

Investor Principles

- Optimism, patience, discipline
- Time loss
- Stick with the plan
- Behavior is everything (Dalbar Studies)

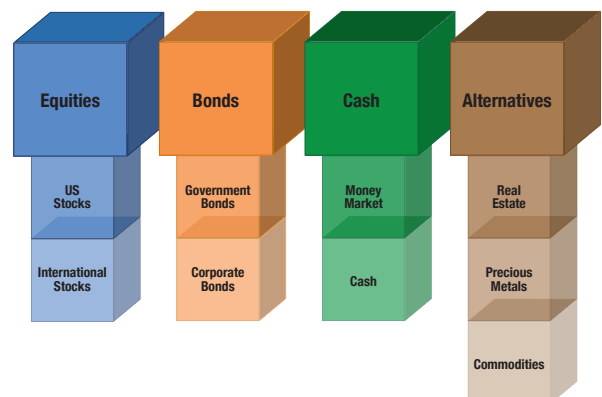
Blueprint Investment Principles

- Research-based investing
- Global diversification
- Stocks for the long run (inflation fighter)

Investment Inventory

- Preservation
- Capital Markets
- Real Estate
- Alternatives

Asset Classes



Callan Period Table

	Small Cap Equity 26.85%		Emerging Markets 18.23%				Emerging Markets 37.28%		
Emerging Markets 78.51%	Emerging Markets 18.88%		Non-U.S. Equity 16.41%				Non-U.S. Equity 24.21%		
High Yield 58.21%	Real Estate Funds 15.26%		Small Cap Equity 16.35%				Small Cap Equity 21.31%	Large Cap Equity 21.83%	
Non-U.S. Equity 33.67%	High Yield 15.12%		Large Cap Equity 16.00%	Small Cap Equity 38.82%	Large Cap Equity 13.69%		High Yield 17.13%	Small Cap Equity 14.65%	
Small Cap Equity 27.17%	Large Cap Equity 15.06%		High Yield 15.81%	Large Cap Equity 32.39%	Real Estate Funds 11.46%		Large Cap Equity 11.96%	Non-U.S. Fixed 10.51%	
Large Cap Equity 26.47%	Hedge Funds 10.95%	Real Estate Funds 14.96%	Real Estate Funds 9.79%	Non-U.S. Equity 21.02%	U.S. Fixed 5.97%		Emerging Markets 11.19%	High Yield 7.50%	
Hedge Funds 18.57%	Non-U.S. Equity 8.95%	U.S. Fixed 7.84%	Hedge Funds 7.67%	Real Estate Funds 12.90%	Small Cap Equity 4.89%		Real Estate Funds 7.79%	Hedge Funds 7.12%	
Non-U.S. Fixed 7.53%	U.S. Fixed 6.54%	High Yield 4.98%	U.S. Fixed 4.21%	Hedge Funds 9.73%	Hedge Funds 4.13%	Real Estate Funds 13.95%	Non-U.S. Equity 2.75%	Real Estate Funds 6.66%	
U.S. Fixed 5.93%	Non-U.S. Fixed 4.95%	Non-U.S. Fixed 4.36%	Non-U.S. Fixed 4.09%	High Yield 7.44%	High Yield 2.45%	Large Cap Equity 1.38%	U.S. Fixed 2.65%	U.S. Fixed 3.54%	Real Estate Funds 7.36%
CPI-U → 2009: 2.72%	2010: 1.50%	2011: 2.96%	2012: 1.74%	2013: 1.50%	2014: 0.76%	2015: 0.73%	2016: 2.07%	2017: 2.11%	2018: 1.91%
Cash Equivalent 0.21%	Cash Equivalent 0.13%	Large Cap Equity 2.11%	Cash Equivalent 0.11%	Cash Equivalent 0.07%	Cash Equivalent 0.04%	U.S. Fixed 0.55%	Non-U.S. Fixed 1.49%	Cash Equivalent 0.86%	Cash Equivalent 1.87%
Real Estate Funds -30.40%		Cash Equivalent 0.10%		U.S. Fixed -2.02%	Emerging Markets -2.19%	Cash Equivalent 0.05%	Hedge Funds 1.25%		U.S. Fixed 0.01%
		Hedge Funds -2.52%		Emerging Markets -2.60%	Non-U.S. Fixed -3.09%	Hedge Funds -0.71%	Cash Equivalent 0.33%		High Yield -2.08%
		Small Cap Equity -4.18%		Non-U.S. Fixed -3.08%	Non-U.S. Equity -4.32%	Non-U.S. Equity -3.04%			Non-U.S. Fixed -2.15
		Non-U.S. Equity -12.21%				Small Cap Equity -4.41%			Hedge Funds -3.19
		Emerging Markets -18.42%				High Yield -4.47%			Large Cap Equity -4.38%
						Non-U.S. Fixed -6.02%			Small Cap Equity -11.01
						Emerging Markets -14.92%			Non-U.S. Equity -14.09%
									Emerging Markets -14.57

Inflation is represented by the Consumer Price Index. Indices: ● Bloomberg Barclays Corp High Yield
● Bloomberg Barclays Global Aggregate ex US ● Bloomberg Barclays US Aggregate ● Credit Suisse Hedge Fund
● ICE BofAML US 3-Month Treasury Bill ● MSCI Emerging Markets ● MSCI World ex USA ● NFI-ODCE (value-weighted net) ● Russell 2000 ● S&P 500

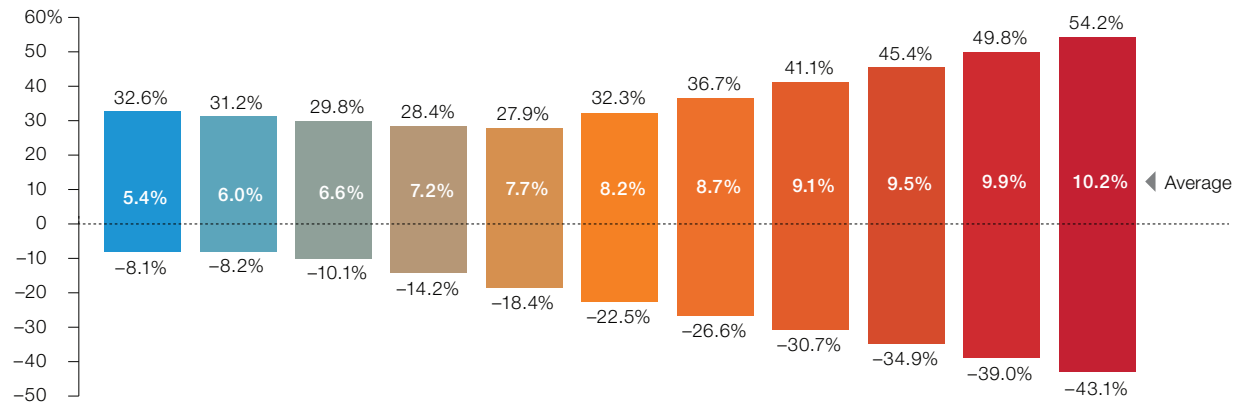
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An index is a benchmark used to track a segment of the market. It is not managed, and therefore performance does not reflect the deduction of management fees. You cannot invest directly in an index, but investment options are available that track indexes. Past performance does not guarantee future results.

Portfolio allocation



Annual returns



Notes: Stocks are represented by the Standard & Poor's 90 Index from 1926 to March 3, 1957; the S&P 500 Index from March 4, 1957, through 1974; the Wilshire 5000 Index from 1975 through April 22, 2005; and the MSCI US Broad Market Index thereafter. Bonds are represented by the S&P High Grade Corporate Index from 1926 to 1968; the Citigroup High Grade Index from 1969 to 1972; the Bloomberg Barclays U.S. Long Credit AA Index from 1973 to 1975; and the Bloomberg Barclays U.S. Aggregate Bond Index thereafter. Data are through December 31, 2016.
Source: Vanguard.

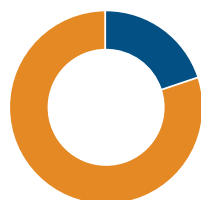
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TRADITIONAL MODEL PORTFOLIOS



Conservative



20%/80%

Moderate Conservative



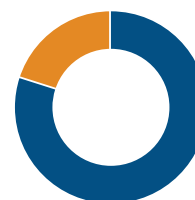
40%/60%

Moderate



60%/40%

Moderate Aggressive



80%/20%

Aggressive



100%/0%

■ Equities ■ Fixed Income

2008 Loss

- Aggressive: -41%
- Moderate Aggressive: -31%
- Moderate: -21%
- Moderate Conservative: -11%
- Conservative: -1%

Core Ingredient: 64%

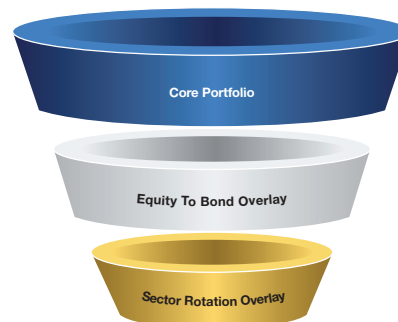
- Buy and hold approach
- Research driven by Morningstar
- Utilizes both index funds and actively managed funds

Equity To Bond Ingredient: 20%

- Tactical unconstrained approach
- Research driven by Ned Davis Research Group
- Employs technical analysis for risk-management
- Utilizes mainly index funds

Sector Rotation Ingredient: 16%

- Tactical constrained approach
- Research driven by Dorsey Wright
- Employs momentum & trend following analysis
- Utilizes mainly index funds



Conservative



16% to 36%
64% to 84%

Moderate Conservative



32% to 52%
48% to 68%

Moderate



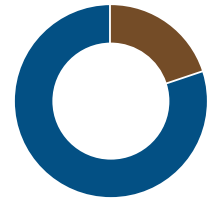
48% to 68%
32% to 52%

Moderate Aggressive



64% to 84%
16% to 36%

Aggressive



80% to 100%
0% to 20%

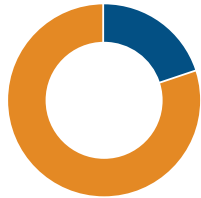
■ Equities ■ Fixed Income ■ Equities or Fixed Income

*Equities may include individual mutual funds or ETF's. Both the Equity to Bond Overlay and the Sector Rotation Overlay are adjusted monthly.

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TRADITIONAL MODEL PORTFOLIOS

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20%/80%

Moderate Conservative



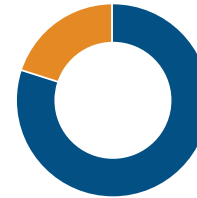
40%/60%

Moderate



60%/40%

Moderate Aggressive

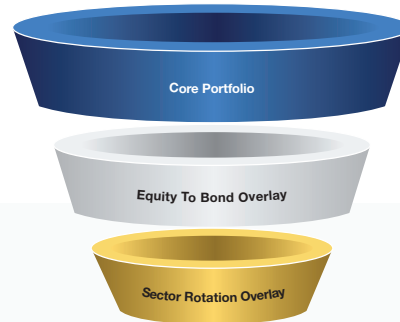


80%/20%

Aggressive



100%/0%



■ Equities
■ Fixed Income
■ Equities or Fixed Income

BLUEPRINT PORTFOLIO DESIGN

Conservative



16% to 36%
64% to 84%

Moderate Conservative



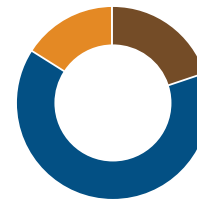
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Moderate



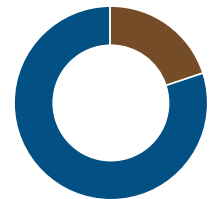
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Preservation
Percentage:

Capital Markets
Percentage:

Real Estate
Percentage:

Alternatives
Percentage:

Blueprint Portfolios	Morningstar Target Risk Indexes
Blueprint Aggressive Portfolio	Morningstar Aggressive Target Risk Index
Blueprint Moderate Aggressive Portfolio	Morningstar Moderately Aggressive Target Risk Index
Blueprint Moderate Portfolio	Morningstar Moderate Target Risk Index
Blueprint Moderately Conservative Portfolio	Morningstar Moderately Conservative Target Risk Index
Blueprint Conservative Portfolio	Morningstar Conservative Target Risk Index

Other Considerations

- Financial plan assumed growth rate
- Compare your performance with no professional help
- Our management fee will decrease overall portfolio performance
- Strategies different from Morningstar will perform differently

PLEASE NOTE: Benchmarks are provided for general comparisons only. Benchmarks typically reflect broad market and market-segment performance. Your portfolio will include different investments and different allocations than benchmarks, and will perform differently based on market conditions

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Risk Capacity

Measures how much risk you can afford to take in your financial plan.

- Long time horizon = more risk tolerance
- Cash reserve for emergencies = more risk tolerance
- High growth objective = more risk tolerance

Risk Attitude

Measures your tolerance to handle market declines.

- Relatively stable over time

Risk Perception

Measures how risky you perceive the market to be.

- Based on your understanding of financial markets
- This changes over time

Loss Aversion

We experience more negative distress from losses than we experience positive feelings from our successes

Investor Impact

- Investor panics and sells investments at a loss

Overconfidence

We credit ourselves for our successes and blame external factors for our failures

Investor Impact

- Investor doesn't get professional help

Availability Heuristic

We favor information that is most vivid and easy to recall

Investor Impact

- Investor panics at a slight drop due to their recollection of the 2008 crash

Familiarity

We are more comfortable with things that are more familiar to us

Investor Impact

- Investor holds excessive amount of company stock
- Investor is more comfortable with U.S. stocks than foreign stocks

Recency

We weigh recent events more significantly than older events

Investor Impact

- Investor expects that a recent bull or bear market will continue

Representativeness

We overgeneralize one type of risk to be representative of a broader series of risks

Investor Impact

- Large losses on one stock leads the investor to eschew all stocks

Anchoring

Valuing investments in relation to an arbitrary benchmark rather than on its' changing merits

Investor Impact

- Investor holds onto a losing stock because they are anchored at their purchase price

Illusion of Control

Tendency to make numerous changes to remain in “control.”

Investor Impact

- Investors trading too much that may hurt performance

Hindsight Bias

Inclination to see the event as having been predictable – after the fact

Investor Impact

- This may help increase overconfidence

Herd Behavior

Tendency for individuals to mimic the actions of a larger group

Investor Impact

- Investing in the latest craze

Confirmation Bias

Tendency to search for information that confirms one's beliefs

Investor Impact

- Investors search out information that supports (vs. contradicts) their beliefs

Endowment Effect

Valuing something you own more than something you don't own

Investor Impact

- Refusing to sell inherited stock