

# FOLIOs

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## An Innovation For Investors

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CEO, FOLIO*fn*, Inc.

April 26, 2006

## In The Beginning – There Were Two Alternatives

### Stocks

**Advantages:**

- Control and flexibility
- Tax efficiency

**Disadvantages:**

- Inadequate diversification
- No “portfolio” benefits
- Difficult to select stocks
- High costs
- No dollar-based investing
- No cost effective odd lots



- **Diversification**
- **Professional portfolio management**
- **Control and flexibility**
- **Tax efficiency**
- **Simplicity**
- **Integrated platform**
- **Cost efficiency**
- **Scalability**

### Mutual Funds

**Advantages:**

- Diversification
- Professional portfolio management

**Disadvantages:**

- Lack of customization
- Inability to control taxes
- High fees for higher assets (little flexibility in pricing)
- Style drift
- No ability to vote underlying securities

# Technology (like FOLIOs) Permits Offerings That Combine The Advantages Of

FOLIO*fn*

## Stocks

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- Tax efficiency

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← Both →

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- **Professional portfolio management**
- **Control and flexibility**
- **Tax efficiency**
- **Simplicity**
- **Integrated platform**
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## Mutual Funds

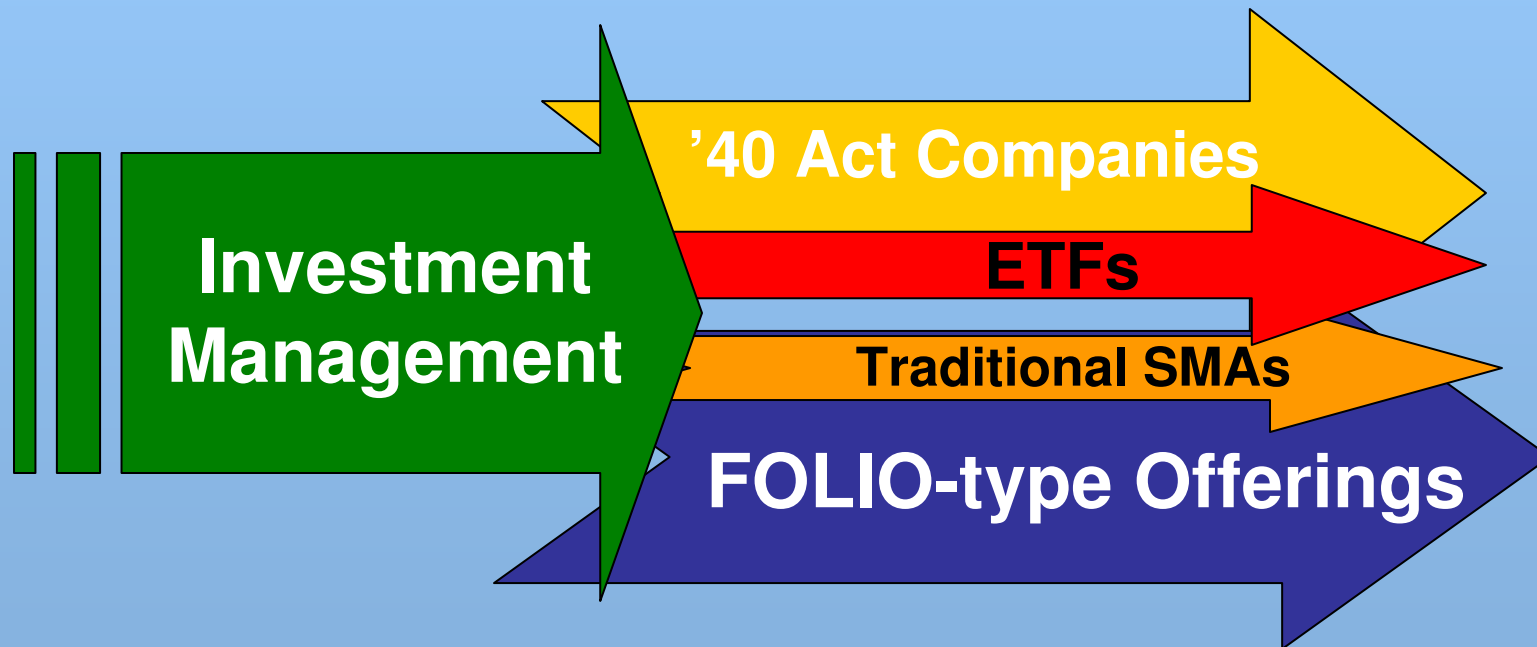
### Advantages:

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### Disadvantages:

- Lack of customization
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- Style drift
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# Technology and Innovation Combine to Create Superior Vehicles For Delivering Core Asset Management



One Value-Add Is Investment Management, Another Is New Delivery Vehicles That Allow For Previously Unobtainable Scale and Other Benefits

# The Power of Folios<sup>sm</sup>!

**FOLIOs are Baskets of Securities that Can Include Any Security.**

FOLIO<sup>fn</sup> offers FOLIOs that can include any Exchange Listed or NASDAQ Traded Security (including REITs, ADRs, and ETFs) and Mutual Funds

**An Investor Can:**

- Buy or Sell Folios As One Transaction
- Trade Securities Individually Within Folios
- Rebalance Folios As Often As Needed
- Synchronize Folios to Models
- Hold Multiple Folios in One Account
- Hold Fractional Shares in Folios
- Buy or Sell in Dollar or Share Amounts

Holdings: *LT Aggressive Growth* Change View to:  GO

[Trade](#) | [View Folio Summary](#) | [View Weights](#) | [Explain This Page](#) | [Return to My Accounts](#) BOTTOM OF PAGE ▾

Sort any column by clicking on its heading.

Symbol	Security	Current		Total Value	Weight	Change Since Previous Close		Change Since Purchase	
		Shares	Last Trade			Percent	Per Share	Gain/Loss	Percent
<a href="#">AOL</a>	AOL TIME WARNER, INC.	676.26953	\$11.17	\$7,553.93	15.45%	5.38%	\$0.57	<a href="#">\$628.93</a>	9.08%
<a href="#">C</a>	CITIGROUP INC	225.84714	\$31.72	\$7,163.87	14.65%	(4.46%)	(\$1.48)	<a href="#">(\$1.13)</a>	(0.02%)
<a href="#">GM</a>	GENERAL MTRS CORP	152.43903	\$29.94	\$4,564.02	9.34%	(11.94%)	(\$4.06)	<a href="#">(\$435.98)</a>	(8.72%)
<a href="#">IBM</a>	INTERNATIONAL BUSINESS MACHS	93.62499	\$75.99	\$7,114.56	14.55%	(4.95%)	(\$3.96)	<a href="#">(\$140.44)</a>	(1.94%)
<a href="#">MSFT</a>	MICROSOFT CORP	304.74374	\$23.07	\$7,030.44	14.38%	(6.26%)	(\$1.54)	<a href="#">(\$164.56)</a>	(2.29%)
<a href="#">ORCL</a>	ORACLE CORP	606.74158	\$10.81	\$6,558.88	13.42%	(12.75%)	(\$1.58)	<a href="#">(\$461.12)</a>	(6.57%)
<a href="#">T</a>	AT&T CORP	402.00449	\$16.63	\$6,685.33	13.67%	23.09%	\$3.12	<a href="#">(\$534.67)</a>	(7.41%)
<a href="#">XXCOF</a>	CORTLAND TR GEN MONEY MKT FD	2,220.00000	\$1.00	\$2,220.00	4.54%	0.00%	\$0.00	<a href="#">\$0.00</a>	0.00%
<b>8</b>	<b>Total</b>			<b>\$48,891.04</b>	<b>100%</b>			<b><a href="#">(\$1,108.96)</a></b>	<b>(2.22%)</b>

# A Closer Look At FOLIOs

# FOLIO *Investing*

- **A brokerage account regulated as a brokerage offering**
  - Fees are clear and charged to the account
  - A FOLIO itself is not a security
- **Entire baskets – or FOLIOs – of stocks, can be bought, sold and modified quickly and easily by**
  - Individual investors
  - Advisors
  - Managers
- **Each FOLIO can be customized at any time and from time to time**

## **FOLIO *Investing (con't)***

- **Each account is completely separate**
  - Can be opened, added to or subtracted from, or closed
  - Or moved to any other brokerage
  - Without any impact on others – there is no “mutuality” of any sort
- **Investors directly own securities in the FOLIO, so they can**
  - Vote the securities they own in the FOLIO,
  - Sell specific tax lots and harvest tax losses, etc.

# **FOLIO *Investing*:** **How It Works**

# Create a FOLIO

## Create a Folio with your stock picks!

Add ticker symbols to the box below. Get ticker symbols from [Stock Lookup](#).

[Stock Lookup](#)

Separate each symbol with a space or comma.

a, b, c, d, e, f, g, h, i, j, k

[Continue](#)

- Hold [Window](#) [Stocks](#) in Folios
- Hold [Mutual Funds](#) in Folios
  - Hold [Cash](#) in Folios

### TOP 10 HOLDINGS

Click on a symbol below to add it to the box.

Symbol	Company	Last Trade
<a href="#">AOL</a>	AOL TIME WARNER, INC.	\$11.18
<a href="#">C</a>	CITIGROUP INC	\$31.78
<a href="#">GE</a>	GENERAL ELEC CO	\$23.81
<a href="#">IBM</a>	INTERNATIONAL BUSINESS MA	\$76.00
<a href="#">INTC</a>	INTEL CORP	\$16.02
<a href="#">JNJ</a>	JOHNSON & JOHNSON	\$54.71
<a href="#">MSFT</a>	MICROSOFT CORP	\$23.08
<a href="#">PFE</a>	PFIZER INC	\$29.24
<a href="#">QQQ</a>	NASDAQ 100 TR UNIT SER 1	\$24.07
<a href="#">WMT</a>	WAL MART STORES INC	\$47.46



1) Select the Securities (stocks, mutual funds, etc.).

## Create A FOLIO: Allocate Weights

Please decide how to allocate your money across these stocks. Click on one of these choices:

- [Equal Weights](#) Buy the same amount of each stock.
- [Market Cap Weights](#) Buy more of larger companies.
- [Enter Your Own Weights](#) Type the "weights" below.

What are [weights](#)?

Need help making a selection? [See examples.](#)

If you're entering your own weights, the total must equal 100%.

Click below to...

**Want to Add Cash to a Folio?**

You can easily include a [money market fund](#).

[Explain This Page](#)  
[More Information](#)

Symbol	Security	Price	Market Cap	Weights
1. <a href="#">A</a>	AGILENT TECHNOLOGIES INC	\$12.80	9,293 M	0.00 %
2. <a href="#">B</a>	BARNES GROUP INC	\$20.77	380 M	0.00 %
3. <a href="#">C</a>	CITIGROUP INC	\$31.74	189,427 M	0.00 %
4. <a href="#">D</a>	DOMINION RESOURCES INC.	\$54.88	17,349 M	0.00 %
5. <a href="#">E</a>	ENI S P A ADR	\$68.85	59,773 M	0.00 %
6. <a href="#">E</a>	FORD MTR CO DEL PAR \$0.01	\$6.74	19,269 M	0.00 %
7. <a href="#">Q</a>	GILLETTE CO	\$31.05	33,052 M	0.00 %
8. <a href="#">K</a>	KELLOGG CO	\$28.26	13,676 M	0.00 %
<b>Total</b>				0.00 %



2) Select the Weighting for Each Security.

Create a Folio: *Browse and create a Folio*

Account: *Individual133*

[Need Help?](#)

**You have three easy ways to browse and buy Folios:**



**Ready-to-go Folios**

Select a pre-packaged Folio and customize it if you wish.  
[Featured Folios](#) | [Categories of Folios](#) | [A-Z List](#)

[Performance of Ready-to-go Folios](#)



**Build-your-own Folio**

[Stock-by-Stock](#) Put your own stock picks in a Folio.  
[Stock Selector](#) Use tools to screen stocks.  
[Move Stocks](#) Move stocks into a new Folio or between Folios.

[See Window Stocks, ETFs, REITs, and more](#)



**Get help choosing Folios**

[Folio Strategies](#)  
 See Folios that match basic investment strategies.

[The FOLIO Wizard](#)  
 Find Folios by answering questions on investing goals and feelings about risk.

[See your FOLIO Wizard results](#)  
 Your most recent profile for this account matched the Long-term Conservative Profile.

**FOLIO<sup>fn</sup>  
 makes it  
 easy**

Use our tools to choose a Folio, but you need to decide if a Folio is right for you. Read about the [risks of investing](#) in Folios.

[Return To My Accounts](#)

**Create a Folio: *Categories of Ready-to-go Folios***

Account: *jointnewjdk*

[Need Help?](#)

Click on a category to view Folios.

View Ready-to-go Folios by:  
[Category](#) | [Featured](#) | [A-Z List](#)



**Bond FOLIOs**

Folios of closed-end bond funds that invest in various categories of bonds, including government, corporate, high-yield, and foreign.



**ETF FOLIOs**

Folios that include exchange-traded funds designed to track various stock indexes and sectors. A way to diversify broadly.



**Geographic FOLIOs**

Folios of companies from various geographical regions, such as Europe, Latin America, and Asia. These companies' stocks are traded in U.S. markets as American Depository Receipts, ADRs.



**Investment Style FOLIOs**

Folios that follow different investment

**Ready to go  
Folios are  
starting  
points for  
investors**

**Quick Links**

[Performance of Ready-to-go Folios](#)

[Window Stocks, ETFs, REITs, and more](#)

[Research Stocks: Quotes, Profiles, Analyst Recommendations](#)

**User Guide**

**Browse Folios**

Each Category contains several Ready-to-go Folios.

**Variety**

Ready-to-go Folios cover a wide range of investment objectives.

Create a Folio: *Featured Folios*

Account : *Individual33*

[Need Help?](#)

Buy or modify a Folio by clicking on the Folio's name.

- OVERVIEW: View performance and vital statistics.
- MORE INFO: Learn how securities were selected.
- STOCK DETAILS: View a list of securities in the Folio.

View Ready-to-go Folios by:  
[Category](#) | [Featured](#) | [A-Z List](#)



**Market**

A Folio of stocks that generally fluctuate in price as much as the overall market. The Folio might offer gains and losses as much as the overall market. Folio Reviewed: 07/29/02. Folio Changed: 07/29/02. [overview](#) | [more info](#) | [stock details](#)



**Analyst Upgrades**

A Folio of stocks in the Standard & Poor's 500 whose recommendations by Wall Street stock analysts have improved the most. Folio Reviewed: 09/23/02. Folio Changed: 09/23/02. [overview](#) | [more info](#) | [stock details](#)



**Conservative**

A Folio of stocks that generally fluctuate in price less than the overall market. The Folio might offer less-than-market gains as well as less-than-market losses. Folio Reviewed: 07/29/02. Folio Changed: 07/29/02. [overview](#) | [more info](#) | [stock details](#)



**REITs**

A Folio of Real Estate Investment Trusts. Folio Reviewed: 04/22/02. Folio Changed: 05/09/02. [overview](#) | [more info](#) | [stock details](#)



**Aggressive**

A Folio of stocks that generally fluctuate in price more than the overall stock market. The Folio might offer greater-than-market gains but also greater-than-market losses. Folio Reviewed: 07/29/02. Folio Changed: 07/29/02. [overview](#) | [more info](#) | [stock details](#)



**Folio Utility**

The 15 stocks in the Dow Jones Utility Average. These stocks represent the gas and electric utilities industries. Folio Reviewed: Concurrent with changes in the index. Folio Changed: 12/3/01. [overview](#) | [more info](#) | [stock details](#)

**Quick Links**

[Performance of Ready-to-go Folios](#)

[Window Stocks, ETFs, REITs, and more](#)

[Research Stocks: Quotes, Profiles, Analyst Recommendations](#)

**User Guide**

**Tailor Any Folio**  
When buying a Folio, you can customize it to match your needs.

**Investing At Your Own Pace**  
No investment minimums apply.

**Create a Folio: *ETF FOLIOS***

Account: [jointnewjdk](#)

[Need Help?](#)

Buy or modify a Folio by clicking on the Folio's name.

**FOLIOS can hold all sorts of securities – including ETFs**

- **OVERVIEW:** View performance and vital statistics.
- **MORE INFO:** Learn how securities were selected.
- **STOCK DETAILS:** View a list of securities in the Folio.

View Ready-to-go Folios by:

[Category](#) | [Featured](#) | [A-Z List](#)

**Quick Links**

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 [iShares Global](#)

A Folio of ETFs that represent the largest equity markets in the world. The countries represented cover 95% of the world's stock market capitalization. Market cap data as of November 30, 2001. Folio Reviewed: 07/24/02. Folio Changed: 01/08/02.  
[overview](#) | [more info](#) | [stock details](#)

 [iShares Growth](#)

A Folio of S&P SmallCap, MidCap, and Large Cap BARRA Growth Index ETFs. Folio Reviewed: 07/24/02. Folio Changed: 12/11/01.  
[overview](#) | [more info](#) | [stock details](#)

 [iShares Large-Cap](#)

A Folio of the Russell 1000 Value and Growth ETFs. Folio Reviewed: 07/24/02. Folio Changed: 12/11/01.  
[overview](#) | [more info](#) | [stock details](#)

 [iShares Sector](#)

A Folio of the Dow Jones Sector ETFs. Taken together, these ETFs represent all the stocks in the Dow Jones Total Market

## Market

#	Symbol	Company	Weight (% of Folio)
1	AOC	AON CORP	6.84%
2	CCE	COCA COLA ENTERPRISES INC	2.00%
3	CF	CHARTER ONE FINL INC	2.00%
4	CSC	COMPUTER SCIENCES CORP	2.00%
5	CVG	CONVERGYS CORP	3.67%
6	DHR	DANAHER CORP DEL	7.50%
7	GP	GEORGIA PAC CORP GA PAC GRP	2.49%
8	GR	GOODRICH B F CO	2.00%
9	IPG	INTERPUBLIC GROUP COS INC	7.50%
10	IR	INGERSOLL-RAND CO	7.50%
11	JCI	JOHNSON CTLS INC	2.00%
12	KMG	KERR MCGEE CORP	2.00%
13	LEG	LEGGETT & PLATT INC	2.00%
14	LTD	LIMITED INC	2.00%
15	MRO	USX MARATHON GROUP NEW	2.00%
16	NCR	NCR CORP NEW	2.00%
17	NSM	NATIONAL SEMICONDUCTOR CORP	2.00%
18	NUE	NUCOR CORP	2.00%
19	ODP	OFFICE DEPOT INC	2.00%
20	PGR	PROGRESSIVE CORP OHIO	7.50%
21	PH	PARKER HANNIFIN CORP	2.00%
22	PX	PRAXAIR INC	2.00%
23	ROH	ROHM & HAAS CO	2.00%
24	SBL	SYMBOL TECHNOLOGIES INC	2.00%
25	SPLS	STAPLES INC	7.50%
26	TRW	TRW INC	2.00%
27	UIS	UNISYS CORP	2.00%
28	UNM	UNUMPROVIDENT CORP	2.00%



**Create a Folio: *Prepare Order***

Account: ***Watch Account***

Please enter the following information:

**This isn't a real trade!**

Remember you are in your Watch Account. You are not investing real dollars.

Enter the dollar amount to invest in this Folio: \$

Name this Folio:   
(Use no more than 25 characters)

- Decide what to do with dividends:
- Reinvest dividends of \$1 or more in the securities that paid them.
  - Put all dividends in my Cash and Money Funds.

Cash dividends of less than \$1 will be deposited in your Cash and Money Funds.

**Market Orders for Folios**

Want to send your Folio order directly to the market and bypass a Window Trade? Prepare your trade and on the "Preview and Place Order" page you can change from a Window Trade to a

[Preview Order](#)

## Order

Frequently trading the same security may create [wash sales!](#)

**Account:** Watch Account

**FOLIO:** Steve's Market Folio

Cancel



Modify Order

Place Order

	Action	Symbol	Security	Shares	Price per Share	Total Price
1	Buy	<a href="#">AOC</a>	AON CORP	2.00351	\$34.14	\$68.40
2	Buy	<a href="#">CCE</a>	COCA COLA ENTERPRISES INC	1.04493	\$19.14	\$20.00
3	Buy	<a href="#">CF</a>	CHARTER ONE FINL INC	0.70126	\$28.52	\$20.00
4	Buy	<a href="#">CSC</a>	COMPUTER SCIENCES CORP	0.45434	\$44.02	\$20.00
5	Buy	<a href="#">CVG</a>	CONVERGYS CORP	1.24533	\$29.47	\$36.70
6	Buy	<a href="#">DHR</a>	DANAHER CORP DEL	1.33239	\$56.29	\$75.00
7	Buy	<a href="#">GP</a>	GEORGIA PAC CORP GA PAC GRP	0.86398	\$28.82	\$24.90
8	Buy	<a href="#">GR</a>	GOODRICH B F CO	0.87489	\$22.86	\$20.00
9	Buy	<a href="#">IPG</a>	INTERPUBLIC GROUP COS INC	3.20650	\$23.39	\$75.00
10	Buy	<a href="#">IR</a>	INGERSOLL-RAND CO	1.87923	\$39.91	\$75.00
11	Buy	<a href="#">JCI</a>	JOHNSON CTLS INC	0.25840	\$77.40	\$20.00
12	Buy	<a href="#">KMG</a>	KERR MCGEE CORP	0.34910	\$57.29	\$20.00
13	Buy	<a href="#">LEG</a>	LEGGETT & PLATT INC	0.89166	\$22.43	\$20.00



**Modify Order**

Account: **Watch Account**

Please select an option:

**Modify the holdings in your order**

Change the amount of any current stock, add a new stock, or completely remove a stock.

**Modify the total dollar amount of your order**

Increase or decrease the total amount of your order.

**Changed your mind?** Click the back button on your browser to return to the "Preview and Place Order" page.

This Folio Order: (\$1,000.00)  
(\$1,000.00)

	Your Original Order		Your Modified Order	
Symbol Security	Price per Share	Proposed Holdings	Add New Stocks	
			Action	Amount
1. <a href="#">AOC</a> AON CORP	\$34.14	\$68.40	buy ▼	\$ 68.40
2. <a href="#">CF</a> CHARTER ONE FINL INC	\$28.52	\$20.00	buy ▼	\$ 20.00
3. <a href="#">CCE</a> COCA COLA ENTERPRISES INC	\$19.14	\$20.00	remove ▼	\$
4. <a href="#">CSC</a> COMPUTER SCIENCES CORP	\$44.02	\$20.00	buy ▼	\$ 20.00
5. <a href="#">CVG</a> CONVERGYS CORP	\$29.47	\$36.70	buy ▼	\$ 36.70
6. <a href="#">DHR</a> DANAHER CORP DEL	\$56.29	\$75.00	buy ▼	\$ 75.00
7. <a href="#">GP</a> GEORGIA PAC CORP GA PAC GRP	\$28.82	\$24.90	buy ▼	\$ 24.90
8. <a href="#">GR</a> GOODRICH B F CO	\$22.86	\$20.00	remove ▼	\$
9. <a href="#">IR</a> INGERSOLL-RAND CO	\$39.91	\$75.00	buy ▼	\$ 75.00
10. <a href="#">IPG</a>	\$22.20	\$75.00	buy ▼	\$ 75.00

# Because the Investor Controls The Account and Holdings – Integrated Tax Management Tools

**Automatically**  
**Select Tax Lots on Sales, Based on Specific Tax Needs!**

**Tax Information: Individual** Individual Go

This chart shows your total gains and losses from shares you sold in this taxable account during the current year.

"Long-Term" amounts come from shares you held for more than a year. "Short-Term" refers to shares held for one year or less. [Tax Tips!](#)

2002 Realized Gains & Losses		
	Long-Term	Short-Term
<b>Gain</b>	\$0.00	\$4,674.56
<b>Loss</b>	\$0.00	(\$3,212.64)
<b>Net</b>	\$0.00	\$1,461.92

To change between the current year and previous year, select your choice and click "Change View."

View **Current Year** tax information.

View **Previous Year** tax information.

Return to Tax Information Change View

**Change Tax Lot Selection: (Account #RA0093500V)**

We track every trade by tax lot. This means that when you sell a portion of a Folio, you can choose to sell the tax lots that give you the best tax treatment.

What would you like to use as your default tax lot selection method? This setting will be used when you sell shares.  
 (Note: You can change this setting each time you trade.)

- First In - First Out
- Minimize Gain or Maximize Loss
- Minimize Long Term Gain
- Minimize Short Term Gain
- Maximize Gain or Minimize Loss
- Last In - First Out
- Maximize Long Term Gain
- Maximize Short Term Gain

Cancel Continue

**Instantaneously Create Real-Time Realized Gain/Loss Reports and Make Investment Decisions Through One Easy-to-use Interface.**

**Download Tax Information Directly Into the Most Popular Tax Preparation and Finance Programs.**

[Home](#)[Our Services](#)[Folio Forum](#)[The Market](#)[My Accounts](#)

## Change Tax Lot Selection: (Account #EA0000700V)

We track every trade by tax lot. This means that when you sell a portion of a Folio, you can choose to sell the tax lots that give you the best tax treatment.

What would you like to use as your default tax lot selection method? This setting will be used when you sell shares.

*(Note: You can change this setting each time you trade.)*

- First In - First Out
- Minimize Gain or Maximize Loss
- Minimize Long Term Gain
- Minimize Short Term Gain
- Maximize Gain or Minimize Loss
- Last In - First Out
- Maximize Long Term Gain
- Maximize Short Term Gain

[Cancel](#) [Continue](#) 

## Stock Exclusions: (EA0000700V)

You may choose to exclude certain types of companies from your Folios. We will notify you if you are about to buy any of these stocks. You can decide at that time if you want to buy them or not.

### Social Issue Exclusions

If you want to exclude companies that are involved in the following areas, click on the appropriate boxes below:

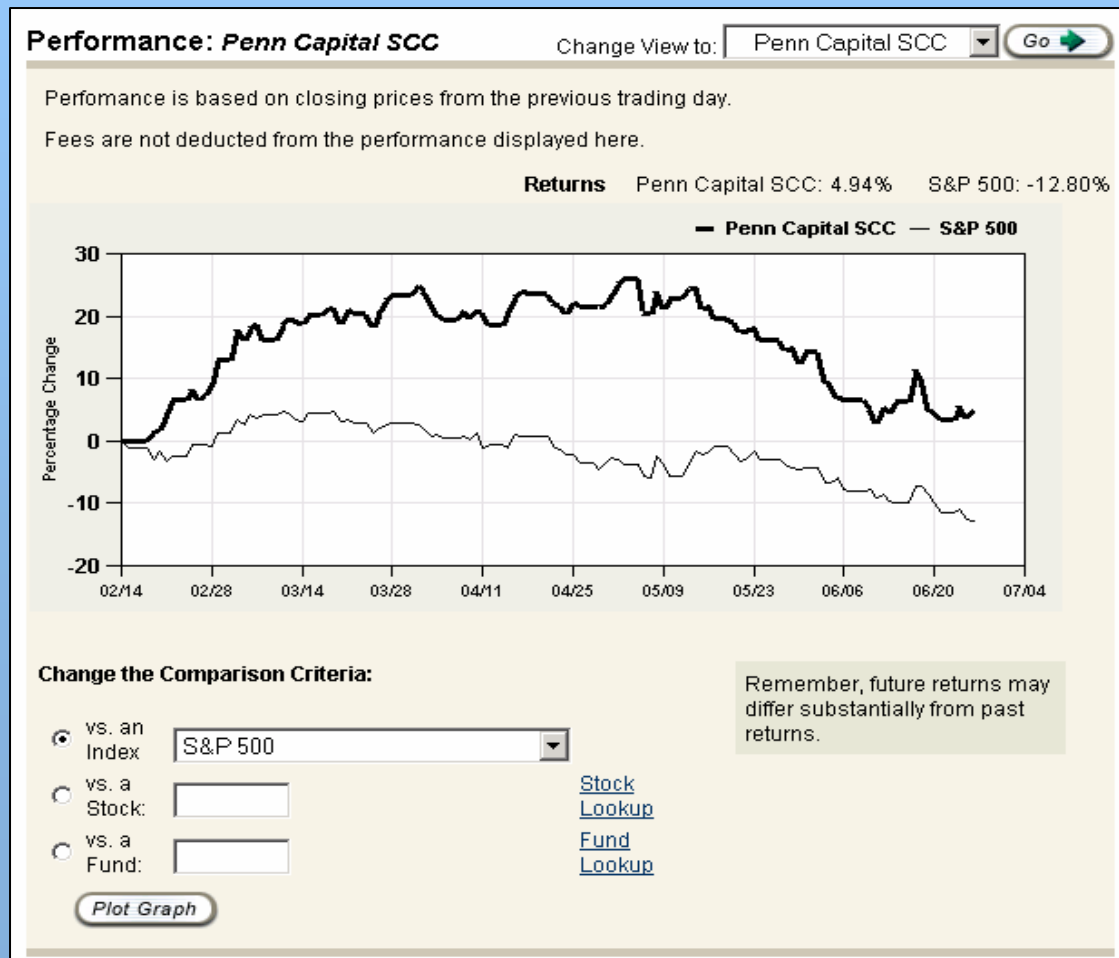
- Alcohol
- Firearms
- Gambling
- Military Weapons
- Nuclear Power
- Tobacco

### Specific Company Exclusions

Enter the stock symbol for any company you want to exclude. Separate symbols with a comma. If you need to find a symbol, use "Stock Lookup." If you previously excluded specific securities, they are displayed.

[Stock Lookup](#)

# Online Performance Reports



**Track and Analyze the Performance of Individual FOLIOs and Compare Performance Against Benchmarks, Whether it be an index, individual stock or fund.**

## Ready-to-go Folio Performance

[About Returns](#)

### How do Folios compare to the S&P 500 index?

Scroll through the list to see how many Folios outperformed the [S&P 500](#) and other indexes based on "1 Year" returns. Indexes are highlighted in blue.

Ready-to-go Folios may change their holdings. These returns track those changes. For that reason and others, customer returns may vary.

S&P 500 1 Year Return **(24.79%)**

### Returns as of March 31, 2003 ([View Previous Month](#))

Name	Category	Inception Date	Since Incep.	1 Year	Year to Date	3 Months	1 Month	Volatility
<a href="#">Argentina</a>	Geographic	11-21-2000	<b>(14.00%)</b>	35.61%	55.10%	55.10%	1.45%	46.47%
<a href="#">Global Bond</a>	Bond	09-07-2000	16.47%	20.62%	8.55%	8.55%	1.38%	6.74%
<a href="#">Retail REIT</a>	Sector	11-09-2000	29.39%	19.32%	7.22%	7.22%	3.12%	9.63%
<a href="#">FL Municipal Bond</a>	Bond	05-30-2001	13.31%	18.78%	2.25%	2.25%	0.33%	5.91%
<a href="#">Internet 5</a>	Micro	03-11-2001	<b>(8.12%)</b>	18.01%	34.71%	34.71%	20.96%	36.24%
<a href="#">NY Municipal Bond</a>	Bond	05-30-2001	9.67%	12.03%	1.69%	1.69%	1.50%	5.19%
<a href="#">Municipal Bond</a>	Bond	01-15-2001	8.00%	11.48%	2.66%	2.66%	1.29%	5.59%
<a href="#">Government Bond</a>	Bond	09-07-2000	11.12%	10.50%	1.09%	1.09%	<b>(0.52%)</b>	6.74%
<a href="#">CA Municipal Bond</a>	Bond	05-30-2001	8.01%	9.96%	2.07%	2.07%	1.41%	5.04%
<a href="#">Corporate Bond</a>	Bond	09-07-2000	9.02%	8.89%	6.04%	6.04%	0.30%	7.30%
<a href="#">Africa</a>	Geographic	04-05-2000	29.21%	1.17%	<b>(14.38%)</b>	<b>(14.38%)</b>	<b>(10.90%)</b>	30.46%
<a href="#">Internet Content</a>	Sector	04-05-2000	<b>(49.22%)</b>	1.17%	7.61%	7.61%	9.07%	51.12%
<a href="#">Best of 2002</a>	Special	02-28-2003	<b>(4.00%)</b>	N/A	<b>(4.00%)</b>	N/A	<b>(4.00%)</b>	21.18%
<a href="#">Worst of 2002</a>	Special	02-28-2003	4.19%	N/A	4.19%	N/A	4.19%	36.44%
<a href="#">iShares Bond ETF</a>	Bond	07-31-2002	8.18%	N/A	0.99%	0.99%	<b>(0.38%)</b>	6.45%
<a href="#">High-Yield Bond</a>	Bond	09-07-2000	<b>(1.51%)</b>	<b>(0.11%)</b>	19.54%	19.54%	4.78%	12.49%
<a href="#">REITs</a>	Sector	04-05-2000	14.58%	<b>(0.98%)</b>	0.91%	0.91%	2.06%	12.19%

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## Corporate Activities: Overview

[Need Help?](#)

Vote online! Read important corporate announcements!

Just click on any item listed below and follow our step-by-step instructions. You can change your vote at any time up to the deadline.

No charges to cast votes or take other actions. You will be notified if there is a charge for tendering shares.

### Security / Activity

[HONEYWELL INTL INC / Annual Report](#)

[SOLETRON CORP / Special Meeting](#)

### Deadline

**5/25/2003**

**5/21/2003**

### Status

**Important Message**

**Decided**

**Investors can  
vote their own  
securities**

[Close this window](#) to return to the "My Accounts" page.

# And Investment Management Can Now Be Offered Seamlessly Across Accounts

**FOLIO-type *Managed Accounts* –  
*Each a Separate Account* –  
*With None of the Issues Posed by a Commingled Fund***

## **Non-Discretionary**

-Advisors solicit **client authorization** of all trades

-**Client can make own decisions**

## **Individual IA/FA/FC Discretion**

-Advisors can “**review and release**” orders or

**Auto sync**

## **Centralized IA/FA/FC Discretion**

-**3a-4 advisor** with “review and release” and Auto sync

## **Model Manager Does Everything**

-Managers manage the **model and the accounts** (the **traditional way that SMAs are done today**)

## So...

- **FOLIOs are the basis for**
  - Self-directed investing
  - Advisor-assisted investing, and
  - Managed accounts
- **But no matter how FOLIOs are used investors**
  - Own directly the underlying stocks
  - In separate accounts for each investor, and
  - Have all the additional protections and benefits of that ownership and control

## FOLIOs Offer Distinct Advantages Over Mutual Funds

### By Not Commingling Assets:

- Gain control over assets and tax impact
- Avoid the affects of other investors' decisions
- Allow individual investors to transfer the underlying investments, etc.

## **The Benefits of FOLIO *Investing* are Clear**

**Investors of all asset sizes can take advantage of:**

- **Lower Cost**
- **Broader Diversification**
- **Greater Control**
- **Professional management and advice if desired, and**
- **New innovations to come**

# The Ongoing Role of Regulation

- Regulation has focused -- and needs to continue to focus -- on protecting investors *not* competitors
  - Some competitors that have not innovated may not like that,
  - But only by fostering innovation will markets continue to improve for investors

**Thank You**