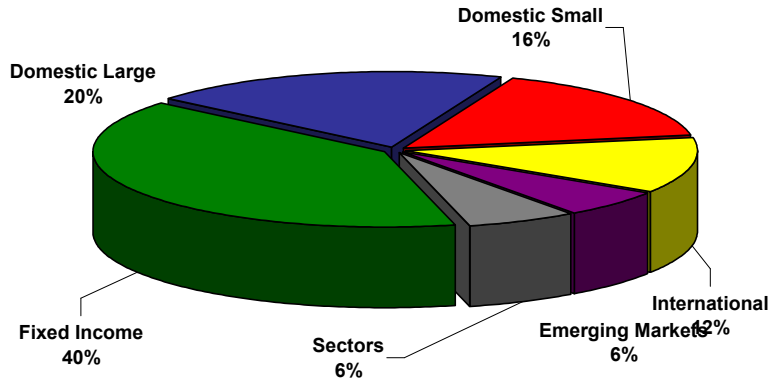


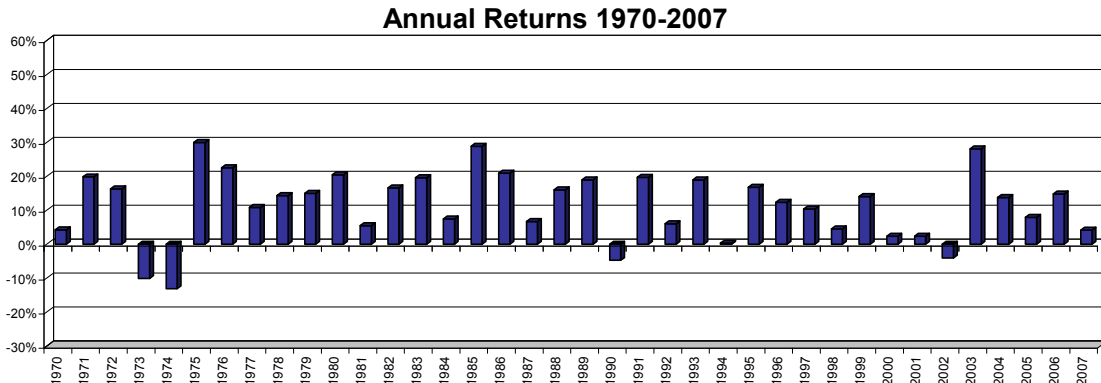
## John Smith Retirement Scenario - Historical 60/40 Asset Allocation Data

Management Fee: 1.00%  
Date: Jan-08

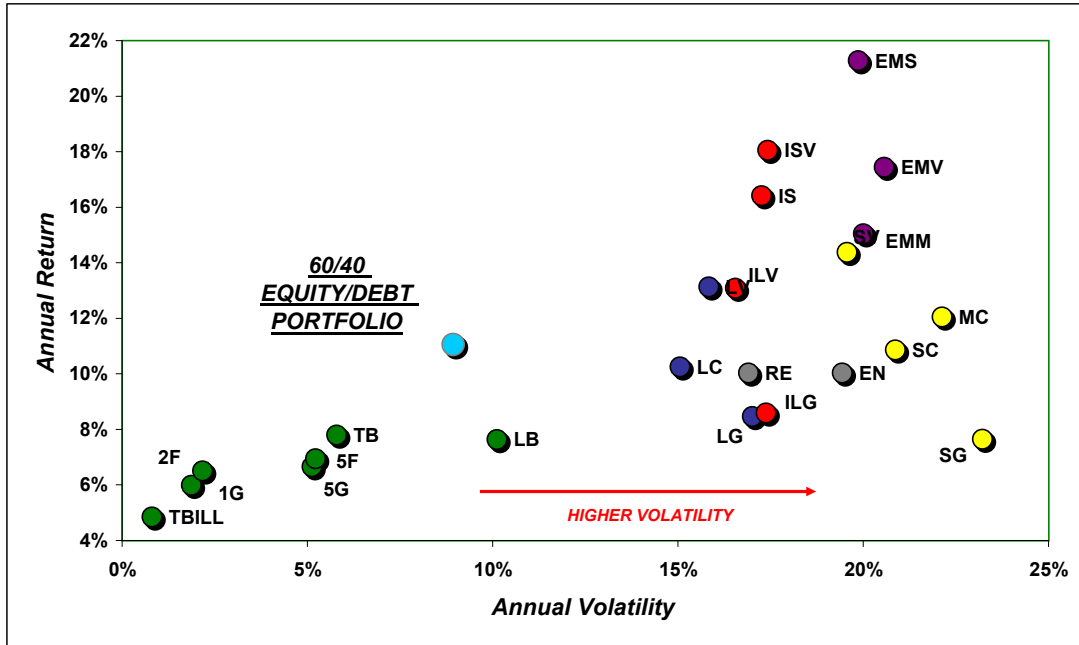
	1970 to 2007		Last 10 Years		Allocation		
	Returns	Volatility	Returns	Volatility	Target	Range	
<b>Domestic Large</b>							
US Large Cap SP500 (LC)	10.2%	15.1%	5.9%	14.8%	10.0%	+/- 2%	<b>20%</b>
US Large Cap Value FF (LV)	13.1%	15.8%	10.7%	16.4%	10.0%	+/- 2%	
US Large Cap Growth VG (LG)	8.5%	17.0%	2.7%	16.4%			
<b>Domestic Small</b>							
US Small Cap FF (SC)	10.9%	20.9%	9.4%	20.2%	8.0%	+/- 2%	<b>16%</b>
US Small Cap Value FF (SV)	14.4%	19.6%	13.8%	18.7%	8.0%	+/- 2%	
US Micro Cap FF (MC)	12.0%	22.1%	12.4%	21.9%			
US Small Cap Growth VG (SG)	7.6%	23.2%	6.3%	20.7%			
<b>International</b>							
International Large Value FF (ILV)	13.1%	16.6%	15.5%	15.0%	6.0%	+/- 2%	<b>12%</b>
International Small Cap FF (IS)	16.4%	17.3%	16.8%	14.2%	3.0%	+/- 2%	
International Small Cap Value FF (ISV)	18.1%	17.4%	19.2%	14.3%	3.0%	+/- 2%	
International Large Growth MSCI (ILG)	8.6%	17.4%	6.7%	15.0%			
<b>Emerging Markets</b>							
Emerging Markets Value FF (EMV)	17.4%	20.6%	22.3%	25.0%	3.0%	+/- 2%	<b>6%</b>
Emerging Markets Small Cap FF (EMS)	21.3%	19.9%	22.7%	22.0%	3.0%	+/- 2%	
Emerging Markets MSCI (EMM)	15.0%	20.0%	15.9%	23.6%			
<b>Sectors</b>							
Real Estate Trusts WLS (RE)	10.0%	16.9%	9.4%	15.0%	3.0%	+/- 2%	<b>6%</b>
Oil Exploration & Production VG (EN)	12.3%	19.4%	13.0%	21.5%	3.0%	+/- 2%	
<b>Fixed Income</b>							
Inflation (INFL)	4.6%	1.2%	2.4%	1.1%			<b>40%</b>
1 Month T-Bill (TBILL)	4.8%	0.8%	2.4%	0.5%			
1 Year Fixed Income FF (1G)	6.0%	1.9%	3.1%	0.8%	10.0%	+/- 2%	
2 Year Global Fixed Income FF (2F)	6.5%	2.2%	3.1%	1.1%	10.0%	+/- 2%	
5 Year Gov't Fixed Income FF (5G)	6.6%	5.1%	4.0%	3.1%	10.0%	+/- 2%	
5 Year Global Fixed Income FF (5F)	6.9%	5.2%	3.8%	2.8%	10.0%	+/- 2%	



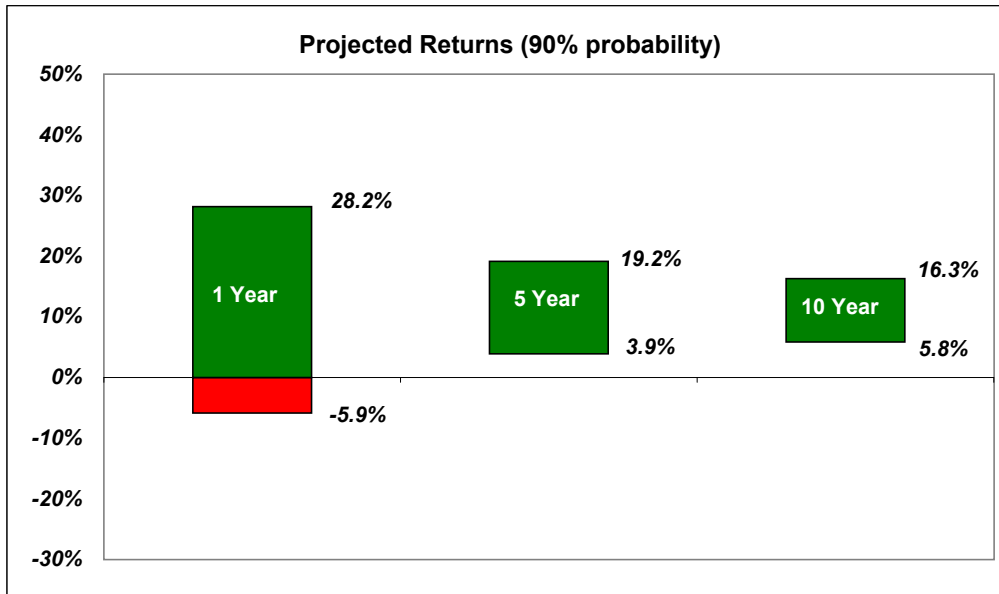
	5 Years 2003-2007	10 Years 1998-2007	20 Years 1988-2007	38 Years 1970-2007	12 Months	24 Months	60 Months	120 Months
<b>Annual Return:</b>	13.4%	8.4%	9.8%	11.0%	Best: 42%	65%	187%	396%
<b>Annual Volatility:</b>	7.0%	8.5%	7.7%	8.9%	Worst: -20%	-22%	8%	90%



## Risk & Return Graph (1970 - 2007)



## Monte Carlo Simulation



### 10 year probability of avoiding a loss in any month or year

	<u>1 Month</u>	<u>1 Year</u>
10%	75%	60%
20%	99%	95%
30%	99%	99%

#### Monte Carlo Discussion:

Monte Carlo Simulation provides a statistical method to analyze the potential risk of an asset allocation. The projections are based on historical returns and volatility of the asset allocation. THE PROJECTIONS GENERATED BY A MONTE CARLO SIMULATION DO NOT REFLECT ACTUAL INVESTMENT RESULTS AND ARE NOT A GUARANTEE OF FUTURE RESULTS. The Monte Carlo technique involves feeding a large number of random inputs into a model while recording the outputs. In this case, the random inputs are based on previous return data for the allocation. The graph reflects the range of 90% of the outputs from the repeated iterations for the respective time periods (1,000 iterations). For example, in a typical 60/40 allocation, 90% of the projected returns (outputs) over 10 years were between 5.8% and 16.7%. Therefore, the simulation projects there is a 5% chance the return will be below 5.8% and a 5% chance the return will be above 16.7%. The graph above is specific to the allocation discussed on these pages and may be significantly different from the 60/40 example.

## Disclosures & Index Descriptions

### DISCLOSURES

1. Backtested performance does not represent actual investment performance. Actual performance for clients may differ significantly from backtested performance. A backtest has inherent limitations that include, but are not limited to, the following: the performance is based on index returns in a static asset allocation (the basis for these indexes is discussed below). Although some of the indexes are based on mutual fund returns, the indexes do not represent actual investment returns. The backtest assumes that investors remained in the same allocation over the entire period of the backtest. The backtest is built with the benefit of hindsight and reflects the benefits from that hindsight.
2. The backtest performance assumes the reinvestment of all dividends and capital gains distributions and annual rebalancing. Additionally, the performance is impacted by the management fee disclosed on the data sheet. The fee is deducted quarterly from the backtest based on the balance at quarter-end. The backtest does not incorporate any assumptions for tax impacts. Capital gains distributions, rebalancing, dividends and other actions might impact tax liability in accounts. The backtest does not reflect any transaction costs.
3. As with any investment, there is the possibility of loss. Thornhill Securities, Inc. does not guarantee any level of investment returns or the success of an investment strategy. Investments involve risk and may not be profitable.
4. THERE ARE NO WARRANTIES, EXPRESSED OR IMPLIED, AS TO ACCURACY, COMPLETENESS, OR RESULTS OBTAINED FROM ANY INFORMATION PROVIDED HEREIN. Nothing in this document should be interpreted to state or imply that past results are an indication of future performance. This document does not constitute a complete description of our investment services and is for informational purposes only. It is in no way a solicitation or an offer to sell securities or investment advisory services. Information in this document is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither our information providers nor we shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the user. All investments involve risk. Foreign investments involve additional risks, including foreign currency exchange rates, political risks, taxes, different methods of accounting and financial reporting.
5. Annual returns are geometric averages over the period described. Annual volatility represents monthly standard deviation multiplied by the square root of twelve. The volatility calculated this way may be significantly different than volatility calculated using annual returns.

### INDEX DESCRIPTIONS:

**Inflation (INFL):** Monthly inflation as reported by the Federal Reserve.

**U.S. Large Cap SP500 (LC):** 1970-1990 S&P 500 Index of large domestic companies less 0.12%, 1991-current DFA Large Company Fund

**U.S. Large Cap Value FF (LV):** 1970-1978 Fama-French large value simulation less 0.24%, 1978-1993 Russell 1000 Value less 0.24%, 1993-present DFA Large Cap Value

**U.S. Large Cap Growth VG (LG):** 1970-1978 Fama-French Large Growth Simulation less 0.24%, 1979-1996 Russell 2000 Growth less 0.24%, 1996-present Vanguard Large Growth Index Fund

**U.S. Small Cap FF (SC):** 1970-1978 Fama-French 6-10 simulation less 0.24%, 1979-1992 Russell 2000 less 0.24%, 1992-present DFA Small Company Fund

**U.S. Small Cap Value FF (SV):** 1970-1978 Fama French Small Value Simulation less 0.48%, 1979-1993 Russell 2000 Value less 0.48%, 1993-present DFA Small Value Fund

**U.S. Small Cap Growth VG (SG):** 1970-1978 Fama-French Small Growth Simulation less 0.48%, 1979-1998 Russell 2000 Growth less 0.48%, 1998-present Vanguard Small Growth Index Fund

**U.S. Micro Cap FF (MC):** 1970-1981 Fama-French 9-10 Index less 0.50%, 1982-present DFA Micro Cap Fund

**International Large Cap FF (IL):** 1970-1991 DFA Large International Simulation less 0.35%, 1991-present DFA International Large Cap Fund

**International Large Cap Value FF (ILV):** 1970-1974 DFA Large International Simulation less 0.40%, 1974-1994 MSCI EAFE Value Index less 0.40%, 1994-present DFA International Large Cap Value

**International Large Cap Growth MSCI (ILG):** 1970-1974 DFA Large International Simulation less 0.40%, 1975-present MSCI EAFE Large Cap Growth less 0.40%

**International Small Cap FF (IS):** 1970-1996 DFA International Small Cap simulation less 0.50%, 1997-present DFA Int'l Small Cap Fund

**International Small Cap Value FF (ISV):** 1970-1981 DFA Int'l Small Cap simulation less 0.65%, 1982-1994 DFA Int'l Small Cap Value simulation less 0.65%, 1995-present DFA Int'l Small Cap Value Fund

**Emerging Markets Large Cap FF (EM):** 1970-1988 DFA Int'l Large Cap simulation less 0.50%, 1989-1994 DFA Emerging Markets simulation less 0.50%, 1995-present DFA Emerging Markets Fund

**Emerging Markets Large Cap Value FF (EMV):** 1970-1988 DFA Int'l Large Cap simulation less 0.50%, 1989-1998 DFA Emerging Markets Value simulation less 0.50%, 1999-present DFA Emerging Markets Value Fund

**Emerging Markets Small Cap FF (EMS):** 1970-1988 DFA Int'l Small Cap simulation less 0.65%, 1989-1998 DFA Emerging Markets Small Cap simulation less 0.65%, 1999-present DFA Emerging Markets Small Cap Fund

**Real Estate Investment Trusts WLS (RE):** 1970-1974 U.S. Small Cap Value FF, 1975-1977 Don Keim REIT index less 0.30%, 1978-1992 Wilshire REIT index less 0.30%, 1993-present DFA REIT Fund

**Oil Exploration and Production VG (EN):** 1970-1996 Fama-French Energy Index less 0.24%, 1997-present Vanguard Energy Fund

**U.S. Large Cap Value R1000 (LVR):** 1970-1978 U.S. Large Cap Value FF, 1979-present Russell 1000 Value less 0.20%

**U.S. Large Cap Growth R1000 (LGR):** 1970-1978 U.S. Large Cap Growth VG, 1979-present Russell 1000 Growth less 0.20%

**U.S. Small Cap R2000 (SCR):** 1970-1978 U.S. Small Cap FF, 1979-present Russell 2000 less 0.20%

**U.S. Small Cap Value R2000V (SVR):** 1970-1978 U.S. Small Cap Value FF, 1979-present Russell 2000 Value less 0.25%

**U.S. Small Cap Growth R2000G (SGR):** 1970-1978 U.S. Small Cap Growth VG, 1979-present Russell 2000 Growth less 0.25%

**International Large Cap MSCI (ILM):** 1970-present MSCI EAFE Index less 0.36%

**International Large Cap Value MSCI (IVM):** 1970-1974 International Large Cap MSCI, 1975-present MSCI EAFE Value less 0.40%

**International Large Cap Growth MSCI (IGM):** 1970-1974 International Large Cap MSCI, 1975-present MSCI EAFE Growth less 0.40%

**Emerging Market Large Cap MSCI (EMM):** 1970-1987 International Large Cap MSCI, 1988-present MSCI Emerging Markets less 0.75%

**1 Month T-Bill (TBILL):** 1970-present 1 month T-Bill less 0.12%

**1 Year Fixed Income FF (1G):** 1970-1983 1 year Treasury less 0.15%, 1984-present DFA 1 Year Fixed Income Fund

**2 Year Global Fixed Income FF (2G):** 1970-1996 DFA 2 year Treasury simulation less 0.15%, 1997-present DFA 2 Year Global Fund

**5 Year Government Fixed Income FF (5G):** 1970-1988 5 year Treasury sim. less 0.20%, 1988-present DFA 5 Year Government Fund

**5 Year Global Fixed Income FF (5F):** 1970-1990 5 Year Government Fixed Income FF, 1991-present DFA 5 Year Global Fixed Income Fund

**Total Bond Market LEH (TB):** 1970-1972 5 Year Government Fixed Income, 1973-1975 Lehman Government Index less 0.12%, 1976-1996 Lehman Aggregate Index less 0.12%, 1997-present Vanguard Total Bond Market Fund

**Long Term Fixed Income VG (LB):** 1970-1996 Ibbotson Long Term Treasury less 0.24%, 1997-present Vanguard Long Term Treasury Fund

