

THE STRUCTURED INVESTING APPROACH

Structured Investing is a prudent, strategic approach to portfolio management designed to help you achieve your lifetime financial goals. There are five key concepts which play a vital role in the construction of all Structured Investing portfolios:



I. MARKETS WORK

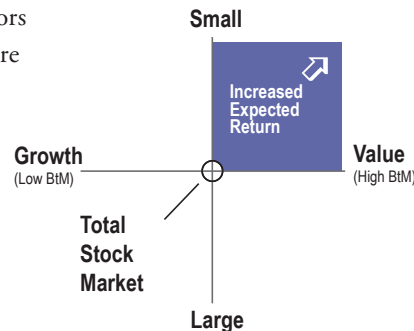
Instead of trying to beat the market, we believe that you should let the market work for you.

In 1965, University of Chicago economics professor, Eugene Fama, developed The Efficient Markets Hypothesis.¹ According to Fama's research, it is nearly impossible to consistently "beat" the markets using stock selection or market timing. Instead, we believe investors should focus on capturing the capital markets' long-term rates of return. As the chart on the right shows, over the last eight decades, equities have significantly outpaced inflation, as well as fixed income, in terms of long-term growth.

II. RISK & RETURN ARE RELATED

Markets can be chaotic, but over time they have shown a strong relationship between risk and reward. This means that the compensation for taking on increased levels of risk is the potential to earn greater returns. According to noted academic research by Professors Eugene Fama and Ken French,² there are three "factors" or sources of potentially higher returns with higher corresponding risks.

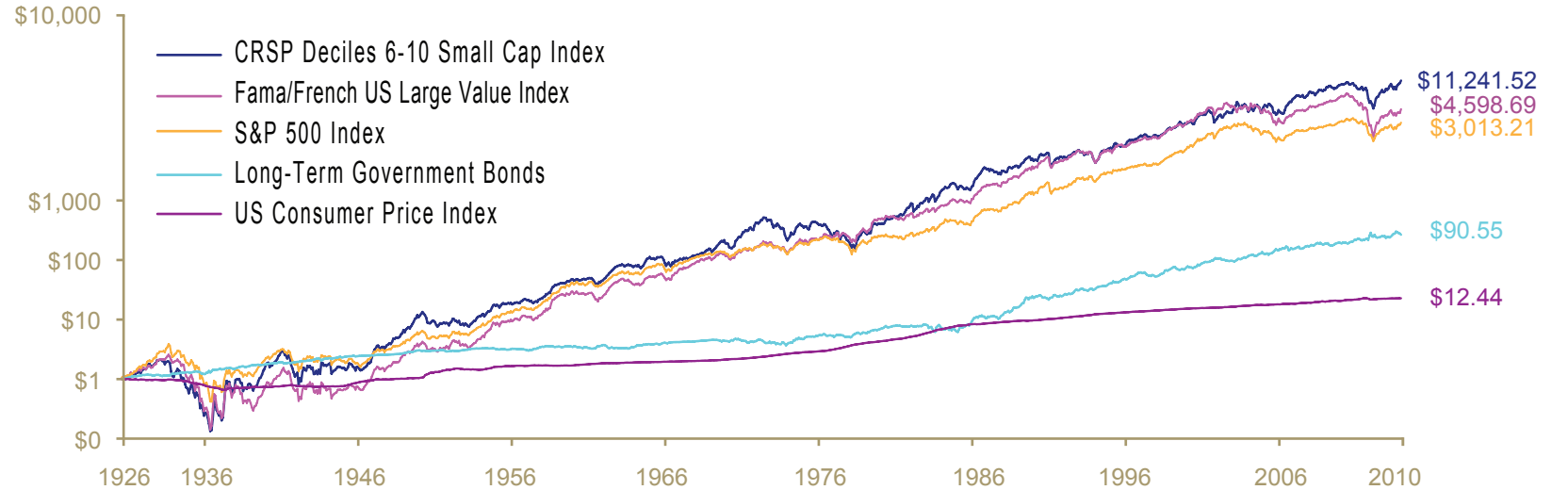
1. Invest in Stocks
2. Emphasize Small Companies
3. Emphasize Value Companies



Structured Investing portfolios overweight small and value company stocks in order to try and capture their higher expected returns.

GROWTH OF ASSETS

Growth of \$1 from July 1926 to December 2010



Risks associated with investing in stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal. Indexes are unmanaged baskets of securities that investors cannot directly invest in. Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1927 and kept invested through December 31, 2010. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Total returns in U.S. dollars. Long Term Government Bonds, and US Consumer Price Index (inflation), source: Morningstar's 2011 Stocks, Bonds, Bills, And Inflation Yearbook (2010); The Center for Research in Security Prices (CRSP) ranks all NYSE companies by market capitalization and divides them into 10 equally-populated portfolios. AMEX and NASDAQ National Market stocks are then placed into deciles according to their respective capitalizations, determined by the NYSE breakpoints. CRSP Portfolios 6-10 represent small caps. TValue is represented by companies with a book-to-market ratio in the top 30% of all companies. The CRSP Value division within the CRSP 1-5 Portfolios are employed to formulate the Fama/French U.S Large Value Index, provided by Fama/French from Center for Research in Security Prices (CRSP) data. Includes the upper-half range in market cap and the higher 30% in book-to-market of NYSE securities (plus Amex equivalents since July 1962 and NASDAQ equivalents since 1973), excluding utilities. The Standard & Poor's 500 Index is an unmanaged market value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the index performance directly proportional to that company's market value.

III. DIVERSIFY WITH STRUCTURE

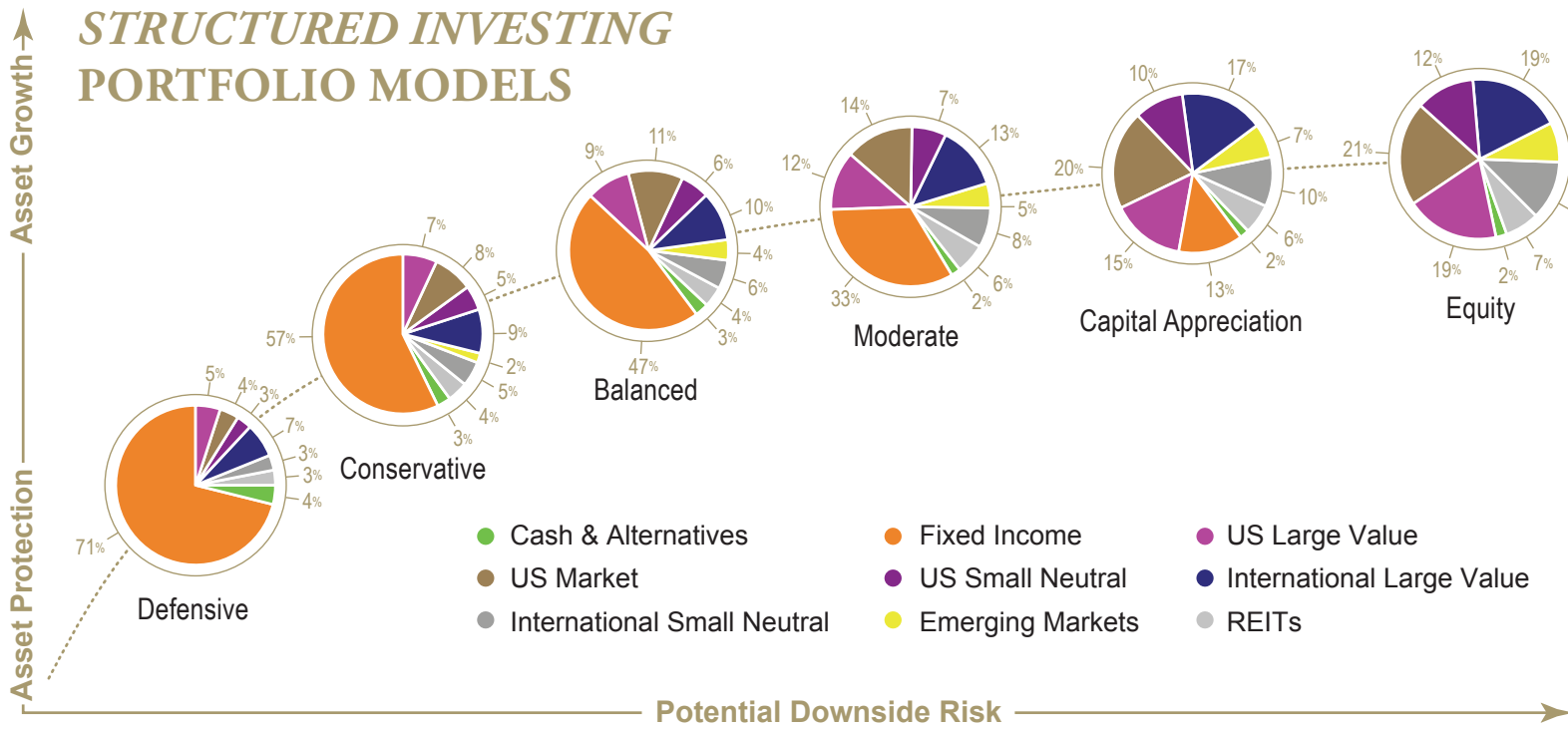
When it comes to investing, risk cannot be eliminated, but it can potentially be reduced or mitigated through a prudent, structured approach:

1. **Combine Multiple Asset Classes** that have historically experienced dissimilar return patterns across various financial and economic environments.
2. **Diversify Globally** — 60% of global stock market value is non-U.S., and international stock markets as a whole have historically experienced dissimilar return patterns to the U.S.
3. **Invest in Thousands of Securities** to limit portfolio losses by reducing company-specific risk.
4. **Invest in High-Quality, Short-Term Fixed Income.** Consider shorter maturities that have low correlations historically with stocks. And lower default risk with high-quality instruments.

Note: Past performance is not indicative of future results. Diversification does not guarantee a profit or protect against a loss. Foreign securities involve additional risks including foreign currency changes, taxes and different accounting and financial reporting methods. The risks associated with investing in small company and value company stocks and overweighting small company and value company stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal. Small company stocks may be less liquid than large company stocks. Investors with time horizons of less than five years, should consider minimizing or avoiding investing in common stocks.

¹ "The Behavior of Stock Market Prices", Eugene F. Fama, Journal of Business 38 (1): 34-105. January 1965.

² Cross Section of Expected Stock Returns", Eugene F. Fama and Kenneth R. French, Journal of Finance 47 (1992).



For illustrative purposes only. Downside risk is the likelihood that an investment will decline in value, or the amount of loss that could result from that potential decline.

IV. CUSTOMIZE YOUR PORTFOLIO

Traditionally many portfolios have been built using average historical returns and volatility of returns. We take portfolio modeling to the next level by analyzing what really matters to you — downside risk (the likelihood that an investment will decline in value) and the degree to which you are focused on asset protection versus asset growth. Our advanced approach to portfolio analysis is designed to optimize the process and match you with the portfolio that will help you reach your investment goals.

V. INVEST FOR THE LONG TERM

We believe a long-term perspective is one of the most important ingredients of portfolio success. Stay patiently invested and don't try to time the ebb and flow of the market. And be sure to rebalance your portfolio periodically to keep it aligned with your goals.

Above all, don't go it alone. Working with a trusted independent Advisor can help you stay on track towards achieving your long-term investment goals. An Advisor can help you manage the emotions of investing and keep you from making hasty, ill-considered decisions. In fact, 90% of investors who've put together a comprehensive financial plan with their Advisor feel they have a clear financial direction.³ As an Independent Advisor, we have an elevated duty of care, prudence, and diligence, and always put the interests of clients first.

³August 08 FPA and Ameriprise Value of Financial Planning study, conducted online by Harris Interactive.



STRUCTURED INVESTING
In An Unstructured World

5 STEPS TO AN EFFECTIVE PORTFOLIO

- *Markets Work*
- *Risk & Return are Related*
- *Diversify with Structure*
- *Customize your Portfolio*
- *Invest for the Long Term*