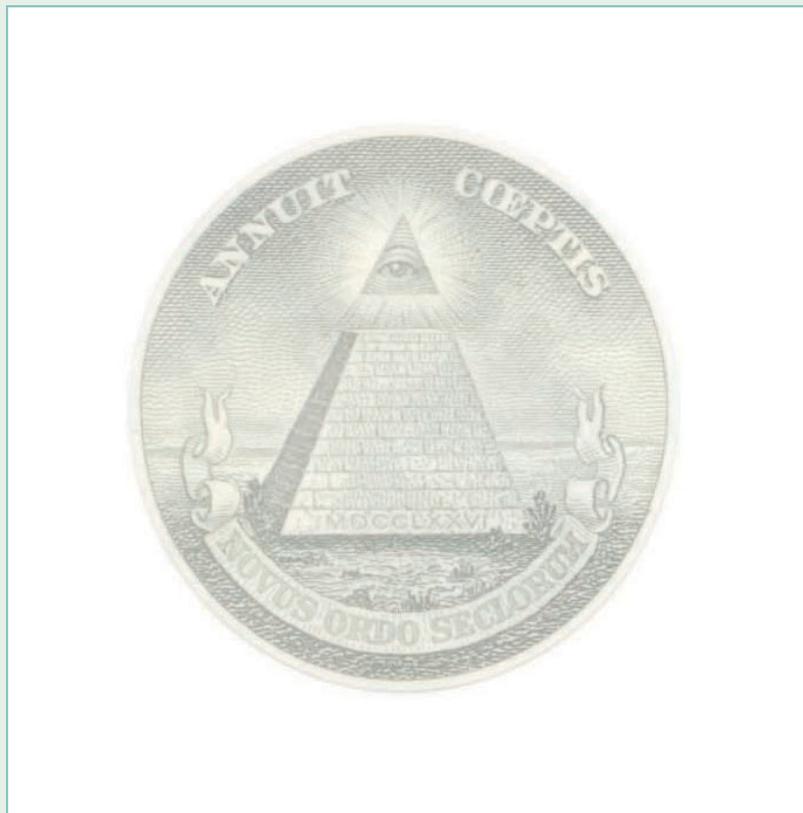


CHAIKIN CAPITAL MANAGEMENT INC.

A Personalized Service for Successful Investing



433 HACKENSACK AVE—12TH FLOOR
HACKENSACK, NEW JERSEY
201-525-1200
ChaikinCapital@aol.com

CHAIKIN CAPITAL MANAGEMENT INC.

A Personalized Service for Successful Investing

Chaikin Capital Management, an investment advisory firm registered with the State of New Jersey, creates and manages investment accounts.

We recognize that our investors are individuals, each with unique objectives. Our personalized investment process and systematic approach can help you successfully identify and assemble a suitable portfolio of investments.

Q What is Chaikin Capital Management's investment philosophy?

Preservation of capital through appropriate asset allocation is our primary objective. The resulting portfolio will be a combination of fixed income and equities based upon your specific investment guidelines. Our tax management strategy and ability to work closely with your advisors can help you decrease taxes and increase your wealth. Your investment plan, so critical to helping you attain your goals, may be adjusted at any time to meet your changing circumstances.

Q What is Chaikin Capital Management's multi-step process for selecting and managing investments?

- 1 Complete personal profile**
- 2 Identify your time horizon**
- 3 Identify your risk tolerance**
- 4 Determine the portfolio structure**
- 5 Develop a tax management strategy**
- 6 Select investments within asset class**
- 7 Implement the investment plan**
- 8 Perform ongoing evaluation of investments**
- 9 Discuss quarterly and year-end reviews**

Q Who are Chaikin Capital Management's clients?

- Individuals
- Professionals
- Corporations
- Pension Trusts
- Custodial Accounts
- Retirees
- Parents Planning for College Funding

Q What are the advantages of fee-based advisors?

- We work on your behalf by offering personal attention to your overall financial situation.
- Your long-term investment results are not affected by high commissions on investment products; our success is contingent upon your account growing in value.
- Our fees are below what is typically charged by brokerage firms.
- We work only with the highest quality companies that offer research and discounts.
- Although you may direct orders to the broker of your choice, we currently use the custodial and execution services of UBS, Fidelity Investments and Goldman Sachs.
- Because we do not earn commissions but provide services on a fee basis only, our clients can be assured that all investment decisions and recommendations are based solely on what is most appropriate for them.

Q What are the costs?

Our only fee is a fixed annual percentage of assets under management which ranges from 1.25% - .075%, declining as the size of the account relationship increases.

Q How can I monitor and access my account?

- Clients receive daily trade confirmations, monthly statements and year-end tax reports from the broker of their choice.
- Online access and checking accounts are available.
- Chaikin Capital has limited trading authority and all deposits, withdrawals and disbursements are handled directly between clients and brokerage firms.

Q How has technology benefited the individual investor?

- More timely information
- Decimalization reduces costs
- Commissions are greatly reduced
- Easy access to a multitude of research firms
- Direct order entry ensures investors' executions at fair prices

Q Are there new investment opportunities I should know about?

Over the past few years modern technology has brought new investment products to the market that provide diversification, low costs and tax efficiency. Our experience with them has been extremely positive. Unfortunately, most brokers do not suggest them because they reduce their commission earnings. These products are called Exchange Traded Funds or ETFs. The number of available ETFs continues to grow. They trade as individual securities yet represent specific ownership in an entire portfolio of bonds or stocks. A more detailed explanation and a list of ETFs from the American Stock Exchange are included in this brochure.

Portfolio Manager

Carl Chaikin is the principal of Chaikin Capital Management, a New Jersey-registered investment advisory firm founded in 1992. He holds a BBA in Finance and is a former proprietary trader on Wall Street with a broad range of experience in fixed income, equities and derivative markets.

He began his investment career as a research analyst for Levien Greenwald, a highly specialized arbitrage firm. Mr. Chaikin was a principal of PaineWebber's risk/convertible arbitrage department and personally managed \$100 million in proprietary assets for twelve years, achieving outstanding results. Upon the opening of the Chicago Board Options Exchange, Mr. Chaikin developed a reverse conversion option strategy using PaineWebber's hypothecated securities to lock in interest rate returns.

CARL CHAIKIN

433 HACKENSACK AVE-12TH FLOOR
HACKENSACK, NEW JERSEY
201-525-1200
ChaikinCapital@aol.com

An Introduction to Exchange Traded Funds

Exchange traded funds (ETFs) are index funds or trusts that are listed on an exchange and can be traded intraday. Investors can buy or sell shares in the collective performance of an entire stock or bond portfolio as a single security. Exchange traded funds add the flexibility, ease and liquidity of stock trading to the benefits of traditional index fund investing.

Exchange traded funds offer individual investors:

- advantages of stocks and mutual funds combined
- lower fees (ordinary brokerage commissions apply)
- lower capital gains taxes

In recent years, these unique features and benefits have helped exchange traded funds explode in popularity and emerge as one of the most flexible, multi-purpose investment vehicles available. Ever since the American Stock Exchange pioneered the concept of a tradable basket of stocks with the creation of the Standard & Poor's Depository Receipt (SPDR) in 1993, exchange traded funds have evolved into an entirely new investment category. Today, the number of ETFs listed and traded at the Amex has grown to more than 100 and continues to grow—not only in the number of products and their variety—but also in terms of assets and market value.

The American Stock Exchange lists ETFs on more than 100 broad stock market, stock industry sector, international stock, and U.S. Treasury, and corporate bond indexes, providing a wide array of investment opportunities. ETFs provide a simple and effective way to invest in equity markets worldwide and the U.S. bond market. Investors can establish long-term investments in the market performance of the leading companies in the leading industries in the United States or abroad, or tailor asset allocations using diversified investments in stocks in particular industries or countries or in U.S. bonds.

The advantages of ETFs:

- Tax efficiency
- Lower costs (ordinary brokerage commissions apply)
- Transparency
- Buying and selling flexibility
- All day tracking and trading
- Diversification
- Wide array of investment strategies
- Core investment
- Portfolio diversification
- Hedging
- Cash management
- Rebalancing
- Tax loss strategy

Tax efficiency

ETFs, like index funds in general, tend to offer greater tax benefits because they generate fewer capital gains due to low turnover of the securities that comprise the portfolio. Generally, an ETF only sells securities to reflect changes in its underlying index. Exchange trading of ETFs further enhances their tax efficiency. Investors who want to liquidate shares in an ETF simply sell them to other investors through exchange trading. Because of this unique structure, ETFs are not required to sell securities to meet investor cash redemptions, potentially generating capital gains tax liability for remaining investors. Keep in mind that the sale of an ETF will generate capital gains/losses for the investor liquidating shares.

Lower costs

Expenses can have a significant impact on returns for investors. ETFs, in general, have significantly lower annual expense ratios than other investment products. ETFs are less likely to experience high management fees because they are index-based, not “actively” managed. And, since they trade on an exchange, ETFs are insulated from the costs of having to buy and sell securities to accommodate shareholder purchases and redemptions. Of course, an investor selling ETF shares may realize capital gains or losses, as with common stocks. Purchases or sales of exchange traded funds are subject to brokerage commissions

Transparency

ETFs are designed to generally replicate the holdings and correspond to the performance and yield of their underlying index.

Buying and selling flexibility.

Because they are exchange traded, ETFs can be:

- bought and sold at intraday market prices
- purchased on margin
- sold short, even on a downtick (unlike common stocks)
- traded using stop orders and limit orders, which allow investors to specify the price points at which they are willing to trade

All day tracking and trading

ETFs are priced and traded throughout the day, and are not restricted to once-a-day trading at the end of the day. And because the pricing of ETFs is continuous during trading hours, investors will always be able to obtain up-to-the-minute share price from their broker or financial adviser.

Diversification

Because each ETF is comprised of a basket of securities, it inherently provides diversification across an entire index. Additionally, the expanding universe of ETFs available at the American Stock Exchange offers exposure to a diverse variety of markets, including:

- broad-based equity indexes
(such as total market, large-cap growth, and small-cap value)
- broad-based international and country-specific equity indexes
(such as Europe, EAFE, and Japan)
- industry sector-specific equity indexes
(such as healthcare, energy, and real estate)
- U.S. bond indexes
(such as long-term Treasury bonds and corporate bonds)

Dividend opportunities

Dividends paid by companies and interest paid on bonds held in an ETF are distributed to ETF holders, less expenses, on a pro rata basis. Of course, not all companies will pay dividends. Based on past performance, few, if any, distributions can be expected from certain ETFs. There may also be opportunities for reinvestment of distributions.

Wide array of investment strategies

Investors can capitalize on the convenience and flexibility of ETFs to pursue a wide variety of investment strategies.

Core investment—Investors can use ETFs as a core investment for their portfolio. The purchase of shares in a single ETF can provide broad market exposure of a portfolio of stocks or bonds for long-term holding that is easy to establish, easy to track, inexpensive, and tax efficient.

Portfolio diversification—ETFs cover virtually every segment of the equity market and several segments of the U.S. bond market, providing an easy and convenient way to adjust the investment mix of a core portfolio.

Hedging—Exchange traded funds can be purchased on margin and sold short (even on a downtick), which has opened up risk management strategies for individual investors that were once available only to large institutions. For example, ETFs can be sold short to hedge a core stock portfolio or interest rate fluctuations. This allows investors to keep their portfolio intact while protecting them from market losses. In a declining stock market or rising interest rate environment, profits from a short position can offset some of the losses in a portfolio. (Investors are required to make arrangements to borrow securities before selling short.) Listed options, available on some ETFs, also offer opportunities for additional hedging or to increase income. Investors should contact their broker regarding initial and maintenance margin requirements.

Cash management—ETFs have often been used to “equitize” cash, providing a way for investors to put cash to work in the market or maintain allocation targets while determining where to invest for the longer term.

Rebalancing—Investors can adjust ETF positions at any time throughout the trading day, without redemption fees or short-term restrictions. Again, usual brokerage commissions will apply.

Tax loss strategy—An investor can sell a security that is underperforming and claim a tax loss but retain exposure to its sector by investing in an ETF. Consult a tax advisor about a tax loss strategy.

Risks and other considerations ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income exchange traded fund, respectively. This is because an equity (or bond) ETF represents interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices generally will decline, which will adversely affect the value of fixed income ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate.

An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic, political instability in other nations.

Although exchange traded funds are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, the trusts may not be able to exactly replicate the performance of the indexes because of trust expenses and other factors.

Available ETF Products as listed by The American Stock Exchange

iShares MSCI-Belgium	EWK	International	BGI
iShares MSCI-Brazil	EWZ	International	BGI
iShares MSCI-Canada	EWG	International	BGI
iShares MSCI-EAFE	EFA	International	BGI
iShares MSCI-EMU	EZU	International	BGI
iShares MSCI-France	EWQ	International	BGI
iShares MSCI-Germany	EWG	International	BGI
iShares MSCI-Hong Kong	EWH	International	BGI
iShares MSCI-Italy	EWI	International	BGI
iShares MSCI-Japan	EWJ	International	BGI
iShares MSCI-Malaysia	EWM	International	BGI
iShares MSCI-Mexico	EWV	International	BGI
iShares MSCI-Netherlands	EWN	International	BGI
iShares MSCI-Pacific Ex-Japan	EPP	International	BGI
iShares MSCI-Singapore	EWS	International	BGI
iShares MSCI-South Africa	EZA	International	BGI
iShares MSCI-South Korea	EWY	International	BGI
iShares MSCI-Spain	EWP	International	BGI
iShares MSCI-Sweden	EWD	International	BGI
iShares MSCI-Switzerland	EWL	International	BGI
iShares MSCI-Taiwan	EWT	International	BGI
iShares MSCI-U.K.	EWU	International	BGI
iShares Nasdaq Biotechnology	IBB	Sector	BGI
iShares Russell 1000	IWB	Broad based	BGI
iShares Russell 1000 Growth	IWF	Broad based	BGI
iShares Russell 1000 Value	IWD	Broad based	BGI
iShares Russell 2000	IWM	Broad based	BGI
iShares Russell 2000 Growth	IWO	Broad based	BGI
iShares Russell 2000 Value	IWN	Broad based	BGI
iShares Russell 3000	IWV	Broad based	BGI
iShares Russell 3000 Growth	IWZ	Broad based	BGI
iShares Russell 3000 Value	IWW	Broad based	BGI
iShares Russell Midcap Growth Index Fund	IWP	Broad based	BGI
iShares Russell Midcap Index Fund	IWR	Broad based	BGI
iShares Russell Midcap Value Index Fund	IWS	Broad based	BGI
iShares S&P 100 Index Fund	OEF	Broad based	BGI
iShares S&P 1500 Index Fund	ISI	Broad based	N.A.
iShares S&P 500	IVV	Broad based	BGI
iShares S&P 500 BARRA Growth	IWW	Broad based	BGI
iShares S&P 500 BARRA Value	IVE	Broad based	BGI
iShares S&P Europe 350	IEV	International	BGI
iShares S&P Global Energy Sector	IXC	Sector	BGI
iShares S&P Global Financial Sector	IXG	Sector	BGI
iShares S&P Global Healthcare Sector	IXJ	Sector	BGI
iShares S&P Global Information Technology Sector	IXN	Sector	BGI
iShares S&P Global Telecommunications Sector	IXP	Sector	BGI
iShares S&P Latin America 40	ILF	International	BGI
iShares S&P MidCap 400	IJH	Broad based	BGI
iShares S&P MidCap 400/BARRA Growth	IJK	Broad based	BGI
iShares S&P MidCap 400/BARRA Value	IJJ	Broad based	BGI
iShares S&P SmallCap 600	IJR	Broad based	BGI
iShares S&P SmallCap 600 BARRA Growth	IJT	Broad based	BGI
iShares S&P SmallCap 600 BARRA Value	IJS	Broad based	BGI
iShares S&P/TOPIX 150	ITF	International	BGI
streetTRACKS Dow Jones Global Titans 50 Index	DGT	Broad based	State Street
streetTRACKS Dow Jones US LargeCap Growth	ELG	Broad based	State Street
streetTRACKS Dow Jones US LargeCap Value	ELV	Broad based	State Street
streetTRACKS Dow Jones US SmallCap Growth	DSG	Broad based	State Street
streetTRACKS Dow Jones US SmallCap Value	DSV	Broad based	State Street
streetTRACKS Morgan Stanley Technology	MTK	Sector	State Street
streetTRACKS Wilshire REIT	RWR	Sector	State Street