

A PARTNERSHIP IN EXCELLENCE

Loring Ward & Dimensional Fund Advisors

INTRODUCTION

Loring Ward's portfolio management programs combine more than eight decades of market data, Nobel Prize-winning academic research and the latest discoveries in behavioral finance into a distinctive investment approach.

Loring Ward's partnership with Dimensional Fund Advisors, a leading institutional investment management firm, provides us with institutional pricing and professional money management and supports the sound implementation of your strategic objectives.

Dimensional Fund Advisors (Dimensional) was selected as a strategic partner for Loring Ward's portfolio management programs based on its team of experienced professionals, significant depth of innovative research, the design and management of its quantitative, academically-based strategies, and its track record of results.

DIMENSIONAL FUND ADVISORS OVERVIEW

Dimensional is one of the largest independently-owned institutional investment management firms in the world. Founded in 1981, Dimensional manages money exclusively for institutional investors and the clients of independent financial advisors.

From offices in Santa Monica, Austin, London, Vancouver and Sydney, Dimensional's mission is to deliver the performance of capital markets and increase returns potential through state-of-the-art portfolio design and trading. Dimensional believes strongly in the importance of:

- Exposure to specific dimensions of risk identified by academic research to potentially generate return premiums over a long-term investment horizon
- Enhanced portfolio engineering and trading techniques
- Minimized turnover, transaction costs and tax implications

The firm is dedicated to operating its business in the best interests of all its clients, from large pension plans and endowments to individual investors.

A SCIENTIFIC APPROACH: PORTFOLIO ENGINEERING THROUGH RISK DIMENSIONS

Traditional investment managers strive to beat the market by taking advantage of pricing "mistakes" and attempting to predict the future. This may prove costly and even futile. Predictions may not pan out as expected, and managers might find themselves holding the wrong stocks at the wrong time.

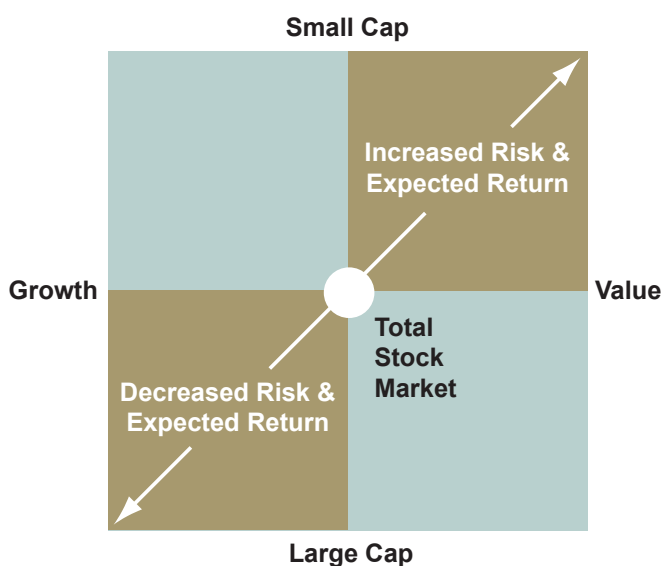
Rather than trying to take advantage of the ways markets may be occasionally mistaken in pricing an individual security, Dimensional attempts to take advantage of how markets compensate investors, in aggregate, for the risks of being invested. When you set guesswork aside, Dimensional believes that investing is largely a matter of identifying risks that are potentially rewarded and choosing the degree of these risks to take.

Dimensional believes that gain is rarely accomplished without taking risks, but not all risks carry a commensurate reward.

According to Dimensional, financial science over the last 50 years has brought us to a powerful understanding of the investment risks that are worth taking and the investment risks that are not. Therefore, Dimensional believes that there are three main "factors" or dimensions of potentially higher investment returns with higher corresponding risks:

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

THE DIMENSIONS OF RISK AND RETURN



A groundbreaking study by Dimensional found that exposure to these three risk factors accounts for over 96% of the variation in portfolio returns.* Dimensional believes, therefore, that investing largely consists of deciding the extent to which your portfolio will participate in each of the equity market dimensions: small/large and value/growth. The greater the risk exposure, the greater the expected long-term return.

Managing risks successfully means not only capturing risks that generate expected return but reducing risks that do not. Dimensional believes that avoidable risks include holding too few securities, betting on a particular country, industry or security, or putting your faith in market predictions. To all these, broad-global diversification can be a prudent antidote.

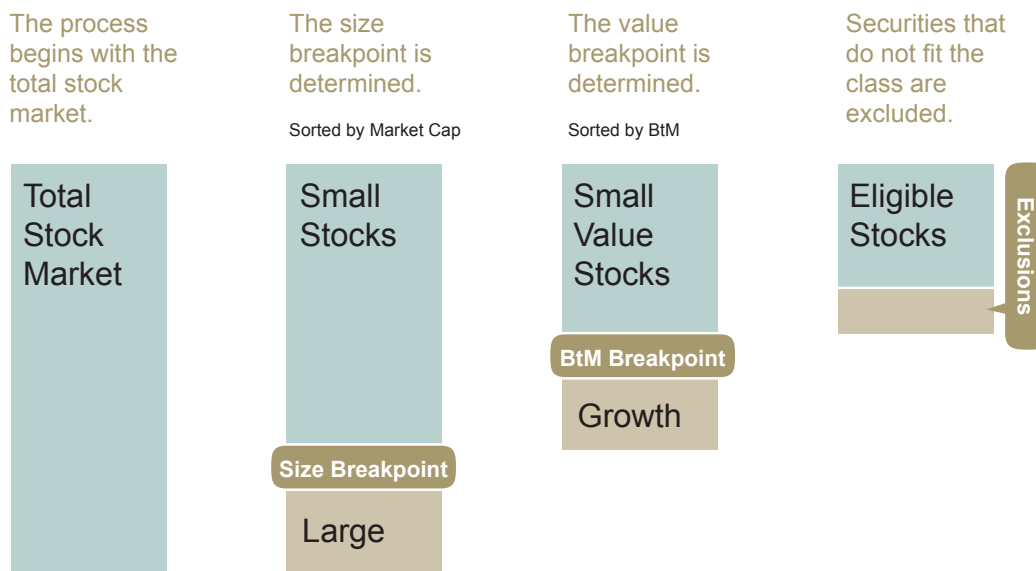
The risks associated with investing in stocks and overweighting small company and value stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal. Small company stocks may be subject to a higher degree of market risk than the securities of more established companies because they may be more

volatile and less liquid. Investing in foreign securities may involve certain additional risks, including exchange rate fluctuations, less liquidity, greater volatility, different financial and accounting standards and political instability. Diversification does not guarantee a profit or protect against a loss.

PORTFOLIO CONSTRUCTION: RELIABLE EXPOSURE TO ASSET CLASSES

Dimensional designs strategies that offer focused exposure to the risk dimensions of the market in fully-diversified portfolios, and then strives to minimize the risks and costs imposed by traditional approaches.

Unlike index funds that follow commercial benchmarks, Dimensional defines asset classes based on a security's market capitalization and book-to-market (BtM) ratio and then actively applies their own eligibility rules. To gain the purest representation possible, they exclude securities that do not exhibit the general characteristics of the defined asset class. They also seek to eliminate certain groups of stocks with heightened risk or inefficiencies, such as initial public offerings, illiquid stocks and the securities of financially-distressed companies.



*Dimensional Fund Advisors study (2002) of 44 institutional equity pension plans with \$452 billion total assets. Factor analysis run over various time periods, averaging nine years. Total assets based on total plan dollar amounts as of year end 2001.

Diversification neither assures a profit nor guarantees against loss in a declining market.

Engineering portfolios around broadly defined risk factors may generate opportunities for Dimensional traders to add value. Rather than replicate an index in mechanical fashion, Dimensional’s strategies permit a degree of flexibility, such as the timing of purchases, and minor deviations from market cap weightings.

This flexibility minimizes the transaction costs caused by the forced trading that index funds must often engage in — such as when a stock is added or removed from their index. This reduces turnover and may potentially increase returns.

TRADING EXPERTISE: SMARTER TRADING TO POTENTIALLY INCREASE RETURNS

Trading stocks — especially small cap stocks — can be expensive. In Dimensional’s experience, careful trading may result in cost reductions, with savings accruing directly to an investor’s return.

For more than 25 years, Dimensional has used their reputation and trading expertise to negotiate discounted block trades, resulting in a cost-effective way to purchase stocks. Dimensional has eight state-of-the-art desks around the world, ensuring a presence in major financial markets.

They typically hold positions in more than 10,000 equity securities a year, and their patient approach to buying helps their managers select favorable trading opportunities.

By being patient when others are pushing to transact and by being thrifty when others pay a premium, Dimensional works daily to improve investor returns.

RESEARCH & INNOVATION: ENGINEERING NEW SOLUTIONS

Working with some of the academic community’s most innovative and respected financial economists ensures that Dimensional is always researching tomorrow’s solutions today. A continuous feedback loop makes this possible.

Academic leaders in the field of asset pricing often find new sources of risk and return in advance of the industry.

Dimensional engineers strategies and brings client feedback to these financial economists and researchers for further testing and enhancements.

Empirical research becomes more relevant to practical investing, and practical investing is backed by solid theory and economic knowledge.

This is a continuous process to which Dimensional commits substantial resources, bringing increasing relevance and new opportunities to the development of science and practice to the ultimate benefit of Dimensional investors.

Dimensional’s Academic Feedback Loop



DIMENSIONAL'S ACADEMIC LEADERS

Professor	Affiliation	Expertise
George M. Constantinides University of Chicago	Board Member of Dimensional's US Mutual Funds	Asset Pricing, Capital Markets Research
Eugene F. Fama University of Chicago	Board Member of Dimensional Fund Advisors, Consultant for Dimensional's Fixed Income and Value Strategies	Efficient Markets Hypothesis, Random Walk Hypothesis, Capital Markets Research, Multifactor Model, Definitive Finance Text, Tax Research
Kenneth R. French Dartmouth College	Board Member of Dimensional Fund Advisors, Consultant and Head of Investment Policy	Capital Markets Research, Multifactor Model, Tax Research
John P. Gould University of Chicago	Board Member of Dimensional's US Mutual Funds	Applied Price Theory, Former Dean of University of Chicago Graduate School of Business
Roger G. Ibbotson Yale University	Board Member of Dimensional's US Mutual Funds	Capital Markets Research, Comprehensive "SBBI" Database (with Sinquefeld), Data Consultant Firm
Edward P. Lazear Stanford University	Board Member of Dimensional's US Mutual Funds	Labor and Personnel Economics
Robert C. Merton Harvard University	Board Member of Dimensional's US Mutual Funds	Asset Pricing Theory, Valuation of Derivative Securities
Myron S. Scholes Stanford University	Board Member of Dimensional's US Mutual Funds	Capital Markets Research, Options Pricing Model
Abbie J. Smith University of Chicago	Board Member of Dimensional's US Mutual Funds	Capital Markets Research, Financial Accounting Information, Corporate Restructuring, Corporate Governance
Sunil Wahal Arizona State University	Consultant	Capital Markets Research, Transaction Costs Research, and Trading and Portfolio Management Practices

A POWERFUL COMBINATION

Loring Ward's portfolio management programs combine Dimensional's expertise along with asset allocation, investment management, an Investment Policy Statement, rebalancing and reporting to provide investors with a complete portfolio management solution.

This distinctive approach, backed by exceptional service and the advice and guidance of your financial advisor, provides a strong, prudent foundation for your financial future.

To learn more about Loring Ward and Dimensional, talk with your financial advisor today.

L O R I N G  W A R D

 **Dimensional**

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