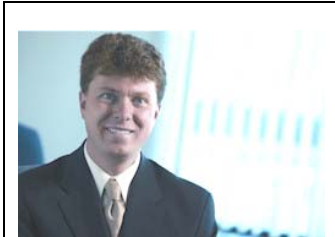


**APPLETON GROUP ADVISOR COMMENTARY****February 17, 2009**

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Senior Portfolio Manager  
Founder

***The Appleton Group Wealth Management Discipline™***

The Appleton Group Wealth Management Discipline™ offers investors the ability to systematically adjust their overall portfolio mix between “at-risk assets” (of all kinds) and “no-risk assets” (of all kinds). During much of last year, all of our firm’s core offerings (Appleton Group PLUS Composite, Appleton Group Tax Managed Growth Composite and Appleton Group Portfolio Composite) held significant positions in cash, fixed income assets, and bear market securities, all of which played their role in helping to minimize the negative effects of 2008’s bear market. This year (using exactly the same quantitative research process) we’ve allocated more assets to “at-risk” securities as the market health has largely demonstrated more resiliency. So far this year, we’ve held a minimum of 30% of our firm’s managed assets in equities, which the market has not

always agreed with. The rapid deterioration of the economic environment (higher unemployment, sharply deteriorating manufacturing activity, and continued declines in commodity prices) has led to market weakness that has been unwelcome. Adjustments to our current allocations will be necessary in order to bring positions “on the right side of the market.”

As part of a diversified portfolio, our firm’s core offerings continue to be among the most efficient wealth management strategies available in the marketplace today. However, it is important to note that none offer a risk-free strategy for creating wealth over time. All “at-risk” assets present challenges from time to time, as we too have experienced over the past several years. It is for this reason that we strongly advocate using ultra-low and no-risk assets (such as bonds and cash) in any diversified portfolio, most importantly to address the reality that we too may be on the wrong side of the market for a time. Funding retirement income out of these assets is important during periods of economic uncertainty such as these, and buys the investor meaningful time to experience any normal economic recovery and to “refill” these low-risk assets once markets do recover.

***Looking Forward***








As I’ve written over the last few months, both the Federal Reserve and the U.S. Treasury will be successful at re-inflating the economy, or they won’t. It’s really that simple, and there is no middle ground. The outcomes for each possibility are as different as night and day, and each must be prepared for prudently. We believe that the Fed’s task should be in preventing further asset deflation, but it is easier said than done. As the price of oil has fallen dramatically over the past six months or so, so too has corn, wheat, soybeans, copper, steel and practically every other commodity (with gold’s relative stability being noted). This is not coincidental, as the price of each is directly tied to the direction of the dollar (a stronger dollar weakens commodity prices, a weaker dollar increases commodity prices). So far this year, the U.S. Dollar has strengthened as other currencies around the globe have deteriorated sharply. This is most unwelcome, and reflects the dangers of letting the U.S. dollar fluctuate as wildly as it had during the previous eight years.

As far as the new administration goes, the challenges are daunting and the learning curve has to be short. Treasury Secretary Geithner’s fiasco last week has badly shaken global markets that are looking to Washington for proactive leadership on a host of economic issues. Lesson learned, and it is unfathomable that the next series of announced financial initiatives will demonstrate the same level of vagueness that the Secretary’s first foray into the deep did. The “devil is in the details” as the saying goes – here’s hoping that the details are forthcoming.











***Current Composite Allocations – Core Holdings\****







**Appleton Group PLUS Composite:**

Position Description	Symbol		Class	% of Total
S&P 500 Trust	SPY		Large Blend	5.50
NASDAQ 100 Trust	QQQQ		Large Growth	18.00
iShares Small Cap Value Index	IWN		Small Value	5.00
iShares Small Cal Growth Index	IWO		Small Growth	10.00
Proshares Ultra Basic Materials	UYM		Basic Materials	7.00
iShares Dow Jones Real Estate Index	IYR		Real Estate	3.50
Cash/Money Market	CASH		CASH	51.00

**Appleton Group Tax Managed Growth Composite:**

Position Description	Symbol		Class	% of Total
Diamonds Trust Series 1	DIA		Large Value	18.00
S&P 500 Trust	SPY		Large Blend	5.50
NASDAQ 100 Trust	QQQQ		Large Growth	18.00
iShares Small Cap Value Index	IWN		Small Value	10.00
iShares Small Cap Growth Index	IWO		Small Growth	10.00
Proshares Ultra Basic Materials	UYM		Basic Materials	7.00
iShares Dow Jones Real Estate Index	IYR		Real Estate	3.50
Cash/Money Market	CASH		CASH	28.00

**Appleton Group Composite:**

Position Description	Symbol		Class	% of Total
S&P 500 Trust	SPY		Large Blend	7.50
NASDAQ 100 Trust	QQQQ		Large Growth	20.00
iShares Small Cap Value Index	IWN		Small Value	6.00
iShares Small Cap Growth Index	IWO		Small Growth	12.00
iShares Dow Jones Real Estate Index	IYR		Real Estate	3.50
Cash/Money Market	CASH		CASH	51.00

 Equities     Fixed Income/Real Estate     Cash     Bear Market Funds

Please visit [www.appletongrouponline.com](http://www.appletongrouponline.com) to learn more about The Appleton Group Composites™.

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THE APPLETON GROUP WEALTH MANAGEMENT DISCIPLINE™

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