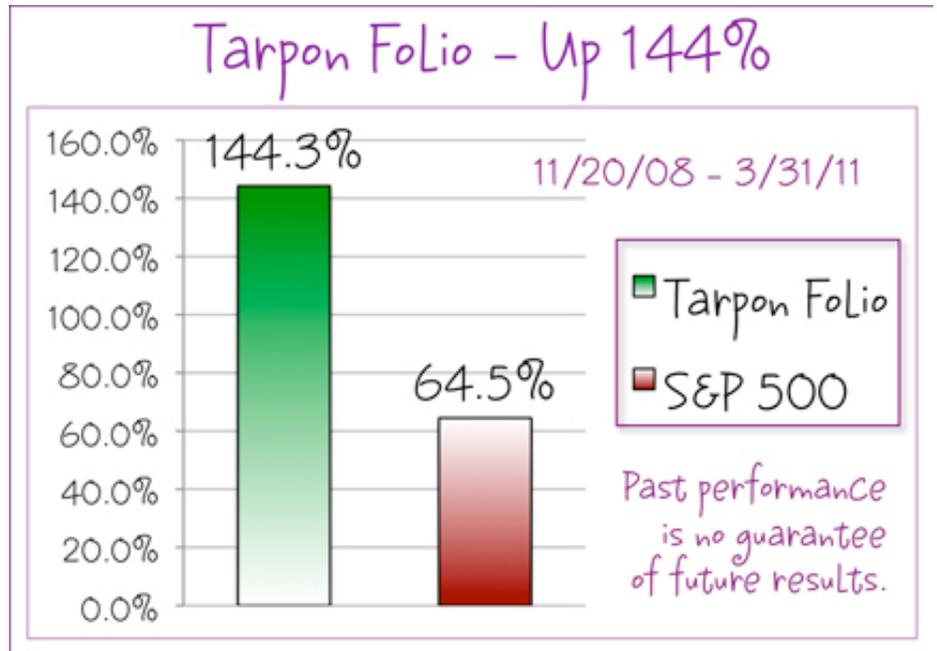




Islamorada
Investment Management



A smarter way to invest from way off Wall Street.

Growth for long-term investors.

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

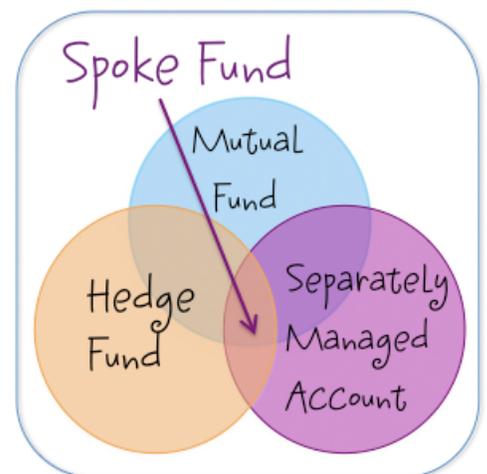
Managed using value investing principles, the portfolio seeks to maximize long-term appreciation while minimizing the risk of permanent loss.

The Tarpon Folio invests in companies with under-appreciated competitive barriers trading at historically inexpensive prices.

The fund contains almost all of the life savings of 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 monthly, which means our fees in dollar terms vary depending on how well the portfolio performs.

Turnover, taxes and trading are minimized. Each investor's account is also protected by three types of insurance for up to \$9.0 million.



About Islamorada Investment Management

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, the Tarpon Folio, was named after a fish. Our second spoke fund 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 companies are in the Tarpon Folio? ● ● ●

As of March 31, 2011, the fund holds shares of 20 companies. The largest holding by market cap is Google (GOOG) and the smallest holdings are several regional banks. The Tarpon Folio is a “go-anywhere” fund, meaning it is not limited to any particular size of company nor industry.

What are the fund's characteristics? ● ● ●

All companies held are domestically listed. The market capitalization of holdings breaks down as follows: 71% small- and microcap, 10% midcap, and 19% large cap. The average market cap of the holdings in the fund is 31B. Sectors represented include energy, banking, consumer staples, telecommunications, industrial products, media and transportation.

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

From launch in November 2008 through March 31, 2011, the Tarpon Folio has returned 144%. However, we caution investors that such returns are highly unlikely to continue.

Why does the fund own so few stocks? ● ● ●

The ability to own a concentrated portfolio further differentiates the Tarpon Folio from a mutual fund.

Statistics indicate that after purchasing six or eight stocks in different industries, the benefit of adding more stocks to a portfolio in an effort to decrease risk is small.

In addition, overall market risk – the broad up and down movement in the general market – cannot be eliminated by adding more stocks to a portfolio. We estimate that owning 15 stocks eliminates approximately 93% of the nonmarket risk of owning just one stock.

Who is the portfolio manager, and how much has he invested in the Tarpon 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 six-figure amount in the fund and can be reached at 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 Tarpon 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? ● ● ●

Yes. In addition to individual and joint taxable accounts, investors can open tax-deferred accounts. We can set up all IRAs (regular, Roth, rollover and SEP) as well as custodial accounts and revocable trusts.

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](#).

Tarpon Folio companies

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
or call (305) 522-1333.

Links

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