

The Randomness of Returns

Annual Return (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Highest Return	28.6	66.4	31.0	14.0	7.6	69.2	35.1	34.5	36.0	39.8	8.8	79.0	28.1	9.4	21.2
	23.1	33.0	22.8	12.3	5.1	66.8	33.2	24.1	33.0	8.2	6.6	48.6	26.9	3.4	18.6
	15.6	30.2	9.0	8.4	3.8	60.2	32.1	22.6	32.6	8.0	4.7	47.8	24.5	2.3	18.2
	10.2	21.5	8.3	7.3	3.6	56.3	30.6	15.1	27.5	6.3	-28.9	44.8	20.7	2.1	18.1
	9.7	21.3	7.3	6.4	3.4	47.3	26.0	13.8	26.3	6.3	-33.8	28.5	19.2	0.6	17.5
	8.4	21.0	7.0	2.5	-2.9	46.0	22.3	7.0	23.5	6.2	-36.8	27.2	19.2	0.4	17.1
	7.8	7.4	4.0	-2.4	-6.0	36.2	18.3	4.9	22.2	5.9	-37.0	26.5	15.5	-4.2	16.8
	5.9	4.0	-2.0	-5.6	-11.4	30.0	16.5	4.7	18.4	5.5	-39.2	20.6	15.1	-5.5	16.4
	-2.6	3.6	-3.0	-6.5	-13.8	28.7	10.9	4.6	15.8	-0.2	-42.5	19.7	13.3	-15.1	16.0
	-6.4	1.9	-9.1	-11.9	-15.5	2.0	2.7	3.1	4.3	-1.6	-45.1	2.3	3.7	-15.6	2.1
	-17.0	-1.5	-12.3	-15.4	-20.5	1.9	1.3	2.4	4.1	-9.8	-47.1	0.8	2.0	-17.1	0.9
Lowest Return	-25.3	-2.6	-30.6	-16.7	-22.1	1.5	0.8	1.3	3.8	-17.6	-53.2	0.2	0.8	-18.2	0.2

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
US Large Cap	28.6	21.0	-9.1	-11.9	-22.1	28.7	10.9	4.9	15.8	5.5	-37.0	26.5	15.1	2.1	16.0
US Large Cap Value	15.6	7.4	7.0	-5.6	-15.5	30.0	16.5	7.0	22.2	-0.2	-36.8	19.7	15.5	0.4	17.5
US Small Cap	-2.6	21.3	-3.0	2.5	-20.5	47.3	18.3	4.6	18.4	-1.6	-33.8	27.2	26.9	-4.2	16.4
US Small Cap Value	-6.4	-1.5	22.8	14.0	-11.4	46.0	22.3	4.7	23.5	-9.8	-28.9	20.6	24.5	-5.5	18.1
US Real Estate	-17.0	-2.6	31.0	12.3	3.6	36.2	33.2	13.8	36.0	-17.6	-39.2	28.5	28.1	9.4	17.1
Intl Large Cap Value	23.1	33.0	4.0	-15.4	-13.8	69.2	30.6	15.1	33.0	6.3	-45.1	48.6	13.3	-17.1	21.2
Intl Small Cap	10.2	30.2	-12.3	-16.7	-2.9	60.2	32.1	22.6	26.3	8.0	-47.1	44.8	20.7	-15.6	16.8
Intl Small Cap Value	9.7	21.5	-2.0	-6.5	3.8	66.8	35.1	24.1	27.5	6.2	-42.5	47.8	19.2	-15.1	18.2
Emerging Markets	-25.3	66.4	-30.6	-2.4	-6.0	56.3	26.0	34.5	32.6	39.8	-53.2	79.0	19.2	-18.2	18.6
One-Year US Fixed	5.9	4.0	7.3	7.3	3.4	1.5	0.8	2.4	4.3	5.9	4.7	0.8	0.8	0.6	0.2
Five-Year US Government Fixed	7.8	1.9	9.0	8.4	7.6	2.0	1.3	1.3	3.8	8.2	8.8	0.2	3.7	3.4	0.9
Five-Year Global Fixed	8.4	3.6	8.3	6.4	5.1	1.9	2.7	3.1	4.1	6.3	6.6	2.3	2.0	2.3	2.1

In US dollars. US Large Cap is the S&P 500 Index, provided by Standard & Poor's Index Services Group. US Large Cap Value is the Russell 1000 Value Index. US Small Cap is the Russell 2000 Index. US Small Cap Value is the Russell 2000 Value Index. Russell data copyright © Russell Investment Group 1997-2013, all rights reserved. US Real Estate is the Dow Jones US Select REIT Index, provided by Dow Jones Indexes. International Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small Cap data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. International Small Cap Value data compiled by Dimensional from Bloomberg and StyleResearch securities data. Emerging Markets is the MSCI Emerging Markets Index (gross dividends), copyright MSCI 2013, all rights reserved; see MSCI disclosure page for additional information. One-Year US Fixed is the BofA Merrill Lynch One-Year US Treasury Note Index, used with permission; copyright 2013 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Five-Year US Government Fixed is the Barclays Capital Treasury Bond Index 1-5 Years, formerly Lehman Brothers, provided by Barclays Bank PLC. Five-Year Global Fixed is the Citigroup World Government Bond Index 1-5 Years (hedged), copyright 2013 by Citigroup. Indexes 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.

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 Cap	S&P 500 Index	60.0%	60.0%	30.0%	15.0%	7.5%
US Large Cap Value	Fama/French US Large Cap Value Research Index	—	—	—	15.0%	7.5%
US Small Cap	Fama/French US Small Cap Index	—	—	30.0%	15.0%	7.5%
US Small Cap Value	Fama/French US Small Cap Value Research Index	—	—	—	15.0%	7.5%
NON-US STOCKS		0%	0%	0%	0%	30%
International Large Cap Value	Fama/French International Value Index	—	—	—	—	15.0%
International Small Cap	International Small Cap Index	—	—	—	—	15.0%
FIXED INCOME		40%	40%	40%	40%	40%
One-Year US Fixed	BofA Merrill Lynch One-Year US Treasury Note Index	—	40.0%	40.0%	40.0%	40.0%
US Fixed (all maturities)	Barclays Capital US Government/Credit Bond Index	40.0%	—	—	—	—

International Small Cap Index data compiled by Dimensional.

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. Indexes 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 (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Highest Return	21.63	16.76	5.82	8.12	-6.61	31.75	14.80	8.93	16.42	6.29	-21.22	24.75	13.75	5.37	11.96
	19.89	15.27	3.19	5.81	-9.18	26.31	11.04	5.74	13.70	5.74	-21.40	22.27	12.94	1.96	11.83
	11.69	14.32	-1.02	0.48	-9.87	25.46	9.31	4.15	11.69	4.18	-21.90	20.75	12.24	0.00	11.64
	10.82	11.64	-2.70	-3.30	-11.19	18.89	8.31	3.92	11.14	3.29	-22.27	17.77	11.96	-1.58	10.09
Lowest Return	9.92	10.35	-3.50	-3.91	-12.01	17.49	6.85	3.90	10.91	1.60	-24.72	16.29	9.66	-5.48	9.66

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annualized Return	Annual Standard Deviation
Model Portfolio 1	21.63	11.64	-1.02	-3.30	-9.18	18.89	8.31	3.92	10.91	6.29	-21.40	17.77	12.24	5.37	11.64	5.64	11.34
Model Portfolio 2	19.89	14.32	-2.70	-3.91	-12.01	17.49	6.85	3.90	11.14	5.74	-21.90	16.29	9.66	1.96	9.66	4.46	11.46
Model Portfolio 3	10.82	16.76	-3.50	5.81	-11.19	25.46	9.31	4.15	11.69	3.29	-22.27	22.27	13.75	0.00	10.09	5.71	12.34
Model Portfolio 4	9.92	10.35	5.82	8.12	-9.87	26.31	11.04	5.74	13.70	1.60	-21.22	20.75	12.94	-1.58	11.96	6.40	11.62
Model Portfolio 5	11.69	15.27	3.19	0.48	-6.61	31.75	14.80	8.93	16.42	4.18	-24.72	24.75	11.96	-5.48	11.83	7.02	13.68

Assumes all strategies have been rebalanced quarterly.

The S&P data are provided by Standard & Poor's Index Services Group. Fama/French data provided by Fama/French. International Small Cap data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. MSCI data copyright MSCI 2013, all rights reserved; see MSCI disclosure page for additional information. The Merrill Lynch indices are used with permission; copyright 2013 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Barclays Capital data, formerly Lehman Brothers, provided by Barclays Bank PLC. 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. Indexes 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.