ASPIRIANT

Performance Perspectives

Clear Thinking on Current Investment Topics | January 2009

A Look at Aspiriant's Investment Performance

- Aspiriant is the leading independent wealth management firm, providing investment management which responds to our clients' individual goals and circumstances. To help clients evaluate our success, we show return and risk (as defined by the annualized standard deviation of monthly returns) for all client portfolios. We also present summary information about average (equal-weighted) returns, previewed below. All returns are presented net of all fees and expenses. Other important disclosures about our methodology, portfolio selection criteria, fee calculations, and technical terms appear at the end of this document.

- Our investment philosophy and asset allocation have been important in achieving good investment results for our clients. There is an important link between our overall investment strategy, implemented primarily with structured investment vehicles employing systematic investment strategies, and clients' asset allocation opportunities. We believe that reducing the active management risk allocated to asset classes and redirecting that part of the risk budget to increase more passive holdings in higher risk/higher return asset classes, allows us to build portfolios with higher expected returns for a given level of *total* risk.

- Despite the very poor absolute performance of most portfolios in 2008, and the impact that that has had on the prior cumulative periods, we are very pleased that average results are consistently superior to the S&P 500 on measures of return and risk.

Periods ending 12/31/08	2008	3 years	5 years	7 years
Total Number of Portfolios	336	272	230	139
Portfolios beating S&P 500	139 (41%)	165 (61%)	193 (84%)	136 (98%)
Average annual outperformance against S&P 500	0.58%	0.58%	1.44%	2.89%
% with higher Sharpe Ratio than S&P 500	82%	90%	99%	99%
% with higher return *and* lower risk than S&P 500	33%	32%	23%	34%

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The Impact of Asset Allocation and Investment Returns

MAXIMIZING RETURN WITHIN A "RISK BUDGET"

There is a connection between an investment philosophy utilizing primarily passive or structured investments (such as the DFA mutual funds or separate accounts prevalent within our clients' portfolios) and overall asset allocation opportunities. Assuming we want to maintain a constant level of portfolio risk or volatility (i.e., observe an overall "risk budget") we must choose to allocate that risk between passive asset class exposures ("market" risk) and active management ("active" risk) in a given asset class. If we use an active manager for domestic large cap value, for example, we will likely need to reduce our exposure to higher risk asset classes (for example, emerging markets) in order to keep total risk constant. Alternatively, as we reduce the active risk (which we do not believe has an associated expected return) that we allocate to each asset class and redirect that part of the risk budget to increase passive holdings in higher risk asset classes (which we believe do have higher expected returns), we can build portfolios with high expected returns for a given level of total risk. For a more detailed explanation of our views on active management, please see our *Investment Perspectives* white paper titled "Active Management – Our Approach."

Asset allocation decisions that we help our clients make (and persevere in) through our education, coaching, and hand-holding reflect our beliefs and our careful analysis of clients' needs. Thus we … but mostly our clients … deserve the credit for the good results that they have enjoyed.

INTO THE FUTURE

We continue to refine and extend our investment platform. In late 2008, we completed a review of our capital market expectations (forecasts for the risk and return of each asset class, along with the correlations to other asset classes) and have begun to discuss the conclusions with our clients to ensure that their asset allocations take full advantage of the opportunities available in the global capital markets. This is no easy task because many of the markets in which we invest are continuing to mature and will likely behave differently in the future than they have in the past.

We are continuing the ongoing process of selecting the preferred investment vehicles in each asset class, continuing to work with our existing managers to enhance their offerings, and meeting with investment managers offering additional opportunities or potential alternatives. In select circumstances, we have and will continue to create investment access vehicles for our clients to facilitate their participation in investment opportunities which are not publicly traded.

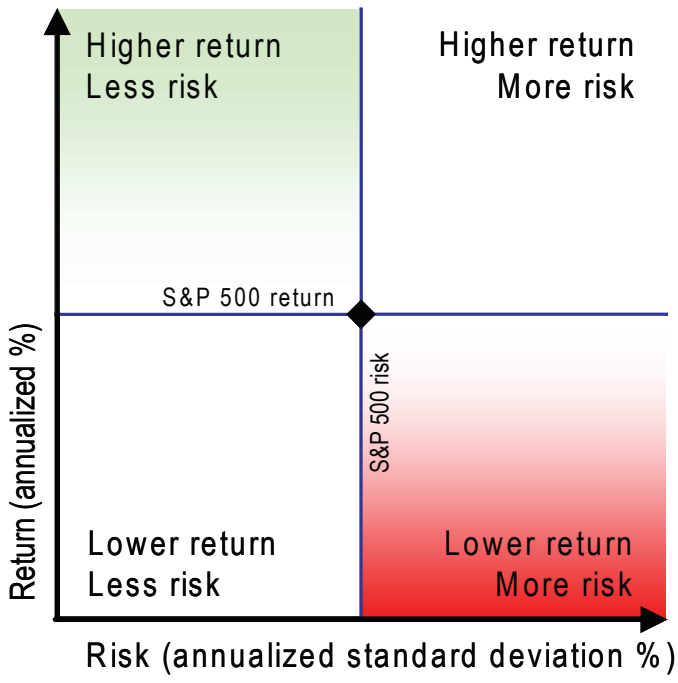
One of our key objectives for 2009 and beyond is to research opportunities for enhanced downside protection in our asset allocation. Capital preservation is a top priority for our research team, in addition to actively seeking out investment managers who can add value to client portfolios. We describe our ongoing efforts in our quarterly *Insight* publication so that clients know that we are constantly looking for new investment opportunities to help them better achieve their goals.

PERFORMANCE STATISTICS

As an integrated wealth management firm, Aspiriant's goal is to help clients quantify and achieve their financial goals. Our work results in a wide range of investment portfolios, reflecting our clients' individual circumstances and their willingness to bear investment risk in the hope of achieving investment returns. It is therefore always a challenge to present our *overall* investment performance or to develop a "composite" return. Consequently, we have chosen instead to present return and risk measures for *all* relevant clients over various time periods through scatter graphs.

The specific performance graphs that follow depict the relationship between the annual return (geometric average) and risk for each client portfolio we have managed over the relevant time periods (1, 3, 5, and 7 years ending 12/31/08).[1] Each dot represents one portfolio and the S&P 500 is offered as a reference point for performance and risk.

Sample Performance Chart



1 There are important disclosures, including how we define "client," at the end of this document.

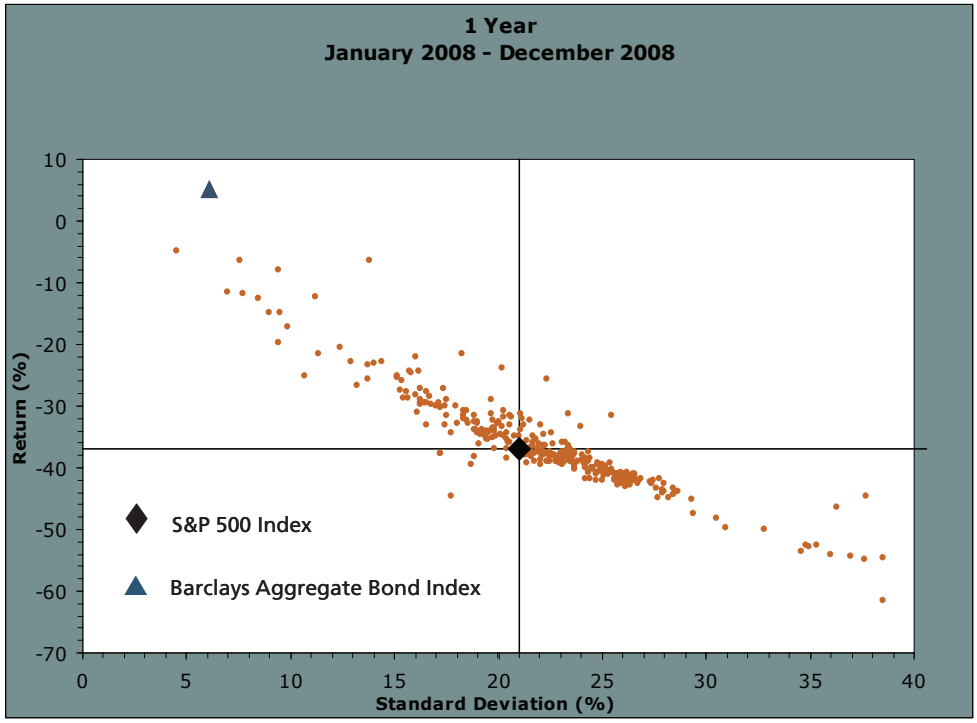
Our clients' portfolios are, most importantly, "benchmarked" to the accomplishment of their objectives and the range of their portfolio choices is **very** broad, from far more to far less risk than the S&P 500. Still, as a single most appropriate choice, we use the S&P 500 here for a number of reasons: the S&P 500 is very well-known; US investors are able to invest in the S&P 500 at very little cost though index funds and exchange traded funds; and it does represent more than 85% of the entire US stock market by capitalization weight.

Relative to the S&P 500, then, a superior place to be is in the upper left (higher return, lower risk) and the worst is the lower right (lower return, higher risk). Many of our portfolios contain sizable allocations to fixed income, up to 60% in some cases. Portfolios with large fixed income holdings have bond-like returns and standard deviations, and we would expect them to appear in the lower left of the chart above.

Overall, we believe the data show that our clients' portfolios have benefited both from their asset allocation decisions and from our implementation choices.

ONE YEAR RETURNS

In 2008, 139 (41%) of the 336 unique portfolios we managed had a higher return than the S&P 500. The average annual outperformance versus the S&P 500 (including underperforming portfolios) was 0.58%. 82% of the portfolios had a higher Sharpe ratio than the S&P500 and 33% achieved a higher return with lower risk.



Number of portfolios: 336

Average return: -36.3%

S&P 500 return: -37.0%

% outperformed S&P 500: 41% (139 portfolios)

% Sharpe Ratio > S&P 500: 82% (277 portfolios)

% upper left quadrant: 33% (111 portfolios)

% in lower right quadrant: 57% (191 portfolios)

Please see important disclosures at the end of this document.

The Credit Crisis of 2007 ballooned into a full blown global financial crisis in 2008. The deepest equity market drops occurred after the loss of confidence caused by the mid-September Lehman Brothers bankruptcy filing. Credit markets came to a stand still in the Lehman aftermath. The US Government stepped in with numerous unprecedented programs such as the TALF, TARP, and several others to restore liquidity and confidence.

Portfolios with significant allocations to commodities, real estate and public equities, particularly emerging markets, experienced significant losses as all equity asset classes around the globe suffered very sharp declines. Even fixed income investments suffered, with the exception of US Treasuries.

THREE YEAR RETURNS

For the past three years, 165 (61%) of the 272 portfolios had a higher return than the S&P 500. The average annual outperformance versus the S&P 500 was 0.58%. 90% had a higher Sharpe ratio than the S&P 500 and 32% achieved a higher return with lower risk.

Number of portfolios: 272

Average return: -7.78%

S&P 500 return: -8.36%

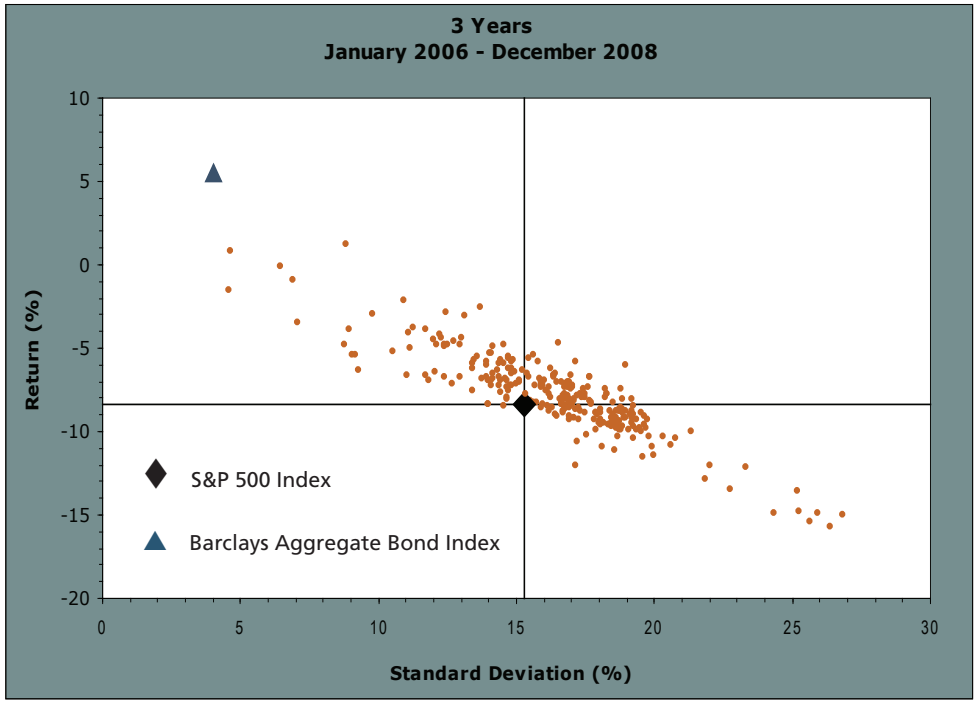
% outperformed S&P 500: 61% (165 portfolios)

% Sharpe Ratio > S&P 500: 90% (245 portfolios)

% upper left quadrant: 32% (86 portfolios)

% in lower right quadrant: 39% (106 portfolios)

Please see important disclosures at the end of this document.



Returns over the past 3 years were significantly affected by the bear market of 2008. Real estate and U.S. large cap equities were the worst performers. The J Curve effect (where early returns for private equity funds are negative, reflecting fees before investment realizations in the early stages) impacted portfolios holding private equity investments. Allocations to commodities, overseas equity markets, and fixed income allowed the majority of portfolios to outperform the S&P 500.

FIVE YEAR RETURNS

Over the past five years, 193 (84%) of the 230 portfolios had a higher return than the S&P 500. The average annual outperformance versus the S&P 500 was 1.44%. 99% had a higher Sharpe ratio than the S&P 500, and 23% achieved a higher return with lower risk.

Number of portfolios: 230

Average return: -0.75%

S&P 500 return: -2.19%

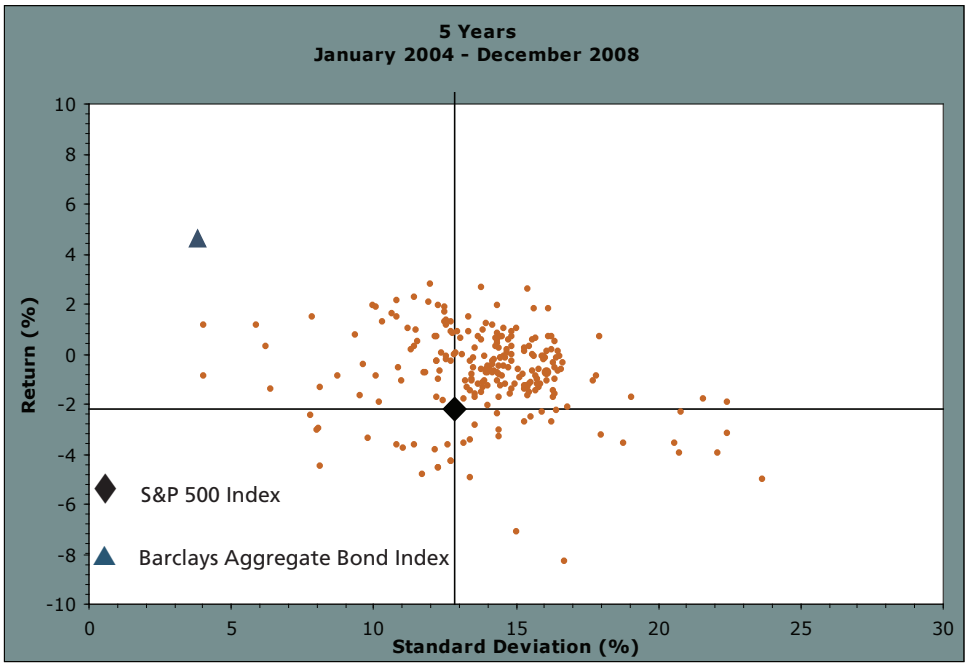
% outperformed S&P 500: 84% (193 portfolios)

% Sharpe Ratio > S&P 500: 99% (227 portfolios)

% upper left quadrant: 23% (53 portfolios)

% in lower right quadrant: 10% (22 portfolios)

Please see important disclosures at the end of this document.

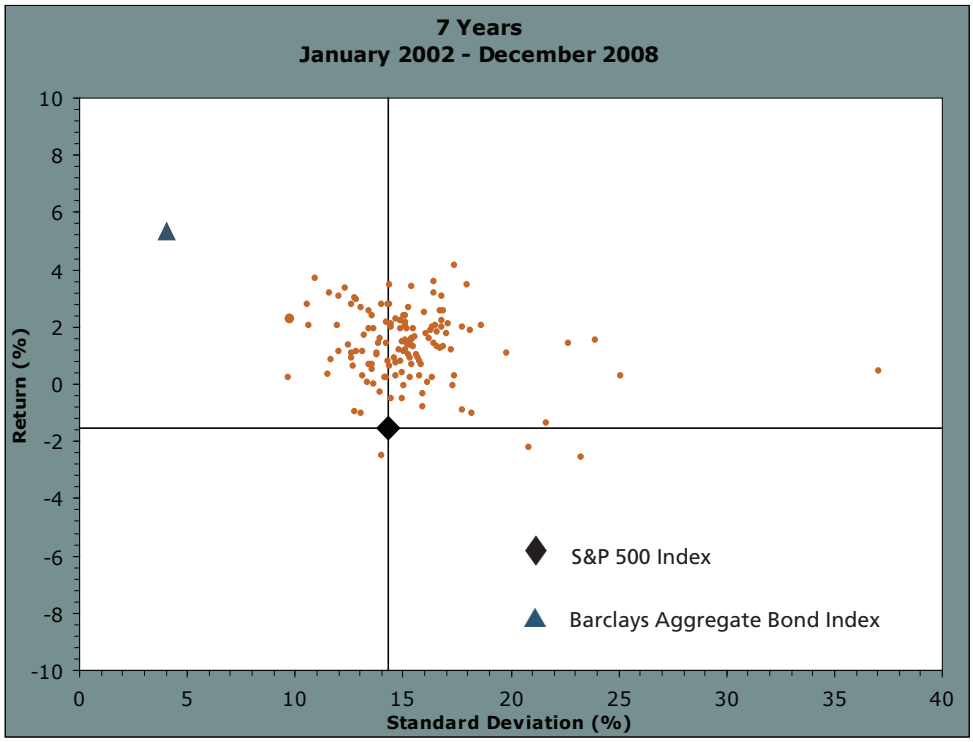


A very substantial majority of portfolios beat the S&P 500 Index because of diversification away from domestic large cap equity, into real estate, domestic small cap, overseas developed and emerging markets.

Several portfolios that performed worse than the S&P 500 index had significant allocations to fixed income during the first 3 years of the time period (thus not fully enjoying the strong equity returns during that time), dampening the overall 5 year performance of the portfolios.

SEVEN YEAR RETURNS

Over the past seven years, 136 (98%) of the 139 portfolios had a higher return than the S&P 500. The average annual outperformance versus the S&P 500 was 2.89%. 99% had a higher Sharpe ratio than the S&P 500, and 34% achieved a higher return with lower risk.



Number of portfolios: 139

Average return: 1.35%

S&P 500 return: -1.53%

% outperformed S&P 500: 98% (136 portfolios)

% Sharpe Ratio > S&P 500: 99% (138 portfolios)

% upper left quadrant: 34% (47 portfolios)

% in lower right quadrant: 1% (2 portfolio)

Please see important disclosures at the end of this document.

Seven year returns illustrate the benefit of a diversified portfolio over a longer period. U.S. large capitalization companies were a drag on performance, whereas investments in domestic small cap value and overseas equity boosted returns. The highest return investments included emerging markets, real estate, and overseas small cap equity.

Important disclosures

Performance data is as of 12/31/08 and is net of all underlying manager fees and expenses, and fees charged by Aspiriant and its predecessor firms, Kochis Fitz and Quintile Investment Advisors. Performance data previously calculated by Quintile for its clients was gross of investment advisory fees charged by Quintile; for this presentation we have reduced that previously calculated performance to reflect an average charge of 45 basis points, per client, in determining investment performance *net* of fees. This is the approximate amount of annualized fees that Quintile clients paid for the periods reflected, although many clients paid less than that amount. *Weighted* average fees would be considerably less. Performance reflects only assets managed during the entirety of stated time period. Dividends have not been reinvested unless specifically requested by client. Average calculations are equal weighted and may be different from the return and risk of the average dollar under our management (which would require a dollar-weighted performance calculation).

Data points for former Kochis Fitz clients reflect performance per asset allocation, and include all client portfolios greater than $500,000. Former Kochis Fitz performance does not include the *most* recent performance (in almost all cases, the 4th quarter of 2008) of alternative investments such as private partnerships, which are reported at a lag. Data points for former Quintile Investment Advisors clients reflect performance per consolidated client asset allocation. Quintile Investment Advisors performance does not include private partnership or hedge fund data.

We also exclude 7 client accounts which are dominated (>40%) by concentrated stock positions and 3 legacy client accounts having a long term asset allocation which, at the clients' request, do not yet reflect our recommended conclusions.

We exclude those few clients who have terminated the relationship, which could result in a "survivorship bias" if the performance for those clients was substantially different from the broader population. At the times of those terminations, the terminating portfolios were not substantially different. Moreover, we estimate that the client turnover averaged only 2.97% over the time period for this analysis, so we believe that any survivorship bias that could exist would be immaterial in any event.

The benchmark is the Standard and Poors 500 Total Return index, which includes both price appreciation and dividends reinvested. The Standard and Poors 500 is a widely known and easily accessed index of large companies listed on US stock exchanges; and those companies comprise approximately 85% of the weight of the entire US public equity universe.

The Sharpe Ratio is a standard measure of the excess return (relative to an investment in a risk-free asset like Treasury bills) per unit of risk (standard deviation of the excess return over time). The Sharpe Ratio is calculated as:

$$S = \frac{R_p - R_f}{\sigma_p}$$

where R_p is the return of the portfolio, R_f is the return to Treasury bills, and σ_p is the standard deviation of the difference between the return of the portfolio and the return to Treasury bills.

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