

Investment Planning

How do we assist investors in solving the investment puzzle? By engineering a sensible investment program. We follow the same disciplined approach used by large institutional pension plans for the design and implementation of your portfolio. We start this by having a series of meetings with you.

Meetings 1 & 2 - Planning

- We get to know you well before we make recommendations. We discuss your investment goals and objectives. We construct a complete financial profile of you and your family. We check tax status, liquidity needs, income needs and how long your funds must last. We discuss such things like whether an inheritance is planned for your heirs or do you expect all the funds will have to be consumed?
- We give you an investment tutorial covering important investment principles, and why we at The Monitor Group do the things the way we do. We educate you about rational investment expectations. We answer your investment questions. We have a strong teaching orientation.

Meeting 3 - Portfolio Design

- You wouldn't build a house without a blueprint, would you? Likewise, you must have an investment "blueprint" or plan before you invest. We select an initial portfolio that meets your risk-reward criteria.
- We focus on engineering a highly efficient portfolio by optimally diversifying among asset classes and differing investment styles within asset classes.
- We explain how the portfolio has performed in the past. We dig into the details of the design and clearly explain the risk and reward performance of the portfolio.

Decision

- After you now know how we propose to invest your funds and you completely understand our process, together we decide whether to proceed with a relationship. We understand we're not the right advisor for every client. Your investment needs and philosophy may not match ours - not everyone's does.

Implementation

- If not already done so, we help you open brokerage accounts at a custodian such as Charles Schwab or TD Waterhouse. We arrange to transfer your funds, and manage the transfer or advise you if you must initiate the transfer. The accounts are in your name, not ours. We have permission only to manage the account and have our advisory fee paid from it automatically.
- We select managers who are specialists in their asset class or style. We regularly perform extensive screenings of all managers according to the same

fiduciary standards used by the largest funds. As we have discretion over the choice of managers, we change them as necessary.

- We implement low-cost portfolios. Often, we use institutional mutual funds not available to retail clients. Our portfolio mutual fund expenses are typically one-third of the average portfolio using retail funds. We pass these savings on directly to you.

Semiannual Meetings-Monitoring & Reporting

- We provide periodic performance measurement. We arrange review meetings with you and provide a personal web site with a wide range of information available to you 24 hours a day. You will receive monthly accountings from the custodian. You will know exactly how you are doing. You can also request a meeting with us anytime you need to.

Discretionary Money Management

Who has control of your money? You do. We are only your investment advisors. You will use a financial custodian to hold your funds in a brokerage account with someone such as Charles Schwab or TD Waterhouse. It's your account, not ours. You will get a statement from your custodian every month.

Because you are our client, you will get a special discount on mutual fund trading costs. We have placed millions of dollars with these firms, so you pay the lowest transaction cost available to institutional clients. This is a direct savings for you.

We Can't Touch Your Money

TMG never touches your money. You do not send us money, stock certificates or other securities. You move your funds from their present location to your new brokerage account. We can and will help with the administrative details. In many cases transfers can be done electronically.

You Give Us Certain Revocable Permissions

We will have the following permissions from you regarding your accounts:

- We will receive a copy of your statement.
- We will submit our advisory bill to the brokerage firm, who will pay it from your account. We get one fee per quarter from all clients.
- We will have discretion to trade your account. This means we can buy and sell securities in your account. However, we only buy and sell according to our agreed upon written Investment Policy Statement.
- We will buy and sell to accomplish the following:
 - *To implement your initial portfolio design.*
 - *To manage your portfolio. For example, you have a certain percentage or weight in a specific position. Due to changes in the markets, you wind up having a higher amount in a certain position than the design calls for. Since the amount exceeds certain parameters we sell a portion of that position and buy an under-weighted investment in order to bring you back to the portfolio design objectives.*

- *To replace one of the investments when our research tells us the current investment no longer meets our screening criteria. We will, after the fact, communicate with all affected clients with our reasons.*
- *Because of a change in your financial situation which requires an overall portfolio design modification.*

We buy and sell according to our agreed upon Investment Policy Statement.