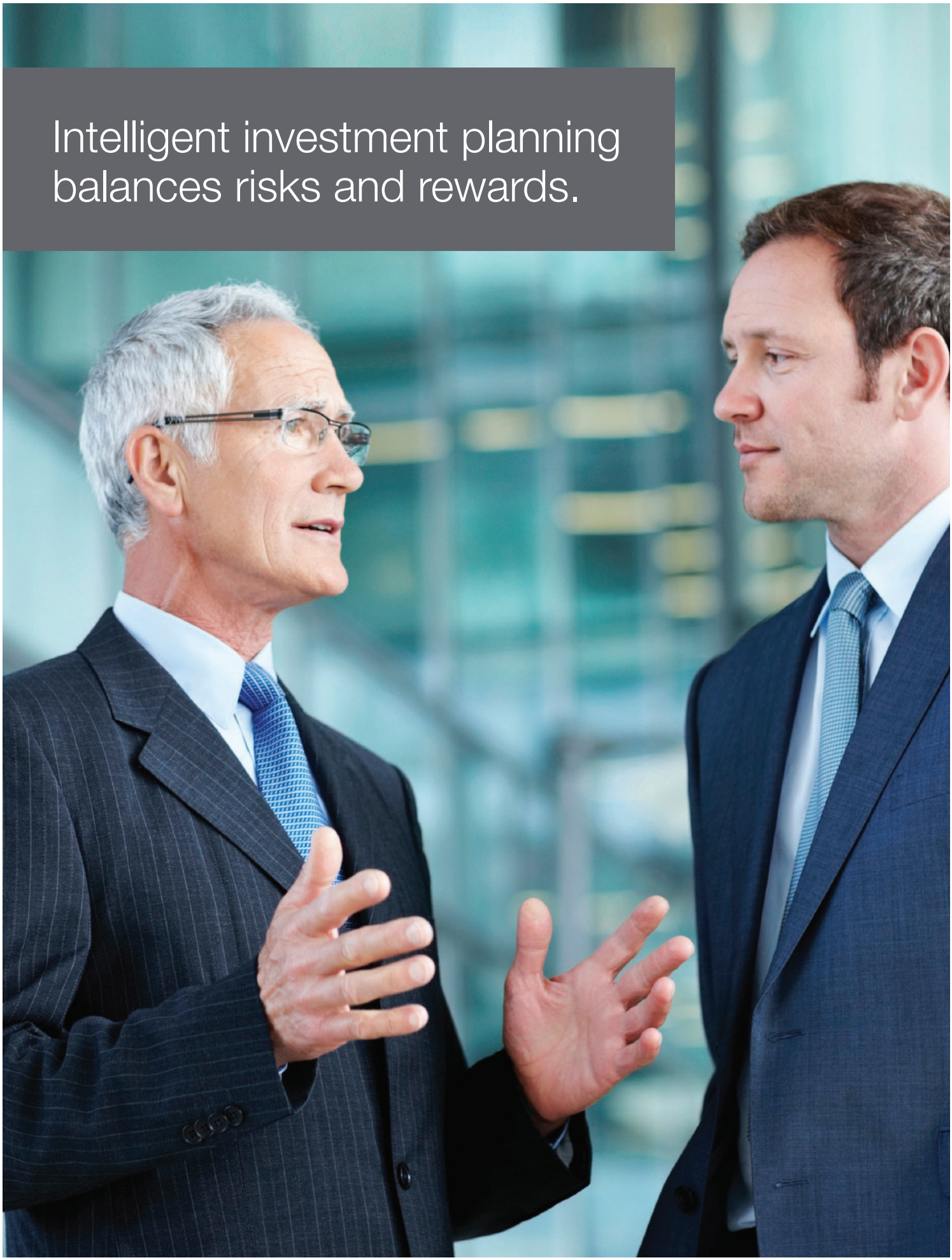
Success Starts with a Strategy


Intelligent investment planning
balances risks and rewards.

To strive toward your financial goals, you need the foundation of a solid financial strategy —

A strategy that looks well beyond the day-to-day distractions of the financial markets and instead focuses on your long-term objectives. It should be tailored to match your personal goals, which might include:

- Building a secure retirement
- Planning for college
- Minimizing taxes
- Leaving a legacy
- Charitable giving

You need to set clear priorities, weighing, perhaps, the goal of your retirement against the desire to buy a vacation home or to help children or grandchildren attend college.

In addition to accounting for where you want to be in the future, your approach should reflect where you're starting from today. That means it should take into account your assets, debts, tax considerations, feelings about risk and how much time you have to reach your various goals.

Balancing Rewards and Risks

Prudent investment planning doesn't merely focus on opportunities for gains. To move confidently toward your goals, it's just as important to address the many risks presented by today's economy and volatile markets.

That's why diversification[1] is a critical cornerstone in any investment plan. Diversification is the process of lowering risk by combining a variety of investments that don't always move in the same direction. Even investments that do well over time tend to have their ups and downs. But to the extent that some of your investments rise while others fall, the overall volatility of your portfolio may be reduced.

> Diversification is a critical cornerstone in any investment plan.

1. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market loss.

Why Diversify?

Owning a variety of investments has a second, related benefit. It's very difficult to predict which type of investment will perform best over the next few months or even years. The greater the variety of your holdings, however, the better your chances of owning holdings that outperform the markets and that may counter poor returns of underperforming investments.

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REITs 35.0%	Emerging 39.8%	Aggregate Bond 5.2%	Emerging 79.0%	MLP 35.9%	MLP 13.9%	Emerging 18.6%	Small Growth 43.3%	REITs 30.1%	Large Growth 5.7%
Emerging 32.6%	Emerging Debt 18.1%	Foreign Bond 4.4%	MLP 76.4%	Small Growth 29.1%	TIPS 13.6%	REITs 18.1%	Small Blend 38.8%	Large Blend 13.7%	REITs 3.2%
MLP 27.6%	Commodities 16.2%	Cash 1.8%	High Yield 58.2%	REITs 27.9%	REITs 8.3%	Small Value 18.1%	Small Value 34.5%	Large Value 13.5%	Large Blend 1.4%
International 26.9%	MLP 12.4%	TIPS -2.4%	Large Growth 37.2%	Small Blend 26.9%	Aggregate Bond 7.8%	International 17.9%	Large Growth 33.5%	Large Growth 13.1%	Aggregate Bond 0.5%
Small Value 23.5%	Large Growth 11.8%	Emerging Debt -5.2%	Small Growth 34.5%	Small Value 24.5%	High Yield 5.0%	Large Value 17.5%	Large Value 32.5%	Aggregate Bond 6.0%	Cash 0.0%
Large Value 22.2%	International 11.6%	Hedge Funds -21.4%	International 32.5%	Emerging 19.2%	Foreign Bond 4.4%	Emerging Debt 16.8%	Large Blend 32.4%	Small Growth 5.6%	Hedge Funds -0.4%
Small Blend 18.4%	TIPS 11.6%	High Yield -26.2%	**Balanced 29.3%**	Commodities 16.8%	Large Growth 2.6%	Small Blend 16.3%	MLP 27.6%	Small Blend 4.9%	International -0.4%
Large Blend 15.8%	Foreign Bond 11.0%	**Balanced -26.8%**	REITs 28.0%	Large Growth 16.7%	Large Blend 2.1%	Large Blend 16.0%	International 23.3%	MLP 4.8%	Small Growth -1.4%
Balanced 15.4%	Hedge Funds 10.3%	Small Value -28.9%	Small Blend 27.2%	Emerging Debt 15.7%	Large Value 0.4%	High Yield 15.8%	**Balanced 10.7%**	Small Value 4.2%	TIPS -1.4%
Emerging Debt 15.2%	**Balanced 9.0%**	Small Blend -33.8%	Large Blend 26.5%	Large Value 15.5%	Cash 0.1%	Large Growth 15.3%	Hedge Funds 9.0%	**Balanced 4.0%**	Large Value -3.8%
Small Growth 13.3%	Small Growth 7.0%	Commodities -35.6%	Emerging Debt 22.0%	High Yield 15.1%	**Balanced -0.4%**	Small Growth 14.6%	High Yield 7.4%	TIPS 3.6%	Small Blend -4.4%
High Yield 11.9%	Aggregate Bond 7.0%	MLP -36.8%	Small Value 20.6%	Large Blend 15.1%	Emerging Debt -1.8%	**Balanced 11.5%**	REITs 2.5%	Hedge Funds 3.4%	High Yield -4.5%
Hedge Funds 10.4%	Large Blend 5.5%	Large Value -36.8%	Large Value 19.7%	**Balanced 14.0%**	Small Growth -2.9%	TIPS 7.0%	Cash 0.1%	High Yield 2.5%	**Balanced -4.8%**
Large Growth 9.1%	Cash 4.7%	Large Blend -37.0%	Commodities 18.9%	International 8.2%	Small Blend -4.2%	MLP 4.8%	Aggregate Bond -2.0%	Cash 0.0%	Foreign Bond -6.0%
Foreign Bond 8.2%	High Yield 1.9%	REITs -37.7%	Hedge Funds 11.5%	Aggregate Bond 6.5%	Small Value -5.5%	Hedge Funds 4.8%	Emerging -2.3%	Emerging -1.8%	Small Value -7.5%
Cash 4.8%	Large Value -0.2%	Large Growth -38.4%	TIPS 11.4%	TIPS 6.3%	Hedge Funds -5.7%	Aggregate Bond 4.2%	Foreign Bond -3.1%	Foreign Bond -3.1%	Emerging -14.6%
Aggregate Bond 4.3%	Small Blend -1.6%	Small Growth -38.5%	Foreign Bond 7.5%	Hedge Funds 5.7%	International -11.7%	Foreign Bond 4.1%	TIPS -8.6%	International -4.5%	Emerging Debt -14.9%
Commodities 2.1%	Small Value -9.8%	International -43.1%	Aggregate Bond 5.9%	Foreign Bond 4.9%	Commodities -13.3%	Cash 0.1%	Emerging Debt -9.0%	Emerging Debt -5.7%	Commodities -24.7%
TIPS 0.5%	REITs -15.7%	Emerging -53.2%	Cash 0.2%	Cash 0.1%	Emerging -18.2%	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	MLP -32.6%

This chart is based on past index performance and is not indicative of future results. Indexes are unmanaged and cannot be invested in directly.

TIPS - Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS) Index includes all publicly issued, U.S. Treasury inflation protected securities ("TIPS") that have at least one year remaining maturity, are non-convertible, are denominated in U.S. dollars, are rated investment grade, are fixed rate, and have more than $250 million or more par value outstanding.

Aggregate Bond - Barclays Capital U.S. Aggregate Bond Index: An index with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities.

High Yield - The Merrill Lynch High Yield Bond Master II Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Foreign Bond - The World Government Bond Index includes the 23 government bond markets. The WGBI employs a market-capitalization weighting scheme, but is easily customizable to employ alternate weighting or market inclusion strategies.

Emerging Markets - JPMorgan GBI-EM Global Diversified Unhedged Index tracks total returns for external-currency-denominated debt instruments of the emerging markets.

Large Value - Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Large Blend - S&P 500 Index is an unmanaged group of securities considered to be representative of the stock market in general.

Large Growth - Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Small Value - Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Small Blend - Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index which includes the 3,000 largest companies in the U.S., based on market capitalization.

Small Growth - Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

International - The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of 22 developed market country indices.

Emerging Markets - The MSCI EM (Emerging Markets) Europe, Middle East and Africa Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East & Africa.

REITs - The FTSE NAREIT Equity REITs Index is an index, with dividends reinvested, representative of tax qualified REITs listed on the New York Stock Exchange, American Stock Exchange and the NASDAQ National Market System.

Commodities - The Dow Jones-UBS Commodity Index (DJ-UBSCISM) is composed of futures contracts on physical commodities.

MLP - The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLP) that provides investors with an unbiased, comprehensive benchmark for this emerging asset class.

Balanced - Is a blend of asset classes that consists of 30% Barclays US Aggregate Bond Index, 35% S&P 500, 15% Russell 2000, 15% MSCI EAFE and 5% FTSE NAREIT Equity REITs.

Asset Allocation: Putting the Pieces Together

There's more to investing than simply choosing which types of investments to participate in. You must also decide how much of your money you want to dedicate to each particular investment.

Asset allocation[2] is the process of splitting your portfolio among different asset classes in a way that matches your goals, time horizon and ability to weather the inevitable ups and downs that come with investing. This includes buying investments among different capitalizations, countries[3] or sectors and helps achieve a more well-balanced diversification.

For example, parents investing money that will be used for college tuition in just two years would allocate far less of their college assets to investments that are subject to increased volatility. On the other hand, the portfolio of a 35-year-old who's saving for retirement might give a heavier weighting to investments like stocks, which offer the potential for greater long-term returns at the cost of higher short-term volatility.

There's more to investing than simply choosing which types of investments to participate in.

Staying on Track

Once you've established a plan and allocated your investments to match your personal goals and circumstances, you may find a great sense of accomplishment — but the work of investing is truly never "done." Periodically, you should revisit your investment strategy to take into account changes in your life, new investment opportunities and your ever-changing time horizon.

Even without your intervention, you'll find that your portfolio will change on its own. Constantly changing market conditions, and gains or losses in any asset class will change your original asset allocation, and could lead to an over-concentration or under-concentration in any particular asset class. To counter these deviations, it's important to monitor your investments and periodically rebalance them to maintain your intended asset allocation.

2. Asset allocation does not ensure a profit or protect against a loss.

3. International investing involves special risks such as currency fluctuations and political and economic uncertainty.

The Value of a Professional

Between setting goals, balancing priorities, choosing investments, monitoring performance, rebalancing your portfolio and adjusting your plan over time, investing is far from simple — particularly for those whose expertise lies in other fields.

Partnering with a professional advisor may be the most beneficial first step you can take, which is why so many individuals and families turn to us. In addition to financial experience, we have access to leading money managers and a variety of investment tools that help us design a portfolio to help meet your goals.

Comprehensive Investment Capabilities

To help ensure your needs are fully met, we will guide you through a comprehensive and collaborative process:

Needs assessment

Before making a single recommendation, we'll invest time in getting to understand your personal circumstances in detail, giving us both a clear vision of where you stand today. We'll establish goals, set priorities, explore your feelings about risk and perhaps even identify needs you didn't realize you had.

Asset allocation

Having established a common understanding of goals, priorities and risk considerations, we'll offer a tailored recommendation for a mix of investments that matches your needs and reflects current market opportunities.

Investment selection

Taking advantage of our firm's access to a broad spectrum of investment choices – from mutual funds to stocks, bonds, exchange-traded funds and alternative investments that provide additional diversification opportunities – we'll identify the specific investments to create a well-diversified portfolio. Our position in the industry also means you'll have access to institutional money managers that might otherwise not be available.

Monitoring and reporting

Together, we'll share access to online, real-time reports that provide a clear and comprehensive view of your investments, covering asset allocation, performance history, tax implications and more.

Rebalancing[4]

We'll periodically adjust your portfolio to make sure it still reflects the plan we've agreed on — and do it in a way that's sensitive to tax consequences.

Strategy review

As your life changes, and as old goals are accomplished and new ones arise, we'll be with you every step of the way, recommending appropriate adjustments and helping you identify new opportunities.

4. Rebalancing can have tax consequences. Please consult your tax advisor.

Contact us to learn more about our comprehensive and customized approach to investment strategy.

We'll have an open discussion of your needs and our capabilities, and help you make informed decisions.