

## Fee Comparison Disclosure

This table is for illustrative purposes only and is not representative of any specific investment program, mutual fund or HonorVise portfolio. All fees are based on historical data and current fees may vary. This table is only applicable to advisors recommending mutual funds and exchange traded funds (ETFs). For advisors who recommend other managers or individual securities such as stock and bonds, you should be aware of other costs such as additional management fees, commissions, trading expenses and other fees.

<sup>1</sup>Based on internal research conducted by HonorVise Investments, LLC. Compare to data provided by Rydex Advisor Benchmarking Study (2008)

<sup>2</sup>Morningstar FundInvestor newsletter (April 2008), Forbes (February 2004)

<sup>3</sup>Based on March 2007 study conducted by Virginia Tech, University of Virginia and Boston College. See "Scale Effects in Mutual Fund Performance: The Role of Trading Costs" in the Empirical Research section of honorvise.com.

<sup>4</sup>Calculated using a weighted average of expense ratios of funds utilized in a model portfolio with 90% equity exposure. Expenses may vary and will generally be lower for accounts with lower equity exposure.

<sup>5</sup>Based on internal research conducted by HonorVise Investments, LLC examining SAI of institutional funds and ETFs utilized in HonorVise model portfolios.

## Performance Disclosure

Past performance does not guarantee future results and capital losses are a possibility. Investing in mutual funds and/or exchange traded funds (ETFs) does not protect against losses and is no guarantee that investors will make money. **Performance is simulated** and reflects a deduction of an investment advisory fee of 1%, which is the maximum HonorVise fee. See full disclosure for Simulated Performance including construction of indices, changes of indices over various time periods, linking of returns, performance calculation methodology and other information. Actual investor returns will vary from model portfolios due to difference in security allocations, contributions and withdrawals, rebalancing, transaction fees and other factors. In order to minimize transaction costs, actual portfolio holdings will vary depending on account size. Model portfolio holdings are subject to change.

## Disclosure for Simulated Performance Information

HonorVise Investments, LLC was founded in July 2008 and began investing assets for clients in November 2008. **All performance information presented on this site is based on simulated index data over various periods and beginning in January 1989.** Simulated performance data is hypothetical and provided for informational purposes only. It does not reflect actual performance of client portfolios and is gross of any transaction fees but includes a 1% maximum investment advisory fee that would have been incurred if working with HonorVise. In addition, HonorVise model portfolios are constructed with the benefit of historical performance data using historical risk and return characteristics that may or may not continue in the future. Actual portfolios will be periodically rebalanced in order to maintain recommended model portfolio weightings. However, portfolios will be allowed to drift within predetermined ranges in order to minimize transaction costs.

Simulated performance assumes the reinvestment of dividends and monthly rebalancing. Performance is presented net of HonorVise management fees which would be a maximum of 1% annualized billed monthly in advance. Management fees are based on the size of the account and may be considerably less than 1%. Performance does not reflect transaction fees which are generally in the range of \$24-\$30 per trade for mutual funds and \$8-\$15 for exchange traded funds (ETFs). Transaction fees and management fees will have the effect of lowering actual investor returns. The effect of taxes on capital gains and dividends is also not reflected in simulated returns and may also have the effect of lowering returns in taxable accounts. HonorVise does not receive compensation from sales charges, loads, transaction fees, commissions or 12b-1 fees and will work to minimize these costs in the management process.

Actual portfolios are constructed utilizing a combination of index funds and exchange traded funds (ETFs) designed to achieve the most accurate and reliable asset class returns possible. It is our belief that these investment vehicles will come closest to duplicating the performance of the index data provided in our model portfolios. Model portfolio holding are subject to change.

## Construction of HonorVise Asset Class Indices

Because many of the DFA Portfolios that are in existence only have a limited trading history, HonorVise must use simulated indices to construct the 20 year performance that is show on HonorVise.com. HonorVise employs the three-factor, multivariate regression to construct its Asset Class Indices. Individual asset classes are analyzed over their history to characterize their risk and return behaviors as well as three-factor regressionary characteristics. This leads to highly correlated index constructions that mimic the behavior of the current portfolio selections back in time based on the current characteristics of the selected fund. Data is taken from Dimensional Funds Returns 2.0, and the following indices are used to simulate performance:

**HonorVise Domestic Large Growth**

Index	Start	Ending
Dimensional US Large Cap Growth Index	1/1989	6/2009

**HonorVise Domestic Large Value**

Index	Start	Ending
Dimensional US Large Cap Value Index	1/1989	6/2009

**HonorVise Domestic Small Growth**

Index	Start	Ending
Dimensional US Small Cap Growth Index	1/1989	6/2009

**HonorVise Domestic Small Value**

Index	Start	Ending
Dimensional US Small Cap Value	1/1989	6/2009

**HonorVise International Large Growth**

Index	Start	Ending
Dimensional International Market Index	1/1994	6/2009
Fama/French International Growth Index	1/1989	12/1993

**HonorVise International Large Value**

Index	Start	Ending
Dimensional International Large Value Index	1/1994	6/2009
Fama/French International Value Index	1/1989	12/1993

**HonorVise International Small Growth**

Index	Start	Ending
Dimensional International Small Cap Index	1/1989	6/2009

**HonorVise International Small Value**

Index	Start	Ending
Dimensional International Small Cap Value	1/1989	6/2009

**HonorVise Emerging Markets**

Index	Start	Ending
Dimensional Emerging Markets Index	1/1994	6/2009
Fama/French Emerging Markets Index	1/1989	12/1993

**HonorVise Short Term Fixed Income**

Index	Start	Ending
Merrill Lynch US Corporate and Govt. Index 1-3 Years	1/1989	6/2009

**HonorVise Intermediate Term Fixed Income**

Index	Start	Ending
Barclay's Capital US Aggregate Bond Index	1/1989	6/2009

**HonorVise Treasury Inflation Protected Notes**

Index	Start	Ending
US Consumer Price Index + 0.09% per month	1/1989	6/2009

### Backtesting Methodology without Index

When an appropriate index does not exist for a given asset class, HonorVise employs a multi-variate, rolling-three factor regression to most appropriately select an index for the given asset class. Choosing the correct index is based upon the overall composition of the desired fund as well as the three-factor characteristics of that fund. For example, one would not choose to represent HonorVise Emerging Markets with some combination of Fixed Income even if the three-factor regression shows a high correlation in the recent data. One would then reduce the time period of the regression to multiple five-year regressions to get characteristics of the portfolio closer to the inception date. Then, the researcher would look at the characteristics and composition of the funds to find a more appropriate match for the current index and repeat this process until an appropriate match is found. This also may mean a combination of some other indexes to provide a more accurate representation of the asset class (see HonorVise Real Estate).

### Performance Calculation System

HonorVise makes use of Dimensional Returns 2.0 for calculation of portfolio performance. This software takes the value of the portfolio and calculates a Time-Weighted return for each portfolio over a given period. This calculation methodology is defined as the following:

$$\begin{aligned}(MV_{BC} - BMV) / BMV &= r_1 \\ (EMV - MV_{IC}) / MV_{IC} &= r_2\end{aligned}$$

Where: BMV = Beginning Market Value  
EMV = Ending Market Value  
MV<sub>BC</sub> = Market Value Before the Contribution  
MV<sub>IC</sub> = Market Value Including the Contribution

Where  $r_1$  is interval return up to the contribution and  $r_2$  is the interval return from the contribution until the end of the period. Now create multipliers out of  $r_1$  and  $r_2$ . Multiply together and subtract one. The result is the TWR.

$$[(1 + r_1) * (1 + r_2)] - 1 = \text{TWR}$$

Source - [http://www.investment-performance.com/education/articles/attachments/TWR\\_whitepaper\\_public.pdf](http://www.investment-performance.com/education/articles/attachments/TWR_whitepaper_public.pdf)

### Site Disclosure

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