

Fee Only Wealth Management



Mike Mahoney
Cypress Asset Management, LLC.



Our Advantage

We design your portfolio
and provide the discipline to achieve
consistent long-term returns
while reducing risk.



Important Disclosures Regarding Simulated Strategies

The following pages include illustrations of returns for the types of portfolios we design for clients. The Simulated Strategies may or may not be the actual allocation determined to be appropriate for any individual clients. Clients with the allocations shown may have different results based on capital flows, timing of rebalancing decisions, fees charged or other factors.

Our investment strategy is based on the principles of Modern Portfolio Theory (MPT.) The tenets of MPT provide for a passive, long-term, buy-and-hold strategy implemented through globally diversified portfolios. Mutual funds representing asset classes where academic research has demonstrated higher expected returns for the level of risk taken are combined in a single portfolio. Portfolios are constructed in a manner to provide diversification for the purpose of reducing the risk caused by volatility. Portfolios are rebalanced to maintain agreed upon asset allocations.

The historical performance information that follows is provided to demonstrate the methodology used in building portfolios using the aforementioned investment strategy. This information should not be considered as a demonstration of actual performance results, and should not be interpreted as such. The results are based on back-tested data and not actual accounts. Past performance is not a guarantee of future results. The Simulated Strategies were begun in 1996 and have been adjusted on occasion over the years which resulted in minor changes in the simulated returns (less than 34 bps per annum). The investment returns and principal value of mutual funds recommended by our firm will fluctuate and may be worth more or less than their original cost when sold.

In 1999, tax-managed funds became available for several different asset classes. We now use tax-managed funds extensively for taxable entities. While the tax-managed funds are consistent with the passive asset class approach we follow, they should not be expected to regularly track the performance of corresponding taxable funds in the same or similar asset classes. As such, the performance of portfolios using tax-managed funds will vary from portfolios that do not utilize these funds.

Back-tested data does not represent the impact that material economic and market factors might have on an investment advisor's decision-making process if the advisor were actually advising an investor. The back-testing of performance differs from actual account performance because an investment strategy may be adjusted at any time, for any reason and can continue to be changed until desired or better performance results are achieved. The back-tested results assume ordinary income and capital gains distributions are reinvested, annual rebalancing and no income taxes. If performance reflects the deduction of an advisory fee (1.85% or less) billed quarterly in advance, it is indicated on the page. More information about mutual fund fees and expenses is available in the prospectus for each mutual fund.

The back-tested data used in creating the Simulated Strategies includes simulated data where live funds were not in existence to provide actual returns. All funds are live for five years or more. The simulated data was developed in the belief that it represents the historic performance of the live funds. Live funds will differ from simulated strategies. Simulated data does not reflect deductions of fund expenses that an investor would pay and does not represent results of actual trading. Analysis has shown that if fund expenses were included in simulated data, the return results over either a 10- or 20-year period would have been less by .18% per year. Live funds may exclude securities with characteristics not otherwise excluded in certain databases used in some simulated strategies. In 2003, adjustments were made to the Fama/French Value Strategy data. The adjustment impacted only 20-year returns with lower returns as follows: 100/0=32 bps lower, 80/20= 26 bps lower, 60/40=18 bps lower and 40/60=12 bps lower. In 2004, adjustments were made to the Fama/French Simulated Emerging Markets data. The adjustments impacted only the 20-year returns with lower returns as follows: 100/0=12 bps lower, 80/20= 11 bps lower, 60/40 = 8 bps lower, and 40/60 = 6 bps lower. Sources and Descriptions of Data which follow at the end of this presentation booklet is an integral part of and should be read in conjunction with this explanation.



Investment Decision Matrix: Where Do You Fit In?

- 1.** **Market Timers and Stock Selectors***
- Where the common crowd hangs out
 - Preference of active management, high-cost “gurus*”
 - Heavy on investment hype

- 2.** **Stock Selectors**
- Preference of stockbrokers and many financial advisors*
 - High cost, high turnover, high taxes

- 3.** **Market Timers**
- Tactical analysis* (with no proven results)
 - Tax inefficient
 - Short-term outlook

- 4.** **The Informed Investor**
- Based on academic research and data*
 - As much as 40% of institutional invested dollars
 - The prudent investors
 - Receive market returns
 - Where YOU should be (and where we are)

*Source: *Financial Planning Magazine*, December 1997, page 110



What Is Asset Class Investing?

Asset class investing is a systematic, global allocation of investment dollars.



Why Use Passive Asset Class Investing?

- ♦ Lower portfolio turnover
- ♦ Lower operating expenses
- ♦ Lower transaction costs
- ♦ Greater tax-efficiency
- ♦ Long-term perspective
- ♦ Broad diversification/risk reduction
- ♦ Control of asset allocation
- ♦ Passive asset class funds capture separate dimensions of worldwide returns



Asset Class Investing

- ◆ **Stocks and Bonds**
- ◆ **US and International**
- ◆ **Large Cap and Small Cap**
- ◆ **Growth and Value**
- ◆ **Short-Term and Long-Term Maturity**



The Four Major Tenets of Modern Portfolio Theory

- ◆ **Markets process information so rapidly when determining security prices, that it is extremely difficult to gain a competitive edge by exploiting market anomalies.**
- ◆ **Over time, riskier assets provide higher expected returns as compensation to investors for accepting greater risk.**
- ◆ **Adding high risk, low-correlating asset classes to a portfolio can actually reduce volatility and increase expected rates of return.**
- ◆ **Passive asset class fund portfolios can be designed with the expectation of delivering over time the highest returns for a chosen level of risk.**



Prudent Investor Rule Restatement

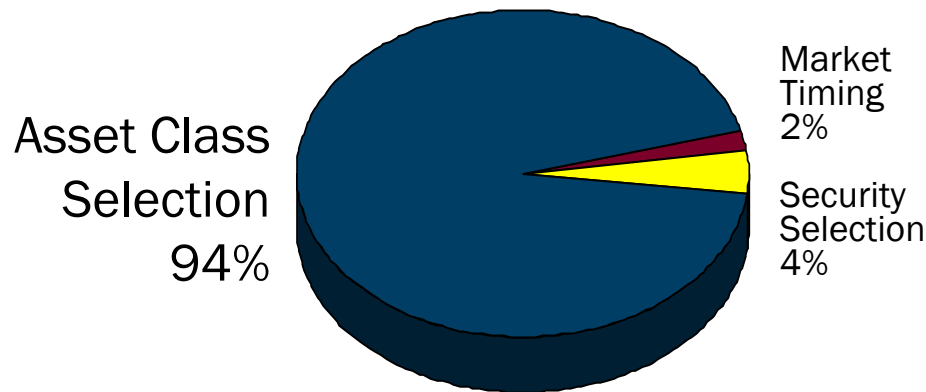
Vast majority of states have passed legislation with major revisions to the Prudent Investor Rule.

- ♦ **Modern Portfolio Theory (MPT) is adopted as the standard by which fiduciaries invest.**
 - **MPT states that portfolios can be designed to provide the maximum expected return for a given level of risk.**
- ♦ **Fiduciaries can avoid liability by exercising reasonable skill and care in making a delegation to an agent that will be held to the same standards as the fiduciary.**
- ♦ **May of 1992 American Law Institute (ALI) Third Restatement of the Prudent Investor Rule recognizes:**
 - **Little or negative payoff when fiduciaries and other investors try to apply expertise, investigation and diligence in efforts to “beat the market” – particularly after research and transaction costs.**
 - **Little correlation between fund managers’ earlier successes and their ability to produce above-market returns in subsequent periods**



Asset Class Selection

Asset Class Selection is the most important determinant of portfolio performance



Asset Class Selection

How assets are allocated in a portfolio

Market Timing

Shifting portfolio assets in and out of the market or between asset classes

Security Selection

Finding “underpriced” companies or industries

The vast majority of a portfolio’s returns variance is determined by asset class selection. Only a small portion is determined by market timing and security selection.

Source: Study of 91 large pension plans over 10 year period.

Gary P. Brinson, L. Randolph Hood and Gilbert L. Beebower, “Determinants of Portfolio Performance,” *Financial Analysts Journal*, July-August 1986, pp. 39-44; and Gary P. Brinson, Brian D. Singer and Gilbert L. Beebower, “Revisiting Determinants of Portfolio Performance: An Update,” 1990, Working Paper. Information from sources deemed reliable, but its accuracy cannot be guaranteed.



Can You Pick the Next Winner?

Asset Class Returns 1980-2004

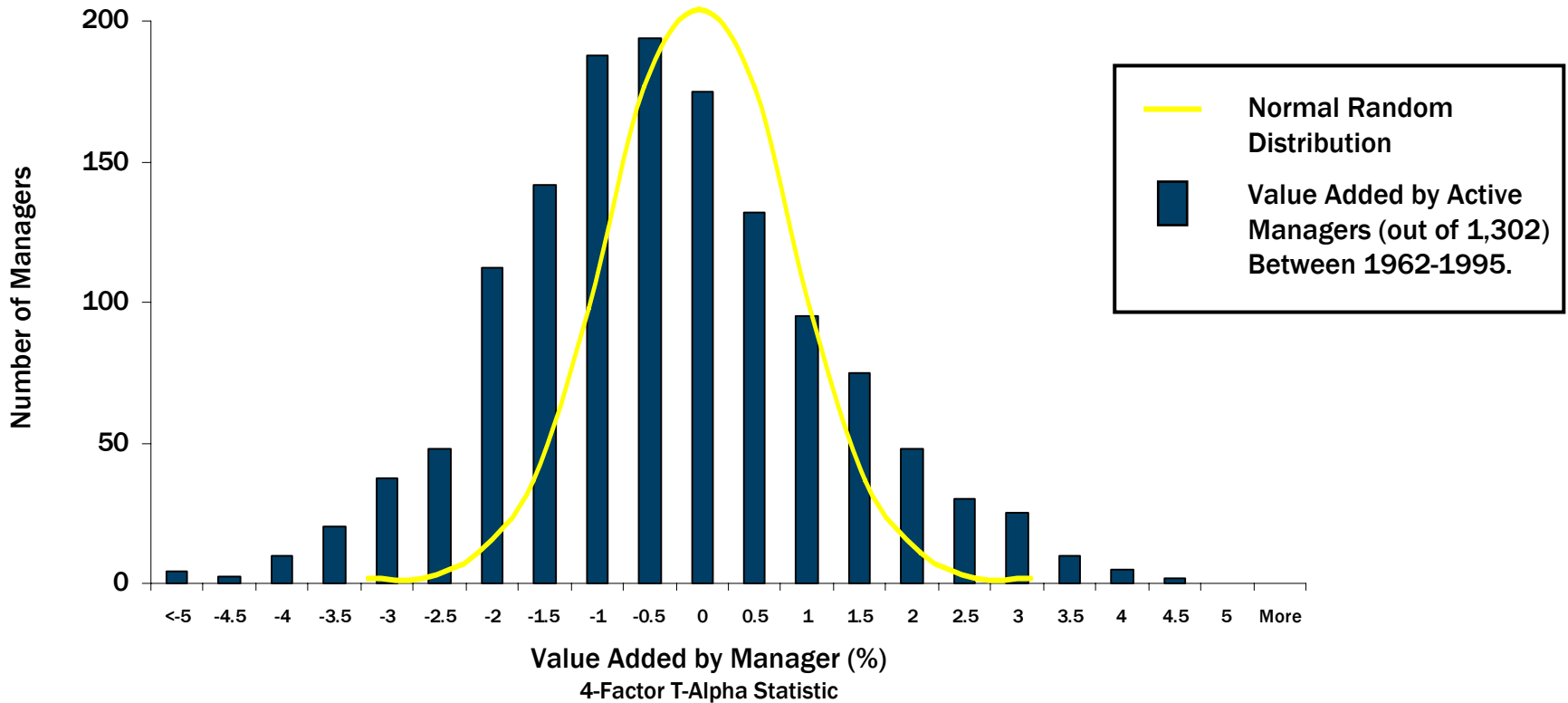
S&P 500	US Large Cap Value Stocks	US Micro Cap Stocks	US Small Cap Value Stocks	US REITS	Int'l Value Stocks	Int'l Small Stocks	Commodities
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80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04
35.5	16.6	37.8	49.3	21.8	67.3	70.2	70.6	33.5	38.3	29.1	44.6	35.0	47.2	16.6	38.4	33.8	33.4	28.6	29.8	31.8	22.8	40.1	60.7	32.1
34.9	16.5	28.8	39.7	10.1	60.1	50.1	31.2	30.8	31.5	-3.2	43.0	28.3	33.5	12.4	37.4	23.2	30.7	14.9	24.4	28.4	22.6	4.2	59.4	30.9
32.4	13.5	28.3	35.0	9.4	32.2	24.8	23.8	27.9	29.3	-15.6	40.3	23.3	26.5	8.8	34.5	23.1	28.1	12.0	21.9	10.2	13.2	1.9	58.8	28.8
29.7	7.8	21.4	32.4	7.6	31.0	20.3	5.2	26.0	27.5	-16.0	34.8	16.0	21.0	3.1	29.3	22.3	22.8	8.2	21.0	9.0	3.9	-8.5	49.9	25.4
22.6	6.1	20.6	31.5	6.3	27.9	18.5	3.9	24.1	24.7	-16.8	30.5	7.7	18.9	1.3	15.2	20.2	19.4	-7.3	16.3	-0.2	-10.5	-9.3	35.6	18.4
18.0	-4.7	11.6	29.6	3.7	24.7	6.9	-4.9	22.9	11.5	-21.6	12.3	3.7	15.5	1.2	12.1	17.6	-3.1	-7.3	13.0	-3.6	-11.9	-13.3	34.4	18.3
16.4	-4.9	2.5	22.5	1.1	11.8	5.1	-6.1	16.8	10.2	-22.5	7.1	-3.1	10.0	-4.5	11.5	7.8	-3.4	-15.4	4.8	-5.4	-15.3	-14.9	29.8	16.4
11.1	-23.0	0.8	16.3	-6.7	10.0	2.1	-9.3	14.5	6.7	-26.1	-5.8	-18.4	-1.1	-8.4	0.5	2.6	-23.7	-27.0	-2.0	-9.1	-19.5	-22.1	28.7	10.9

Source: Dimensional Fund Advisors, Inc.
 Information from sources deemed reliable, but its accuracy cannot be guaranteed.
 Performance is historical and does not guarantee future results.



Value Added of Active Management vs. Chance



Source: Mark Carhart survivor-bias free database as cited by Dimensional Fund Advisors, Inc.



The Fallacy of Market Timing

1991 - 1998	Returns*
2,023 Trading Days	19.87%
Minus 10 Best Days	13.63%
Minus 20 Best Days	9.21%
Minus 30 Best Days	5.35%
Minus 40 Best Days	1.90%

* CRSP value-weighted index with dividends reinvested. Compound annual returns assume a 1% transaction cost per portfolio turnover.

Source: John D. Stowe, *A Market Timing Myth*. *Journal of Investing*, Winter 2000.

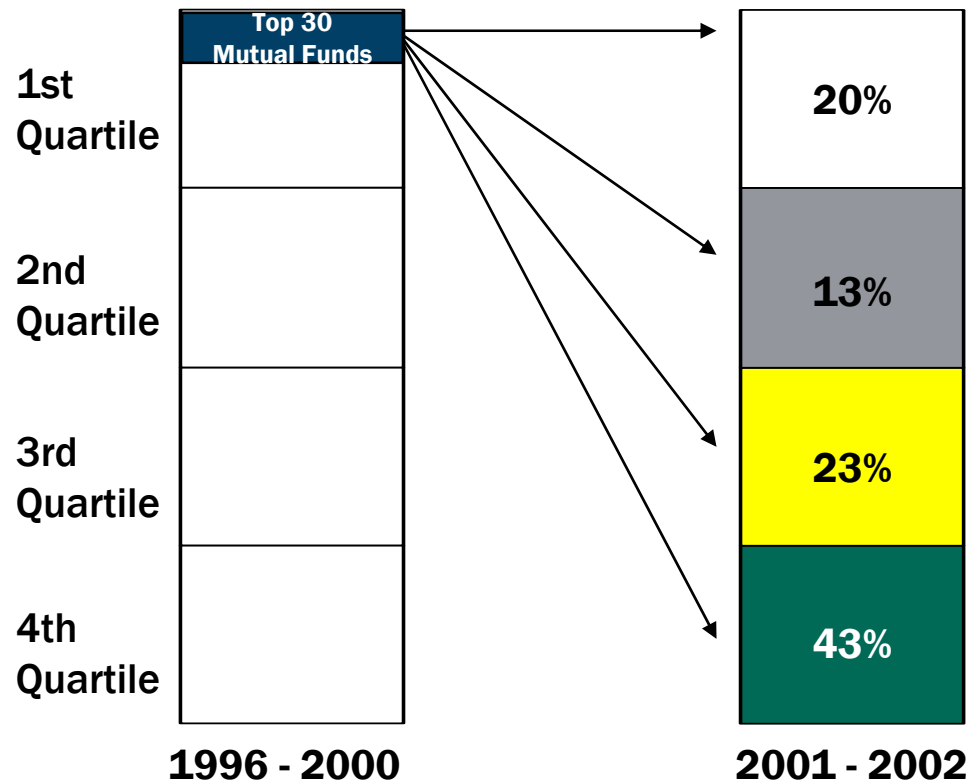
Performance is historical and does not guarantee future results.

Information from sources deemed reliable, but its accuracy cannot be guaranteed.



The Fallacy of Past Performance as a Predictor of Future Performance

Subsequent Performance of Top 30 Mutual Funds



Source: Micropal™ (excludes international, balanced and specialty funds).
Performance is historical and does not guarantee future results.
Information from sources deemed reliable but its accuracy cannot be guaranteed.



Equity Investment Philosophy: Historical Results

Returns are determined more by

exposure to these factors than by stock selection or market timing

Small



Large

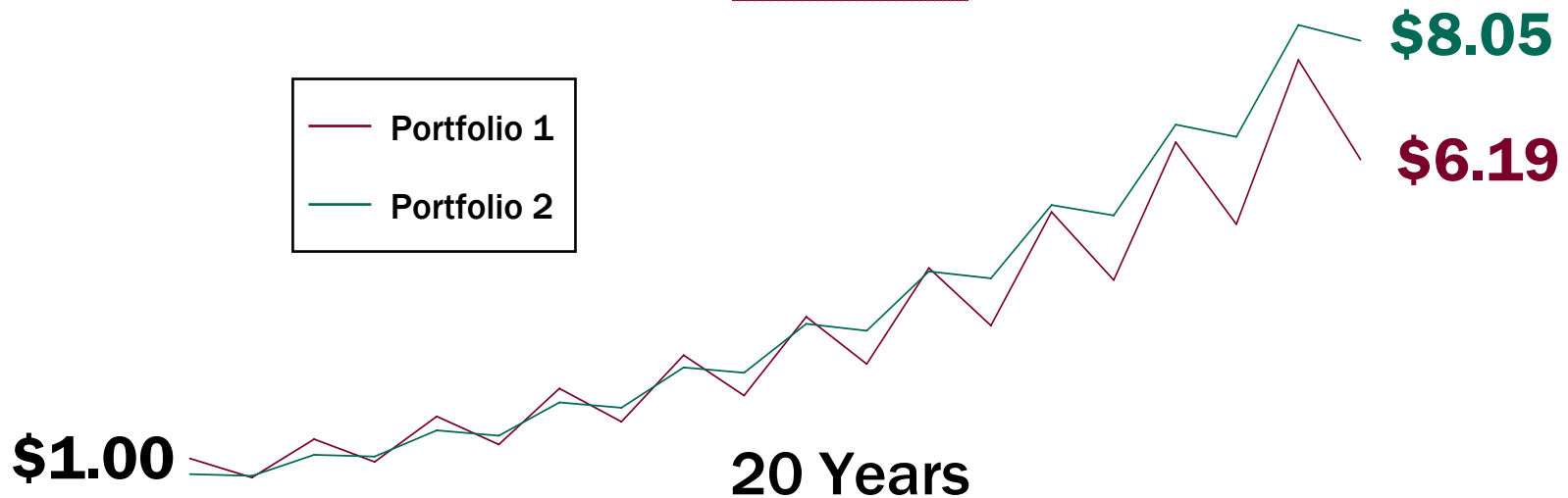
Strategy	Annualized Compound Returns (%)	Annual Standard Deviation
1927-2004		
U.S. Large Cap Value	12.10	27.53
S&P 500 Index	10.42	20.44
U.S. Large Growth	9.58	20.61
1927-2004		
U.S. Small Value	15.12	32.31
U.S. Small Cap	12.04	31.32
U.S. Small Growth	9.86	33.71
1975-2004		
International Large Value	17.63	22.47
International Small Cap	17.39	27.88
MCSI EAFE (net dividends)	12.12	21.52

Source: Dimensional Fund Advisors, Inc.
 Information from sources deemed reliable, but its accuracy cannot be guaranteed.
 Performance is historical and does not guarantee future results.
 See Sources and Descriptions of Data.



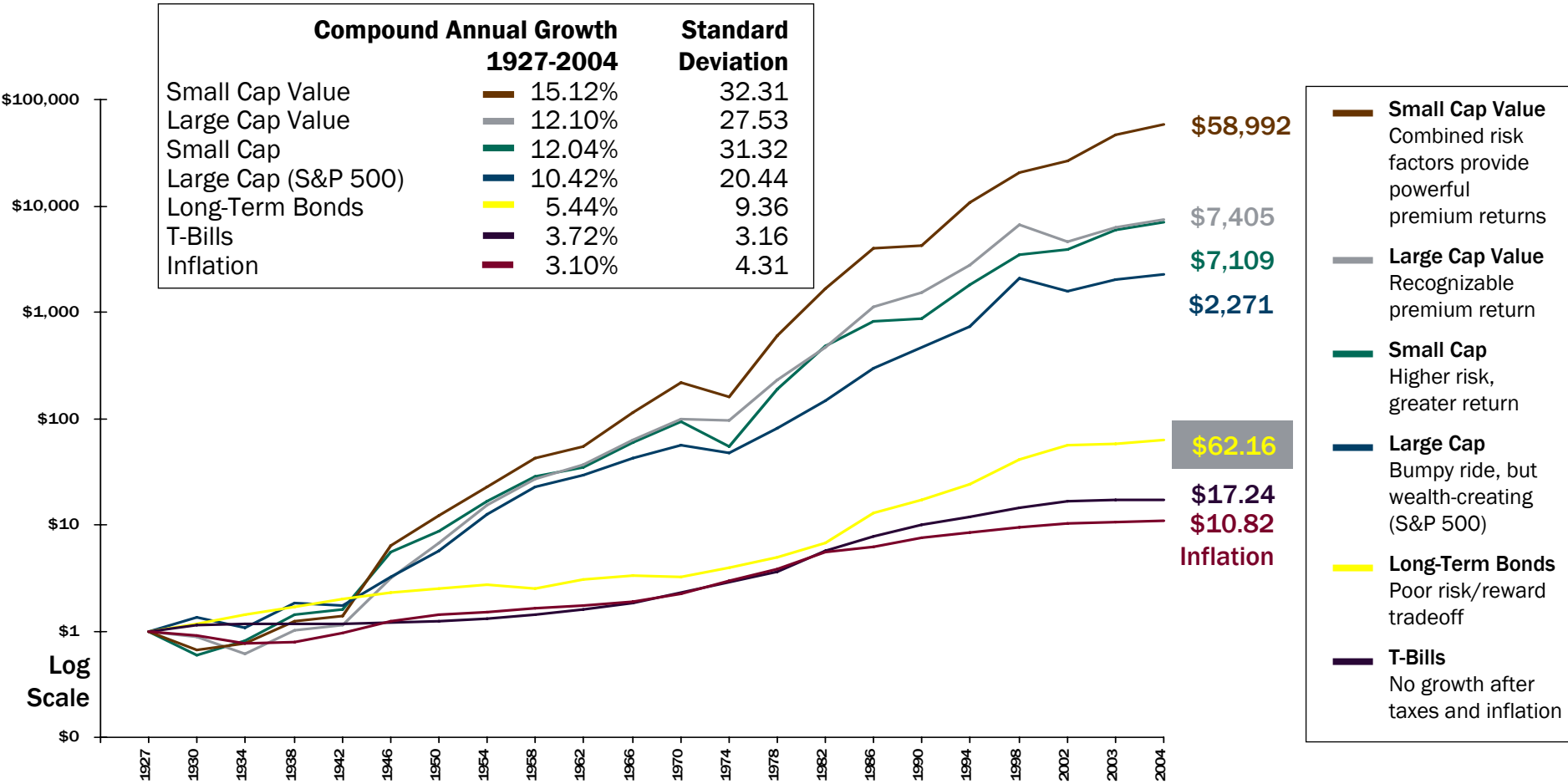
Portfolio Construction Volatility and Returns

	Portfolio 1	Portfolio 2
Average Annual Return	15%	12%
Standard Deviation	35.9%	15.4%
Comp. Growth Rate	9.5%	11%





Distinct Asset Classes Provide Distinct Return Profiles



Growth of \$1

Source: Dimensional Fund Advisors, Inc.

Performance is historical and does not guarantee future results.

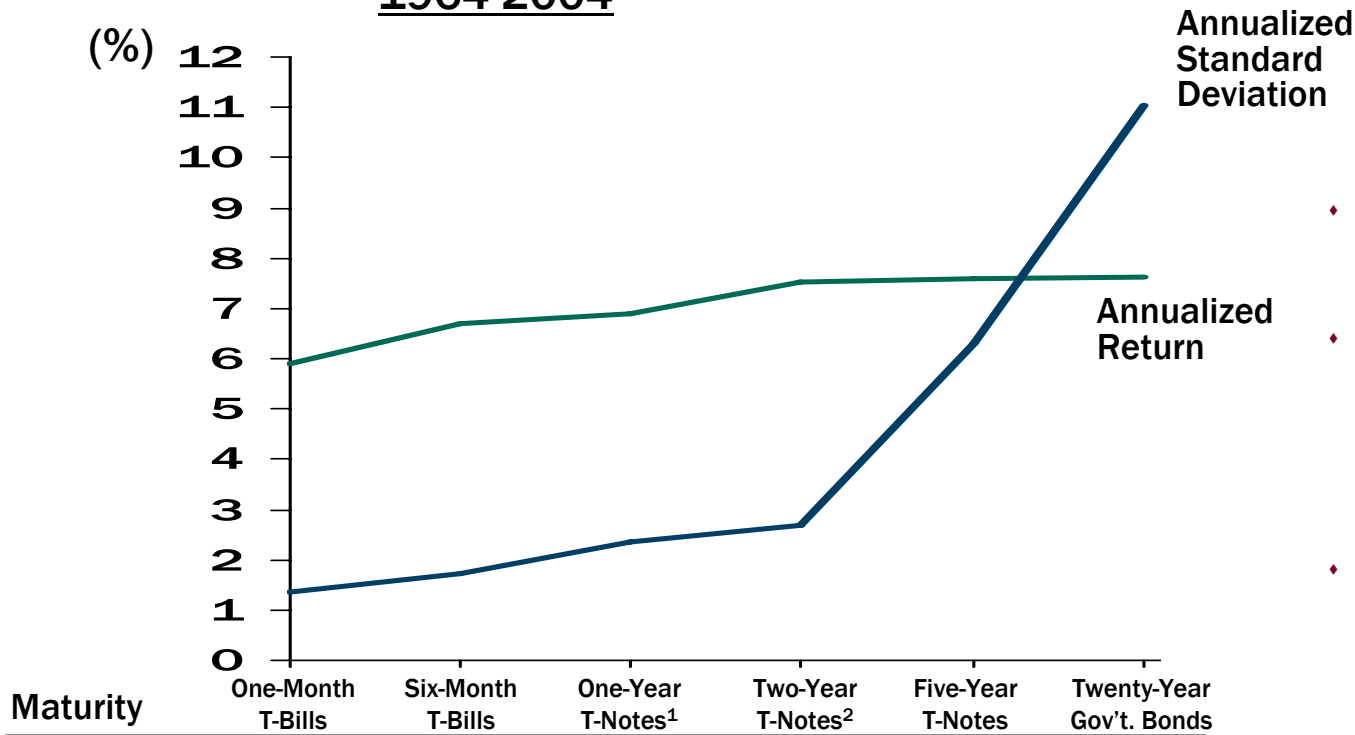
Information from sources deemed reliable and current, but its accuracy cannot be guaranteed.

See *Sources and Descriptions of Data* at the end of this booklet.



Does It Pay To Extend Maturities?

1964-2004



- Longer maturity instruments are riskier.
- Returns for longer maturity instruments are not consistently greater.
- Alternative strategies are needed to enhance returns.

Maturity	One-Month T-Bills	Six-Month T-Bills	One-Year T-Notes ¹	Two-Year T-Notes ²	Five-Year T-Notes	Twenty-Year Gov't. Bonds
Annualized Return (%)	5.90	6.68	6.89	7.54	7.59	7.61
Annualized Standard Deviation*	1.35	1.74	2.37	2.70	6.30	11.03

*Standard deviation annualized from quarterly data.

¹One-Year T-Notes: Twelve-Month Treasury Bills - 7/1963-5/1991 = CRSP/DFA; 6/1991-6/2000 = ML One-Year Treasury Bill Index; 7/2000-Present = ML One-Year Treasury Note Index. ²Two-Year T-Notes: 7/1952 - 2/1996 = Simulated returns, two-year maximum maturity U.S. Treasury, data courtesy of CRSP; 3/1996 - Present = DFA Two-Year Global Fixed Income Portfolio.

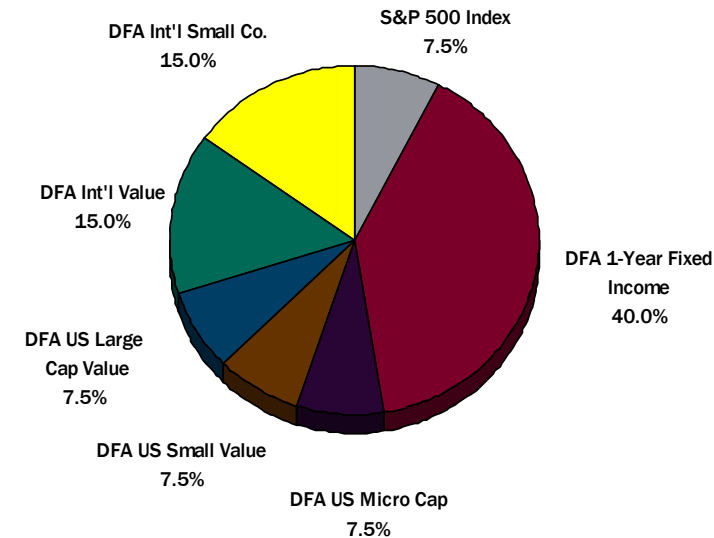
Source: Dimensional Fund Advisors, Inc. Information from sources deemed reliable, but its accuracy cannot be guaranteed. Performance is historical and does not guarantee future results. See Sources and Descriptions of Data at the end of this booklet.



The Power of Diversification

Quarterly: January 1973 - December 2004	P1	P2	P3	P4	P5
Lehman Gov't Credit Bond Index	40%				
S&P 500 Index	60%	60%	30%	15%	7.5%
DFA 1-Year Fixed Income		40%	40%	40%	40%
DFA US Micro Cap			30%	15%	7.5%
DFA US Small Cap Value				15%	7.5%
DFA US Large Cap Value				15%	7.5%
DFA Int'l Value					15%
DFA Int'l Small Co.					15%
Annualized Return %	10.50	10.19	11.55	12.34	12.52
Annualized Standard Deviation	11.22	10.25	12.49	12.46	10.92
Growth of \$1	\$24.42	\$22.29	\$33.01	\$41.44	\$43.62
Sharpe Ratio*	.414	.414	.461	.520	.593

Portfolio 5



* The Sharpe Ratio is a measure of the risk-adjusted return of an investment. A higher ratio indicates a greater return for a unit of risk. The Sharpe Ratio is calculated as the average annual portfolio return less the average annual risk-free rate (One-Month T-Bills) divided by the portfolio's annualized standard deviation.

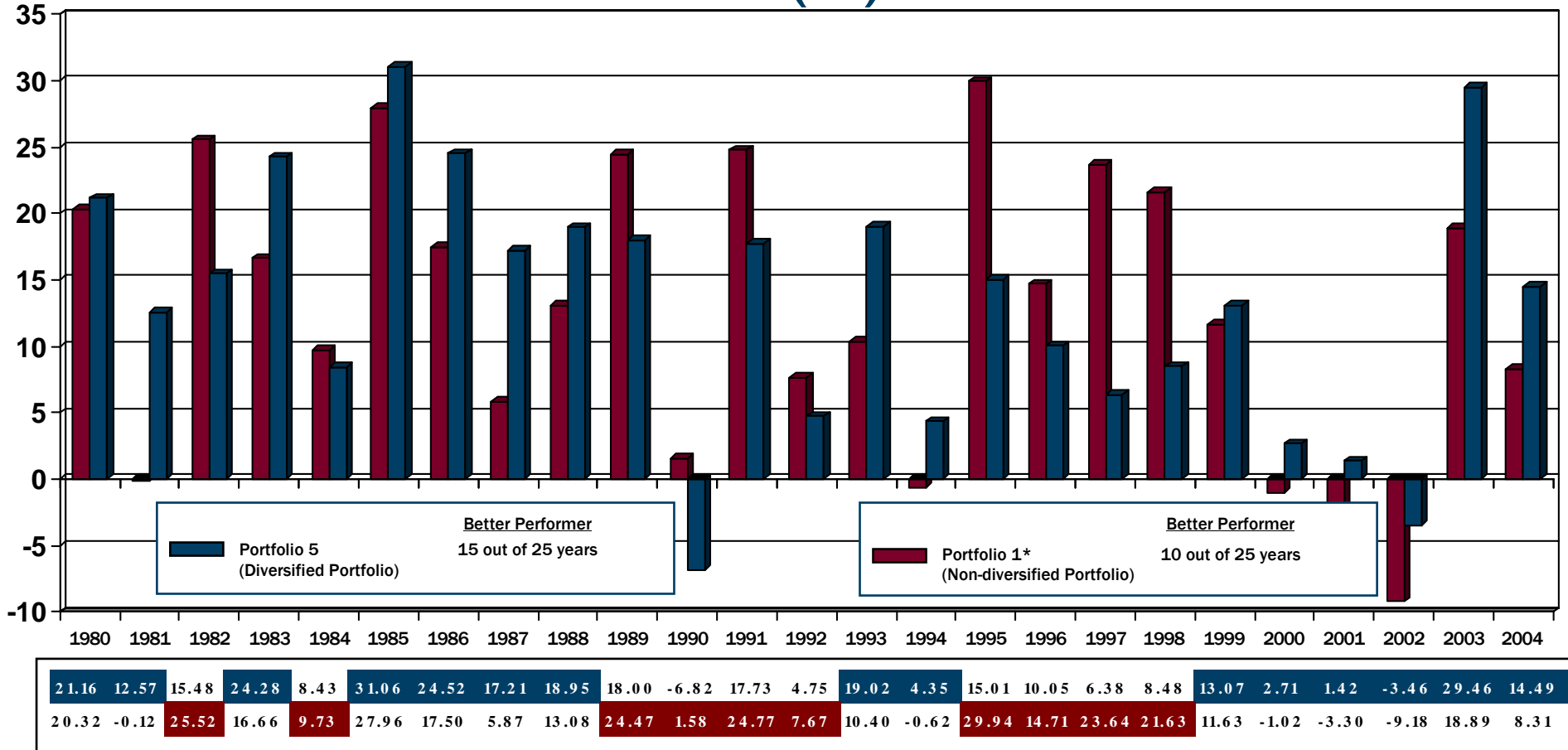
Source: Dimensional Fund Advisors Inc.

Asset classes represent a combination of live funds and simulated strategies. Performance is historical and does not guarantee future results. Portfolios shown do not include tax-managed funds. All Portfolios assume reinvestment of dividends and capital gains. Annualized from quarterly data. All portfolios rebalanced quarterly and do not reflect investment advisory fees and fund expenses when simulated data is used. Simulated data is used prior to the inception of the live portfolios. Simulated data does not reflect deductions of fund expenses that a client would pay. Nor do simulated returns represent results of actual trading. See Sources and Descriptions of Data to identify which periods are simulated and which periods contain live data for each data series. Live data does not reflect all fund expenses incurred by the portfolios and incorporates actual trading results. Both simulated and live data reflect total returns. Such fees and expenses will affect subsequent performance. All material represented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed.



The Risk of Diversification

Annual Returns (%) 1980 - 2004



Shading in above table indicates the higher returning portfolio. *60% S&P 500/40% Lehman Gov't Credit Bond Index

Source: Dimensional Fund Advisors, Inc.

Information from sources deemed reliable, but its accuracy cannot be guaranteed. Performance is historical and does not guarantee future results. Portfolios shown do not include tax-managed funds. Asset class data includes simulated and live returns. For portfolio construction, simulated data is used prior to the inception of the live portfolios. Simulated data does not reflect deductions of fund expenses, investment advisory fees or investor's trading costs (expenses, fees and costs will affect subsequent performance). Nor do simulated returns represent results of actual trading. See Sources and Descriptions of Data to identify which periods are simulated and which periods contain live data for each data series.



Personalized Investment Strategies Reflect Your Investment Policy

Simulated Strategies* - Value Tilt Without Real Estate

	Conservative	Moderate	Aggressive	All-Stock
Equity	40	60	80	100
US Stocks	28	42	56	70
Large Cap Market DFA US Large Co Institutional Index Portfolio	6	9	12	15
Large Cap Value DFA US Large Cap Value III Portfolio	8	12	16	20
Small Cap Market DFA US Small Cap Portfolio	4	6	8	10
Small Value DFA US Small Cap Value Portfolio	10	15	20	25
International Stocks	12	18	24	30
Large Value DFA International Value III Portfolio	5.6	8.4	11.2	14
Small Cap Market DFA International Small Cap Portfolio	1.6	2.4	3.2	4
Small Value DFA International Small Cap Value Portfolio	3.2	4.8	6.4	8
Emerging Markets Large DFA Emerging Markets Portfolio	.8	1.2	1.6	2
Emerging Markets Value DFA Emerging Markets Value Portfolio	.8	1.2	1.6	2
Hard Assets	0	0	0	0
Real Estate	0	0	0	0
REITS DFA Real Estate Securities Portfolio	0	0	0	0
Commodities	0	0	0	0
PIMCO Commodity Real Return	0	0	0	0
Fixed Income	60	40	20	0
DFA Two-Year Global Fixed Income Portfolio	60	40	20	0

Annualized Returns (%) for Periods Ending 12/31/04

	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0	S&P 500/ EAFE Index**
One Year	9.59	14.02	18.45	22.88	13.69
Three Years	9.41 (8.73)	12.45 (13.32)	15.27 (17.88)	17.87 (22.40)	6.08 (19.78)
Five Years	7.50 (7.79)	8.94 (12.04)	10.23 (16.27)	11.38 (20.48)	-1.88 (18.66)
Ten Years	9.03 (6.11)	10.76 (9.52)	12.41 (12.99)	13.98 (16.48)	10.30 (19.59)

Numbers in () represent standard deviations.

Growth of \$1,000 Invested for Periods Ending 12/31/04

	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0	S&P 500/ EAFE Index**
One Year	\$1,100	\$1,140	\$1,180	\$1,230	\$1,140
Three Years	1,310	1,420	1,530	1,640	1,190
Five Years	1,440	1,530	1,630	1,710	910
Ten Years	2,370	2,780	3,220	3,700	2,660

Simulated Strategies - Value Tilt w/o Real Estate (page 1 of 2)
Returns with fee deductions shown on following page.

***See preceding
"Important Disclosures Regarding Simulated Strategies."**

Source: Dimensional Fund Advisors, Inc. All material represented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Portfolios shown do not include tax-managed funds. Large Cap Market weighting allocated to S&P 500 Index prior to January 1991. International Small Cap Value allocated to International Small prior to data inception January 1995. Emerging Markets Value and Emerging Markets Large weightings allocated evenly between International Large Cap Value and International Small Cap Market prior to data inception January 1988. Emerging Markets Value was a closed-end vehicle prior to April 1998. Asset class data includes simulated and live returns. See Sources and Descriptions of Data to identify which periods are simulated and which periods contain live data for each data series. Standard deviations for 3- and 5-year periods are annualized from quarterly standard deviations. Performance is historical and does not guarantee future results. ** 70% S&P 500, 30% EAFE Index.



Personalized Investment Strategies

Reflect Your Investment Policy

(Simulated Strategies* - Value Tilt Without Real Estate)

Annualized Returns (%) for Periods Ending 12/31/04
With 1.0% Advisory Fee

	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0
One Year	8.53	12.92	17.32	21.72
Three Years	8.35 (8.73)	11.36 (13.32)	14.16 (17.88)	16.74 (22.40)
Five Years	6.44 (7.79)	7.88 (12.04)	9.16 (16.27)	10.29 (20.48)
Ten Years	7.96 (6.06)	9.68 (9.45)	11.32 (12.90)	12.87 (16.37)

Numbers in () represent standard deviations.

Annualized Returns (%) for Periods Ending 12/31/04
With 1.85% Advisory Fee

	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0
One Year	7.62	11.99	16.36	20.73
Three Years	7.45 (8.73)	10.44 (13.32)	13.22 (17.88)	15.78 (22.40)
Five Years	5.55 (7.79)	6.98 (12.04)	8.25 (16.27)	9.37 (20.48)
Ten Years	7.06 (6.03)	8.78 (9.39)	10.40 (12.82)	11.94 (16.27)

Numbers in () represent standard deviations.

Growth of \$1,000 Invested for Periods Ending 12/31/04
(with 1.0% Advisory Fee)

	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0
One Year	\$1,090	\$1,130	\$1,170	\$1,220
Three Years	1,270	1,380	1,490	1,590
Five Years	1,370	1,460	1,550	1,630
Ten Years	2,150	2,520	2,920	3,360

Growth of \$1,000 Invested for Periods Ending 12/31/04
(with 1.85% Advisory Fee)

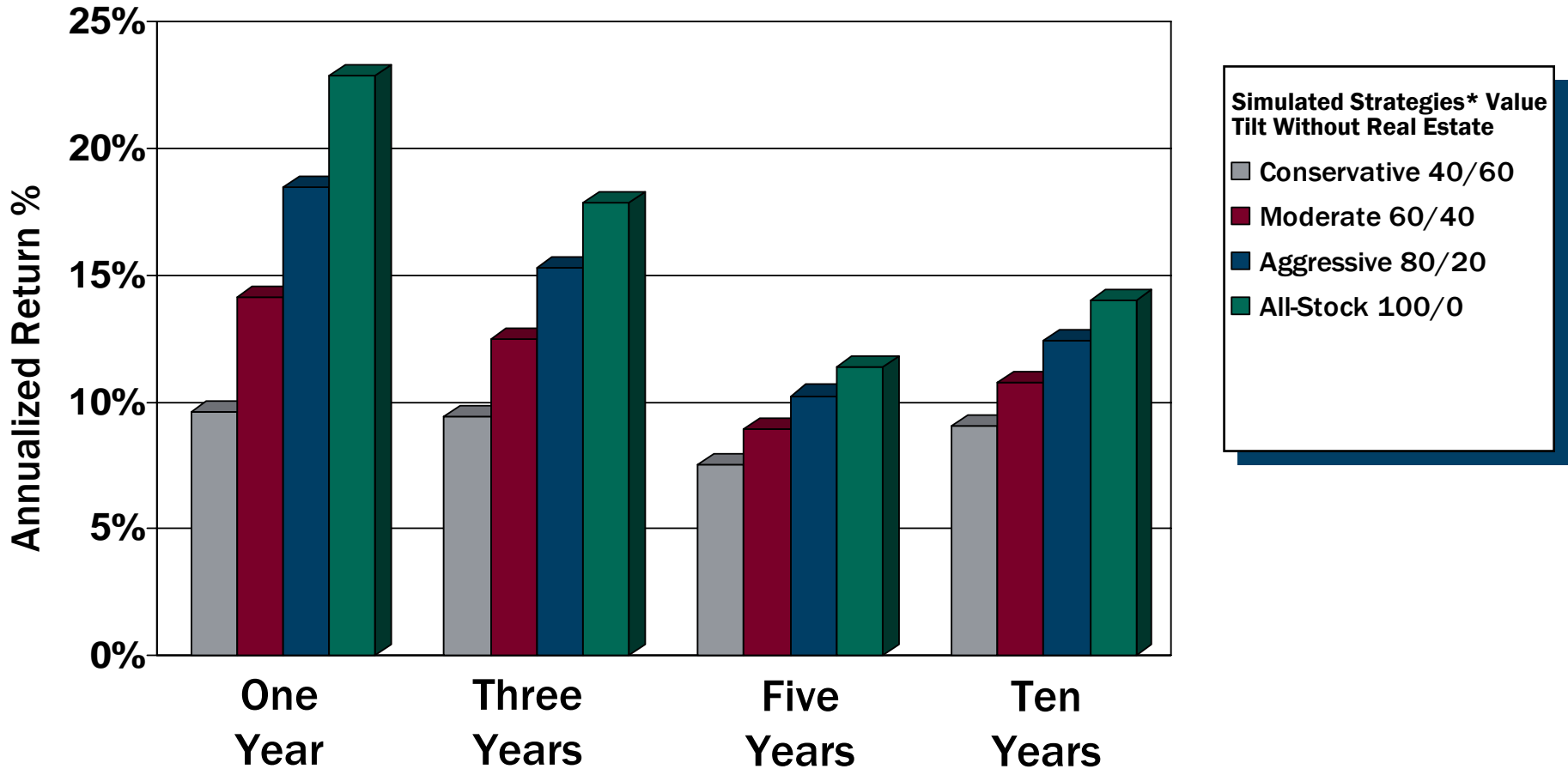
	Conservative Portfolio 40/0/60	Moderate Portfolio 60/0/40	Aggressive Portfolio 80/0/20	All-Stock Portfolio 100/0/0
One Year	\$1,080	\$1,120	\$1,160	\$1,210
Three Years	1,240	1,350	1,450	1,550
Five Years	1,310	1,400	1,490	1,570
Ten Years	1,980	2,320	2,690	3,090

***See preceding "Important Disclosures Regarding Simulated Strategies."** Simulated Strategies - Value Tilt w/o Real Estate (page 2 of 2)

Source: Dimensional Fund Advisors, Inc. All material represented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Portfolios shown do not include tax-managed funds. Large Cap Market weighting allocated to S&P 500 Index prior to January 1991. International Small Cap Value allocated to International Small prior to data inception January 1995. Emerging Markets Value and Emerging Markets Large weightings allocated evenly between International Large Cap Value and International Small Cap Market prior to data inception January 1988. Emerging Markets Value was a closed-end vehicle prior to April 1998. Asset class data includes simulated and live returns. See Sources and Descriptions of Data to identify which periods are simulated and which periods contain live data for each data series. Standard deviations for 3- and 5-year periods are annualized from quarterly standard deviations. Performance is historical and does not guarantee future results.



Returns for Multiple Periods Ending December 31, 2004



*See preceding "Important Disclosures Regarding Simulated Strategies." Portfolio returns reflect the deduction of a 1% investment advisory fee.

Source: Dimensional Fund Advisors, Inc. All material represented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Portfolios shown do not include tax-managed funds. Large Cap Market weighting allocated to S&P 500 Index prior to January 1991. Real Estate Stocks weighting allocated evenly between U.S. Micro Cap and U.S. Small Value prior to data inception January 1975. International Large Cap Value weighting allocated evenly between International Small and International Large prior to data inception January 1975. International Small Cap Value allocated to International Small prior to data inception January 1995. Emerging Markets Value and Emerging Markets Large weightings allocated evenly between International Large Cap Value and International Small Cap Market prior to data inception January 1988. Emerging Markets Value was a closed-end vehicle prior to April 1998. Asset class data includes simulated and live returns. See Sources and Descriptions of Data to identify which periods are simulated and which periods contain live data for each data series. Performance is historical and does not guarantee future results.



Dimensional Fund Advisors, Inc.

- ◆ Institutional, passive asset class funds
- ◆ Close ties with leading financial economists and the academic community
- ◆ Consistent, reliable exposure to targeted asset classes
- ◆ Demonstrated trading cost minimization
- ◆ Market dimensions of reward for risk taken
- ◆ Commitment to tax management



Sample Client Report

Portfolio Performance Review

- ◆ Provides reconciliation of account for the quarter.
- ◆ Clearly states investment gain/loss.
- ◆ Provides internal rate of return (IRR) and time-weighted return (TWR).

YOUR FIRM NAME
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE NUMBER

Portfolio Performance Review

SAMPLE GROUP* Acct #: ALL ACCOUNTS

09/30/2003 – 12/31/2003 FOURTH QUARTER 2003

Beginning Value		2,704,766.71
Contributions	0.00	
Withdrawals	(1,636.44)	
Net Contributions		(1,636.44)
Capital Appreciation		145,569.89
Dividend Income	14,139.98	
Interest Income	16,671.88	
Income		30,811.86
External Fee Payments		1,116.79
Management Fees	(4,057.14)	
Other Expenses	0.00	
Total Expenses		(4,057.14)
Beginning Accrued	20,542.36	
Accrued Paid		
Ending Accrued	24,819.45	
Change in Accrued		4,277.09
Ending Value		2,880,848.76
Investment Gain		176,601.70

Total Portfolio	4TH QTR 2003	YEAR TO DATE	TRAILING TWELVE MONTHS	TRAILING THREE YEARS	TRAILING FIVE YEARS	* INCPTN TO DATE
Internal Rate of Return (net)	6.53	17.99	17.99	6.91	6.98	6.74
Time Weighted (net)	6.53	18.32	18.32	7.18	7.85	6.74

* Return since inception date of 07/30/1996

Returns for periods exceeding 12 months are annualized.

TOTAL PORTFOLIO RETURNS ARE NET OF FEES.

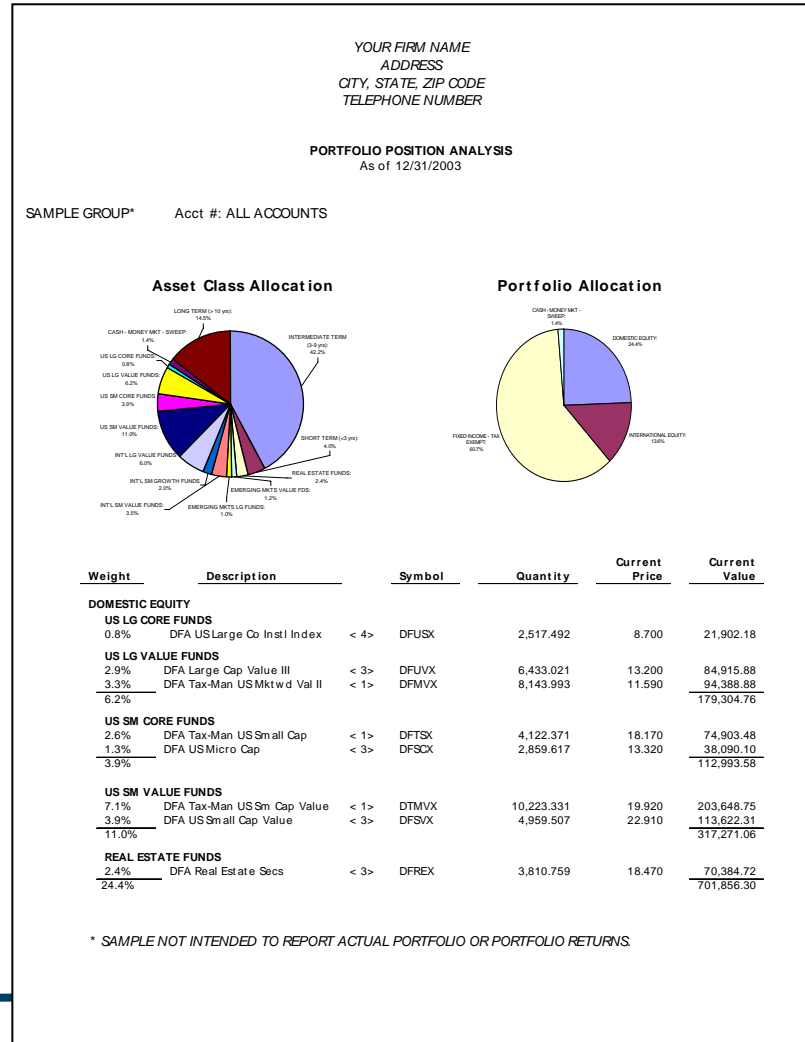
* NOT INTENDED TO REPORT ACTUAL PORTFOLIO OR PORTFOLIO RETURNS.



Sample Client Report

Portfolio Position Analysis

- Includes color pie charts customized to each client account or group of accounts.
- Shows position totals by security, asset class and total portfolio.





Trusted Advisor Relationship

- ♦ **Objective, independent advisors**
- ♦ **Commitment to a fee-only relationship**
- ♦ **Decision process driven by client interests**
- ♦ **Focused on identifying the client's financial needs and goals and implementing the appropriate course of action**
- ♦ **Fidelity Investments or Charles Schwab & Co. provide custodial services for client accounts**



Working with Cypress Asset Management

Steps in Implementation

1. Quantify client's financial goals and needs
2. Assess client's financial resources (need to take risk)
3. Evaluate client's time horizon (ability to take risk)
4. Determine client's risk tolerance (willingness to take risk)
5. Analyze client's balance sheet (assets and liabilities)
6. Develop Monte Carlo simulations as needed
7. Construct an investment policy and develop a written Investment Policy Statement (IPS)
8. Explain and discuss investment options and structure



Working with Cypress Asset Management

Steps in Implementation

9. Implement a globally diversified, tax-efficient portfolio
10. Provide discipline to achieve long-term goals; rebalance regularly
11. Re-evaluate client's objectives on an ongoing basis
12. Provide informative, accurate, timely reports
13. Offer continuing investment education
14. Communicate with client regularly



Effective Portfolio Construction

- ♦ **Access to institutional, passive asset class funds that are low cost and tax efficient, including tax-managed funds**
- ♦ **Greater ability to diversify through more asset classes, particularly international asset classes**
- ♦ **Most effective diversification through lower correlating asset classes**
- ♦ **Greater exposure to the risk factors of size and value**



Cypress Asset Management Provides the Discipline to Rebalance

- ◆ Successful investing means accepting the inevitability of negative short-term fluctuations.
- ◆ Expectation of bad days are built into our investment strategy.
- ◆ We use the investment principle of rebalancing to take advantage of both positive and negative fluctuations.
- ◆ Rebalancing is used to manage risk and may enhance returns over time.
- ◆ Through periodic rebalancing, our clients can SELL HIGH and BUY LOW - every investor's desire.



Tax Management

- ♦ **Sensitive to tax issues**
- ♦ **Strive to maximize after-tax rates of return**
- ♦ **Periodic review of tax losses and gains to identify loss harvesting opportunities**



Sources and Descriptions of Data

U.S. Equities

US Micro Cap Portfolio:

Small Company Universe (Deciles 9 & 10) – all Exchanges

January 1926 – June 1962:	NYSE, rebalanced semi-annually.
July 1962 – December 1972:	CRSP Database, NYSE and AMEX, rebalanced quarterly.
January 1973 – December 1981:	CRSP Database, NYSE, AMEX and OTC, rebalanced quarterly.
January 1982 – March 2001:	US 9-10 Small Company Portfolio net of all fees.
April 2001 – Present:	US Micro Cap Portfolio net of all fees.

US Small Cap Portfolio:

Small Company Universe (Deciles 6-10) – all Exchanges

January 1926 – June 1962:	NYSE, rebalanced semi-annually.
July 1962 – December 1972:	CRSP Database – AMEX and NYSE only.
January 1973 – September 1988:	CRSP Database – AMEX, NYSE and NASDAQ.
October 1988 – March 1992:	CRSP/AMEX, NYSE and NMS.
April 1992 – March 2001:	US 6-10 Small Company Portfolio net of all fees.
April 2001 – Present:	US Small Cap Portfolio net of all fees.

S&P 500 Index:

Courtesy of Roger G. Ibbotson and Rex A. Sinquefeld, *Stocks, Bonds, Bills and Inflation: The Past and the Future*, Dow Jones, 1989. Ibbotson Associates, Chicago, annually updates work by Roger G. Ibbotson and Rex A. Sinquefeld. Used with permission. All rights reserved.

US Small Value Portfolio:

January 1927 – March 1993:	Simulated strategy of lower-half market cap, upper 30% book-to-market NYSE (plus AMEX and NASDAQ equivalents). Courtesy of Fama/French and CRSP. Excludes utilities.
April 1993 – March 2001:	US 6-10 Value Portfolio net of all fees. Excludes utilities.
April 2001 – Present:	US Small Value Cap Portfolio net of all fees. Excludes utilities.

US Large Cap Value Portfolio:

January 1927 – March 1993:	Simulated strategy of upper-half market cap, upper 30% book-to-market NYSE (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973). Courtesy of Fama/French and CRSP. Excludes utilities.
April 1993 – Present:	US Large Cap Value Portfolio net of all fees.

DFA Real Estate Securities Portfolio:

January 1975 – December 1992:	Simulated returns courtesy of Professor Donald Keim, Wharton School. Excludes health-care REITs.
January 1993 – Present:	DFA Real Estate Securities Portfolio net of all fees.

US Large Company Portfolio:

January 1926 – December 1990:	S&P 500 returns.
January 1991 – Present:	US Large Company Portfolio net of all fees.

CRSP 9-10 Index:

Courtesy of Center for Research in Security Prices, University of Chicago. Small Company Universe Returns (Deciles 9 and 10) – all Exchanges.

January 1926 – June 1962:	NYSE, rebalanced semi-annually.
July 1962 – December 1972:	CRSP Database, NYSE and AMEX, rebalanced quarterly.
January 1973 – September 1988:	CRSP Database, NYSE, AMEX and OTC, rebalanced quarterly.
October 1988 – Present:	CRSP Index (NYSE, AMEX and OTC).

CRSP 6-10 Index:

Courtesy of Center for Research in Security Prices, University of Chicago. Small Company Universe Returns (Deciles 6-10) – all Exchanges.

January 1926 – June 1962:	NYSE, rebalanced semi-annually.
July 1962 – December 1972:	CRSP Database, NYSE and AMEX, rebalanced quarterly.
January 1973 – September 1988:	CRSP Database, NYSE, AMEX and OTC, rebalanced quarterly.
October 1988 – Present:	CRSP Index (NYSE, AMEX and OTC).

Fama-French US Small Cap Value Simulated Strategy:

January 1927 – Present: Fama-French US Small Cap Value Simulated Strategy, simulates DFA's hold range and estimated trading costs. Courtesy of Fama-French and CRSP: Deciles 6-10 Size, (.7) BtM, rebalanced quarterly.

Fama-French US Small Cap Growth Simulated Strategy:

January 1927 – Present: Fama-French US Small Cap Growth Sim. Strategy, simulates hold range, estimated trading costs for growth stocks designed to mirror DFA's Value Strategies. Courtesy of Fama-French and CRSP: Deciles 6-10 Size, (.3) BtM, rebalanced quarterly.

Fama-French US Large Cap Value Simulated Strategy:

Simulates DFA strategy hold range and estimated trading costs. Courtesy of Fama-French and CRSP Deciles: 1-5 Size, .7 BtM, rebalanced quarterly.

January 1927 – Present: Fama-French U.S. Large Cap Value Simulated Strategy.

Fama-French US Large Cap Growth Simulated Strategy:

Simulates hold range and estimated trading costs for growth stocks. Designed to mirror DFA's Value Strategies. Courtesy of Fama-French and CRSP: Deciles 1-5 Size, (.3) BtM, rebalanced quarterly.

January 1927 – Present: Fama-French US Large Cap Growth Simulated Strategy.

International Equities

Large Cap International Portfolio:

January 1970– July 1991:	MSCI EAFE Index – Net Dividends.
August 1991 – Present:	Large Cap International Portfolio net of all fees. Countries included: Japan, U.K., Germany, Australia, Netherlands, Switzerland, France, Italy.



Sources and Descriptions of Data

DFA International Value Portfolio:

January 1975 – March 1993: International High BtM (Value) Val-Wtd Unhedged \$ (Top 30% BtM) Sim DFA Strategy (Max Japan 38%), Courtesy Fama/French & MSCI Includes Japan, Great Britain, France, Germany, Switzerland, the Netherlands, Hong Kong, Australia, Italy, Belgium, Spain (Rebal Qtrly).
 April 1993 – June 1993: MSCI EAFE Index Substituted Temporarily.
 July 1993 – February 1994: DFA International High Book To Market Portfolio net of all fees.
 March 1994 – Present: DFA International Value Portfolio net of all fees.

DFA International Small Cap Value Portfolio:

January 1995 – Present: DFA International Small Cap Value Portfolio net of all fees.

DFA International Small Company Strategy/DFA International Large Company Strategy:

January 1970 – June 1988: 50% DFA Japanese Port., 50% DFA U.K. Port. net of all fees.
 July 1988 – September 1989: 50% DFA Japanese Portfolio, 20% DFA U.K. Portfolio, 30% DFA Continental Portfolio net of all fees.
 October 1989 – March 1990: 40% DFA Japanese Portfolio, 30% DFA Continental Portfolio, 20% DFA U.K. Portfolio, 10% DFA Asia/Australia Portfolio net of all fees.
 April 1990 – December 1992: 40% DFA Japanese Portfolio, 35% DFA Continental Portfolio, 15% DFA U.K. Portfolio, 10% DFA Asia/Australia Portfolio net of all fees.
 January 1993 – March 1997: 35% DFA Japanese Portfolio, 35% DFA Continental Portfolio, 15% DFA U.K. Portfolio, 15% DFA Asia/Australia Portfolio net of all fees.
 April 1997 – March 1998: 30% DFA Japanese Portfolio, 35% DFA Continental Portfolio, 15% DFA U.K. Portfolio, 20% Pacific Rim Portfolio net of all fees.
 April 1998 – August 2000: 25% DFA Japanese Portfolio, 40% DFA Continental Portfolio, 20% DFA U.K. Portfolio, 15% Pacific Rim Portfolio net of all fees.
 September 2000 – March 2002: 35% Japan, 35% Continental, 15% United Kingdom, 15% Pacific Rim.
 April 2002 – October 2003: 29% Japan, 42% Continental, 15% United Kingdom, 14% Pacific Rim.
 November 2003 – December 2003: 27% Japan, 40% Continental, 20% United Kingdom, 13% Pacific Rim.

DFA International Small Company Portfolio:

January 1970 – September 1996: DFA International Small Company Strategy.
 October 1996 – Present: DFA International Small Company Portfolio net of all fees.

United Kingdom Small Company Portfolio:

March 1955 – March 1986: Hoare Govett Smaller Companies Index, London School of Business.
 April 1986 – Present: DFA's U.K. Small Company Portfolio net of all fees.

Continental Small Company Portfolio:

July 1988 – Present: Countries presently include: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland.
 Continental Small Company Portfolio net of all fees.

Japanese Small Company Portfolio:

January 1970 – March 1986: Japanese Small Companies. Smaller half of first section, Tokyo Stock Exchange. The Nomura Securities Investment Trust Management Co., Ltd., Tokyo-rebalanced semi-annually.
 April 1986 – Present: Japanese Small Company Portfolio net of all fees.

Pacific Rim Small Company Portfolio:

January 1993 – Present: Countries presently include: Australia, Hong Kong, New Zealand, and Singapore.
 October 1989 – January 1992: Pacific Rim Small Company Trust net of administrative fees.
 January 1993 – January 2003: Pacific Rim Small Company Portfolio net of all fees.

Emerging Markets Portfolio:

January 1987 – February 1993: Courtesy of Fama/French ("Value versus Growth: The International Evidence." Journal of Finance 53 (1998), 1977-99).
 March 1993 – May 1994: Emerging Markets Closed-End Portfolio net of all fees.
 June 1994 – January 2003: Emerging Markets Open-End Portfolio net of all fees.

Emerging Markets Value Portfolio:

January 1987 – February 1993: Courtesy of Fama/French ("Value versus Growth: The International Evidence." Journal of Finance 53 (1998), 1975-99).
 March 1993 – May 1994: Emerging Markets Closed-End Portfolio net of all fees.
 June 1994 – March 1998: Emerging Markets Value Fund Inc.
 April 1998 – January 2003: Emerging Markets Value Portfolio net of all fees.

MSCI EAFE Index:

Courtesy of Morgan Stanley Capital International. Europe, Australia, and Far East Index net dividends (\$).

Fixed Income

DFA One-Year Fixed Income Portfolio:

DFA Fixed Income Strategy one year maximum average maturity.

November 1971 – July 1983: Simulated CD Fixed Income Strategy (maximum maturity one year).
 August 1983 – Present: DFA One-Year Fixed Income Portfolio net of all fees.

DFA Two-Year Global Fixed Income Portfolio:

DFA Fixed Income strategy two year maximum average maturity.

July 1952 – February 1996: Simulated returns – 2 year maximum maturity, U.S. Treasury, Data courtesy of CRSP
 March 1996 – Present: DFA 2-Year Global Fixed Income Portfolio net of all fees.

Lehman Government/Credit Bond Index:

Range 1 – 30+ years. Courtesy of Lehman Brothers, Inc.

Lehman Intermediate Government Credit Bond Index:

Range 1 – 10 years. Courtesy of Lehman Brothers, Inc.

One-Month Treasury Bills

Average maturity: 30 Days
 Courtesy of Roger G. Ibbotson and Rex A. Sinquefeld, *Stocks, Bonds, Bills and Inflation: The Past and the Future*, Dow Jones, 1989. Ibbotson Associates, Chicago, annually updates work by Roger G. Ibbotson and Rex A. Sinquefeld. Used with permission. All rights reserved.

Six-Month Treasury Bills

January 1964 – January 1978: CRSP.
 January 1978 – Present: Merrill Lynch G002 Index.

One-Year Treasury Note Index

July 1963 – May 1991: CRSP/DFA.
 June 1991 – June 2000: Merrill Lynch One-Year US Treasury Bill Index.
 July 2000 – Present: Merrill Lynch One-Year US Treasury Note Index (GC03 Index).

Five-Year Treasury Notes – Ibbotson Intermediate Five-Year Treasury Notes.

Long Term Government Bonds

Average Maturity: 20 years.
 Courtesy of Roger G. Ibbotson and Rex A. Sinquefeld, *Stocks, Bonds, Bills and Inflation: The Past and the Future*, Dow Jones, 1989. Ibbotson Associates, Chicago, annually updates work by Roger G. Ibbotson and Rex A. Sinquefeld. Used with permission. All rights reserved.

Inflection:

Courtesy of Roger G. Ibbotson and Rex A. Sinquefeld, *Stocks, Bonds, Bills and Inflation: The Past and the Future*, Dow Jones, 1989. Ibbotson Associates, Chicago, annually updates work by Roger G. Ibbotson and Rex A. Sinquefeld. Used with permission. All rights reserved.