Investment Philosophy

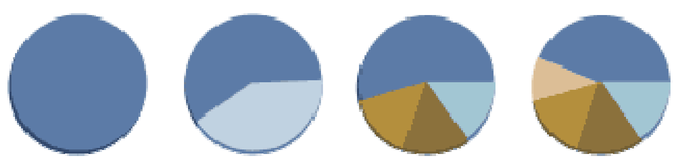
Successful investing entails capturing risks that generate expected return and reducing risks that do not. Avoidable risks include holding too few securities, betting on countries or industries, following market predictions, and speculating on "information" from rating services. To all these, diversification is the antidote. It washes away the random fortunes of individual stocks and positions your portfolio to capture the returns of broad economic forces.

Capital markets are composed of many classes of securities, including stocks and bonds, both domestic and international. A group of securities with shared economic traits is commonly referred to as an asset class. There are several asset classes, all with average price movements that are distinct from one another. Investors can benefit by combining the different asset classes in a structured portfolio.

A full range of asset classes includes small and large stocks, domestic and international, value and growth, emerging market countries, global bonds, and even real estate. Because the asset classes play different roles in a portfolio, the whole is often greater than the sum of its parts. Investors have the ability to achieve greater expected returns with less price fluctuation and more consistency than they would in a less comprehensive approach.

However, because no two investors are alike, there is no single "optimal" asset allocation for all investors. Each investor has his or her own risk tolerances, goals, and life circumstances that dictate the weightings of core and asset class portfolios. In general, the greater the proportion of stocks a portfolio holds, especially small cap and value stocks, the more "aggressive" is its risk and the greater is its expected return.

A Structured Approach to Asset Allocation
Hypothetical Portfolio Annualized Returns



	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4
Dow Jones Wilshire 5000 Index	100%	60%	55%	45%
Lehman Brothers Aggregate Bond Index		40%		
Russell 1000 Value Index			15%	15%
CRSP 9-10 Index			15%	15%
Russell 2000 Value Index			15%	15%
MSCI EAFE Small Cap Index				10%
Total	100%	100%	100%	100%
Portfolio Return	10.49%	9.14%	11.66%	11.40%
Standard Deviation	13.83%	8.43%	13.47%	13.13%

Monthly: 1993-2007, rebalanced monthly.

Dow Jones Wilshire data provided by Dow Jones Indexes. Lehman Brothers data provided by Lehman Brothers, Inc. Russell data copyright © Russell Investment Group 1995-2008, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. MSCI index is price-only; data copyright MSCI 2008, all rights reserved.

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With this foundation in place, we have created various investment portfolios to match your risk tolerance. Our portfolios are structured to maximize consistently attainable returns for your specific risk profile. Risk levels are managed via the inclusion or exclusion of fixed income securities: For the risk averse, a greater percentage of fixed income securities are applied to the portfolio and for the risk tolerant, fixed income securities are not included.

All model portfolios are continually monitored to ensure proper asset allocations and diversification and are rebalanced when necessary. The portfolios represent a simple, powerful and cost effective approach to maximizing investor returns for given levels of risk while maintaining portfolio stability.