

FREQUENTLY ASKED QUESTIONS ABOUT PERFORMANCE

Q1. Why do you have more than one composite (Growth Composite, Balanced Composite, and Equity Composite)?

- A. All client portfolios that are invested primarily in mutual funds are included in either the Growth Composite or the Balanced Composite, depending on the percentage of the portfolio that is allocated to cash and bonds. (If a portfolio is invested 18% or more in cash and bonds, it is in the Balanced Composite. If it is invested less than 18% in cash and bonds, it is in the Growth Composite.) Also, any client accounts that are managed with individual stocks (as opposed to mutual funds) are included in the Equity Composite. It is possible for a client to be represented in more than one composite. For example, if a growth client's portfolio includes a managed individual stock account, the client's entire portfolio (including the stock account) will be included in the Growth Composite. Additionally, only the stock account will be included in the Equity Composite.

Q2. The performance results for the Growth and Balanced Composites are for one year, three years, five years, ten years, and fifteen years. What about returns for each individual year?

- A. Performance results for each year are available upon request. We included results here for only one, three, five, ten, and fifteen years for a couple of reasons: (1) to keep the table easier to read, and (2) to emphasize our long-term approach to investing. Returns can fluctuate significantly from year to year. However, long-term averages tend to show more consistency. Our long-term approach is, in our opinion, more consistent with viewing performance results over longer periods, rather than shorter periods.

Q3. Why do performance results of the Equity Composite go back only five years?

- A. We began formally offering managed individual stock portfolios to clients during the third quarter of 2002 and created a separate composite at that time; therefore, we do not have a ten or fifteen year performance record yet. As we reach those milestones, the results will be reported.

Q4. Your explanatory notes refer to time-weighted return (TWR). What does this mean?

- A. Performance figures reflect time-weighted returns ("TWR"). TWR indicates the composite's rate of growth over a specified time period; however, it does not consider the effect of cash flows into and/or out of the portfolio. By isolating the timing and direction

of cash flows, TWR reveals the portion of portfolio return that is attributable solely to the manager's investment actions. TWR gives the same weight to all time periods regardless of the amount of money invested. In summary, TWR answers the question, "If your entire portfolio had been invested on the start date and then left alone (no contributions or withdrawals), what would your performance be?"

Q5. Is performance reported before or after management fees?

A. Performance is reported net of fees. That is, performance is calculated after all management fees have been deducted.

Q6. Would my portfolio's asset allocation and performance be the same as any of the composites listed?

A. Not necessarily. The asset allocation and performance of every portfolio within a composite will vary from that of the composite -- and from other portfolios within the same composite -- for a variety of reasons. Some of those reasons can include the client's investment goals and needs, risk preferences and other preferences, and timing of contributions and withdrawals. For example, a more risk-averse client who relies upon his or her portfolio for living expenses may have a higher percentage of that portfolio in bonds and cash as compared to other clients in the same composite. Performance results are also affected by management performance and market and economic conditions.

Q7. So how much of a difference is there between performance of the composites and performance of individual portfolios within the composites?

A. We calculate the arithmetic mean and standard deviation each quarter (beginning in 2002) using the quarter and year-to-date returns for all portfolios within each composite. The results of this analysis are available upon request.

Q8. Why do the Performance History charts include indexes such as Wilshire 5000 Index, EAFE Index, Lehman Intermediate Bond Index, and 90-day Treasury Bill?

A. These indexes are listed for comparison purposes. Although useful, we believe that comparisons to these indexes are limited because each index reflects a different asset class. For example, the Wilshire 5000 is representative of stock market performance inside the U.S., while the EAFE Index is reflective of stocks outside of North America. Our clients' portfolios tend to be diversified among more than one asset class. You should keep in mind that indexes are neither managed nor available for direct investment (though certain mutual funds track indexes), and they do not reflect fees or other expenses.

Q9. What are the Growth Index and the Balanced Index?

- A. As explained in the preceding answer, the Wilshire 5000 Index, EAFE Index, Lehman Intermediate Bond Index, and 90-day Treasury Bill reflect different asset classes. Therefore, we think that comparing our multi-asset portfolio composites to any one of those indexes is a bit like comparing apples to oranges.

To help alleviate that problem, we created a multi-asset Growth Index and Balanced Index by combining those various indexes in proportions that may be reflective of a growth or balanced approach. We believe that comparisons of our Growth Composite to the Growth Index, and of our Balanced Composite to the Balanced Index, come closer to apples to apples comparisons.

Q10. How did you create the Growth Index and the Balanced Index?

- A. The percentage of each asset class included in either the Growth Index or the Balanced Index is intended to represent a typical multi-asset investment portfolio managed with a growth or balanced objective. For periods prior to 12/31/02, the Growth Index consists of a 54% weighting in the Wilshire 5000, a 36% weighting in the EAFE Index, an 8% weighting in the Lehman Brothers Intermediate Term Treasury Bond Index and a 2% weighting in the 90-day Treasury Bill. For periods after 12/31/02, the Growth Index is weighted 65% Wilshire 5000, 25% EAFE Index and 10% Lehman Brothers Intermediate Term Treasury Bond Index, and the Balanced Index is weighted 50% Wilshire 5000, 25% Lehman Brothers Intermediate Term Treasury Bond Index, 20% EAFE Index and 5% 90-day Treasury Bill. These prospective changes were made after conducting an informal examination of prevailing opinions regarding investment objectives and strategic asset allocation.

If you have any additional questions, please contact us at 1-800-844-4123 or 601-982-4123.