

**“BUILDING, ENHANCING, AND PROTECTING WEALTH
IS A LIFELONG VOYAGE...”**



**WOLVERINE
INVESTMENTS**
YIELD-ENHANCED STRATEGIES



Welcome to the Wolverine Investments web site. We thank you for your initial interest and encourage you to peruse the information provided herein.

As a SEC registered investment advisory firm, we provide customized portfolio management to individual and institutional investors. Very often, our firm manages money on behalf of the substantial clients of wealth managers, private banks, financial planners and family offices. We have developed an active management process, with a track record for preserving and enhancing capital under a variety of economic conditions across multiple market cycles. Our quest together begins by custom-tailoring an investment portfolio best suited to your particular income requirements and tolerance for risk.

We look forward to the opportunity to introduce ourselves to you, and to personally convey the pride, process and performance results of our firm. May we suggest that you simply give us a call at 1-800-398-0038 with any questions you might have. Further, we would be pleased to arrange an initial consultation at your convenience – at no cost or obligation – to discuss in detail your objectives as well as our unique approach to investing. Needless to say, any and all information you share with us will be held in the strictest confidence (please refer to our Privacy Policy).

Wolverine remains strongly committed and well positioned to assist investors facing a challenging market environment in the decade ahead. We sincerely appreciate your interest in considering Wolverine as your professional investment advisor.

JOHN M. BABYAK

President & Senior Portfolio Manager

John M. Babyak has over fifteen years of experience actively managing client portfolios. As the President and Chief Executive Officer for Wolverine, his responsibilities span all functional areas, including portfolio management and research; business planning and budgeting; trading and execution; and new business development/client service.

Since he joined Wolverine Investments in 1993, Mr. Babyak has offered clients a unique alternative to traditional equity investing, providing superior risk adjusted performance compared with his peers. In directing the research and decision-making process, he ensures that a flow of investment opportunities are uncovered by continually anticipating changes in various sectors of the economy. Extensive fundamental analysis is conducted to identify specific investment themes that will respond to emerging growth trends or to cyclical opportunities.

Consistent with each theme, investments are made in targeted companies with over \$1 billion in capitalization, a parameter which elicits greater confidence in the evaluation of their business fundamentals. In addition to being well managed, these companies generally possess a sustainable differentiating competitive advantage. This advantage can come in the form of providing a superior product or service, having a leading market share position, being the low-cost producer, possessing a better distribution system, leveraging a unique information technology infrastructure, commanding superior research and development technology, or simply offering the best customer service.

Prior to joining Wolverine Investments as an equity research analyst, Mr. Babyak was an internal management consultant with the International Business Machines Corporation, advising senior management in a \$5 billion U.S. operating division on business portfolio optimization and financial analyses, developing segment marketing plans, and leading several business process re-engineering initiatives. He began his IBM career on Wall Street in various sales/marketing/systems engineering positions, leading the company into new markets for personal computers, local/wide-area networks and emerging client/server technologies.

His experiences in the corporate world served to reinforce Mr. Babyak's fundamental business philosophy – that quality of management is more important than any other success factor, including what industry or sector a company is in, in determining long-term performance. Company management that systematically rethinks the end-to-end activities that create value for customers can't help but increase value to the stockholders. The key then becomes finding the companies that are doing things that their competition haven't yet figured out.

A graduate of the University of Vermont, Mr. Babyak majored in management engineering with a minor in electrical engineering. He has completed graduate level courses in finance, management, and portfolio analysis conducted by the Harvard Business School, MIT, the Wharton School of the University of Pennsylvania, and New York University. During over 100 hours of post-graduate work at the New York Institute of Finance, Mr. Babyak had extensive opportunity to study under the tutelage of Alan Shaw, former head of the then pre-eminent Technical Analysis Department at Salomon Smith Barney. He has written numerous articles about the markets, including the studies *"Rationale for Yield-Enhanced Convertible Securities"*, *"Managing Portfolios For Optimal Tax-Efficiency"*, *"Convertible Securities as an Asset Class"* and *"Asset Allocation: Spreading the Risk, Reaping the Reward."* He is frequently interviewed and cited in the media (Barron's Magazine, CNNfn, CBS News Radio, Bloomberg Business News, DowJones Newswires, TheStreet.Com, Wall Street Transcript).

NICHOLAS A. CARUSO, JR.

Chief Wealth Strategist & Portfolio Manager

Nicholas A. Caruso, Jr. has managed investment accounts in the securities industry for over 30 years. After graduating Sacred Heart University with a Bachelor of Arts in Business, he attended Bridgeport University where he earned a Master of Business Administration. He also served our country in the Military Intelligence division of the U. S. Army during the Vietnam War.

Mr. Caruso spent most of his investment career with Merrill Lynch & Co., Inc., where as a Vice President of the Private Client Group he managed \$350 million of client's wealth utilizing both propriety technical and fundamental investment strategies to reduce exposure to risk while enhancing growth of principal opportunities. He has attended technical analysis classes at the Wharton Institute taught by the renowned Professor of Finance Jeremy Siegel. As a portfolio manager, he is an ardent believer in sector analysis, as Mr. Caruso believes it is better to own the worst performing stock in the best performing sector, than the best performing stock in the worst performing sector. Mr. Caruso has also relied upon technical studies from W. D. Gann, which has enabled him to recognize changes in market and sector trends.

Mr. Caruso also holds that providing clients with portfolio protection and income enhancement is the most common sense approach to produce more consistent portfolio returns. During his long tenure with Merrill Lynch, he worked with high net-worth clients, including private and family-owned businesses, public corporations and philanthropic organizations to achieve their particular financial goals. He believes every client not only needs excellent investment advice, but equally as important good accounting and estate planning guidance. As Mr. Caruso aptly states *"it is one thing to make it, but quite another thing to keep it."*

Mr. Caruso joined Wolverine Investments in 2005 because of the firm's reputation for integrity, market knowledge, experience and past performance. The firm clearly embodies his strong beliefs of portfolio protection and money management disciplines that over time have proven very successful. As a portfolio manager, he contributes to the firm's objective of providing superior risk adjusted performance by developing and implementing hedging strategies if individual holdings appear to be temporarily overextended. The technique employed most frequently involves the writing (or sale) of call options against the firm's underlying equity positions to insulate client holdings against severe price fluctuations.

As a market strategist, he designs and monitors customized technical indicators to measure market momentum and investor psychology. He applies trend analysis to assess varying market conditions and to recommend appropriate buy/sell actions on individual securities. He relies on many sources of input, including economic, social, fundamental, psychological, and political, in reinforcing his bullish or bearish posture.

Mr. Caruso's extensive Wall Street background, contacts and more than thirty years experience in wealth management, sales, account administration and financial planning provides a very professional and knowledgeable component to Wolverine Investments' advisory service.

PETER C. WIESE

Senior Portfolio Manager

Peter C. Wiese has managed investment accounts in the securities industry for well over 30 years. Since joining Wolverine Investments early in 1997 as a senior portfolio manager and equity research analyst, Mr. Wiese has become an integral part of the research and decision-making process, ensuring that superior risk-adjusted investment ideas are incorporated into client portfolios.

In 1994, Mr. Wiese established Wiese Capital Management, Inc., a registered investment adviser. Prior to this, from 1992 to 1994, he was a principal and president of DeWitt, Wiese & Co., Inc., also a registered investment adviser. During the previous thirteen years, Mr. Wiese was a principal and portfolio manager with J. Bush & Co., Inc., a New York based investment firm founded by Jonathan Bush, brother of the former President of the United States, George Bush. Prior to that, he attained senior-level status with a number of major investment firms, holding investment management and marketing positions with Merrill Lynch/White Weld & Co., Oppenheimer & Co., and Central National Corporation. During the early years of his career, Mr. Wiese worked in mergers & acquisitions, as well as international planning, for W.R. Grace, Inc. and Mobil Oil Corporation.

Throughout his career, Mr. Wiese has continually recognized unique opportunities that take advantage of the fundamental changes occurring in various sectors of the economy. His extensive bottom-up analytical techniques are utilized to identify specific companies that will respond to emerging growth trends. Believing that wealth can best be created through long-term ownership of growing businesses, he traditionally invests primarily in high-quality, large capitalization growth companies when its stock appears to be relatively undervalued.

Mr. Wiese graduated from Princeton University with a Bachelor of Arts in Economics, and was the recipient of the Economics Department Prize. His professional examinations/designations include Series 7 & 63 and Investment Adviser Agent. He has written extensively and authored market studies entitled *"The Effect of Stock Splits and Stock Dividends on Stock Market Prices"* and *"Option Trading and Investment Strategies"*. His outside entrepreneurial activities have included co-producing two Broadway shows – *"The John Curry Ice Dancing Show"* & *"Marcel Marceau on Broadway"* – and operating his own real estate development company.

Mr. Wiese's extensive Wall Street background, contacts and more than twenty-five years experience in investment management, sales, trust administration and estate settlement provides a professional and comprehensive new addition to Wolverine Investments' advisory service. He believes in a disciplined investment approach which emphasizes long-term holding periods and low portfolio turnover, thus generating consistently strong absolute returns while limiting a client's exposure to potential tax liabilities. He has used his long-term investment experience and keen judgment in continuing to demonstrate excellent risk adjusted returns for his clients over the years.

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

Investing in Tactical Opportunities



JOHN M. BABYAK is the President and Senior Portfolio Manager of Wolverine Investments, where his duties span all functional areas, including: portfolio management and research; business planning and budgeting; trading, information systems and administration; and new business development and client service. Prior to joining WHB/Wolverine Asset Management in 1993, Mr. Babyak held various systems engineering, sales and marketing management positions at IBM. He graduated from The University of Vermont in 1982 with a degree in Management Engineering. Mr. Babyak has written numerous articles about the markets, including the studies "Rationale for Yield-Enhanced Convertible Securities," "Covered Call Writing: Managing Risk, Enhancing Portfolio Returns," "Managing Portfolios

For Optimal Tax-Efficiency" and "Convertible Securities as an Asset Class." He is an internationally published market commentator and is frequently quoted in the securities news media, including The Wall Street Journal and Barron's.

NICHOLAS A. CARUSO JR. is Senior Vice President and Chief Wealth Strategist of Wolverine Investments, where his duties range from portfolio management and research to new business development. As a strategist, he designs and monitors customized technical indicators to measure market momentum and investor psychology. Prior to joining Wolverine Investments in 2005, he spent the majority of his investment career with Merrill Lynch & Co., Inc., where he was a Vice President of the Private Client Group. Over his long career, Mr. Caruso utilized both proprietary technical and fundamental investment strategies to reduce exposure to risk while enhancing growth of principal opportunities. He maintains that providing clients with portfolio protection and income enhancement is the most common sense approach to producing more consistent portfolio returns. After graduating from Sacred Heart University with a Bachelor of Arts degree in Business, he attended Bridgeport University where he earned a Master of Business Administration degree. He also served in the Military Intelligence division of the U.S. Army during the Vietnam War.

TWST: Would you please tell us about your responsibilities at Wolverine Investments and bring us up to date on your firm?

Mr. Babyak: Despite these very difficult markets, our professional investment team is essentially unchanged, and we remain very well positioned to serve our clients going forward. As the Chief

Investment Officer, I continue to oversee the investment decision-making process across the firm, as well as manage all aspects of running the business as President. Nick, who has now been with Wolverine for over three years, is our Chief Market Strategist, and we rely on him to provide insight into market psychology and develop strategies to take advantage of investment opportunities.

I'd like to take a minute to go back and pick up from where we last left off in our conversation about a year ago. I want to quote from our answer to your last question at that time. I said, "We're a firm at the very forefront of strategic and tactical asset management. Investors need to think about blurring the lines between traditional asset classes and instead look at strategies that offer real economic value because they're uncorrelated or because they meet a specific requirement of the investor. Investors, both individual and institutional, should avail themselves of the unique advantages afforded by various risk management approaches." That advice was prescient then, and it is even more relevant now. While this is a very different environment from the one we were in a year ago, some of the same principles of contrarian investment apply.

some of the things we've learned, and we're about to go out to the investing public with a new portfolio product, which Nick will elaborate on in a minute.

We've busily evaluated the landscape of investment opportunities with a keen eye toward what investors need and want from their investment professionals. Clients want to know their hard-earned savings are not being wasted and that if there's any way to help protect their values, we're going to do it. As a result, we prefer to view the current dangerous market as a point of opportunity. As we survey the investment landscape, we feel it is important to understand and reassess what our core competencies are. For example, one of our strengths is utilizing tools, techniques and strategies that incorporate capital preservation as well as appreciation. Another is the

Caruso: Normally, our extensive fundamental analysis identifies specific investment themes that will respond to emerging growth trends or to cyclical opportunities. Our latest techniques rely heavily on extensive technical analysis to capture only the highest probability profit opportunities by identifying and anticipating outlier price patterns where we target near-term reversion to the mean.

TWST: How did your portfolio perform over the past year and how have your experiences affected you and shaped your investment policies?

Mr. Babyak: During the summer of 2007, we identified and subsequently characterized what we were observing in the credit markets, as well as the mortgage and housing industry, as something akin to an "earthquake." It's quite ironic that a year later, we're struggling to find a new metaphor to describe the current panic and meltdown in the financial markets. If the second half of 2007 was an earthquake, then what we've experienced since September of this year has been nothing short of our economic planet being slammed by an asteroid. The market atmosphere is filled with clouds of smoke, and we're still looking for sunlight to emerge in the form of stabilized markets.

One of the seminal moments for me was something Jack Welch said on CNBC back in mid-September. At that time, when speaking about the attitude business operators needed to have, he pounded his fist on the table and exclaimed, "This is not a time to be under the desk sucking our thumbs!" As I've told our clients, we at Wolverine have not been under our desk sucking our thumbs. As a matter of fact, we have been ardently trying to preserve capital by employing our disciplined approach in new ways, adapting to markedly changing market conditions. Moreover, we're taking

way we develop yield enhancement, derived from interest and dividends, as well as call option premiums. Finally, and perhaps most important given current market conditions, is our specialty in capitalizing on volatility. At this time, I would like Nick to interject and provide his thoughts about some of the innovative things we're working on at Wolverine.

Mr. Caruso: To just give you a little background, before joining Wolverine about four years ago, I spent 35 years with a major brokerage firm, and I have always been a student of the market. To me, it always has been the utmost intellectual challenge of my life. So I have always challenged myself in working with different methodologies in trying to come up with something that I felt would capture the psychology and emotion of the crowd, and hopefully I will be smart enough to create positions that are counter crowd psychology because the crowd usually buys and sells at the wrong times.

I was taught when I first entered the business many years ago that it's a very easy business to understand — you are supposed to buy low and sell high. What we're going through kind of blurs any idea of what's low or high anymore from a price point of view and certainly from a volatility point of view. We have seen things in the last year and a half that most people would never have even imagined. So what I have utilized and have personally benefited from since February 1987 is a compilation of technical, psychological and

other measurements that take advantage of any type of moving average, whether it be an individual stock, a market index or an ETF, that trades on a daily basis and that can measure an overbought or an oversold condition. In other words, I am looking for extremely positive or extremely negative emotional reactions as expressed in the market. My analytical techniques were developed over many years through trial and error, honing and re-honing my methodologies until they proved effective in both bull and bear markets.

we nonetheless embarked on a concerted effort to raise cash. Little by little, we began to build up a small cash hoard across all our non-institutional accounts. As Nick and I began to share our thoughts on what was going on in the markets, we began to see volatility rise, greater government intervention, and less conventional market pricing. We decided to put much of our accumulated cash to work in using our tactical approach in the mid-September time frame, and we've been very pleased with the result attained so far.

Babyak: What we're trying to achieve is a portfolio that is uncorrelated with the market. Following the crowd can have disastrous consequences. To counter this, our totally objective and technical indicators allow us to separate emotion from our investment decision. We've now been executing our tactical approach systematically across most of our portfolios, and we have carved out the overlay into a new performance composite in accordance with our industry performance accounting standards.

In joining John three and a half years ago, I personally have used this program for my own portfolio, and it's something that John and I have formalized over the course of this year, and which we have overlaid on our existing clients' portfolios. We're calling our program the Tactical Opportunity Portfolio, or TOP for short, because tactically it takes into consideration many different elements with the aim of making money in any type of market. In that regard, it can be used as a self-standing type of portfolio or it can be effectively utilized in conjunction with a buy and hold portfolio. This type of portfolio is more short term in nature, which is to say the gains in our portfolios will be primarily short term. The portfolio will exhibit risk inversely correlated to the market, and the returns should be substantially positive as has been proven by many years of experience.

Mr. Babyak: Some have questioned whether there is any difference between our new tactical approach and simply becoming a more active trader. While we've always been actively hands-on here at Wolverine, trading tends to imply more intuition and instinct as opposed to an analytical approach. Recall that our core competencies in convertible securities with the option enhancement are very analytically grounded. We've never espoused a pure buy and hold approach, but we do recognize that a primarily long approach has not preserved capital the way we assumed it would. We noticed something very important that began to occur starting at the end of last year. We weren't quite sure what it was or how to capitalize on it, but

As Nick mentioned, what we're trying to achieve is a portfolio that is uncorrelated with the market. As most folks instinctively know, following the crowd can have disastrous consequences. To counter this, our totally objective and technical indicators allow us to separate emotion from our investment decision. We've now been executing our tactical approach systematically across most of our portfolios, and we have carved out the overlay into a new performance composite in accordance with our industry performance accounting standards. Some might call our new composite a hedge, and I would not argue with that characterization. We felt that we had to come up with a different way of preserving capital in these extremely difficult times. So, as Nick said, we've been managing this new portfolio since the beginning of 2008, and by the end of this year we will have a full year as a standalone composite that we can actively go out and represent to new investors.

TWST: All investors are waiting to see how money management firms will have preserved capital in the current markets. If you have a track record of 12 months in your newest strategy, that's going to be to your advantage, right?

Mr. Caruso: Definitely. As portfolio managers, we've been trained to assess investment opportunities that we uncover by continually anticipating changes in various sectors of the economy. Normally, our extensive fundamental analysis identifies specific investment themes that will respond to emerging growth trends or to cyclical opportunities. Our latest techniques rely heavily on ex-

tensive technical analysis to capture only the highest probability profit opportunities by identifying and anticipating outlier price patterns where we target near-term reversion to the mean. We apply proprietary trend analysis to assess varying market conditions to enact the appropriate buy or sell trades using various instruments of investment, including ETFs, market indices, sector funds or individual common stocks.

about every index imaginable from various sectors to indices, whether you're talking about the S&P, Dow Jones, or Russell indices. They have even developed indices that have twice the correlation, both up and down, of their respective indices. So, if the S&P is up or down 5%, then there is an ETF that will go up or down 10%. These are the tools that we're using to overlay on our current portfolio clients to achieve non-correlation and positive portfolio performance.

Babyak: As ETF developers come up with new products, we as opportunistic portfolio managers are coming up with new uses and new strategies to help our clients. We haven't abandoned our longstanding core competencies. But in concert with new market realities, we are fine-tuning our competency in the area of managing risk and capitalizing on volatility, relying more on our creativity and vast experience to adapt to change.

Mr. Babyak: I want to emphasize that we haven't abandoned our traditional long-term, yield-enhanced investment approach, but we do recognize that we're in a totally different environment. Just think about the role our federal government has taken in attempting to micro-manage our national economy. As I look back to the failure of Bear, Stearns, I have to wonder what might have been if the Federal Reserve hadn't intervened to orchestrate the acquisition of Bear by JPMorgan. A market crash might have been conveniently avoided last March, but I would contend that free market principals have been locked up in a stranglehold ever since.

We're now obviously in a recession, we don't know how long or deep it's going to be — it could be quite severe and longer than any other postwar slowdown. Judging by the retraction in stock prices, the market clearly has discounted something akin to a mild depression. The outlook for corporate earnings is totally up in the air, so we really have a hard time doing traditional fundamental analysis. Certainly there are pockets of opportunities, and some of the investments that we've made in the last month have taken advantage of the market lows and have performed quite well. But the markets have a lot more work to do to establish a base and to reflect the rebuilding of confidence in the US financial system. When viewed with a long-term perspective, whenever markets exhibit extreme negative sentiment, we would contend that investors should interpret these moments as attractive entry points.

TWST: Let's get down to specifics. What exactly are you doing with these different strategies to take advantage of the extreme market volatility and new economic landscape?

Mr. Caruso: One of the really nice tools that have been developed over the last couple of years are the so-called exchange-traded funds, or ETFs for short. Today they have baskets that represent just

The one that we've been focused on, only because it is a measure of the broad equity market, is the double short ETF known as the **SDS**, which is a ProShares product. We've tested this again and again over the course of the year and we have found that there is a very high likelihood that it is properly, inversely correlated. However, we have discovered that some of these products don't seem to hold up under the same scrutiny. For example, all year long we have tracked the performance and price behavior of the oil index. ProShares has an ETF that tracks the bullish performance of the oil sector, and another ETF that tracks the bearish performance of this same sector. We found that the bullish ETF, known as the **DIG**, has been properly correlated, both in terms of direction and magnitude of oil sector performance during the last three months. However, we observed that the bearish ETF, known as the **DUG**, did not exhibit the proper correlation on the downside performance of the oil sector. In fact, during the period between August and October when the **DIG** declined by 40%, the **DUG** did not make any money. This came as a total surprise to us, and we have avoided using the **DUG** to represent our bearish outlook for the oil sector. So you've got to be very careful when employing the new ETFs. We've done our homework and are trading only those ETFs that have a very tight correlation with very low dispersion. In general, when we receive a negative, or sell, indication and we want to participate to the market downside, we've been strictly buying the **SDS**. When we receive a positive, or buy, signal and the prevailing market trend reverses, we've been buying the **SSO**. Again, both of these ETFs are issued and managed by ProShares.

Mr. Babyak: I want to emphasize that the methods that we're using in our tactical opportunity portfolio are pretty well time-

tested, and we have found that, unlike portfolio insurance in the late-1980s, the new long/short funds have been performing exactly as advertised. As ETF developers come up with new products, we as opportunistic portfolio managers are coming up with new uses and new strategies to help our clients. Again, I want to reiterate that we haven't abandoned our longstanding core competencies. But in concert with new market realities, we are fine-tuning our competency in the area of managing risk and capitalizing on volatility, relying more on our creativity and vast experience to adapt to change.

I was recently asked by a pension executive at a Fortune 100 company, "How are you managing through all this extreme volatility?" Honestly, on the one hand, I admitted that it's been extremely tiring. I've harbored no illusions as to the exhaustion that I've been experiencing. But I went on to explain to my friend that the past three months have also been tremendously exhilarating. Painful times require difficult soul searching, which makes our relative successes amid the current despair that much more gratifying. By the way, not everything that we've bought and sold in the tactical portfolio has yielded a large profit, but losses are kept to a bare minimum. And while most of our core, long-term holdings are down, the one bright spot has been that the tactical opportunity portfolio has produced substantial, positive returns that have been inversely correlated with the general market direction.

cluded. The rally into election day was a clear sense of relief that the long campaign cycle was finally over. There is no question the new President is facing tremendous challenges. There was a sense of true exuberance, regardless of what side of the political spectrum you are on. We felt the rally into election day would not hold up. In fact, our indicators were telling us that we were reaching a short-term cyclical peak. Moreover, we were up nearly 20% from the prior week's lows. We then relied on our discipline, our new methods if you will, and put the overlay strategy into very positive effect. Our trade worked out as advertised.

TWST: Are there any tax or trading considerations that investors should be aware of in your strategy?

Mr. Caruso: Many investors are carrying large capital losses, especially those incurred this year, that could be applied toward our expected portfolio gains. Of course, our portfolio could be very effectively utilized in tax deferred and retirement accounts where there are no taxes due until the funds are withdrawn from the account.

Mr. Babyak: That actually brings up an interesting point. Heretofore, you couldn't directly sell short in an IRA or an ERISA account. By buying the short ETF products, for regulatory and tax purposes, the holder is considered long a stock. The other nice feature of the short ETFs that comes into play is the way dividends are treated. When shorting the stocks of individual companies, the seller

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TWST: Tell us more about your newest portfolio strategy. Would you provide a recent example of a trade that worked to your advantage?

Mr. Caruso: The focus of our Tactical Opportunity Portfolio is to identify price aberrations that become extended, and more important, to then take action to capitalize on them. Just as we saw in the oil sector earlier this year, which obviously has experienced a severe downturn, or in virtually every other commodity as well, when psychology and price action indicate irrational exuberance or irrational pessimism, our indicators should guide us to be on the correct side of the market's direction. There are many sources that affect our analytical indicators, which can be economic, social, fundamental or even political.

Mr. Babyak: For example, let's briefly look back on our trading strategy surrounding the presidential election that just con-

cludes. As the owner of the short ETF, the holder doesn't have this onerous liability. Our approach is not a panacea to the current market turmoil; there are pros and cons to any market strategy.

One more positive factor, however, is how owning a short ETF actually helps circumvent the short selling rules, where you need to identify the source to borrow stock before you can short it. In speaking to convertible arb traders, and long/short hedge fund managers, they've had a daunting time coping with the current environment where new restrictions have been placed on their ability to operate. On the other hand, we are not encumbered by these restrictions. The execution may appear straightforward, but it is our in-depth analysis that gives us confidence in our discipline — we have developed a true proprietary methodology.

TWST: What is your outlook for the US economy?

Mr. Caruso: Our economy will encounter numerous headwinds during the next two years, and that includes the world economy. The International Monetary Fund recently revised its global growth forecast to 2.2%. Anything under 3% is considered a worldwide recession. In the next three years, Europe alone has debt maturing of \$2.1 trillion. Certainly, the credit crunch is not over in Europe, and in the US, **General Motors, Ford** and

One real estate analyst we know suggested that the housing starts report is one of the best leading indicators. Historically, economic recovery occurs from five to six months after housing starts have risen for three consecutive months, suggesting we are perhaps six to eight months from the end of this recession. Similarly, stock market bottoms anticipate and predict the end of recessions by four to five months. So if you ask me for my best estimate for a market bottom, I would have to say sometime in the next couple of months.

***Babyak:** Our firm usually acts as a subadvisor, implementing our various convertible and volatility strategies across multiple separate accounts to attain consistency and low dispersion across the specific institutional platform. We're going to continue to service all our clients and use our core strategies to preserve capital and generate superior risk-adjusted returns over the long term. We also think that our newest portfolio is going to open up a range of heretofore untapped possibilities for us.*

Chrysler are faced with an interesting bailout decision by the government. We clearly need coordinated global, fiscal stimulus and unfortunately, this year, the Grinch will steal Christmas from many boys' and girls' stockings. The Chinese recently tried to help their own cause in passing a \$586 billion infrastructure bill, which they need in order to propagate their continued above average growth rate. China's economy will not be immune from the current global slowdown. We're very confident that the US government will enact an infrastructure stimulus package in the first 100 days of the Obama Administration.

Mr. Babyak: Marketwise, I don't know a single soul who won't be extremely thankful when this year is finally in the books. We remain cautious and concerned about the state of our so-called free market system and the level of pessimism that has permeated the entire investment community. On the bright side, the high level of extreme volatility we've been experiencing the past two months is much more indicative of the conclusion of a major market trend, and in our opinion not the beginning of a new trend.

Gloomy economic data, uninspiring testimony from the Detroit Three automakers, and a sharply lower GDP forecast from the Fed have sent many individual stocks to new lows. We continue to assert that the linchpin to our entire economic and market outlook is identifying the point where we can confidently declare an end to the housing market decline. Consequently, we are keeping a keen eye on housing starts, which plunged 4.5% in October to 791,000 annualized, as building permits plummeted 12%.

Many market pundits generally feel the Federal Reserve Board has been overly optimistic about GDP and unemployment. Perhaps that's because the Fed is running out of ammunition to combat the current credit and banking crisis. Obviously, the Fed has the ability to lower the fed funds rate by only another 1%, before reaching absolute zero. Unfortunately, the financial markets have not been responding positively to prior government intervention. Fewer and fewer investors have confidence in Treasury Secretary Paulson, especially after he said there was no real game plan or playbook for the current financial crisis. In other words, Paulson is purely shooting from the hip with over \$1 trillion in bailouts and rescues so far this year.

TWST: Do you have international exposure in your portfolio? Also, what is your outlook for the US dollar?

Mr. Babyak: I would never want to suggest that we are international investment experts. However, we're certainly cognizant and knowledgeable about the inter-relationships between currencies and the global economy, as well as recognizing shifts in international investment sentiment. By and large, we consider ourselves generalists and our international knowledge is primarily at the macro level, as opposed to understanding opportunities in specific foreign companies. Clearly, our discipline and new tactical overlay opportunity fund is applicable in any public market, and, as Nick said, wherever there is a tradable market and crowd psychologies at work, we have an opportunity to capture those swings in sentiment.

Mr. Caruso: I can tell you that our indicators clearly identified the low in the US dollar late last spring.

Mr. Babyak: Yes, in fact, around that time we began buying a dollar bullish ETF, with the symbol **UUP**, for several of our accounts. We have lightened up recently on indications that the extreme short-term rally may be overdone; although being long the dollar is not a major investment theme here, we clearly noticed that a rebound in the dollar was long overdue, and we have simply been exploiting the recent trend change to our advantage.

Mr. Caruso: To me, the recent strength in the US dollar indicates we are simply the first country to enter an agonizing recession. There is now clear evidence that the UK and Europe have joined the US in a recessionary economy. I also think that we will be the first country out of this recessionary period. The demand for the dollar indicates just how much worse other countries are going to be in the upcoming year in relation to the United States because the demand for dollars simply has been incredibly strong.

Mr. Babyak: Remember when they used to say, “When the US sneezes, the world catches cold?” I think that still holds true, but

their money out. It looked like the lock up would last for only week or two, but they froze access to client funds for nearly two months. And this fund only had a few hundred million dollars invested in it. Can you imagine if investors couldn’t get access to the trillions invested in money market funds across the system? So there have been little pockets of severe distress all around, including the commercial paper market.

The commercial paper market was an area of great distress that also hit close to home. For a couple of clients, we own some **GE** commercial paper, and there were days this past September when I called various OTC trading desks to get a bid on what should have been a very liquid, short-term investment vehicle. Our particular **GE** paper matures in February 2009, but I was told there were no bids. That was really shocking to me. A few days later, when I again went out in search of a bid, we found this AAA **GE** paper selling for 94 to 95 cents on the dollar. This price effectively creates an absolute yield to maturity of a high single-digit return for super high-quality **General Electric** paper. It was an incredible, eye-opening experience, to say the least.

Caruso: In 2009, there will be fits and starts and we will have bear market rallies as well as bull market corrections, and volatility clearly will continue to be extremely high. What we’re trying to do is utilize volatility as an opportunity to profit. So far, we can say to you that we have been able to correctly measure, analyze and act on various market extremes.

now the saying should be when the US catches a virus, guess what? The world also catches the same virus and we get sick together.

With regard to China, a possible 6% or even 8% growth rate is considered a recession in that country. While still growing, China obviously has severe domestic pressures in terms of avoiding a revolt from the people. They really can’t afford to allow their economy to dip down into a mid-single-digit growth rate.

TWST: What things worry you most about the general economy and the current state of US markets?

Mr. Babyak: We came very close to a total seize-up in the credit markets this past September, which was tremendously concerning for those of us in the financial industry. At the time, any professional wouldn’t dare admit just how close we came to a massive financial systemic breakdown. One can get an inkling of a condition that could have been much more pervasive. I’m talking about the lock up in the Reserve Fund’s money market mutual funds. Tremendously disconcerting. One of our co-portfolio managers here in the office had his clients in the Reserve Fund, and he couldn’t get

Mr. Caruso: A Goldman Sachs economist recently predicted that the current calendar quarter is going to be the worst performing quarter in the US and that unemployment could reach 8.5%. Goldman also believes that the US next year will have a GDP of somewhere about 1.2%. There is going to be a period here of economic stabilization, but it’s not going to be in the next few months. In 2009, there will be fits and starts and we will have bear market rallies as well as bull market corrections, and volatility clearly will continue to be extremely high. What we’re trying to do is utilize volatility as an opportunity to profit. So far, we can say to you that we have been able to correctly measure, analyze and act on various market extremes.

TWST: Most managers consider risk management only as it relates to managing individual securities, or perhaps at the portfolio level. Now you’ve taken risk management to a new level by incorporating macro events, market psychology, and technical research into a tactical allocation overlay. What conditions caused a change in your approach to risk management?

Mr. Caruso: Who would have ever thought that Lehman Brothers', Merrill Lynch's, Morgan Stanley's, Citigroup's, and even Goldman Sachs' basic structures would be turned upside down. As for Goldman and Morgan, although they are banks, they need to accumulate deposits and that's going to be their immediate goal. Whoever has the most demand deposits has a distinct advantage going forward. Initially, there were nine big banks that received the first capital infusion from the Treasury, and these institutions are the ones our government believes will be the survivors of our new economic landscape.

The entire financial system has changed dramatically. We are experiencing a massive deleveraging throughout the world and, accordingly, the entire banking structure. The investment banks will be operating under new rules and regulations, where the leverage ratios they previously employed are now obviously out of the question. So when they do re-emerge, these major money center banks will get most of the business, but profits as we knew them to be in our industry will grow much more slowly than in the past.

Mr. Babyak: When trying to place the current market environment into layman's terms, I'm reminded of a football field. What we have witnessed in the last year is akin to an investment game played on a field where the sidelines expand and contract daily, and the length of the field changes instantaneously. We've been trying to play a traditional game on an asymmetric field. We do feel, however, that our new, somewhat unconventional approach has a very strong role to play here in this asymmetric investing climate.

Mr. Caruso: Or, in other words, we are offering unconventional strategies for unconventional markets.

TWST: Who are your typical clients and who will benefit most from your tactical overlay?

Mr. Babyak: Let me address the first part of your question, and perhaps Nick could take the second part. Our clients are generally equally divided between institutional relationships and what I refer to as direct client relationships. Our direct clients are primarily individuals — high net worth investors who include physicians, attorneys, small business owners and corporate retirees, basically very successful people. For our institutional clients, our firm usually acts as a subadvisor, implementing our various convertible and volatility strategies across multiple separate accounts to attain consistency and low dispersion across the specific institutional platform. We're going to continue to service all our clients and use our core strategies to preserve capital and generate superior risk-adjusted returns over the long term. We also think that our newest portfolio is going to open up a range of heretofore untapped possibilities for us. Institutions are more than welcome to embrace our Tactical Opportunity Portfolio.

Mr. Caruso: We think that at least initially, our first priority will be the individual investor. John and I are willing to lower the

account minimum because our tactical opportunity portfolio can be used as a standalone portfolio. So the minimum participation might be as low \$100,000, which we think is very affordable for substantial investors who can hopefully make back some of the money lost in this bear market, or they might use it for tax purposes to generate short-term gains. Either way, we're hopeful investors will understand the merits of our non-traditional approach.

We're looking to reach out to new investors, expand our market opportunities through your readers and our other marketing efforts. We're optimistic that our time-tested proprietary strategy will create very superior returns in both bull and bear markets.

TWST: It's good to hear such a positive tone from you, and to see that you are taking advantage of the opportunities that other professional investors are scared to death of.

Mr. Caruso: The final proof will come at the end of December, when we have one year of operation in our new tactical portfolio product under our belt. At the rate of return we are currently experiencing, we think we will have something very positive to present to the investing public.

TWST: Is there anything that you want to add?

Mr. Babyak: We can't thank *The Wall Street Transcript* enough for the opportunity to talk with you and reach out to your audience. Normally, in these interviews, we go to great lengths to extensively discuss the fundamental attributes about our individual stocks and so forth. But these challenging and stressful times have motivated us to think outside the box, and we would urge all investors to take an interest in uncorrelated strategies that blur the lines between traditional asset classes. The era of blindly buying stocks or bonds and holding them indefinitely has ended. We would certainly welcome the opportunity to explain more of the advantages of our various strategies to capitalize on the market's volatility.

TWST: Thank you.

Note: Opinions and recommendations are as of 12/2/08.

JOHN M. BABYAK
NICHOLAS A. CARUSO JR.
Wolverine Investments
200 Pequot Avenue
Southport, CT 06890
(203) 254-7260

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1**

OMB APPROVAL

OMB Number: 3235-0049
Expires: February 28, 2005
Estimated average burden
hours per response 9.01

Name of Investment Adviser:

WHB/WOLVERINE ASSET MANAGEMENT, INC. D/B/A WOLVERINE INVESTMENTS®

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code:

Telephone Number:

200 Pequot Avenue**Southport, CT****06890****(800)****398-0038**

This part of Form ADV gives information about the investment adviser and its business for the use of clients.

The information has not been approved or verified by any governmental authority.

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	Continuation Sheets (5)	Schedule F

(Schedules A, B, C, D, and E are included with Part 1 of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Form ADV
Part II – Page 2

Applicant:

Wolverine Investments

SEC File Number:

801- 37177

Date:

12/31/2008

Definitions for Part II

Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. **Advisory Services and Fees** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instruction below.)

Applicant:

- | | | |
|-------------------------------------|---|---------|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory Services | 100 % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | _____ % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | _____ % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above..... | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does Applicant call any of the services it checked above financial planning or some similar term?

Yes
☐

No
☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, described on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- application's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Type of Clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Form ADV
Part II - Page 3

Applicant:

Wolverine Investments

SEC File Number:

801- 37177

Date:

12/31/2008

3. Types of Investments - Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on: |
| | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the
Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered call options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Form ADV
Part II - Page 4**

Applicant:

Wolverine Investments

SEC File Number:

801- 37177

Date:

12/31/2008

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.
(For each checked box describe the other activities, including the time spend on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?
- Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Form ADV
Part II - Page 5**

Applicant:	SEC File Number:	Date:
Wolverine Investments	801- 60863	12/31/2008

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or brought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?.....
- Yes ☒ No ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Reviews: Accounts are monitored daily and on an ongoing basis. Triggering factors include, among other factors, material changes in underlying fundamentals or general market conditions; substantive or sudden changes in trading volume and money flows affecting liquidity; and material changes in security price.

Reviewers: John M. Babyak, President, Peter C. Wiese, Senior Vice President, Patrick W. Fremont, Senior Vice President, and Nicholas A. Caruso, Senior Vice President, review all portfolios on a constant basis and have primary responsibility for making investment decisions. The aforementioned portfolio managers, who together comprise the firm's investment committee and oversee the firm's investment decision-making process, may each be assigned between 50 to 100 accounts to monitor and review on an ongoing basis.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

All clients are sent comprehensive reports detailing individual security holdings, including portfolio appraisals and performance summaries, on a monthly basis. Client information is reconciled monthly with the custodian's record of buy/sell transactions, debits, credits, expenses and similar transactions. All client reports are computer generated by the Advent portfolio accounting system, printed and mailed first-class to each client on a monthly basis.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Form ADV
Part II - Page 6

Applicant:

Wolverine Investments

SEC File Number:

801- 37177

Date:

12/31/2008

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|---|-------------------------------------|--------------------------|
| (1) securities to be bought or sold?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services;
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services;
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year or schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance.

	Yes	No
Has applicant provided a Schedule G balance sheet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Wolverine Investments	SEC File Number: 801 - 317177	Date: 12/31/2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: WHB/WOLVERINE ASSET MANAGEMENT, INC.	IRS Empl. Ident. No.: 13-3607480
---	---

Item of Form (Identify)	Answer																
ITEM 1.D	<p>REVIEW OF ADVISORY SERVICES & FEES</p> <p>Wolverine Investments provides portfolio management services and manages investment advisory accounts on a completely discretionary basis. Account supervision is guided by the stated objectives of each client. These objectives may not always take into consideration all of the related factors applicable to the rendering of services. In this case, individual clients will decide on a specific investment objective and direction for their account, and Wolverine Investments will manage the account on that premise.</p> <p>Wolverine Investments offers clients flexible fee arrangements. All such fee arrangements may be structured and negotiated based on certain factors, including total account assets under management, the timing and flow of additional funds to the account, portfolio performance objectives, cash management considerations, and level of risk to be tolerated. For conservatively-managed and balanced accounts, a straight, annual fixed management fee, based on a percentage of assets under management and billed monthly or quarterly in arrears, is offered in the firm's basic fee schedule.</p> <p>BASIC FEE SCHEDULE</p> <table> <tr> <td><u>Assets Under Mgmt:</u></td><td><u>Annual Fee:</u></td></tr> <tr> <td>Up to \$1 mil.</td><td>- 1.25%</td></tr> <tr> <td>\$1 mil. to \$2 mil.</td><td>- 1.00%</td></tr> <tr> <td>\$2 mil. to \$5 mil.</td><td>- 0.90%</td></tr> <tr> <td>\$5 mil. to \$10 mil.</td><td>- 0.85%</td></tr> <tr> <td>\$10 mil. to \$15 mil.</td><td>- 0.80%</td></tr> <tr> <td>\$15 mil. to \$20 mil.</td><td>- 0.75%</td></tr> <tr> <td>Above \$20 mil.</td><td>- Negotiable</td></tr> </table> <p>For more risk tolerant, actively-managed qualified accounts, a minimum and maximum fixed management fee arrangement is available on a negotiated basis. The maximum fee, if applicable, shall be determined as a result of a performance fee calculation and is billed annually in arrears. The applicability and suitability of incorporating a performance fee adjustment is done so in compliance with SEC Rule 205.3. The typical performance fee adjustment of 15% is calculated on the incremental capital appreciation of the account for each completed annual period, as determined on a total return basis (i.e., inclusive of interest, dividends, unrealized and realized gains/losses, and other similar amounts); provided that for each completed annual period in which the account does not appreciate on a total return basis, or if the capital appreciation of the account is not over the high watermark of the account as of any prior anniversary, there is no performance fee adjustment. Performance fees are generally capped at the maximum fee based on the total market value of the account on its anniversary.</p> <p>At no time is a client billed for investment management services before the service is actually provided. In general, fixed account management fees are billed monthly or quarterly in arrears, based on the ending market value of the account, inclusive of any accrued interest. Performance fee adjustments, if applicable, are billed annually in arrears as of the anniversary date of the client contract. In the investment management agreement, a client may provide written authorization permitting the management fee to be deducted from the account by the custodian and paid to Wolverine Investments. Wolverine Investments will calculate the amount of the fee and provide the fee amount to the custodian. The custodian will then deduct the fee from the client's account and remit the amount to Wolverine Investments. At the time Wolverine Investments directs the custodian to deduct the fee, Wolverine Investments will also provide an invoice to the client showing the amount of the fee and its calculation method. The custodian will send the client a monthly statement showing the current investment positions and any transaction posted during the previous month. For the month in which the fee is deducted, the custodian's account statement will show the fee amount disbursed from the client's account.</p>	<u>Assets Under Mgmt:</u>	<u>Annual Fee:</u>	Up to \$1 mil.	- 1.25%	\$1 mil. to \$2 mil.	- 1.00%	\$2 mil. to \$5 mil.	- 0.90%	\$5 mil. to \$10 mil.	- 0.85%	\$10 mil. to \$15 mil.	- 0.80%	\$15 mil. to \$20 mil.	- 0.75%	Above \$20 mil.	- Negotiable
<u>Assets Under Mgmt:</u>	<u>Annual Fee:</u>																
Up to \$1 mil.	- 1.25%																
\$1 mil. to \$2 mil.	- 1.00%																
\$2 mil. to \$5 mil.	- 0.90%																
\$5 mil. to \$10 mil.	- 0.85%																
\$10 mil. to \$15 mil.	- 0.80%																
\$15 mil. to \$20 mil.	- 0.75%																
Above \$20 mil.	- Negotiable																

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Wolverine Investments	801 - 317177	12/31/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
WHB/WOLVERINE ASSET MANAGEMENT, INC.		13-3607480
Item of Form (Identify)	Answer	
ITEM 1.D (Continued)	The provision for termination of the client contract requires written notification by either Wolverine Investments or the client to the other. All fees due Wolverine Investments, as of the effective date of the contract termination, shall be payable by the client on a pro-rata basis upon delivery of the account.	
ITEM 5.	<p>EDUCATION STANDARDS</p> <p>Wolverine Investments requires that employees responsible for giving investment advice to clients demonstrate successful completion of college/university, with a graduate degree or equivalent educational background preferable, and have prior extensive investment and/or securities industry experience.</p>	
ITEM 6.	<p>BUSINESS BACKGROUND</p> <p>The educational and business background of individuals who determine investment advice to clients is as follows:</p> <ol style="list-style-type: none"> 1. <u>John M. Babyak</u> (b.5-19-1959). Formal education after high school includes Bachelor of Science in Engineering degree from The University of Vermont, awarded in 1982. Currently, President, CEO/CIO, and Senior Portfolio Manager of Wolverine Investments. Prior five years business experience includes E.V.P., COO, and Senior Portfolio Manager of Wolverine Investments. 2. <u>Peter C. Wiese</u> (b.6-14-1935). Formal education after high school includes Bachelor of Arts in Economics degree from Princeton University, awarded in 1957. Currently, Senior Vice President and Senior Portfolio Manager of Wolverine Investments. Prior five years business experience includes President, CEO/CIO, and Senior Portfolio Manager of Wiese Capital Management, Inc. 3. <u>Patrick W. Fremont III</u> (b.12-8-1971). Formal education after high school includes Bachelor of Arts degree from Providence College, awarded in 1993. Currently, Senior Vice President and Assistant Portfolio Manager of Wolverine Investments. Prior five years business experience includes Vice President and Chief Administrative Officer of Wolverine Investments. 4. <u>Nicholas A. Caruso, Jr.</u> (b.4-6-1946). Formal education after high school includes a Bachelor of Arts degree from Sacred Heart University, awarded in 1968, and a Master of Business Administration in Finance from Bridgeport University, awarded in 1970. Currently, Senior Vice President, Chief Wealth Strategist and Assistant Portfolio Manager of Wolverine Investments. Prior five years business experience includes Vice President-Private Client Group of Merrill Lynch & Co., Inc., in Fairfield, Conn. 	
ITEM 8.C	<p>OTHER INDUSTRY AFFILIATIONS</p> <p>Beginning in 1998, Wolverine Investments entered into a joint operating venture with Wiese Capital Management, Inc., a SEC registered investment adviser (SEC File No. 801-47370), together with its principal owner Peter C. Wiese. Wolverine Investments and Wiese Capital Management, Inc. share common overhead expenses, such as office rent, administration and research. The intent of the arrangement is for each party to also provide investment advisory services to the other on a reciprocal basis. In the event that in any month such services are meaningfully disparate, a reasonable and equitable consulting fee may be paid by one to the other. Other than expense sharing for research or administrative purposes, no additional costs shall be charged in connection with the joint venture.</p>	
ITEM 9.B	<p>PARTICIPATION IN CLIENT TRANSACTIONS</p> <p>Peter C. Wiese, a related person to Wolverine Investments, is also an independent agent of Northeast Securities, a registered broker/dealer, and receives compensation for effecting securities transactions on behalf of clients of Wiese Capital Management, Inc.</p>	

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Wolverine Investments	801-37177	12/31/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
WHB/WOLVERINE ASSET MANAGEMENT, INC.	13-3607480

Item of Form (Identify)	Answer
ITEM 9.B (Continued)	From time to time, Mr. Wiese may act as a broker or agent in effecting securities transactions for clients of Wolverine Investments, and at no time shall Wolverine Investments receive compensation, either directly or indirectly, for such execution services. In accordance with Wolverine Investments' policy in dealing with all brokers or dealers (refer to Item 12.B), the guiding principle in selecting Peter C. Wiese, or any other broker or dealer to be used in portfolio transactions, is to obtain the best overall execution for each client in each trade, which is a combination of price and execution. Wolverine Investments considers a number of judgmental factors, including, without limitation, the actual handling of the order, the ability of the broker to position investment securities to facilitate execution, Wolverine Investments' past experience with similar trades and other factors that may be unique to a particular order.
ITEM 9.E	Some of the employees or officers of Wolverine Investments may, from time to time, hold positions in certain securities which may also be held or recommended to clients. It is the expressed policy of Wolverine Investments that no employee or officer may purchase or sell any security prior to a transaction(s) being executed for a client account, therefore, preventing such employees or officers from benefiting from transactions placed on behalf of clients. An employee or officer of Wolverine Investments may trade for his or her own account, or a family related account, whenever new client positions are established or existing client positions are liquidated, but only <u>after</u> all client allocations are filled. If a decision is made by the management of Wolverine Investments to reduce a client's positions on a percentage basis, then an employee or officer of Wolverine Investments may likewise reduce his or her position, <u>only</u> after all other client positions are satisfied. This policy covers all types of investment securities, including the trading of option contracts.
ITEM 10.	<p>CONDITIONS FOR MANAGING ACCOUNTS</p> <p>There is a minimum investment account size of \$300,000 per individual client. A minimum investment size of \$1,000,000 is in effect for institutional clients, which includes wealth management firms, asset aggregators, corporations, retirement plan sponsors, private banks, hedge funds, funds of managers, or business partnerships.</p>
ITEM 12.B	<p>INVESTMENT OR BROKERAGE DISCRETION</p> <p>The majority of client accounts are maintained and managed on a completely discretionary basis, whereby Wolverine Investments has the written and expressed authority to manage and direct the investment and reinvestment of client designated assets. The standard investment management agreement between Wolverine Investments and each client stipulates that such discretionary authority shall include, but is not limited to, the acquisition, retention, management and disposition of such investment assets and placing orders for the purchase and sale of securities on behalf of the client. In carrying out this function, Wolverine Investments uses its best efforts to obtain prompt execution of orders and delivers instructions to execute orders in connection with such transactions with brokers or dealers whom Wolverine Investments may select, at prices reasonably obtainable, taking into account the services, financial condition and capabilities offered by such brokers or dealers.</p> <p>Brokers or dealers may provide Wolverine Investments with research assistance or other services, and all brokerage commissions will be charged to the client as specified by such brokers or dealers; provided, that such research or other services and commissions are consistent with the limitations and provisions of Section 28(e) of the Securities Exchange Act of 1934, which requires Wolverine Investments to determine in good faith that the commission paid is reasonable in relation to the value of the research provided by the broker. This determination may be based either in terms of the particular transaction involved or the overall responsibilities of Wolverine Investments with respect to all accounts over which it exercises discretion. Accordingly, research normally benefits many accounts rather than just the individual client account for which an order is executed, and not all research is applicable to the specific client account that paid commissions to the broker providing the research.</p>

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Wolverine Investments	801-37177	12/31/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
WHB/WOLVERINE ASSET MANAGEMENT, INC.	13-3607480

Item of Form (Identify)	Answer
ITEM 12.B (Continued)	<p>Wolverine Investments' general guiding principle in selecting brokers to be used in portfolio transactions is to obtain the best overall execution for each client in each trade, which is a combination of price and execution. With respect to execution, Wolverine Investments considers a number of judgmental factors, including, without limitation, the actual handling of the order, the ability of the broker to position investment securities to facilitate execution, Wolverine Investments' past experience with similar trades and other factors that may be unique to a particular order. Recognizing the value of these judgmental factors, Wolverine Investments may select brokers or dealers who charge a brokerage commission that is higher than the lowest commission rate that might otherwise be available for any given trade, and frequently selects the client's own custodian to act as the client's broker for any given transaction. It is therefore possible for Wolverine Investments to pay, or to be deemed to have paid, commission rates higher than it could have otherwise paid to in order for it to receive, or be assured of continuing to receive, research that it considers essential to its investment decision-making process.</p> <p>BLOCK TRADES</p> <p>Wolverine Investments may instruct brokers to trade clients' securities transactions in block trades. This means that Wolverine Investments may aggregate client buy or sell orders, and the affected clients will receive the average purchase or sale price for the entire block transaction. However, block trades do not necessarily result in lower trading commissions, as the brokers normally charge the same commissions and/or settlement charges whether trades are executed individually or as block trades.</p> <p>CUSTODY</p> <p>Wolverine Investments generally suggests that new clients custody their assets with Raymond James & Associates, Schwab Institutional or Fidelity Investments. The advantages of using these three firms are their prime brokerage capabilities, as well as their systems to facilitate online trade execution, allocation and settlement. Clients are also able to view their accounts online, and fees and commissions are in line with those in the small-to-medium account category for the advisory industry generally.</p> <p>VALUE OF PRODUCTS, RESEARCH OR SERVICES</p> <p>As indicated under the above disclosure, Wolverine Investments utilizes the services of Raymond James, Schwab and Fidelity. While there is no direct linkage between the investment advice given to clients and Wolverine Investments' participation in the Raymond James, Schwab or Fidelity programs, economic benefits are received by Wolverine Investments which would not be received if Wolverine Investments did not give investment advice to clients. These benefits do not depend on the amount of transactions directed by Wolverine Investments to Raymond James, Schwab or Fidelity (except in certain circumstances). These benefits may include one or more of the following services: (a) a dedicated trading desk that services participants exclusively; (b) a dedicated service group and account services managers dedicated to Wolverine Investments' accounts; (c) access to real-time order matching systems; (d) prime brokerage capabilities and the ability to "block" client trades; (e) electronic download of trades, balances and positions; (f) access, for a fee, to an electronic interface with Raymond James, Schwab and Fidelity's in-house software; (g) duplicate and batched client statements, confirmations and year-end summaries; (h) the ability to have investment management fees directly debited from client accounts (in accordance with federal and state requirements); (i) availability of and access to third-party research; and (j) the ability to have custody fees waived (when negotiated by the Wolverine Investments and allowed under certain circumstances). Any benefits received through participation in the Raymond James, Schwab or Fidelity programs may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Raymond James, Schwab or Fidelity.</p>

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Wolverine Investments	801-37177	12/31/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
WHB/WOLVERINE ASSET MANAGEMENT, INC.	13-3607480

Item of Form (Identify)	Answer
ITEM 13.B	<p>COMPENSATION FOR CLIENT REFERRALS</p> <p>It is possible that, from time to time, individual brokers/dealers, independent registered investment adviser agents, or any other person (defined as a natural person or a company) that Wolverine Investments comes into contact with (hereafter the "referring entity") may refer a client to Wolverine Investments for the specific services that the firm provides.</p> <p>Wolverine Investments is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940, and in accordance with Section 206(4)-3, any such referring entity compensated directly or indirectly by Wolverine Investments for a referral must maintain a separate, individually disclosed and negotiated agreement with the client. Appropriate disclosure shall be made by the referring entity, with all written instruments maintained by Wolverine Investments, and all applicable Federal and/or state laws shall be observed.</p>