

The Randomness of Returns

Annual Return (%)

Highest Return



Lowest Return

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
34.98	74.86	22.00	40.10	37.04	36.94	28.58	66.42	31.04	40.59	7.62	78.02	37.96	34.54	36.14	
28.06	46.87	16.15	37.58	22.96	33.75	22.98	33.13	8.96	33.97	5.12	74.48	33.17	19.54	32.96	
16.05	45.64	15.91	33.18	22.36	33.36	11.95	32.83	8.28	12.36	3.60	70.17	33.08	19.33	32.59	
15.13	34.39	3.38	26.66	19.97	24.00	11.72	31.68	7.33	8.44	3.39	69.06	30.58	15.07	27.76	
11.41	28.61	2.66	13.39	19.26	19.67	9.15	21.04	3.95	7.28	2.02	60.87	27.33	14.00	25.62	
7.63	24.52	2.49	12.71	10.21	7.28	8.41	20.30	1.63	6.44	-3.70	56.26	25.95	9.70	21.87	
6.95	20.10	1.32	12.24	7.67	7.12	7.75	6.99	-3.08	-2.37	-6.00	36.43	17.74	4.91	21.70	
6.72	15.14	-0.33	10.27	6.04	5.93	5.91	4.37	-6.41	-2.71	-11.72	36.18	16.70	4.46	18.06	
4.74	10.07	-0.63	7.92	5.53	0.30	-8.17	4.04	-9.10	-7.16	-13.80	28.69	10.88	3.59	15.80	
-9.86	8.15	-0.79	3.94	5.49	-11.59	-10.04	3.55	-11.38	-11.89	-14.01	2.04	2.66	3.08	4.32	
-20.59	6.91	-3.15	2.66	4.54	-16.38	-17.00	1.90	-13.07	-15.44	-22.10	1.96	1.35	2.36	4.09	
-21.36	3.68	-7.32	-5.19	4.40	-16.85	-25.33	-2.57	-30.60	-17.81	-30.28	1.47	0.83	1.34	3.75	

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
US Large Cap	7.63	10.07	1.32	37.58	22.96	33.36	28.58	21.04	-9.10	-11.89	-22.10	28.69	10.88	4.91	15.80
US Large Value	16.05	24.52	-0.33	40.10	19.97	33.75	11.95	6.99	-6.41	-2.71	-30.28	36.43	17.74	9.70	21.87
US Small Cap	28.06	20.10	-3.15	33.18	19.26	24.00	-8.17	31.68	-13.07	33.97	-13.80	78.02	16.70	3.59	18.06
US Small Cap Value	34.98	28.61	3.38	26.66	22.36	36.94	-10.04	4.37	-3.08	40.59	-11.72	74.48	27.33	4.46	21.70
US Real Estate	15.13	15.14	2.66	12.24	37.04	19.67	-17.00	-2.57	31.04	12.36	3.60	36.18	33.17	14.00	36.14
International Large Value	-9.86	46.87	16.15	10.27	10.21	0.30	22.98	32.83	3.95	-15.44	-14.01	69.06	30.58	15.07	32.96
International Small Cap	-20.59	34.39	15.91	2.66	4.40	-16.85	9.15	33.13	-11.38	-17.81	-3.70	60.87	33.08	19.54	25.62
International Small Cap Value	-21.36	45.64	22.00	3.94	5.53	-16.38	11.72	20.30	1.63	-7.16	2.02	70.17	37.96	19.33	27.76
Emerging Markets	11.41	74.86	-7.32	-5.19	6.04	-11.59	-25.33	66.42	-30.60	-2.37	-6.00	56.26	25.95	34.54	32.59
One-Year Fixed	4.74	3.68	2.49	7.92	5.49	5.93	5.91	4.04	7.33	7.28	3.39	1.47	0.83	2.36	4.32
Five-Year Government Fixed	6.72	6.91	-0.79	12.71	4.54	7.12	7.75	1.90	8.96	8.44	7.62	2.04	1.35	1.34	3.75
Five-Year Global Fixed	6.95	8.15	-0.63	13.39	7.67	7.28	8.41	3.55	8.28	6.44	5.12	1.96	2.66	3.08	4.09

US Large Cap is the S&P 500 Index. US Large Value is the Fama/French Large Value Index (ex utilities). US Small Cap is the CRSP 9-10 Index. US Small Cap Value is the Fama/French Small Value Index (ex utilities). US Real Estate is the Dow Jones Wilshire REIT Index. International Large Value is the Fama/French International Value Index. International Small Cap and International Small Cap Value compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE countries in the 10%-1% of ME range; market-capitalization weighted; each country capped at 50%; value defined as the top 30% of book-to-market; rebalanced semi-annually. Emerging Markets is the MSCI Emerging Markets Index (gross dividends). One-Year Fixed is the Merrill Lynch One-Year US Treasury Note Index. Five-Year Government Fixed is the Lehman Brothers Treasury Bond Index 1-5 Years. Five-Year Global Fixed is the Citigroup World Government Bond Index 1-5 Years.

The S&P data are provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of Russell data. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Fama/French data provided by Fama/French. Dow Jones Wilshire data provided by Dow Jones Indexes. See MSCI disclosure page for additional information. Lehman Brothers data provided by Lehman Brothers, Inc. The Merrill Lynch indices are used with permission; copyright 2007 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Citigroup bond indices copyright 2007 by Citigroup.

Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.

Model Portfolio: Allocations

		Model Portfolio 1	Model Portfolio 2	Model Portfolio 3	Model Portfolio 4	Model Portfolio 5
EQUITY		60%	60%	60%	60%	60%
US STOCKS		60%	60%	60%	60%	30%
US Large	S&P 500 Index	60.0%	60.0%	30.0%	15.0%	7.5%
US Large Value	Fama/French US Large Cap Value Index ¹	—	—	—	15.0%	7.5%
US Small	CRSP 9-10 Index	—	—	30.0%	15.0%	7.5%
US Small Value	Fama/French US Small Cap Value Index ¹	—	—	—	15.0%	7.5%
NON-US STOCKS		0%	0%	0%	0%	30%
International Large Value	Fama/French International Value Index	—	—	—	—	15.0%
International Small	International Small Cap Index	—	—	—	—	15.0%
FIXED INCOME		40%	40%	40%	40%	40%
One-Year US Fixed	Merrill Lynch One-Year US Treasury Note Index	—	40.0%	40.0%	40.0%	40.0%
US Fixed Income (1-30+ Years)	Lehman Brothers US Government/Credit Bond Index	40.0%	—	—	—	—

1. Excludes utilities.

The returns and other characteristics of the allocation mixes contained in this presentation are based on model/back-tested simulations to demonstrate broad economic principles. They were achieved with the benefit of hindsight and do not represent actual investment performance. There are limitations inherent in model performance; it does not reflect trading in actual accounts and may not reflect the impact that economic and market factors may have had on an advisor's decision making if the advisor were managing actual client money. Model performance is hypothetical and is for illustrative purposes only. Model performance shown includes reinvestment of dividends and other earnings but does not reflect the deduction of investment advisory fees or other expenses. Clients' investment returns would be reduced by the advisory fees and other expenses they would incur in the management of their accounts.

For illustrative purposes only. The balanced strategies are not recommendations for an actual allocation.

Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results. Not to be construed as investment advice.

Model Portfolio: Historical Returns

Annual Return (%)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Annualized Return	Annualized Standard Deviation
Highest Return	15.03	19.39	6.01	30.02	15.75	23.63	21.63	17.53	-0.29	12.36	-6.81	34.44	14.98	7.81	16.15		
	12.92	13.70	1.82	25.07	14.77	21.98	19.89	16.30	-1.02	9.75	-9.18	31.42	11.14	4.39	13.38		
	7.65	10.45	1.24	23.98	14.75	21.43	9.64	14.32	-1.56	2.32	-9.18	30.47	8.69	3.92	12.03		
	6.50	10.41	0.51	23.35	14.64	19.65	8.91	11.64	-2.70	-3.30	-10.05	18.89	8.31	3.90	11.14		
Lowest Return	3.43	7.49	-0.61	15.04	10.67	8.92	6.26	11.64	-3.38	-3.91	-12.01	17.49	6.85	3.58	10.91		
Model Portfolio 1	7.65	10.45	-0.61	30.02	14.64	23.63	21.63	11.64	-1.02	-3.30	-9.18	18.89	8.31	3.92	10.91	9.34	10.86
Model Portfolio 2	6.50	7.49	1.82	25.07	15.75	21.98	19.89	14.32	-2.70	-3.91	-12.01	17.49	6.85	3.90	11.14	8.42	10.46
Model Portfolio 3	12.92	10.41	0.51	23.98	14.75	19.65	8.91	17.53	-3.38	9.75	-9.18	30.47	8.69	3.58	12.03	10.26	10.26
Model Portfolio 4	15.03	13.70	1.24	23.35	14.77	21.43	6.26	11.64	-1.56	12.36	-10.05	31.42	11.14	4.39	13.38	10.78	10.30
Model Portfolio 5	3.43	19.39	6.01	15.04	10.67	8.92	9.64	16.30	-0.29	2.32	-6.81	34.44	14.98	7.81	16.15	10.14	9.72

Assumes all strategies have been rebalanced monthly.

The S&P data are provided by Standard & Poor's Index Services Group. Fama/French data provided by Fama/French. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Small Cap Index compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE countries in the 10%-1% of ME range; market-capitalization weighted; each country capped at 50%; value defined as the top 30% of book-to-market; rebalanced semi-annually. See MSCI disclosure page for additional information. The Merrill Lynch indices are used with permission; copyright 2007 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Lehman Brothers data provided by Lehman Brothers, Inc.

The returns and other characteristics of the allocation mixes contained in this presentation are based on model/back-tested simulations to demonstrate broad economic principles. They were achieved with the benefit of hindsight and do not represent actual investment performance. There are limitations inherent in model performance; it does not reflect trading in actual accounts and may not reflect the impact that economic and market factors may have had on an advisor's decision making if the advisor were managing actual client money. Model performance is hypothetical and is for illustrative purposes only. Model performance shown includes reinvestment of dividends and other earnings but does not reflect the deduction of investment advisory fees or other expenses. Clients' investment returns would be reduced by the advisory fees and other expenses they would incur in the management of their accounts.

Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results. Not to be construed as investment advice.

MSCI Disclosure Page

Copyright MSCI 2007. Unpublished. All rights reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any or its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.