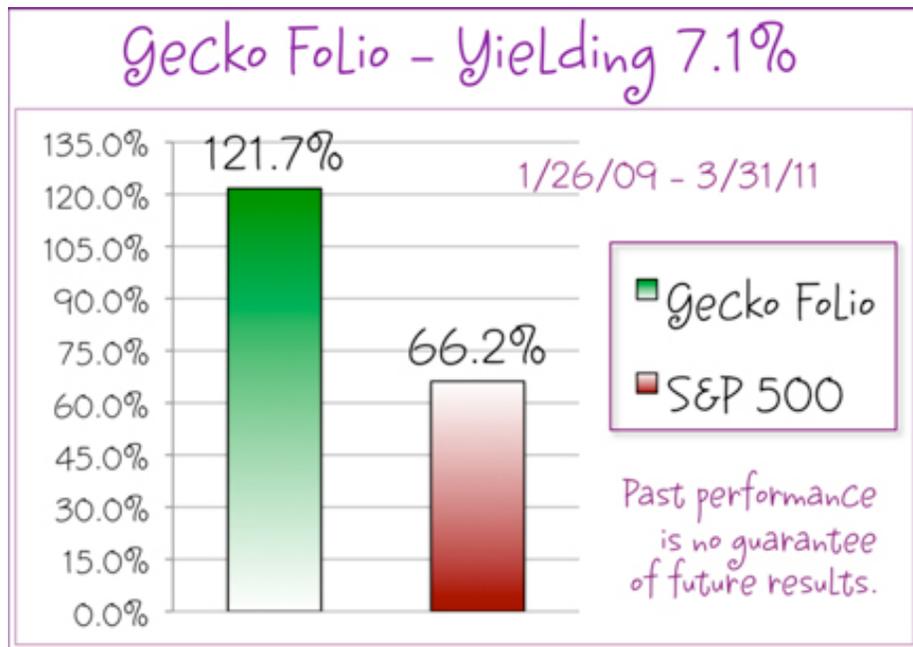


**Islamorada**  
Investment Management



## A smarter way to invest from way off Wall Street.

### Income for high-yield investors.

The Gecko Folio is an innovative alternative to actively managed mutual funds. It's a spoke fund, which combines the best parts of a mutual fund, hedge fund and separately managed accounts. The fund is open for anyone with at least \$20,000 to invest.

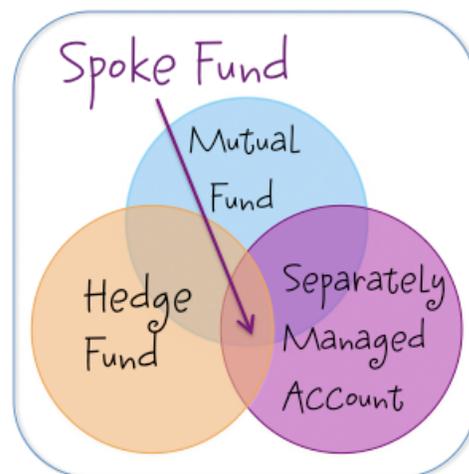
The Gecko Folio is more transparent, invests in fewer securities and is significantly less expensive than the vast majority of mutual funds.

Managed using value investing principles, the portfolio seeks to maximize quarterly income while minimizing the risk of capital loss.

The Gecko Folio invests in closed-end bond funds and stocks. Stocks selected for the fund have under-appreciated competitive barriers trading at historically inexpensive prices. Closed-end bond funds in the portfolio currently hold primarily U.S. corporate bonds and are bought when trading at well below net asset value.

The fund contains a significant investment by our portfolio manager's family. Using novel technology, that core portfolio is linked to separate, secure investor accounts. Trades made in the core portfolio are executed simultaneously across all investor accounts. So we're all in it together.

Fees are 1.25% of assets on an annual basis and are assessed quarterly, so our fees in dollar terms vary depending on how well the portfolio performs.



## About Islamorada Investment Management

[www.islainvest.com](http://www.islainvest.com)  
(305) 522-1333

Islamorada Investment Management (IIM) is a value investing firm based in the Florida Keys. We manage two portfolios for our investors, located throughout the U.S. We are an independent, fee-only firm, which means we never get paid through commissions or referrals. We like to think our mission is to save investors from mutual funds. Our flagship fund was named after a fish. Our second spoke fund, Gecko Folio, was named after a lizard. Our T-shirts read, "One geek in the Keys is worth two suits in the city." So although we're good at what we do, we don't take ourselves too seriously. Think Warren Buffett meets Jimmy Buffett.

## *What securities are in the Gecko Folio?* ● ● ●

Gecko currently holds both stocks and closed-end bond funds. As of March 31, 2011, the fund is fully invested and holds a concentrated portfolio of publicly traded oil and gas pipeline companies called master limited partnerships, or MLPs, and a closed-end bond fund containing dozens of high yield corporate bonds. Gecko is a “go-anywhere” fund, meaning it will seek to acquire the safest, highest yielding securities available in both stock and bond markets.

## *What are the fund's characteristics?* ● ● ●

The portfolio is weighted with a 90/10 split between equities and bonds. All equities held in the portfolio are domestic U.S. companies. Closed-end bond funds owned in Gecko are also managed by U.S. based companies which may own bonds from the U.S. and abroad. The average market capitalization of equities in the portfolio is \$6 billion and yields 7%. The closed end bond fund in the portfolio currently yields several hundred basis points more.

## *What is the track record of the fund?* ● ● ●

From launch in January 2009 through March 31, 2011, the Gecko Folio has returned 122% and yields approx. 7.1%.

## *Why does the fund own so few securities?* ● ● ●

We believe in taking meaningful positions in the best opportunities we can find. The ability to own a concentrated portfolio further differentiates the Gecko Folio from a mutual fund. While the portfolio may own just one or two closed-end bond funds, each of those funds owns hundreds of bonds. And despite a concentration of equity holdings in the oil and natural gas industries, the income from those holdings is based on contractual long-term rates negotiated by each company, not the daily prices of oil or natural gas.

## *Who is the portfolio manager, and how much has he invested in the Gecko Folio?* ● ● ●

The portfolio is managed by [Cale Smith](#), the managing partner of [Islamorada Investment Management](#). An MBA, he has worked in telecommunications, investor relations and as an analyst at a hedge fund and several research firms. He has invested a five-figure amount in the fund and can be reached at [csmith@islainvest.com](mailto:csmith@islainvest.com).

## *How are fees calculated?* ● ● ●

A flat 1.25% fee on a \$100,000 portfolio would result in fees of \$1,250 a year, or \$312.50 a quarter. However, in the Gecko Folio, if after the first quarter the value of the portfolio declined to \$90,000, our fees for that quarter would decline to \$281.25. If after the first quarter the portfolio increased to \$110,000, our fees would be \$343.75. Our total compensation across all accounts varies significantly depending on our ability to grow investors' wealth.

## *Can I invest through an IRA?* ● ● ●

No. The Gecko Folio is built solely for taxable accounts, as opposed to tax-deferred accounts like an IRA. Owning MLPs in tax-deferred accounts can create issues come tax time, so we steer investors away from doing so.

## *How can I sign up?* ● ● ●

By [going to our homepage here](#), clicking on the “How To Invest” link in the Quick Links menu at left, and filling out the online form. Once the form is submitted, we'll use your input to draft our standard investment advisory agreement, then email it to you to electronically sign. Once that has been executed, we'll send instructions on how to fund your new account held at our custodian [FOLIOfn](#).

## Gecko Folio securities

### 7 Things We Look For When Investing:

1. A moat around the business. Significant competitive barriers are essential in long-term investing.
2. Attractive owner's earnings. Predictable profitability, adjusted for non-cash charges and capital expenditures used to maintain earnings power, is critical.
3. A large margin of safety. To protect us from market downturns or analytical errors.
4. High odds of large gains. Temporarily unfavorable conditions can present tremendous opportunity.
5. Management we can trust. Not all company executives truly think like business owners. We want to invest with those who do.
6. Simple businesses. We stick to businesses we understand and that do just one or two things very well.
7. Superior financials. If the proof is not already in the numbers, it probably won't show up in the price.

### Questions

Email [info@islainvest.com](mailto:info@islainvest.com) or call (305) 522-1333.

### Links

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