

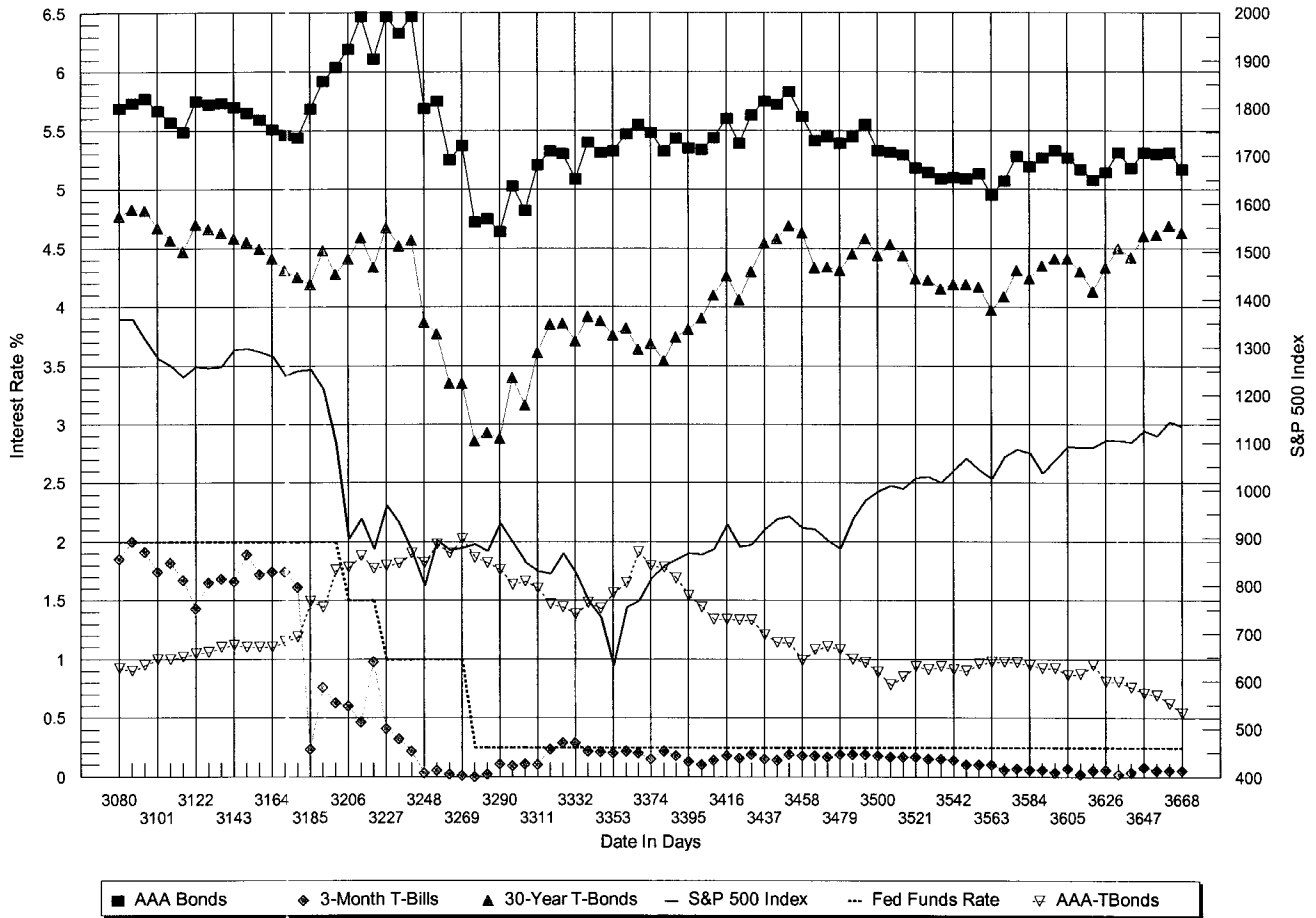
Agenda For RMC Financial Group

Session Of January 19, 2010

- Current interest rates and yield curves for US Treasuries
- Financial commentary on US and world economies
- What happened in 1994 & 2004 when interest rates rose
- Review of past performance and projections for DJIA stocks
- Where is the DJIA P/E based on mean earnings as of EOY?
- EOY update on long term performance of selected funds
- EOY update of performance of model ETF portfolio
- Credit crunch experience forces a new look at diversification
- A look at emerging and developed market bonds and ETF
- Update on model actively managed mutual fund portfolio
- Fund managers betting their own money in their funds
- Next meeting is scheduled for February 16, 2010

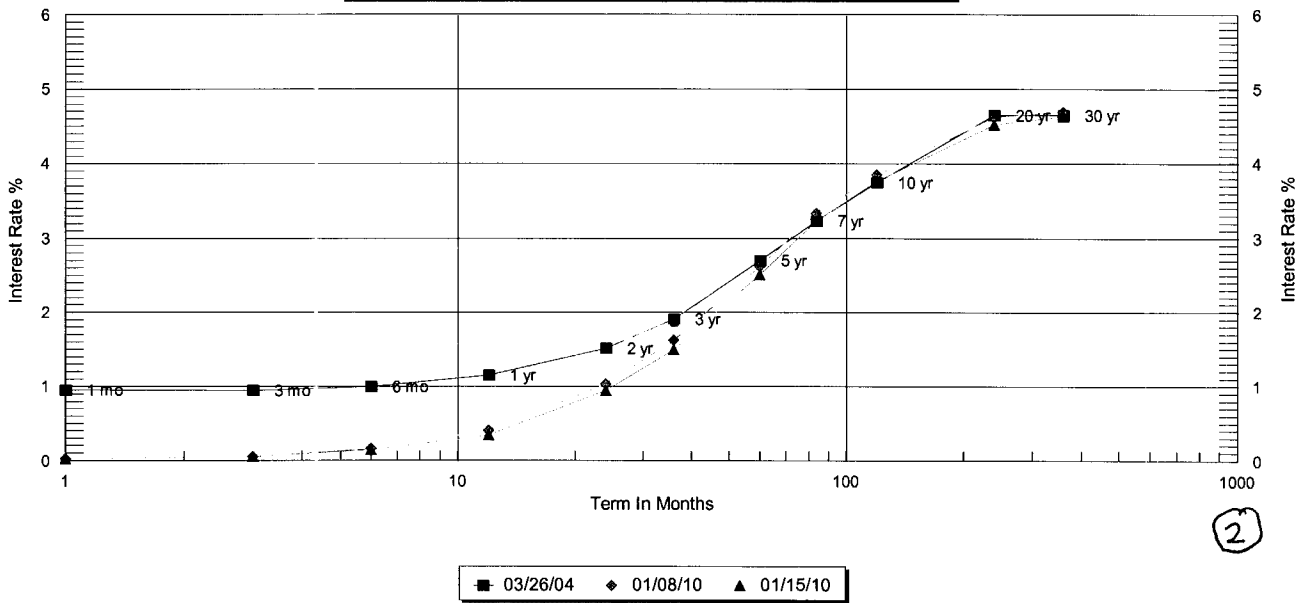
Interest Rates & S&P 500 Index

Start June 6, 2008 To The Present Time



Yield Curve For US Treasury Securities

Interest Rate Vs. Term For The Dates Shown



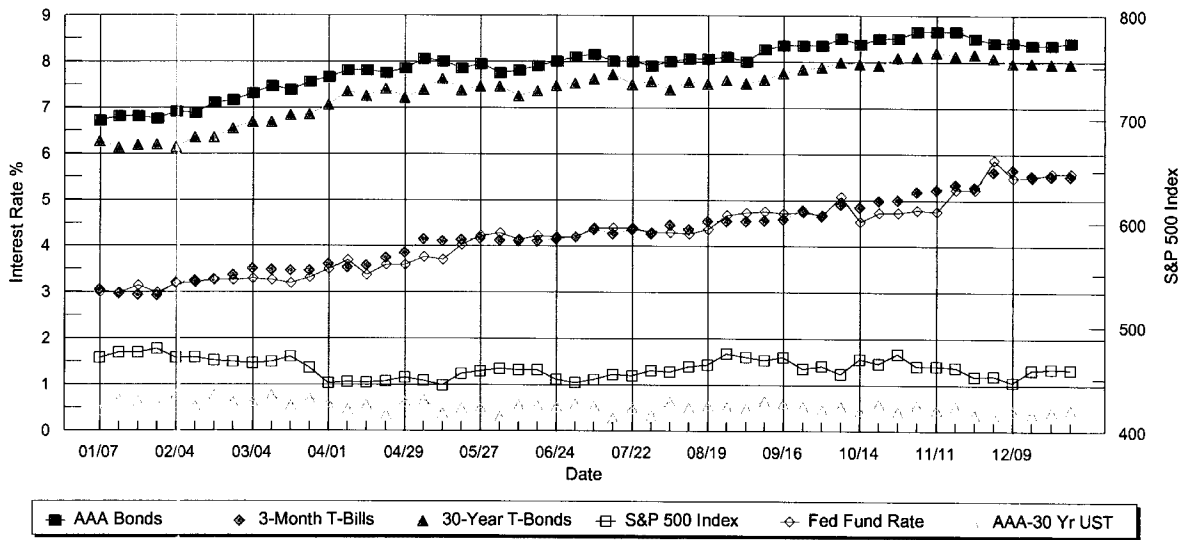
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Financial Commentary

- Just recently the CBOE Vix Index hit its lowest level since May of 2008 when the lull after the Bear Stearns rescue gave way to an implosion. This index measures the volatility of US stocks. It appears to be a very good contrarian indicator. Another contrarian indicator to go along with this one is the sentiment survey of the American Association Of Individual Investors. The results of this survey are on display at AAI.com. Bearishness in this survey hit an all-time high in March of 2009 just when the US stock markets turned around and started their impressive rise.
- Based on the cost of insurance (credit default swaps spreads) government debt has become riskier than much corporate debt. This of course contrary to the belief that government debt is risk free! For the first time the market has started to price a bigger probability of default among industrialized countries than among investment grade companies. The countries affected have taken out huge private sector debts in their efforts to reverse the economic downturn and bail out the financial sector.
- The Fed is starting to pull out some of the excess liquidity in the economy. If they pull it out too fast the economy will slow down and trigger a new recession. If pulled out too slowly there is a risk of inflation and possibly generation of a new bubble. Inflation will send bond yields spiking and equities slumping. Nobody knows for sure if the Fed can do it just right. To date nobody has successfully done so. It is this uncertainty that makes it necessary to structure your portfolio to be able to handle whatever scenario eventually materializes. If you have not already done this get to it.
- Hearing are now being held by a “9/11 like commission” to find out the causes of the financial crisis and what might be done in the future to keep it from occurring again. CEOs of the four biggest US banks, selected bank regulators and the FBI have been subjected to questioning thus far. The commission is charged with submitting a report by the end of the year. Legislation relating to the financial industry is currently being discussed in the Congress. Unfortunately the \$433 million of money provided by financial industry lobbyist to key congressional members will make passing anything meaningful difficult. The major hurdle is the Senate.
- Thus far Europe has taken a much more activist role in attempting to regulate and control the behavior of the banks. They appear to be the laboratory for trying new approaches and seeing how they work. This hopefully avoids the problem of unintended consequences and leads to only proven approaches then being applied by others. The goal must ultimately be uniform regulation and enforcement on a global scale. When and if that occurs the banks will no longer be able to practice “regulatory arbitrage”, a major factor leading to the financial crisis

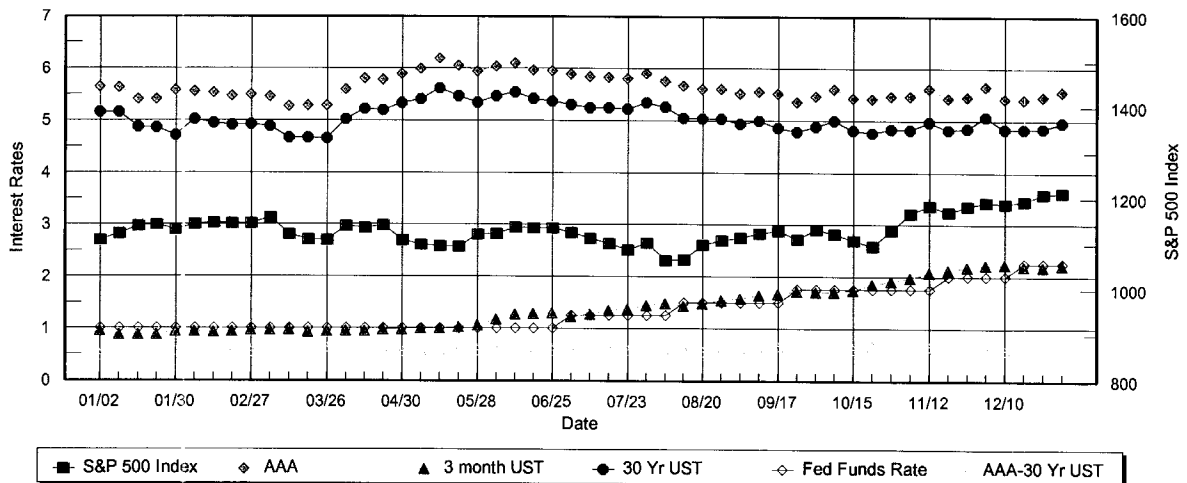
Interest Rates & S&P 500 Index During 1994

A Period Of Rising Interest Rates



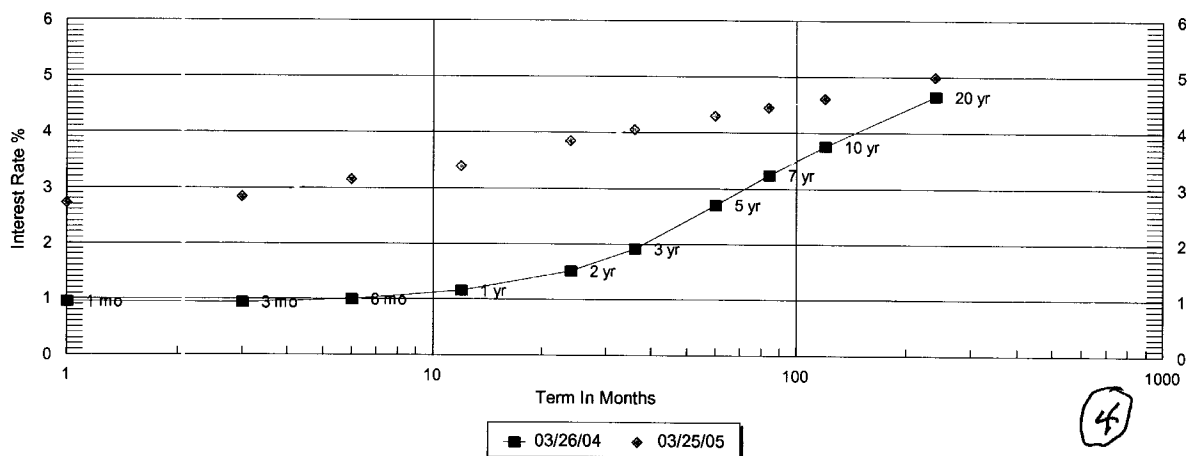
Interest Rates & S&P 500 Index During 2004

A Period Of Rising Interest Rates



Yield Curve For US Treasury Securities

Interest Rate Vs. Term For The Dates Shown



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PAST AND PROJECTED PERFORMANCE OF COMPANIES MAKING UP THE DOW JONES INDUSTRIAL AVERAGE

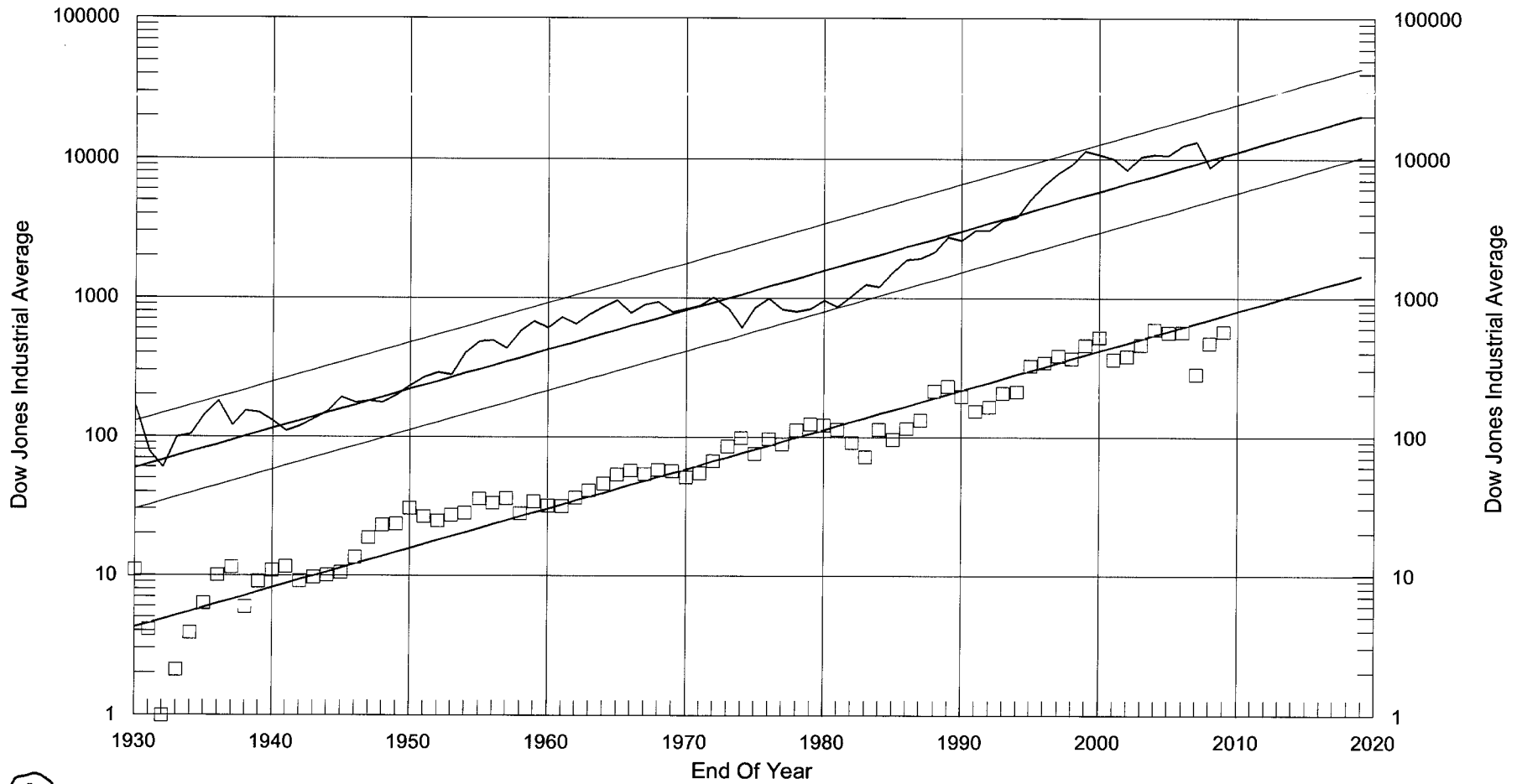
Information As Of: 01/16/2010

Current DJIA: 10610		Est. AAA Yield In One Year: 6.17%		Ten Year Treasury Yield: 3.76%		Justifiable DJIA*: 21997		DJIA Divisor: 0.13232		Return Based On Past 52 Week Earnings		Annualized Returns Bas Estimated 2009 Earnings Per Share		Estimated 2010 Earnings Per Share					
Company Name	Ticker	Current Price	Past 52 Week Earnings	Past 52 Week Dividends	Book Value	Earnings Yield	Dividend Yield	Payout Ratio	Price To Trailing Earnings	Price/Book Value	Operating Earnings Rate '10/09	Ratio Of Trailing P/E To EGR	ROE	Sustainable Growth Rate	Projected Long Term Return	Ratio Of Actual P/E To Justifiable	Return Based On Past 52 Week Earnings	Annualized Returns Bas Estimated 2009 Earnings Per Share	Estimated 2010 Earnings Per Share
ALUM CO OF AMER	AA	15.63	-1.23	0.26	14.53	-7.9%	1.7%	NMF	NMF	1.1	-183.3%	0.0	-8.5%	-8.5%	-6.9%	NA	-8.6%	-4.7%	3.7%
AMER. EXPRESS	AXP	42.39	1.08	0.72	10.09	2.5%	1.7%	67%	39.3	4.2	54.1%	0.7	10.7%	3.6%	5.3%	47%	5.3%	9.2%	17.2%
AT&T	T	25.79	2.02	1.64	16.35	7.8%	6.4%	81%	12.8	1.6	6.1%	2.1	12.4%	2.3%	8.8%	86%	8.7%	9.3%	10.1%
BANK OF AMERICA	BAC	16.26	0.03	0.04	27.46	0.2%	0.2%	133%	542.0	0.6	110.8%	4.9	0.1%	-0.0%	0.2%	330%	0.2%	1.4%	2.9%
BOEING	BA	60.82	-0.08	1.68	-1.78	-0.1%	2.8%	NMF	NMF	NMF	202.1%	0.0	4.5%	4.5%	7.4%	0%	101.6%	16.2%	-147.2%
CATERPILLAR	CAT	60.12	2.13	1.68	9.70	3.5%	2.8%	79%	28.2	6.2	33.5%	0.8	22.0%	4.6%	7.6%	52%	7.4%	6.1%	13.0%
CHEVRON	CVX	79.23	6.15	2.63	42.77	7.8%	3.3%	43%	12.9	1.9	57.8%	0.2	14.4%	8.2%	11.8%	15%	11.5%	8.5%	15.1%
CISCO SYSTEMS	CSCO	24.40	0.98	0.00	5.96	4.0%	0.0%	0%	24.9	4.1	13.6%	1.8	16.4%	16.4%	16.4%	98%	16.4%	22.1%	25.2%
COCA-COLA	KO	56.29	2.70	1.61	8.73	4.8%	2.9%	60%	20.8	6.4	11.4%	1.8	30.9%	12.5%	15.7%	93%	15.3%	19.6%	23.6%
DISNEY WALT	DIS	30.60	1.76	0.35	17.97	5.8%	1.1%	20%	17.4	1.7	5.5%	3.2	9.8%	7.8%	9.1%	125%	9.0%	9.4%	9.9%
DU PONT (E.I.)	DD	34.01	0.75	1.64	7.87	2.2%	4.8%	219%	45.3	4.3	10.4%	4.3	9.5%	-11.3%	-7.0%	216%	-6.5%	9.5%	12.2%
EXXON MOBIL	XOM	69.11	4.28	1.66	22.48	6.2%	2.4%	39%	16.1	3.1	48.1%	0.3	19.0%	11.7%	14.3%	22%	14.1%	12.5%	20.9%
GEN'L ELECTRIC	GE	16.44	1.08	0.82	9.93	6.6%	5.0%	76%	15.2	1.7	-7.1%	-2.2	10.9%	2.6%	7.7%	NA	7.6%	6.7%	6.0%
HEWLETT PACKARD	HPQ	52.47	3.26	0.32	15.50	6.2%	0.6%	10%	16.1	3.4	10.9%	1.5	21.0%	19.0%	19.7%	75%	19.6%	24.0%	26.8%
HOME DEPOT	HD	28.57	1.38	0.90	10.48	4.8%	3.2%	65%	20.7	2.7	9.9%	2.1	13.2%	4.6%	7.9%	103%	7.7%	9.1%	10.5%
INTEL	INTC	20.80	0.41	0.56	7.02	2.0%	2.7%	137%	50.7	3.0	24.6%	2.1	5.8%	-2.1%	0.5%	123%	0.6%	4.0%	6.3%
INT'L BUS MACH	IBM	131.78	9.70	2.15	9.90	7.4%	1.6%	22%	13.6	13.3	10.2%	1.3	98.0%	76.3%	79.1%	66%	77.9%	79.8%	90.0%
JOHNSON & JOHNSON	JNJ	64.56	4.58	1.90	15.17	7.1%	2.9%	41%	14.1	4.3	7.6%	1.8	30.2%	17.7%	21.1%	83%	20.6%	20.6%	22.9%
KRAFT FOODS	KFT	29.58	1.67	1.16	15.02	5.6%	3.9%	69%	17.7	2.0	9.0%	2.0	11.1%	3.4%	7.5%	93%	7.3%	9.4%	10.6%
MCDONALD'S CORP	MCD	62.28	3.87	2.00	11.75	6.2%	3.2%	52%	16.1	5.3	10.8%	1.5	32.9%	15.9%	19.6%	75%	19.1%	20.0%	23.6%
MERCK & CO.	MRK	39.47	3.80	1.52	8.89	9.6%	3.9%	40%	10.4	4.4	5.8%	1.8	42.7%	25.6%	30.5%	72%	29.5%	23.5%	25.7%
MICROSOFT	MSFT	30.86	1.54	0.52	3.88	5.0%	1.7%	34%	20.0	8.0	11.6%	1.7	39.7%	26.3%	28.4%	88%	28.0%	32.6%	37.8%
MINNESOTA MING	MMM	83.37	3.08	2.03	14.10	3.7%	2.4%	66%	27.1	5.9	6.6%	4.1	21.8%	7.4%	10.1%	175%	9.9%	20.4%	22.6%
MORGAN JP	JPM	43.68	1.20	0.53	36.03	2.7%	1.2%	44%	36.4	1.2	49.5%	0.7	3.3%	1.9%	3.1%	47%	3.1%	5.7%	8.7%
PFIZER	PFE	19.49	1.21	0.80	8.52	6.2%	4.1%	66%	16.1	2.3	10.4%	1.5	14.2%	4.8%	9.1%	77%	8.9%	18.4%	20.9%
PROCTER&GAMBLE	PG	60.82	4.28	1.72	20.84	7.0%	2.8%	40%	14.2	2.9	-6.3%	-2.3	20.5%	12.3%	15.5%	NA	15.1%	14.3%	13.1%
TRAVELERS	TRV	48.79	5.38	1.20	43.37	11.0%	2.5%	22%	9.1	1.1	0.5%	17.1	12.4%	9.6%	12.3%	133%	12.1%	12.7%	12.8%
UNITED TECHNOL	UTX	71.99	4.20	1.54	16.86	5.8%	2.1%	37%	17.1	4.3	10.0%	1.7	24.9%	15.8%	18.3%	84%	17.9%	17.4%	19.8%
VERIZON	VZ	30.58	2.13	1.86	14.75	7.0%	6.1%	87%	14.4	2.1	1.6%	8.8	14.4%	1.8%	8.0%	171%	7.9%	10.2%	10.4%
WAL-MART	WMT	53.68	3.45	1.06	16.57	6.4%	2.0%	31%	15.6	3.2	9.2%	1.7	20.8%	14.5%	16.7%	81%	16.4%	17.3%	19.3%
Overall Dow Industrial Averages		10609.65	596.51	273.51	2256.26	5.6%	2.6%	46%	17.8	4.70	21.6%	0.8	26.4%	14.3%	17.3%	48%	16.9%	18.9%	25.0%

*Based upon the modified Graham relationship that the justifiable P/E is equal to $[8.5 + 2 \times \text{earning growth rate (\%)}]$ times $[4.4 / \text{AAA bond yield (\%)}]$. Use current year's earnings to get justifiable price of the index.

Year End Dow Jones Average Vs. Price To Earnings (P/E) Limits

P/E Lower Limit Of 7 And Higher Limit Of 30 With An Average Of 14



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□ Earnings/Share — Mean Earnings/Share

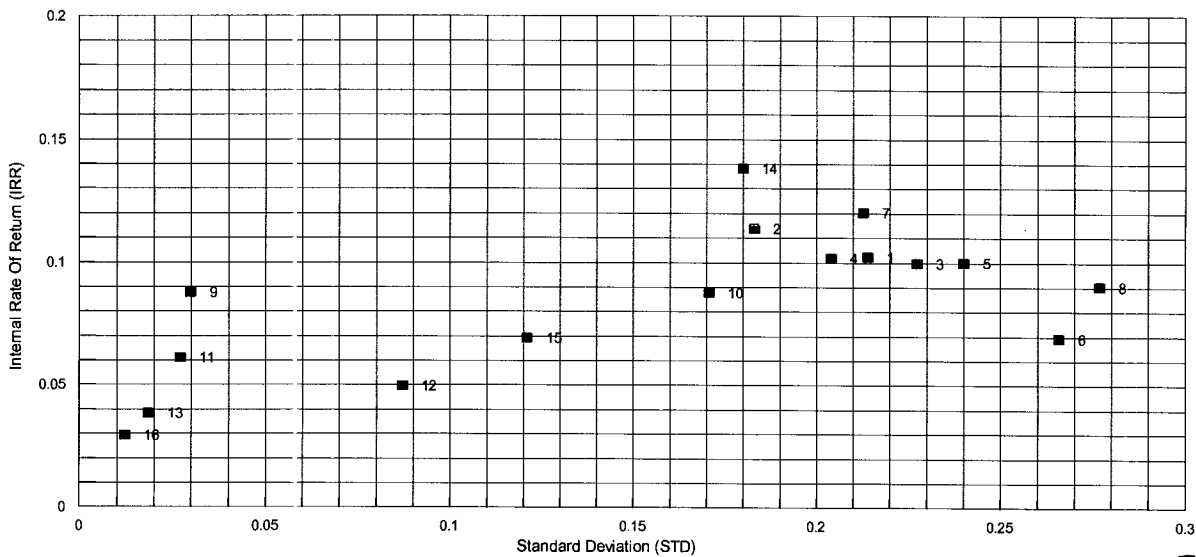
P/E is the ratio of the DJIA value at year end to the mean earnings for the year (mean earnings grew 6.87%/year from 1930 to 2000).

LONG-TERM PERFORMANCE AND RISK OF SELECTED FUND CATEGORIES

Over The Period From 1981 To 2009

Index Fund Name	Legend	From 1981 To 2009										2008 Return
		2009	3 Year	5 Year	10 Year	Average Annual Return	Internal Rate Of Return	Standard Deviation	Ratio Of IRR/STD	IRR Minus 3xSTD		
S&P 500	1	26.5%	-6.4%	0.9%	-1.2%	12.0%	10.2%	21.4%	0.48	-54%	-39%	
DJIA	2	21.5%	-4.3%	0.4%	0.8%	13.0%	11.4%	18.3%	0.62	-44%	-34%	
Large Cap Growth	3	35.0%	0.1%	2.5%	-1.8%	12.3%	10.0%	22.7%	0.44	-58%	-34%	
Large Cap Value	4	15.3%	-11.1%	-1.3%	-0.8%	11.6%	10.2%	20.4%	0.50	-51%	-39%	
Small Cap	5	36.1%	-4.1%	4.0%	3.6%	11.8%	10.0%	24.0%	0.42	-62%	-36%	
Small Cap Growth	6	41.9%	-2.3%	3.4%	1.0%	9.5%	6.9%	26.6%	0.26	-73%	-40%	
Small Cap Value	7	30.3%	-6.2%	4.8%	6.8%	13.4%	12.0%	21.3%	0.56	-52%	-32%	
International Stocks	8	36.7%	-3.8%	5.4%	1.8%	12.2%	9.0%	27.7%	0.33	-74%	-43%	
Fixed Income	9	5.9%	6.0%	4.4%	6.3%	9.2%	8.8%	3.0%	2.93	-0%	5%	
High Yield Bonds	10	39.1%	3.4%	5.9%	5.9%	9.5%	8.8%	17.1%	0.51	-42%	-22%	
Mortgage Backed Bonds	11	9.2%	7.8%	5.8%	6.7%	6.6%	6.1%	2.7%	2.26	-2%	7%	
Treasury Bonds	12	-12.1%	5.7%	4.0%	5.6%	6.2%	5.0%	8.7%	0.57	-21%	23% ✓	
Money Market	13	0.5%	2.8%	2.6%	3.1%	4.1%	3.8%	1.8%	2.09	-2%	3%	
Bershire Hathaway	14	-1.1%	-4.6%	-1.5%	6.1%	17.7%	13.8%	18.0%	0.77	-40%	-32%	
RSP Portfolio	15	20.8%	1.0%	3.7%	4.3%	8.0%	6.9%	12.1%	0.57	-29%	-23%	
Change In CPI	16	1.7%	2.0%	1.9%	2.2%	3.1%	2.9%	1.2%	2.43	-1%	0%	

Risk Vs. Return For Selected Securities
For The Period From 1981 To 2008



Best fit correlation of data for funds 1 thru 13 is $IRR = 0.083 \text{ STD} + 0.076$

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Average Annual Total Return For the years From 1995 To 2007 For Selected Vanguard ETFs

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Year	Mid Cap (VO)	Sm Cap Value (VBR)	Sm Cap Gr (VBK)	Extend Mkt (VXF)	European (VGK)	Value (VTV)	Tot Stck Mkt (VTI)	Emerging (VWO)	Pacific (VPL)	Average Overall	Average STD
1995	NA	NA	NA	NA	NA	NA	NA	NA	NA		
1996	22.2%	26.4%	16.4%	22.4%	21.1%	21.7%	20.9%	15.9%	-8.3%	17.6%	10.2%
1997	6.1%	34.5%	17.1%	11.1%	23.8%	29.7%	30.9%	-16.7%	-25.9%	12.3%	21.3%
1998	17.1%	-12.5%	4.8%	19.2%	28.5%	14.6%	23.3%	-18.1%	2.7%	8.8%	16.0%
1999	6.8%	3.4%	19.8%	3.0%	15.9%	12.5%	23.8%	61.5%	57.1%	22.6%	22.0%
2000	9.5%	21.9%	1.6%	13.3%	-8.4%	6.1%	-10.6%	-27.6%	-25.8%	-2.2%	17.1%
2001	18.5%	13.1%	1.6%	28.2%	-19.9%	-11.9%	-11.0%	-3.9%	-25.4%	-1.2%	18.1%
2002	15.3%	-14.2%	-15.4%	14.7%	-18.0%	-20.9%	-21.0%	-7.4%	-9.3%	-8.5%	14.1%
2003	-12.9%	37.2%	42.9%	-17.8%	38.7%	32.3%	31.4%	57.7%	38.4%	27.5%	25.5%
2004	28.5%	23.6%	16.1%	47.8%	20.9%	15.3%	12.5%	26.1%	18.8%	23.3%	10.6%
2005	18.9%	6.1%	8.6%	12.8%	9.3%	7.1%	6.0%	30.8%	22.6%	13.6%	8.7%
2006	13.7%	19.5%	12.1%	14.5%	33.1%	22.2%	15.7%	29.0%	11.7%	19.1%	7.7%
2007	6.0%	19.5%	9.6%	-7.1%	13.8%	0.1%	5.5%	37.5%	4.8%	10.0%	12.8%
2008	-42.8%	-34.3%	-40.9%	-39.9%	-44.6%	-35.9%	-37.0%	-52.5%	-34.0%	-40.2%	5.9%
2009	40.5%	30.5%	42.0%	37.6%	32.0%	19.7%	28.2%	76.3%	21.3%	36.5%	16.8%

ATR	10.5%	12.5%	9.7%	11.4%	10.4%	8.0%	8.5%	14.9%	3.5%	9.9%	14.8%
STD	19.6%	20.7%	21.0%	22.2%	24.3%	19.5%	21.1%	37.4%	26.8%	18.9%	
ATR/STD	0.54	0.60	0.46	0.51	0.43	0.41	0.40	0.40	0.13	0.53	

ATR (Average Annual Total Return)

STD (Standard Deviation Of ATRs)

ATR/STD (Total Return Per Unit Of Risk)

Year	Mid Cap (VO)	Sm Cap Value (VBR)	Sm Cap Gr (VBK)	Extend Mkt (VXF)	European (VGK)	Value (VTV)	Tot Stck Mkt (VTI)	Emerging (VWO)	Pacific (VPL)	Value Of Portfolio	Annual Return
2003	15.00	5.00	5.00	20.00	15.00	10.00	20.00	5.00	5.00	100.00	
2004	19.28	6.18	5.81	29.56	18.14	11.53	22.50	6.31	5.94	125.23	25.2%
2005	22.92	6.56	6.30	33.33	19.82	12.35	23.85	8.25	7.28	140.66	12.3%
2006	26.07	7.84	7.07	38.15	26.38	15.09	27.59	10.64	8.14	166.95	18.7%
2007	27.64	9.37	7.75	35.45	30.02	15.10	29.11	14.63	8.52	177.59	6.4%
2008	15.80	6.15	4.58	21.31	16.62	9.68	18.34	6.96	5.63	105.06	-40.8%
2009	22.19	8.03	6.50	29.33	21.94	11.59	23.52	12.26	6.82	142.19	35.3%

IRR	6.7%	8.2%	4.5%	6.6%	6.5%	2.5%	2.7%	16.1%	5.3%	6.0%	9.5%
STDS	18.4%	20.9%	19.6%	21.7%	24.4%	20.0%	21.2%	34.3%	27.4%	27.4%	27.4%
IRR/STDS	0.37	0.39	0.23	0.30	0.27	0.12	0.13	0.47	0.19	0.22	

Portfolio Diversification

Credit Crunch Forces New Look

- Understand how various asset classes interact across multiple scenarios
- Experience from credit crunch taught in a crisis all correlations go to 1
- What was not recognized is that there are “risk assets” and “safety assets”
- What failed during the credit crunch were the risk assets not the safety assets
- In a crisis the investors in risk assets flee to the safety of safety assets
- From a diversification standpoint this is a perfect correlation of -1
- In the good old days investors put money into stocks, bonds and cash
- Stocks gave long-term growth, bonds income & safety and cash liquidity
- In past cash and plain vanilla bonds were viewed as a drag on performance
- Alternative assets became the way to go for sophisticated investors
- These included private equity, hedge funds, timber etc.-many being illiquid
- This appeared to offer a way to get diversification without giving up return
- There were super-sized returns for the early adapters before arrival of the herd
- Unfortunately when the panic came the correlation among risk assets was 1
- They all fell in unison as the risk assets proved illiquid-no cash for liquidity
- Genuine diversification recognizes correlations under a variety of scenarios
- Need three major risk buckets: growth assets, inflation & deflation hedges
- In addition need a fourth or safety bucket to cushion during inevitable panics
- This last bucket is the one that investors go to when the panic strikes
- Remember risk assets can decline by as much as three deviations in a panic
- For acceptable risk levels for most investors safety assets are essential

Emerging & Developed Markets Bond Funds

Name Of Security	Ticker	NAV	2009 Return	Net Assets	Yield	Turnover	Expense	Stars	Maturity
Northern Global Fixed Income	NOIFX	11.48	1.9%	0.083	4.99%	51%	1.15%	2	7.47
Payden Emerging Markets Bond	PYEMX	13.53	27.5%	0.226	5.11%	126%	0.80%	3	12.3
TRowe Price Emerging Markets Bond	PREMX	12.66	33.6%	1.76	7.74%	63%	0.96%	3	11.18
Pimco Developing Local Markets D	PLMDX	10.11	22.3%	0.291	1.86%		1.25%	4	1.55
Pimco Emerging Market Bond D	PEMDX	10.43	30.3%	0.215	5.90%		1.28%	3	11.86
Pimco Total Return D	PTTDX	10.87	14.5%	14.2	5.01%		0.93%	5	5.8
American Century International Bond	BEGBX	14.41	12.7%	1.47	3.99%		0.93%	4	NA
Pimco Foreign Bond (Unhedged) D	PFBDX	10.08	28.0%	0.294	3.40%		1.27%	3	6.13
Emerging Markets Bond ETF	EMB	102.16	14.9%	1.0	5.70%		0.60%		12.3
Pimco Harbor Bond D	HABDX	12.16	14.9%	1.0	3.41%		0.55%	5	12.3
Harbor International*	HAINX	56.72	38.6%	21.5	1.28%	17%	0.81%	5	NA

* Stock Fund

Name Of Security	Ticker	Duration	Credit Quality	Distribution In Different Asset Classes				Date Of Inception	12-1 b Expense
				Cash	Stocks	Bonds	Other		
Northern Global Fixed Income	NOIFX	5.86	AAA	40%	0%	59%	1%	03/31/94	No
Payden Emerging Markets Bond	PYEMX	7	BB	8%	0%	91%	1%	12/17/98	No
TRowe Price Emerging Markets Bond	PREMX	5.89	BB	9%	0%	90%	0%	12/30/94	No
Pimco Developing Local Markets D	PLMDX	1.48	A	49%	0%	42%	10%	05/31/05	Yes
Pimco Emerging Market Bond D	PEMDX	6.98	BBB	37%	0%	52%	11%	03/31/00	Yes
Pimco Total Return D	PTTDX	4.79	AA	29%	0%	67%	4%	04/08/98	Yes
American Century International Bond	BEGBX	6.2	AAA	5%	0%	95%	0%		
Pimco Foreign Bond (Unhedged) D	PFBDX	7.97	AAA	30%	0%	65%	5%	04/30/04	Yes
Emerging Markets Bond ETF	EMB			0%	0%	98%	0%		
Pimco Harbor Bond D	HABDX	4.6		0%	0%	98%	0%	12/29/87	No
Harbor International*	HAINX	NA	NA	4%	93%	0%	3%		

* Stock Fund

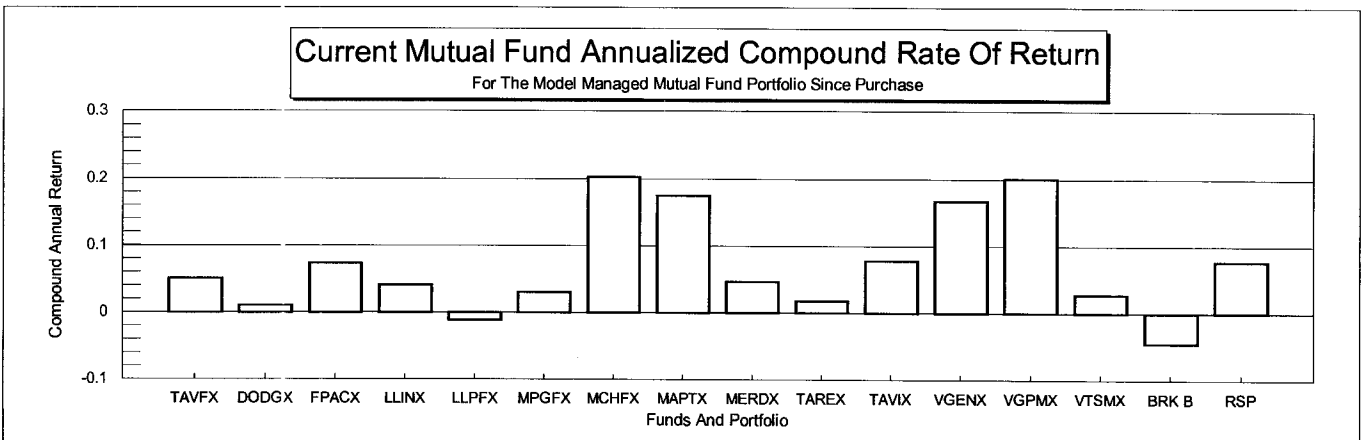
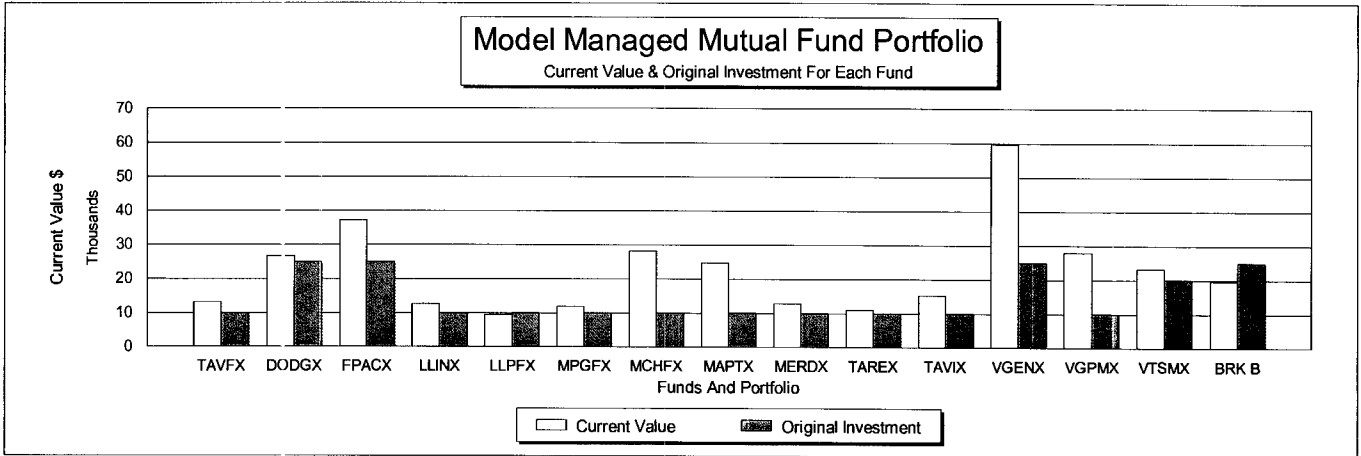
10

Model Portfolio Of Actively Managed Equity Mutual Funds

Mutual Fund	Ticker	Purchase Date	Current Number of Shares	Price/Share 01/15/10	Market Value 01/15/10	Original Purchase Cost	Cumulative Gain Or (Loss)	Annualized Internal Rate Of Return	Year To Date Return	2009 Int'l Rate Of Return
7 3rd Ave Value	TAVFX	06/15/04	281.600	\$46.80	\$13,179	\$10,000	\$3,179	5.1%	1.0%	45.4%
13 D&C Stock**	DODGX	06/16/04	268.108	\$99.12	\$26,575	\$25,000	\$1,575	1.1%	3.1%	31.3%
6 FPA Crescent	FPACX	06/03/04	1467.445	\$25.37	\$37,229	\$25,000	\$12,229	7.3%	2.2%	28.4%
8 LL International	LLINX	02/05/04	912.013	\$13.92	\$12,695	\$10,000	\$2,695	4.1%	1.9%	23.2%
14 LL Partners	LLPFX	02/05/04	383.830	\$24.43	\$9,377	\$10,000	(\$623)	-1.1%	1.4%	67.0%
10 M&P Growth	MPGFX	06/01/04	182.139	\$65.12	\$11,861	\$10,000	\$1,861	3.1%	3.2%	25.2%
1 Matthews China	MCHFX	06/01/04	1096.002	\$25.72	\$28,189	\$10,000	\$18,189	20.2%	0.9%	78.3%
3 Pacific Tiger	MAPT	06/09/04	1271.238	\$19.42	\$24,687	\$10,000	\$14,687	17.5%	1.0%	75.4%
9 Meridian Growth	MERDX	06/15/04	376.252	\$34.36	\$12,928	\$10,000	\$2,928	4.7%	1.1%	35.6%
11 3rd Ave RE	TAREX	11/19/04	537.447	\$20.45	\$10,991	\$10,000	\$991	1.8%	-0.0%	42.7%
5 3rd Ave Intn'l	TAVIX	06/08/04	957.213	\$15.95	\$15,268	\$10,000	\$5,268	7.8%	2.9%	37.5%
4 Vang'd Energy	VGEX	06/03/04	959.575	\$62.21	\$59,695	\$25,000	\$34,695	16.8%	3.5%	36.3%
2 Vang'd PM&M	VGPMX	06/03/04	1286.302	\$21.76	\$27,990	\$10,000	\$17,990	20.1%	6.5%	76.5%
12 Total Stck Mkt	VTSMX	06/30/04	829.860	\$28.00	\$23,236	\$20,000	\$3,236	2.7%	2.0%	29.6%
15 WVALX/BRK B*	BRK B	10/11/04	6.000	\$3,247.00	\$19,644	\$25,000	(\$5,356)	-4.5%	-1.2%	2.2%
5-6 Portfolio	RSP			152%	\$333,544	\$220,000	\$113,544	7.8%	2.3%	34.8%
Delta Benchmark (Portfolio Return Minus Total Stock Market Return)								5.0%	0.3%	5.2%

*WVALX redeemed on 03/03/08 & replaced by Berkshire Hathaway on 04/17/08

**Exchanged for D&C Balanced fund on 02/25/08.



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Betting Their Own Money

- Based on a 01/25/10 article in Bloomberg Business Week on pages 64 & 65
- In 2009 Morningstar completed a study to determine management investment
- More than 50% of 4,383 US-based funds had no management investment in fund
- Of these, 431 funds had a \$1.0 million management investment or more
- Many are boutique funds with big investments by managers in funds they manage
- Janus, TRowe Price and Dodge& Cox are exceptions-big firms, big involvement
- Some companies like Fidelity substitute a bonus based on performance up to 5 yrs
- Board of directors as investors negotiate lower fees from management company
- Of 7,690 fund 26% of them required ownership by members of the board
- This is up from 6% back in 1996-usually must have a multiple of salary
- To find this information check funds “Statement Of Additional Information”
- Morningstar also has stewardship grades that include incentives & pay structure
- Berkowitz and employees of Fairholme have \$150 million invested in fund
- Managers with more than \$1 million in their fund beat 58% of peers over 5 yrs
- Funds without manager involvement beat only 46% of their peers over 5yrs
- Fairholme’s 13.2% annual return over 10 yrs out performed 99% of its peers
- The article has a listing of funds with an “A” stewardship grade from Morningstar
- Along with their 10 year annualized return and the percent of peers that fund beats
- ANCFX, 3.60%, 90%; DODGX, 5.65%, 94%; LLPFX, 5.31%, 96%
- OAKBX; 9.80%, 89%; RYSEX, 12.02%, 97%; SLADX, 2.42, 83%
- RPMGX, 5.67%, 89%; VWELX, 6.15%, 97% completes the list
- Strong corporate culture, low fees and heavy management investment is an “A”