actual performance; rather it is back-tested model performance. As back-tested performance does not reflect actual management or deduction of actual fees since the strategy was not in existence at the time, this does not necessarily reflect how the strategy would have actually performed during such period. This brochure does not constitute a solicitation for the purchase or sale of securities.*