

Asset Allocation

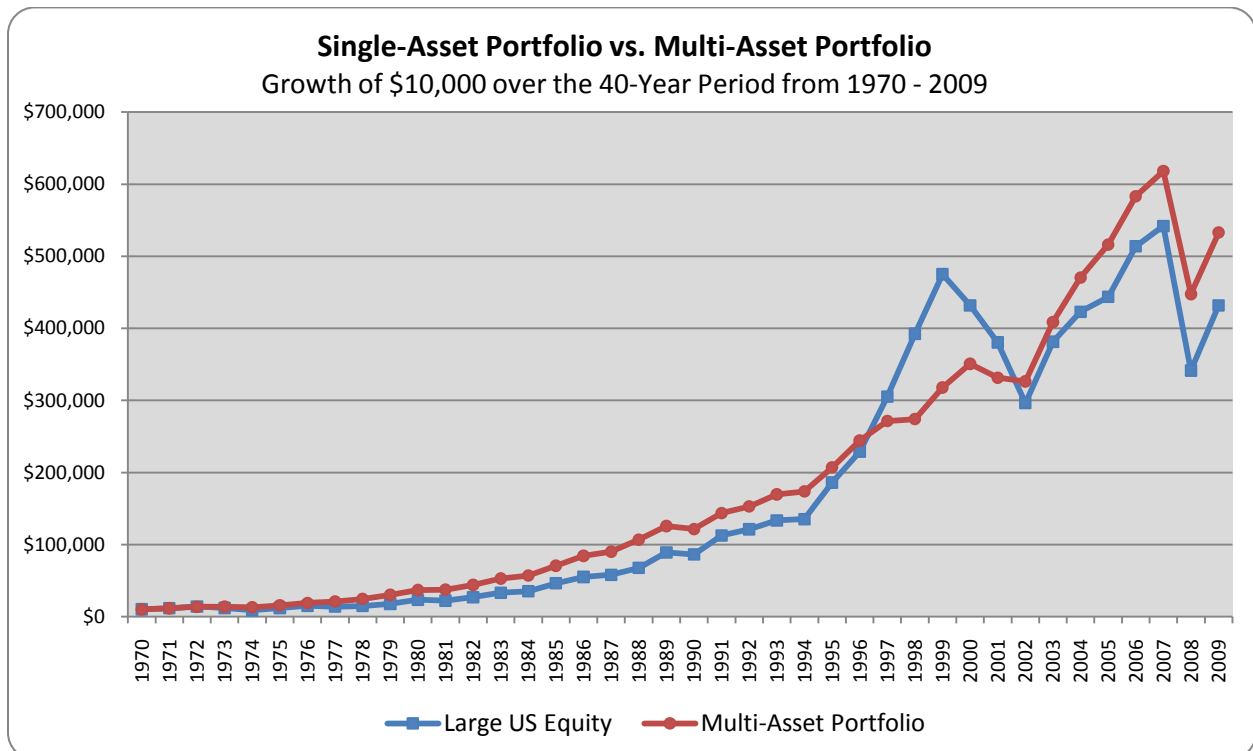
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As of March 31, 2010

Asset allocation requires the use of a wide variety of asset classes when building investment portfolios.

As shown in the graph below, a multi-asset portfolio outperformed the S&P 500 Index over the 40-year period from 1970-2009 by over \$100,000. The multi-asset portfolio consists of equally-weighted allocations in large US equity, small US equity, non-US equity, bonds, cash, REITs, and commodities. Each of the seven assets was annually rebalanced at the start of each year. Taxes and inflation were not taken into account.

The equally weighted multi-asset portfolio had an average annual return over the 40-year period of **10.45%** and a worst one-year return of **-27.59%**. By comparison, the S&P 500 Index had a 40-year average annualized return of **9.87%** and a worst one-year return of **-37.0%**. The multi-asset had better performance with 40% less risk (as measured by standard deviation of return) as shown in the table on the 3rd page of this report.



Performance Update as of March 31, 2010

Large Cap US Equity: As shown in the table below, large US equity (S&P 500 Index) produced a return of 5.39% in Q1 2010 and a return of 49.77% over the last 12 months (April 1, 2009 – March 31, 2010).

Small Cap US Equity: The Russell 2000 Index had a return of 8.85% in Q1 2010 and a total return of 62.77% over the past 12 months.

Non-US Large Cap Equity: The MSCI EAFE Index produced a return of 0.87% in Q1 2010 and a total return of 54.44% over the past 12 months.

US Aggregate Bonds: In Q1 2010 the Barclay's Capital Aggregate Bond Index produced a return of 1.78%, and a 12-month total return of 7.69%.

US Cash: 3-Month US Treasury Bills had a return of 0.03% in the first quarter of 2010 and a 12-month return of 0.13% over the past 12 months.

Real Estate: The Dow Jones US Select REIT Index had a 9.81% return in Q1 2010 and an astounding 113.47% return over the past 12 month period.

Commodities: Commodities, as measured by the Goldman Sachs Commodity Index, had a return in Q1 2010 of -0.89% and a 12-month total return of 25.87% as of March 31, 2010.

Performance as a Multi-Asset Portfolio

As an equally-weighted multi-asset portfolio, these seven indexes produced a return of 3.69% in the first quarter of 2010. Over the past 12 months, this seven-asset portfolio produced a return of 44.88%.

A single \$10,000 initial investment in the S&P 500 Index on January 1, 1970 was worth \$455,119 by March 31, 2010 (not accounting for taxes or inflation). By contrast, the same \$10,000 investment in this equally-weighted, annually rebalanced seven-asset portfolio was worth \$552,666 by March 31, 2010. As already noted, the volatility of the multi-asset portfolio is more than 40% lower than a portfolio consisting of only US large cap equity.

Asset allocation requires a consistent commitment to diversification across a wide variety of asset classes.

Annual Returns of 7 Core Asset Classes and an Equally-Weighted Multi-Asset Portfolio

Source: Craig L. Israelsen, Ph.D. www.7TwelvePortfolio.com

Annual Total Return (%)								
Year	Large US Equity	Small US Equity	Non-US Equity	US Bonds	Cash	Real Estate	Commodities	Equally-Weighted Multi-Asset Portfolio with Annual Rebalancing*
1970	3.92	-17.43	-11.66	16.86	6.80	-4.00	15.17	1.38
1971	14.30	16.50	29.59	8.72	4.53	15.52	21.08	15.75
1972	19.00	4.43	36.35	5.16	4.24	8.01	42.43	17.09
1973	-14.69	-30.90	-14.92	4.61	7.46	-15.52	74.96	1.57
1974	-26.47	-19.95	-23.16	5.69	8.35	-21.40	39.51	-5.35
1975	37.23	52.82	35.39	7.83	6.08	19.30	-17.22	20.20
1976	23.93	57.38	2.54	15.60	5.23	47.59	-11.92	20.05
1977	-7.16	25.38	18.06	3.04	5.52	22.42	10.37	11.09
1978	6.57	23.46	32.62	1.39	7.67	10.98	31.61	16.33
1979	18.61	43.07	4.75	1.93	10.86	48.99	33.81	23.15
1980	32.50	38.60	22.58	2.71	12.71	33.12	11.08	21.90
1981	-4.92	2.03	-2.28	6.25	15.58	17.88	-23.01	1.65
1982	21.55	24.95	-1.86	32.62	11.66	20.91	11.56	17.34
1983	22.56	29.13	23.69	8.36	9.24	32.17	16.26	20.20
1984	6.27	-7.30	7.38	15.15	10.33	21.89	1.05	7.82
1985	31.73	31.05	56.16	22.10	7.97	6.50	10.01	23.65
1986	18.67	5.68	69.44	15.27	6.29	19.75	2.05	19.59
1987	5.25	-8.80	24.63	2.76	6.13	-6.59	23.77	6.74
1988	16.61	25.02	28.27	7.89	7.06	17.48	27.94	18.61
1989	31.69	16.26	10.54	14.53	8.67	2.72	38.28	17.53
1990	-3.10	-19.48	-23.45	8.96	7.99	-23.44	29.08	-3.35
1991	30.47	46.04	12.13	16.00	5.68	23.84	-6.13	18.29
1992	7.62	18.41	-12.17	7.40	3.59	15.13	4.42	6.34
1993	10.08	18.88	32.56	9.75	3.12	15.14	-12.33	11.03
1994	1.32	-1.82	7.78	-2.92	4.45	2.66	5.29	2.39
1995	37.58	28.45	11.21	18.48	5.79	12.24	20.33	19.15
1996	22.96	16.49	6.05	3.63	5.26	37.05	33.92	17.91
1997	33.36	22.36	1.78	9.66	5.31	19.66	-14.07	11.15
1998	28.58	-2.55	20.00	8.69	5.02	-17.01	-35.75	1.00
1999	21.04	21.26	26.97	-0.82	4.87	-2.58	40.92	15.95
2000	-9.10	-3.02	-14.17	11.63	6.32	31.04	49.74	10.35
2001	-11.89	2.49	-21.44	8.44	3.67	12.35	-31.93	-5.47
2002	-22.10	-20.48	-15.94	10.26	1.68	3.58	32.07	-1.56
2003	28.69	47.25	38.59	4.10	1.05	36.18	20.72	25.23
2004	10.88	18.33	20.25	4.34	1.43	33.16	17.28	15.10
2005	4.91	4.55	13.54	2.43	3.34	13.82	25.55	9.73
2006	15.79	18.37	26.34	4.33	5.07	35.97	-15.09	12.97
2007	5.49	-1.57	11.17	6.97	4.77	-17.56	32.67	5.99
2008	-37.00	-33.79	-43.38	5.24	1.51	-39.20	-46.49	-27.59
2009	26.46	27.17	31.78	5.93	0.16	28.46	13.49	19.06
Performance over Past 40-Years								
40-Year Annualized Return	9.87	10.64	9.49	8.33	6.01	11.04	10.01	10.45
40-Year Standard Deviation	18.13	22.54	23.01	6.73	3.23	19.99	25.23	10.59
Worst 1-Year Return	-37.00	-33.79	-43.38	-2.92	0.16	-39.20	-46.49	-27.59
Worst 3-Year Cumulative Return	-37.61	-42.24	-43.32	6.15	4.22	-35.61	-39.72	-13.30
Performance as of March 31, 2010								
Year-to-Date	5.39	8.85	0.87	1.78	0.03	9.81	-0.89	3.69
12 Months	49.77	62.77	54.44	7.69	0.13	113.47	25.87	44.88
Growth of \$10,000 since 1970	\$455,119	\$621,287	\$378,853	\$249,793	\$103,433	\$723,746	\$449,715	\$552,666

*Each asset was equally weighted in the portfolio (14.3%) and annually rebalanced at the start of each year. Taxes and inflation were not taken into account.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE

<u>Asset Class</u>	<u>Underlying Index</u>
Large US Equity	S&P 500 Index
Small US Equity	Russell 2000 Index
Non-US Equity	MSCI EAFE Index
US Bonds	Barclay's Capital Aggregate Bond Index
US Cash	3-Month US Treasury Bills
Real Estate	DJ US Select REIT Index
Commodities	Goldman Sachs Commodity Index