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Insight

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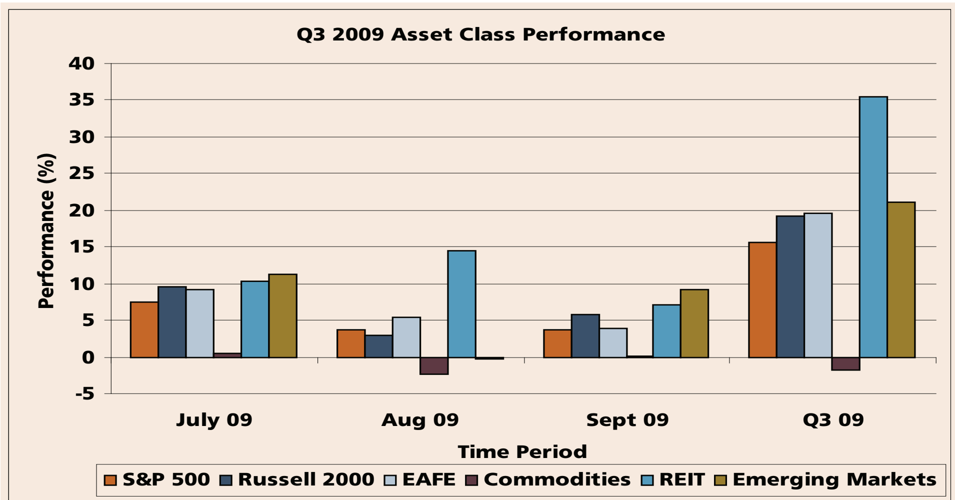
The Recession Ends…(We think)
Markets Continue to Advance…(We expect)

The third quarter of 2009 marked another truly exceptional advance in investment market values. With the exception of a small negative return in our clients' commodities positions, positive equity returns elsewhere ranged from the high teens to more than 30% (!) for the three months as a whole.



With these advances, on top of the already very strong recoveries since early March, the losses earlier in 2009 are now dramatically overcome. Clients' year-to-date portfolio returns, net of our fees and other portfolio expenses, show results of about 20% to more than 30%. Nevertheless, as illustrated by the performance of various benchmarks since the summer of 2007, there is still substantial ground to recover from the high levels of recent memory.

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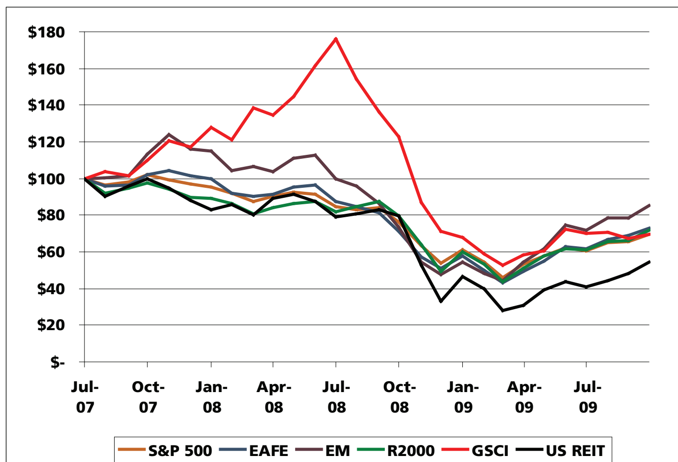


Where clients held large exposures in small cap stocks, overseas, or especially emerging markets, the degree of volatility was particularly pronounced -- first very bad and then very good.

Consequently, many take encouragement from the dramatic recovery and look forward to more, through slower-paced, positive results to come. Some commentators remain concerned that this rebound is exaggerated and not sustainable in the face of a not yet *convincingly* broad, global economic recovery. Even worse, some are concerned that severe disappointments lie ahead and a repeat of substantial declines are in store. Fed Chairman, Ben Bernanke, has already called the recession to be over; Nobel Laureate, Joe Stieglitz, fears continued grim economic times. In the discourse to follow, our Chief Investment Officer, Dr. Jason Thomas, describes Aspiriant's view that the fundamentals of the global economy support a high probability of good long-term investment performance, regardless of what the near term future may be.

The key emphasis in that view is on the "global" aspect. Very unlike past recoveries following deep declines in US markets, this recovery relies heavily on the economic opportunities outside the US as well as within. The opportunity set is now much bigger…the whole world. But risks, correspondingly, are now also of broader dimension, with realizable investment returns relying on the legal structures, market mechanics, currency values, and investor behaviors of many and varied "foreign" environments. So, in one sense, nothing is really new: more return potential *and* more risk, but *where* it especially occurs will increasingly, we believe, be outside the US. What was not long ago the G-7 - - and then, to accommodate a newly capitalist Russia, the G-8 - - has just now become the G-20. While it's still probably at least several years off, there is increasingly serious discussion of replacing the dollar as the coin of global energy trading or even as the world's reserve currency. Not surprisingly, the dollar has weakened relative to other currencies. While no-one really contemplates…or really desires…a dollar collapse, a *slow*, continuing dollar depreciation is probably the preference of almost all international monetary authorities as well as popularly elected (or popularly responsive) world leaders. We don't choose to fight these trends, but rather encourage clients to adopt significant and broadly diversified overseas investment allocations. It is not a bet against the US or in favor of any single country or even region. Rather, it's a bet on the likelihood that people, around the world, will continue, in the aggregate, and over time, to create substantial value. In our view, that's a very good bet.

Tim Kochis, Editor

Animal Spirits and the New Normal

Given the dizzying pace of change in the global economy and capital markets over the past several quarters, we should all be forgiven for feeling like we've been taken to the limits of our tolerance for stress. After looking into the abyss (toes well over the edge) late in the first quarter of 2009, the global economy has shown it still has some fight in it. Equity markets and growth forecasts suggest economic activity has stopped shrinking in all the world's big economies. Global stock markets have rallied by over 60% since their trough in early March and the central tendency for global GDP growth over the next year is over 3%, more than 1 percentage point faster than forecast early this year. Some corporate credit markets are thawing fast and bearish analysts are once again on the defensive.

But is there cause for caution? Has the improvement in economic fundamentals created too much optimism, encouraging more spending and hiring decisions which led to the improvement in the first place? After all, the world economy is still far from normal in many respects. Unemployment is still rising and much of the world's manufacturing capacity remains (perhaps for a long time) idle. The process of rebuilding business inventories cannot last forever; nor can the massive fiscal and monetary stimulus. Perhaps the current perceptions about the economic recovery do not reflect collective rationality, but rather the work of exuberant "animal spirits" replacing investor fear.

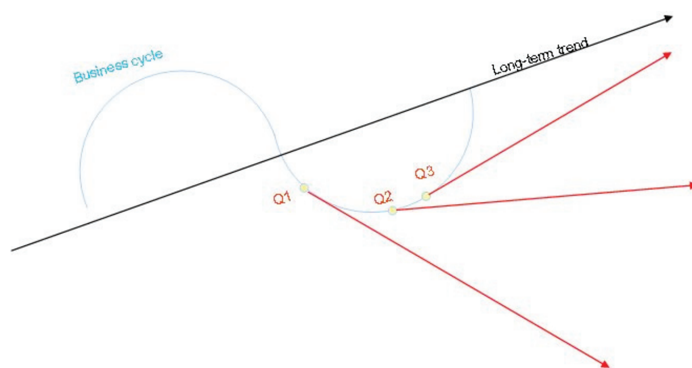
This issue of *Insight* inaugurates what will be a standard feature of this quarterly, commentary, a few words from Aspiriant's CEO. Tim Kochis, our current CEO, and also Editor of the publication, embarks on a six month sabbatical at the beginning of November, returning next May to serve as Chairman of our Board and to resume his role as Editor.

As I look forward to taking on leadership of Aspiriant on November 1st, I am grateful for the opportunity this presents for me to continue and enhance our services to clients and professional growth for our more than 70 people. I fully intend to have Aspiriant achieve an unparalleled position as the leader in client service, professional attainment, and success as a business enterprise. Each of those three elements is crucial to the accomplishment of the other two; and I will dedicate my efforts and all of our resources to those goals.

I look for your support and I am eager to have your thoughts on how I can best execute the responsibilities I am about to assume. Personally, and as head of our firm, I look forward to serving you.

Rob Francais
Incoming CEO

Thanks to groundbreaking work in the behavioral finance field, we are learning more about the limitations of the human mind, particularly with respect to making "rational" economic judgments and decisions. For instance, people have a tendency to overweight the most recent news and extrapolate more of the same into the future. Thus, perceptions about the future – optimism or pessimism – can seem the inescapable conclusion one day, only to be replaced by a very different sense soon thereafter.



The chart above shows a stylized business cycle overlaying a long-term (upward) trend in the level of GDP. If we extrapolate the current activity at any point (by extending a line whose slope is equal to the second derivative, or rate of change, of the cycle), we can get wildly different expectations than we would at another very close point. For example, extrapolating the actual economic activity taking place in Q1, would give us very different expectations than extrapolating from Q2. Maybe even more surprisingly, there is a huge difference between Q2 and Q3, even though the level of activity (relative to the trend, say 3% economic growth) is very similar. This analysis assumes that we know the level of economic activity and the rate of its change perfectly and instantaneously. This, of course, is untrue in reality. And, if we're interested in expectations about future stock prices (as opposed to the underlying economic activity), the differences would be magnified since equity market prices are a multiple of current activity.

So while we recognize the role of emotional/behavior factors in changing expectations about the future economy and stock market performance, there are also logical, rational, but still flawed reasons why expectations can change rapidly. Combining the two (one weak, the other imperfect) elements gives us a better understanding of market behavior around transition periods, such as the one we're in, than looking at either in isolation. The two are almost certainly not merely coincidentally, but related. Emotional responses are not arbitrary or capricious but grounded, however imperfectly, in fundamental reality.

But how confident can we be that we are returning to the prior long-term trend rather than some "new normal?" Expert opinions vary. According to a number of recent studies looking at the performance of economies after financial crisis, the world economy should return roughly to its pre-crisis rate of growth. Another theory, proposed by a number of well-respected academics and investment managers, is that growth will stay at a longer term lower rate, with investment, employment, and productivity growth all lower than before.

It is true that economic policy makers around the world must balance a number of difficult issues: buttressing economic demand, now, without over-extending the public finances; limiting unemployment without eliminating the "creative destruction" of uncompetitive companies and industries; and, most importantly, fostering innovation and trade while avoiding the protectionist backlash which often erupts in times of stress. On balance, we believe that the fundamental economic backdrop will support a return to growth, with risks to the upside. There are several billion people in the world (especially in still developing countries) operating well below their economic potential. With technological and business model innovation harnessing the energy of a truly global labor

and capital pool, it would take monumental policy blunders indeed to *permanently* lower growth and opportunity.

Jason Thomas, Ph. D.
Chief Investment Officer

Offshore Assets: The Not So Ugly Truth

The financial press has devoted much attention in recent months to efforts by the Internal Revenue Service ("IRS") to crack down on tax-avoidance planning using *offshore* financial arrangements. Earlier this year, as a result of political pressure particularly on the Swiss banking industry, UBS confirmed the existence of more than 50,000 offshore accounts held by US taxpayers at that bank alone. More recently, UBS has turned over to the IRS details relating to the ownership list of more than 4,000 of those accounts.

Coordinated with the political pressure on the foreign banking industry, the IRS announced a voluntary program on March 23, 2009 allowing domestic taxpayers the ability to disclose and pay taxes on previously unreported offshore financial arrangements with reduced civil penalties and no criminal prosecution. This offshore amnesty program was originally set to expire on September 23, 2009 but was recently extended to October 15, 2009. Any domestic taxpayer with an unreported offshore financial arrangement is strongly encouraged to contact an attorney specializing in these matters and to participate in the voluntary disclosure program lest that taxpayer's prior unreported activities become subject to additional scrutiny and severe civil and criminal penalties.

Much of the current IRS scrutiny of offshore financial arrangements is a direct result of domestic taxpayers' failure to file a Report of Foreign Bank and Financial Accounts ("FBAR") on Treasury Form 90-22.1. Domestic taxpayers must file Form 90-22.1 annually on June 30th and report accounts in foreign financial accounts of $10,000 or greater owned (or over which the domestic taxpayer has authority) in the previous year. Without relief under the voluntary disclosure program discussed above, civil penalties for non compliance with FBAR range from $10,000 for non-willful violations to the greater of $100,000 or 50% of the account balance for willful violations. Criminal penalties can lead to a fine of $250,000 and 5 years imprisonment.

All of these efforts have been meant to encourage domestic taxpayers to both comply with existing foreign bank account reporting rules and to pay applicable taxes under the threat of civil and criminal prosecution. In a political environment where tax increases are likely, these efforts by the IRS to curtail the use of offshore financial arrangements are likely to be met with little controversy or resistance.

Lost amid the recent negative press coverage, however, are the instances where fully legal offshore financial arrangements fill legitimate asset protection and/or investment optimization roles.

Optimizing Investment Tax Treatment

So, where do legitimate uses of offshore financial arrangements fit in a typical Aspiriant client portfolio? Establishing an offshore financial arrangement is completely legal so long as it is properly reported and US taxpayers pay income tax on their worldwide income. One example is where the specific nature of a foreign investment requires the domestic taxpayer to open a foreign bank account or create a foreign structure. Perhaps it is a direct investment in a non-U.S. financial market, buying foreign real estate or foreign currency diversification. Depending on the nature and location of the investment, there will be both foreign and domestic tax issues that may involve multiple tax jurisdictions and tax treaties. With each investment being fact-specific, it is important to retain qualified domestic and foreign counsel to ferret out the proper structure necessary to minimize taxation and to insure that the investment is properly reported for tax purposes in all governing jurisdictions.

Common examples of a foreign financial arrangement that appears in our clients' portfolios relate to pension and individual retirement account ("IRA") investments in certain pooled funds that allow clients the opportunity to invest in assets where the size and opportunity of the investment itself would be inappropriate or otherwise unavailable. These pooled funds are designed specifically and fully legally for client investments through a client's retirement and IRA accounts.

One of the basic principles in determining which of a client's accounts should house which of that client's investments is that the least "tax efficient" investments (i.e. they produce the greatest amount of current taxable income in relation to their value) should be held in tax-deferred accounts, such as IRA's, in order to avoid paying current income tax. Under the Internal Revenue Code, earnings from investments held within an IRA are generally not taxable until such time as those earnings are withdrawn from the IRA. This can result in many years of tax deferral on those earnings, greatly improving the net investment performance of the investment.

However, as with most tax rules there are always exceptions. At the risk of some mind-numbing detail, if an IRA holds investments that are leveraged with debt, as private investment partnerships often are, the income that results is referred to as "debt financed income" and does *not* qualify for tax deferral. If an IRA has "unrelated business taxable income" ("UBTI") as a result of such leverage, it is taxable in the year that it is earned, thereby partially negating the tax deferral benefits of the IRA itself[1], let alone causing additional administration costs due to the tax filings required of the IRA trustee.

The pooled funds located offshore come in to help by "blocking" the UBTI. Off-shore investment vehicles are usually organized as foreign corporations. These foreign corporations are legitimate entities that are organized outside the US, are not domestic taxpayers and therefore generally not subject to US tax[2]. The domestic US client's IRA invests in shares in the foreign corporation, which in turn holds investments in the private investment partnership that contains the leverage. Because the *investment* held in the *IRA* is no longer a domestic taxpayer, the IRA is not taxed currently on the dividends it receives from the foreign corporation. The foreign entity has effectively blocked the UBTI by containing it within the foreign corporation. The final result is that the tax deferral benefits of the IRA are maintained, but the eventual *value* of the IRA, including the results of the foreign entity, will be taxed as the IRA is distributed over time.

Asset Protection

Clients can also use appropriate offshore financial arrangements to help protect and preserve their wealth. Today, clients are faced with a dizzying array of risks from creditors, business claimants, tort liability, regulatory and legislative liability including Sarbanes-Oxley, even ex-spouses. While certain US state jurisdictions offer varying degrees of asset protection, practical realities and the "full faith and credit" doctrine regarding the enforceability of foreign sovereign judgments confirms that the preferred choice in asset protection remains an offshore financial arrangement.

An offshore financial arrangement for asset protection purposes often takes the form of an offshore trust that precludes creditors' access to undistributed trust assets. Unlike domestic trusts that generally do not allow for self-settled "spendthrift" trusts, an offshore trust formed in an appropriate foreign jurisdiction can protect the very person forming that trust. Typically these foreign jurisdictions have narrow laws and very limited statutes of limitations for challenging an alleged fraudulent transfer. Anyone challenging the offshore spendthrift trust is required to litigate the dispute in the foreign country within a limited time, often with no contingency fees and where the loser pays the costs.

Under the "nest egg" approach, the client would fund the offshore spendthrift trust with a limited amount of assets, a sort of disaster fund. Preferably, all of these assets would be physically located offshore and have an independent foreign trustee. As a beneficiary, the client can ask for distributions from the trust and the trustee may or may not grant that request, and most certainly not when the client was being sued or threatened. The client often retains the right to appoint a "trust protector" who has the right to remove and replace the foreign trustee for any reason. On the client's death the assets of the offshore trust can be incorporated into the client's estate plan in a number of different ways and either left offshore or brought back into the U.S.

While offshore spendthrift trusts address a number of important client concerns including asset protection, estate planning and economic diversification, the trust itself is fully income and estate tax neutral. As a grantor trust, the client will pay all income taxes on the offshore trust's income and the offshore trust generally will be included in the client's estate for estate tax purposes. As always, the client should report the offshore financial arrangement in accordance with FBAR.

Despite the rash of bad press, foreign financial arrangements have many proper uses in our clients' affairs and will likely become even more prevalent as we move to an even more global economy. But recent scrutiny of such arrangements, coupled with very significant penalties, requires proper reporting and the payment of tax on any income from such accounts. Certainly, Aspiriant's activities for its clients have never engaged in any improper use of any offshore vehicles. Still if any of our clients otherwise engaged in such activities, we would strive to help them remedy that situation. Your client service team stands ready to help if you have any questions or concerns or need assistance with the reporting of a foreign financial arrangement.

Marc Primiani and
Michael Kossman

1 UBTI is also generated if the IRA holds an investment that generates "trade or business" income. This subject is not intended to be addressed here.
2 A non-US taxpayer can be subject to US tax, and there could be adverse tax consequences to the IRA in this example, if the foreign corporation were to invest in business activities "effectively connected to the US" or generate gains from "US real property interests". This topic is beyond the scope of this article.

Year End Tax Planning

As the end of 2009 approaches, we offer this summary of traditional tax planning techniques, sprinkling in reminders of some new and some expiring tax law opportunities.

As always, year end tax planning must begin with an assessment of whether you expect your marginal tax rate exposure to be higher or lower in the coming year. Federal income tax rates are now widely expected to remain constant for 2010, with the Bush-era tax cuts allowed to expire on December 31, 2010. For our clients in California, however, budgetary measures have already resulted in a temporary .25% increase in all tax brackets effective for 2009 and 2010. (After November 1, 2009 California employees will notice that their withholdings have been increased by 10 %.) Therefore the assessment of your marginal tax rates should be focused primarily this year on your expected *volume* of income and deductions, rather than anticipated changes in the tax law itself between now and next year. Accordingly, the general rule of *deferring income* and *accelerating deductions* will continue to apply in most cases.

Traditional Techniques

Compensation - Some employers will permit employees to defer receipt of anticipated, but unearned salary and bonuses, into a later year. This will require a written agreement between the parties as you cannot accomplish this deferral by simply not accepting or depositing your paycheck until after December 31. A word of caution: salary deferral is not wise if there is any serious concern about your employer's ability to pay in the future.

Another employee compensation deferral technique would be to delay the exercise of employer non-qualified stock options until after year end. Similarly, self-employed persons and landlords may defer the receipt of fee income by delaying client and tenant billings or temporarily suspending collection efforts on overdue accounts.

Retirement Plans – Pre-tax 401(k) deferrals and retirement plan contributions should be maximized. Current year deductions for contributions made timely in the subsequent year are available for IRA and Keogh account holders. However, Keogh accounts must be opened before December 31 in order to take advantage of this rule.

Required minimum distributions ("RMDs") for persons aged 70 ½ or older have been temporarily suspended for the 2009 tax year. Recent IRS guidance provides that if you've already received a 2009 RMD, you have until the later of November 30, 2009 or 60 days after the date of distribution to roll over that amount to an IRA or other retirement plan and avoid paying income tax.

Capital Gain Transactions – Though market conditions and strategic investment considerations may outweigh the tax implications, the simplest way to defer capital gain recognition is to postpone the sale of appreciated assets until the following year. If the closing of a property sale cannot be deferred, the buyer may be pleased to accept installment payment terms that allow you to shift a large portion of the gain into the next year. Interest income will accrue to you on the deferred payments.

Another strategy for minimizing net taxable capital gains is what we deployed very extensively last year and early this year: capturing tax *losses.* If, however, there are any losses still remaining in accounts that we don't manage, let us help you to arrange to capture that tax loss now. Even if you don't have net capital gains this year, the loss will be usable in future years against gains that would later be taken.

Alternative Minimum Tax – As many of our clients have experienced, AMT is essentially a flat tax computation that

	2009 General Income Tax Rate Expectations & Planning Objectives			
	Same or Lower Marginal Tax Rate in 2010		**Higher Marginal Tax Rate in 2010**	
Considerations	**Accelerate**	**Defer**	**Accelerate**	**Defer**
Compensation		●	●	
Capital Gains		●	●	
Positive AMT Items		●	●	
Negative AMT Items	●			●
Itemized Deductions	●			●

generally includes all of the income taxed under the regular income tax regime, but disallows deductions for taxes paid, home equity & 2nd residence mortgage interest, employee expenses, and investment–related costs. In addition, the tax code requires adjustments for certain other items that are deemed to receive preferential treatment for regular tax purposes. The net impact of the AMT is to make taxable certain income items that otherwise would have been deferred or exempt and to defer or deny tax benefit for certain exclusions and itemized deductions.

Common Planning Opportunities

- If you are otherwise going to be subject to AMT in 2009, consider deferring the payment of regularly tax deductible items such as state income and property taxes to the following year. You should weigh the benefits of the deferred payment against any potential penalties for late payment.
- Consider not using accelerated methods of depreciation or making first-year expensing elections of business equipment if it appears that you will be paying AMT on a regular basis.
- The bargain element of an incentive stock option is an adjustment item subject to AMT. You can postpone making this adjustment by deferring exercise until a later year or eliminate the adjustment by selling the shares within 12 months of the exercise (i.e. disqualifying disposition) and treating the bargain element as compensation in the year of sale.
- If you project that you will be subject to AMT in the current year but not in 2010, you may consider accelerating income in order to take advantage of the lower 26% or 28% AMT tax rates.

Itemized Deductions – The timing of certain deductible payments may determine the value of the cumulative tax deductions. In some cases, adjusted gross income (“AGI”) limitations and AMT can erase the entire benefit. To address these concerns, you might bunch certain deductions in a single year in order to minimize the impact of such limitations. The decision will often hinge on whether the net present value of the increased tax benefit exceeds the potential cost of late payment fees or reduced investment return. We can, of course, assist you in evaluating these trade-offs.

Common Planning Opportunities

- Bunching medical and investment fee payments into one year to minimize the impact of AGI limitations.
- Using home equity indebtedness to refinance up to $100,000 of credit card or other non-deductible debt.
- Prepaying or deferring state income or property taxes in order to reduce the impact of AMT.
- The structure and timing of charitable donations can have a big impact on your year-end tax planning strategy. You may consider accelerating the fulfillment of charitable pledges in years where your AGI is unusually high. Contributions charged to your credit card in 2009 will be immediately deductible, even if the payment of your account balance doesn’t occur until a later year. Giving long-term appreciated securities will provide the dual benefit of a fair market value deduction and the avoidance of capital gains taxes. Individuals aged 70 ½ or older can give up to $100,000 directly from an IRA to a qualified charity without recognizing any taxable income.

  Taxpayers with charitable contribution carryovers that expire in 2009 will probably want to try to accelerate income in order to maximize the use of the available deduction. The sale and, if desired, immediate repurchase of short-term appreciated securities (so long as the gain would not be offset by accumulated losses…right now, many clients have substantial loss carryovers) and/or taxable bonds (in order to accelerate the receipt of accrued interest) can assist in this effort.

Income Tax Withholding and other Pre-Payments - If it appears that you have underpaid your 2009 estimated taxes, you may be able to make up the shortfall by increasing the withholding on your remaining paychecks or bonus compensation in the final months of 2009. Since withholding is generally treated as having been paid ratably throughout the year, you may be able to eliminate the estimated tax penalty that would have been due for a previous quarter.

If we are not ourselves preparing your taxes, we will be in touch with your tax preparer in December about any issues that should be taken into consideration when preparing tax projections and determining your optimal tax payment schedule. In addition, we will forward tax information for the investment portfolios that we manage for the full year 2009 to your tax preparation in February 2010.

Expiring Tax Provisions – Two special tax breaks are scheduled to expire soon. The first time homebuyer credit is available only for purchases that close before December 1, 2009. The deduction for qualified motor vehicle sales taxes (on the first $49,400) of the cost of a new car or other qualified vehicle is only available for purchases in 2009.

Gift Taxes – All taxpayers are allowed to give up to $13,000 (2009 annual exclusion limit) to as many people as they wish without incurring a gift tax liability. This valuable exclusion should be considered a fundamental, annual component of every estate plan.

Your client service team is eager to work with you to *plan* for and then *execute* these transactions as early as possible to avoid any year-end rush.

Roth IRA Conversions

In 2010, the former income ceilings on eligibility to convert regular IRA's to Roth's will be eliminated. For the first time, all of our clients will be eligible to convert their existing IRA's (with their drawbacks of required distributions and full tax exposures on those distributions) to a vehicle that can escape future distribution requirements and, once tax is paid on the conversion itself, is free of future income tax liability.

We believe that this opportunity will be highly attractive for a very large swath of our clients. For many, there is a considerable amount of money and substantial tax liability at stake. We will devote a special communiqué on the detailed planning ramifications later this fall. We suspect that a very large number of IRA's will be appropriate to convert…very early in 2010…especially since a safety valve exists: any conversion can be "undone" as late as October 15, 2011. From here, we have a 2 year free pass on maximizing a truly rare opportunity to optimize tax and investment planning for substantial portions of many clients' portfolios.

Ray Edwards

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PERFORMANCE RESULTS

Category	Sub-category	Fund	3rd Quarter 2009	12 Months to 9/30/09	3 Years Annualized to 9/30/09
Fixed Income	Taxable	Benchmark Index: Barclays Capital US Aggregate Bond	3.7%	10.6%	6.4%
		Benchmark Fund: iShares Barclays Aggregate Bond	3.6%	10.5%	6.2%
	* (Nominal)	**PIMCO Total Return Institutional**	**6.0%**	**18.3%**	**9.2%**
		Vanguard Intermediate Term Investment Grade	**7.6%**	**16.0%**	5.6%
	(Inflation-Protected)	**PIMCO Real Return Institutional**	**5.5%**	10.4%	**6.2%**
		Vanguard Inflation Protected	3.1%	4.6%	5.3%
	Tax-Exempt	Benchmark: Barclays Capital US Municipal Bond	7.1%	14.9%	5.1%
		Benchmark Fund: iShares S&P National Muni Bond	7.1%	15.4%	N/A
	(Short duration)	**Vanguard Limited Term Tax Exempt**	2.3%	6.8%	4.4%
	(Intermediate)	**Vanguard Intermediate Term Tax Exempt**	6.2%	13.2%	**5.2%**
		Nuveen Intermediate Duration Muni Bond	6.4%	11.6%	4.3%
		Vanguard CA Intermediate Tax Exempt Admin	**7.2%**	11.5%	4.3%
	(Long duration)	**Vanguard High Yield Tax Exempt**	**9.8%**	14.3%	3.9%
		Nuveen High Yield Muni Bond Class	**19.1%**	-1.5%	-6.0%
Real Estate	Global	Benchmark Index: Dow Jones Global Select RESI	29.2%	-19.7%	14.9%
		Benchmark Fund: 60% SPDR DJ Wilshire Intl RE/ 40% Vanguard REIT Index ETF	29.0%	-13.3%	N/A
		DWS RREEF Global Real Estate Sec	22.6%	**-11.3%**	-10.3%
	US	Benchmark Index: Dow Jones US Select REIT	35.4%	-29.3%	-13.7%
		Benchmark Fund: iShares Dow Jones US Real Estate	32.7%	-26.1%	-13.5%
		DWS RREEF US Real Estate	**33.8%**	-27.6%	**-13.3%**
	Energy Infrastructure	Benchmark Index: Citigroup MLP Index	14.0%	20.0%	4.5%
		Kayne Anderson MLP	-1.5%	1.1%	-1.5%
Large Cap: Domestic	Broad Market	Benchmark Index: Russell 3000	16.3%	-6.4%	-5.1%
		Benchmark Fund: iShares Russell 3000	16.3%	-6.4%	-5.1%
		DFA US Core Equity 2	**19.2%**	**-6.3%**	-5.4%
		DFA TA US Core Equity 2	**19.0%**	-6.9%	N/A
		Vanguard Total Stock Market	**16.5%**	**-6.1%**	**-4.7%**
	Blend	Benchmark Index: S&P 500	15.6%	-6.9%	-5.4%
		Benchmark Fund: iShares S&P 500	15.6%	-6.9%	-5.4%
		Schwab S&P 500 Institutional Select	12.7%	-9.2%	-6.2%
		Schwab 1000 Select	**17.0%**	**-5.5%**	**-4.7%**
	*	**Tax Managed Index Separate Account (Aperio/Parametric)**	*Return based on individual client's portfolio*		
	Value Style	Benchmark Index: Russell 1000 Value	18.2%	-10.6%	-7.9%
		Benchmark Fund: iShares Russell 1000 Value	18.2%	-10.6%	-7.9%
		Berkshire Hathaway B	14.8%	-24.4%	**1.5%**
	*	**DFA Large Cap Value**	**22.0%**	**-9.5%**	**-7.9%**
	*	**DFA Tax Managed Marketwide Value**	**22.8%**	**-8.2%**	**-7.6%**

* Preferential Access Through Aspiriant

Returns are stated net of manager's fees, but before Aspiriant fees. All fund returns above are stated including the reinvestment of dividends and capital gains. Figures in bold reflect performance equal to or better than benchmark fund or, in cases where the benchmark fund's performance is not available, performance equal to or better than benchmark index.

PERFORMANCE RESULTS

Category	Style	Fund	3rd Quarter 2009	12 Months to 9/30/09	3 Years Annualized to 9/30/09
Large Cap: Developed Overseas	*Blend Style*	Benchmark Index: MSCI EAFE	19.5%	3.8%	-3.1%
		Benchmark Fund: iShares MSCI EAFE ETF	19.2%	3.1%	-3.7%
		DFA International Core Equity	**21.7%**	**7.5%**	**-2.3%**
		DFA TA World Ex-US Core Equity	**21.9%**	**11.9%**	N/A
		Vanguard Total International Stock Fund	**19.7%**	**4.7%**	**-1.6%**
	Value Style	Benchmark Index: MSCI EAFE Value	22.2%	8.1%	-3.5%
		Benchmark Fund: iShares MSCI EAFE Value	21.9%	7.0%	-4.2%
	*	**DFA International Value**	**24.3%**	5.5%	**-2.6%**
	*	**DFA Tax Managed International Value**	**23.4%**	6.3%	**-1.7%**
Small Cap: Domestic	*Blend Style*	Benchmark Index: Russell 2000	19.3%	-9.5%	-4.6%
		Benchmark Fund: iShares Russell 2000	19.3%	-9.4%	-4.5%
	*	**DFA US Small Cap**	**21.5%**	**-3.5%**	**-3.7%**
	*	**DFA Tax Managed US Small Cap**	17.5%	-11.7%	-6.7%
	*	**DFA US Micro Cap**	**19.3%**	**-8.8%**	-6.4%
	Value Style	Benchmark Index: Russell 2000 Value	22.7%	-12.6%	-6.6%
		Benchmark Fund: iShares Russell 2000 Value	22.6%	-12.4%	-6.7%
	*	**DFA US Small Cap Value**	**26.8%**	**-7.4%**	-6.9%
	*	**DFA Tax Managed US Targeted Value**	**23.3%**	**-11.4%**	-8.5%
Small Cap: Developed Overseas		Benchmark Index: MSCI EAFE Small Cap	22.2%	15.9%	-3.4%
		Benchmark Fund: SPDR S&P International Small Cap ETF	20.0%	10.5%	N/A
	*	**DFA International Small Company**	**20.4%**	**11.0%**	**-1.9%**
	*	**DFA International Small Cap Value**	**24.4%**	**14.7%**	**-1.0%**
Emerging Markets		Benchmark Index: MSCI Emerging Markets	21.0%	19.4%	8.3%
		Benchmark Fund: Vanguard Emerging Markets ETF	21.2%	17.3%	7.8%
	*	**DFA Emerging Markets Core Equity Portfolio (inception date 4/5/05)**	**22.2%**	**23.9%**	**10.6%**
Commodities		Benchmark Index: Goldman Sachs Commodity Index	-1.8%	-44.5%	-10.8%
		Benchmark Fund: iShares GSCI Commodity-Indexed Trust	-1.8%	-44.3%	-11.3%
		GSCI Enhanced Commodity Total Return Strategy Index ETN	**-1.3%**	**-36.6%**	N/A
		iPath GSCI Total Return Index ETN	-2.0%	-45.7%	-11.8%

* Preferential Access Through Aspiriant

Returns are stated net of manager's fees, but before Aspiriant fees. All fund returns above are stated including the reinvestment of dividends and capital gains. Figures in bold reflect performance equal to or better than benchmark fund or, in cases where the benchmark fund's performance is not available, performance equal to or better than benchmark index.

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