Asset Allocation Guide:

Seeking to be Well Balanced in 2014

RegentAtlantic

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Recommended Asset Allocation as of December 2013

Our philosophy of building globally diversified, value oriented portfolios provides the framework for the asset allocation of our clients. In the charts below, you will see both our standard and current allocation for fixed income and growth assets. Growth assets are defined as asset classes that cover stocks and alternatives. The standard allocation is our best thinking on an optimal allocation if each asset class was fairly valued in terms of valuation metrics and market conditions. Since valuation metrics and market conditions fluctuate over time for each asset class, we often over-weight areas that we believe are most attractive and under-weight areas that we believe to be less attractive.

Fixed Income:

In fixed income, our philosophy is to focus on low volatility bond strategies that we believe have the potential to generate consistent returns. Our global bond allocation is currently focused on short-term, high quality corporate and mortgage bonds predominantly in the US. We continue to underweight our inflation bond allocation as we do not view inflation as a major concern in the near-term. Finally, our opportunistic bond allocation allows us to employ bond managers with the flexibility to navigate many parts of the bond market. Today, many of them are limiting interest rate risk by keeping the average maturity of bonds short, and they are seeking returns in areas such as corporate high yield bonds, emerging markets currencies, and macroeconomic analysis.

		Asset Classes	Standard Allocation	Current Allocation	Over/Under Weight
Fixed Income	Bonds	Cash	0%	0%	Neutral
		Global Bonds	60%	40%	Under
		Inflation Indexed Bonds	30%	15%	Under
		Opportunistic Bonds	10%	45%	Over

Growth Assets:

Our growth asset allocation consists of both stocks and alternatives. It is globally diversified and maintains a value bias in most asset classes. Our largest position and largest over-weight relative to our standard allocation remains Global Large Stocks. We believe that Large companies are fairly valued by most metrics and continue to exhibit strong balance sheets and a knack for delivering steady profit growth. US Small Stocks are more expensively valued leading to our underweight position. By contrast, International Small Stocks, based in developed markets other than the US, have more attractive valuations. We are of the opinion that Emerging Market and Frontier Market stocks are overweight allocations for us. Both areas are inexpensive on a valuation basis leading to the potential for above average future returns.

In alternatives, our investments have been limited since we have found many areas in the stock allocations that are more favorable on a relative basis. We are excluding a pure High Yield Bond allocation because our opportunistic bond managers have positioned a portion of their funds in this space already. We are excluding Real Estate and Commodities since both asset classes are extremely expensive based on valuation metrics. Hedging Strategies is an asset class that provides good diversification but is currently eliminated due to better opportunities in pure stock asset classes. Finally, we continue to favor the diversification benefits and return potential of the Infrastructure asset class that
focuses primarily on oil and gas pipeline companies.

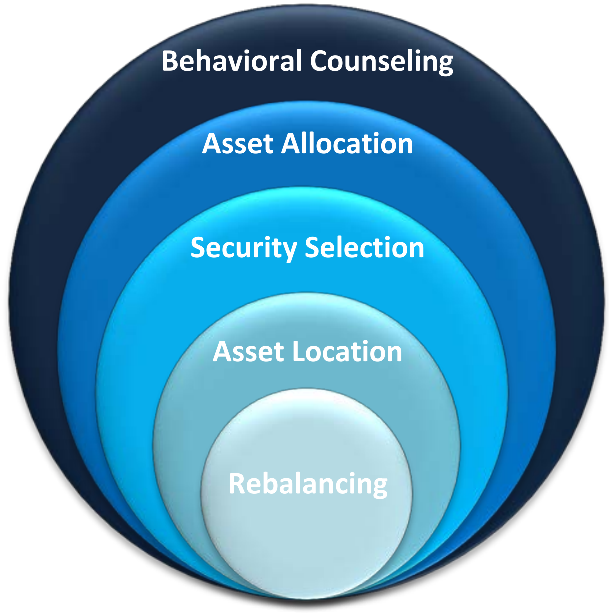
		Asset Classes	Standard Allocation	Current Allocation	Over/Under Weight
Growth Assets	Stocks	Global Large Stocks	48%	61%	Over
		U.S. Small Stocks	10%	5%	Under
		Int'l Small Stocks	8%	10%	Over
		Emerging Markets	12%	15%	Over
		Frontier Markets	2%	3%	Over
	Alternatives	High-Yield Bonds	0%	0%	Neutral
		Real Estate	6%	0%	Under
		Commodities	4%	0%	Under
		Hedging Strategies	6%	0%	Under
		Infrastructure	4%	6%	Over

The following Investment Outlook guide will provide a high level overview of the 5 Ways We Seek To Add Value in Portfolio Management. The overview contains descriptions of 16 distinct asset classes that span from bonds to stocks to alternative investments. As you will notice from the above chart, we have identified 9 asset classes as attractive investments to include in our current managed portfolios. The rationale in each description will help explain why we have chosen either to invest or not invest in each area.

FIVE WAYS WE SEEK TO ADD VALUE

RegentAtlantic Wealth Advisors and team members seek to add value in portfolio management in five important ways:

- **Behavioral Counseling** - we seek to align the portfolio to the client's time horizon and risk tolerance and to avoid the behavioral mistakes made by many investors
- **Asset Allocation** – we combine uncorrelated asset classes in an effort to seek higher returns for a given level of risk (or lower risk for a given level of return)
- **Security Selection** – we seek the best tools to implement portfolio exposure within each asset class
- **Asset Location** – we seek to enhance after-tax returns by skewing higher growth and tax inefficient assets into retirement accounts
- **Rebalancing** – we use this disciplined strategy in an effort to buy low and sell high



ASSET ALLOCATION OVERVIEW

Other than market timing mistakes that are all too prevalent among investors today, the allocation of a client's portfolio to different asset classes is the single greatest determinant of investment performance*. We diversify the portfolio across a broad spectrum of different asset classes in an effort to reduce overall portfolio volatility. RegentAtlantic's Investment Committee evaluates the relative risk and return characteristics of 16 separate asset classes and cash on an ongoing basis. The objective is to select appropriate mixes of asset classes and within each asset class, to carefully select the investments to comprise that allocation. Through this arduous process, RegentAtlantic has chosen 13 different assets as potentially desirable for portfolio allocation. These include 3 "Wait List" Alternative asset categories that we may use when the portfolio managers deem market valuations to be attractive. We have rejected three asset classes and will not use them.

This guide will describe each of the chosen asset classes and why we view them as potentially attractive portfolio components. We will also explain briefly the rationale behind the Rejected Assets.

CHOSEN, WAIT LIST, AND REJECTED ASSET CLASSES

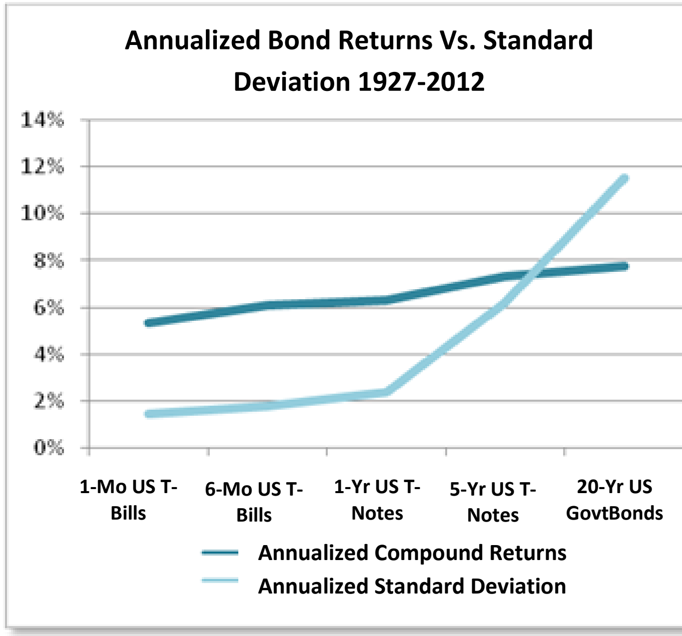
Fixed Income Assets	Growth Assets	
Bonds & Cash	**Stocks**	**Alternatives**
Cash	Global Large Cap	Infrastructure
Global Short-Term Bonds	U.S. Small Cap	**Alternatives Wait List:**
Inflation Indexed Bonds	International Small Cap	Hedging Strategies
Opportunistic Bonds	Emerging Markets	High Yield Bonds
	Frontier Markets	Real Estate
		Commodities

Rejected Assets
Managed Futures
Emerging Markets Debt
Gold

* Brinson, Gary P., Hood, L. Randolph, and Beebower, Gilbert L., "Determinants of Portfolio Performance", The Financial Analysts Journal, July/August 1986

GLOBAL SHORT-TERM BONDS

- Debt securities issued by corporations and governments to raise capital.
- Offer a fixed, semi-annual payment to the investor based on the credit quality of the issuing entity.
- Upon maturity, barring any extreme event, the original principal is returned to the investor in full.
- Provide a level of return with lower volatility than other asset classes.

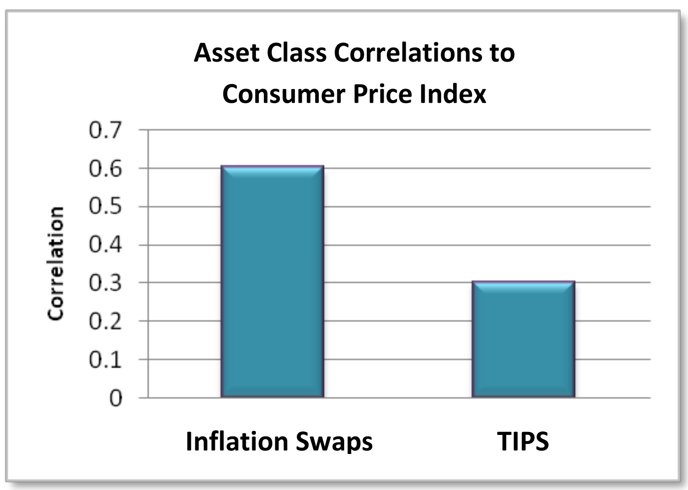


Source: Dimensional Fund Advisers, for the period 1/1/27 – 12/31/12

The short-term nature of these securities reduces exposure to interest rate risk which is the risk that interest rates rise and shrink the value of a bond. For example, if a bond paying a 4% coupon was purchased for $100 and interest rates increased to 5%, the original 4% coupon is less attractive and would be worth less than the $100 originally paid. Since interest rates are typically slow to move, short-term bonds are less likely to experience a large change in value. The chart illustrates that investors in long-term bonds do not receive sufficient compensation relative to the additional risk they are taking. Since we use this asset class as a means of protecting capital, the portfolio typically invests in high quality bonds, which mitigates this credit risk. This allows the portfolio to generate a steady stream of income with minimal risk to an investor's principal.

INFLATION INDEXED BONDS

- Explicit inflation protection is typically accomplished in two ways.
  - Invest in Treasury Inflation Protected Securities (TIPS) issued by the U.S. Treasury.
  - Invest in Inflation Swap contracts in conjunction with a corporate or municipal bond portfolio.
- TIPS offer interest payments plus a built-in inflation adjustment tied to the consumer price index.
- Inflation Swap contracts allow the investor to own a portfolio of corporate or municipal bonds, which may be more appropriate than treasuries based on market conditions. The swap contracts are also purchased to provide a hedge against unexpected inflation.



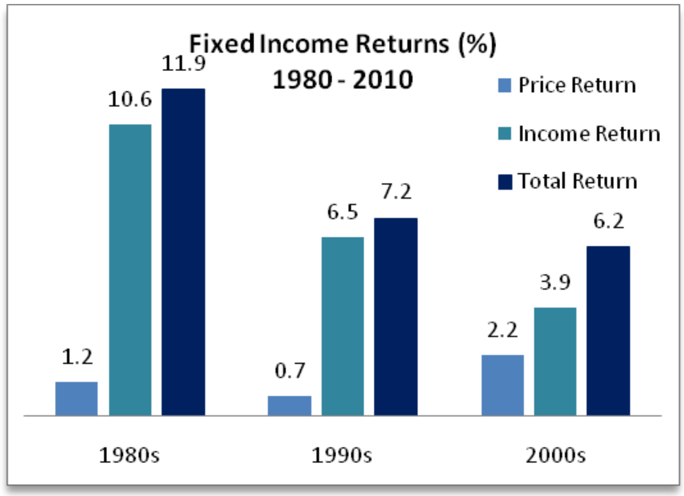
Historically, swaps have achieved stronger correlations with inflation than TIPS.

Source: JP Morgan, for the period 1/30/98 to 06/30/11

Protecting a portfolio against inflation is one of our top priorities in portfolio management. Currently, we favor using strategies that incorporate inflation swaps rather than direct investment in TIPS. This is due to the high level of volatility that the Treasury market has experienced. At various recent intervals the yield on a 10-year TIPS bond has fallen into negative territory. A buyer of a TIP with a negative yield is locking in a negative real return (return minus inflation) over the life of the bond. We believe that corporate or municipal bonds have the potential to offer better value than treasuries and the high correlation of the Inflation Swaps to CPI can provide a more direct hedge against rises in inflation.

OPPORTUNISTIC BONDS

- Seek total return and value across various segments of the global bond market (corporate, sovereign, mortgage, high yield, convertible, etc.) rather than being limited to one distinct geographic area or segment.
- A key characteristic is the flexibility to buy long and sell short specific sectors, which may help to capitalize on economic events other asset classes cannot.
- Success of traditional bond strategies is largely driven by movements in interest rates. Success of opportunistic bond managers is largely driven by their security selection.



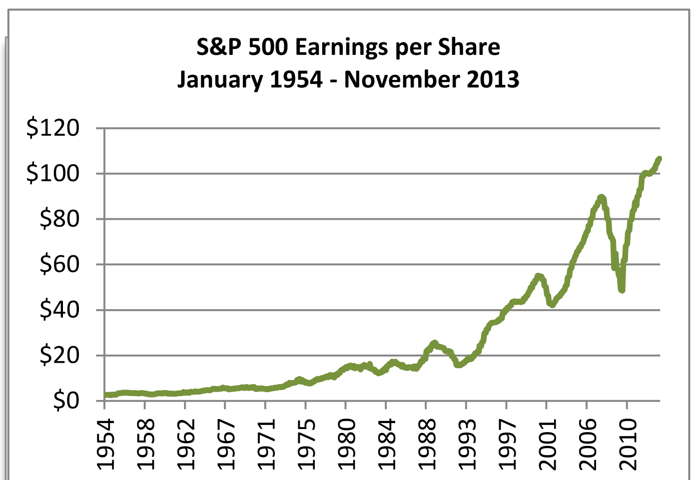
Source: Morningstar, for the period 1/1/80 – 12/31/89 ("1980s"); 1/1/90 – 12/31/99 ("1990s"); and 1/1/00 – 12/31/09 ("2000s")

In addition to interest payments, price appreciation has played a notable role in the overall return of bonds as interest rates have declined over the past 32 years. With interest rates at all-time lows, fixed income investors face two major headwinds today: low interest payments and little opportunity for capital appreciation from falling rates. These headwinds are the primary reason we are utilizing opportunistic bond strategies that seek to minimize interest rate risk and enhance returns over and above interest payments through security selection and credit risk.

GROWTH ASSETS - STOCKS

GLOBAL LARGE CAP STOCKS

- Comprise the largest segment of the investible universe.
- Many companies have similar qualities: 1) scale and scope of their operations frequently lends a degree of stability to their earnings, 2) their size typically results in a global presence, and 3) they frequently compete in the same industries and in many of the same markets.
- Considered a long-term core portfolio holding.



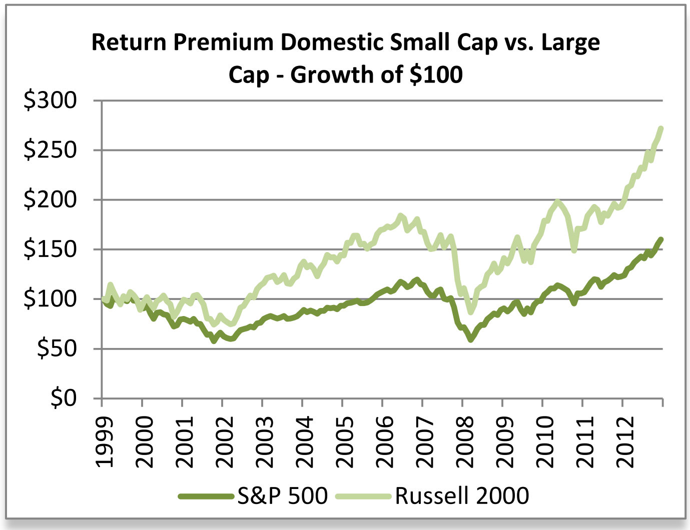
Source: Bloomberg, for the period 1/29/1954 – 11/30/2013

Among equity asset classes, large cap stocks have historically exhibited the lowest levels of volatility in their prices and earnings. These stocks represent an array of different sectors and industries. Examples include IBM (information technology), Johnson & Johnson (pharmaceuticals), Exxon Mobil (energy), and Procter & Gamble (consumer goods). These stocks also provide the benefit of geographic diversification, often sourcing their revenues from countries around the world.

The S&P 500 Index has achieved annualized returns of 10.3%/year from January 1, 1970 through November 30, 2013. International Large Caps have achieved a similar 9.3%/year annualized return over this same time period. Over the long-term, one reason that large cap stocks have produced such strong returns is because companies have grown their earnings. Earnings growth enables companies to pay dividends to shareholders as well as make investments to help grow the firm. Ultimately, these earnings help to drive the returns of stocks that have been substantially higher than the 4.4% inflation rate from 1/1/1970 to 10/31/2013.

U.S. SMALL CAP STOCKS

- Stocks of small companies domiciled in the U.S. that have a market capitalization of less than $2.5 billion.
- Small cap stocks derive revenue through the production of goods and services. Their business success is generally tied to the growth of their local economies.
- Considered a long-term core portfolio holding.



US small caps stocks have historically enjoyed significantly higher investment returns than US large caps stocks.

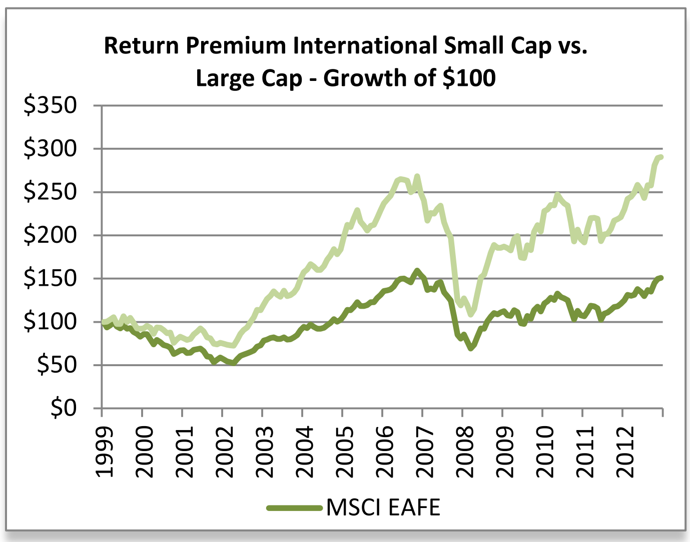
Source: Bloomberg, for the period 12/31/99 – 11/30/13

Historically, small cap stocks have achieved significantly higher returns than large cap stocks. We believe that one reason for this additional return is the byproduct of a small company's potential to grow at much higher rates than a mature, established business. Since small company stocks also tend to be more volatile than large company stocks, we take care to limit our allocation to this asset class within the context of a well-diversified portfolio.

Within small cap stocks, one of our areas of focus is value. Stocks that are less expensive when comparing their prices to company fundamentals such as earnings, sales and book value have tended to produce stronger returns in this asset class.

INTERNATIONAL SMALL CAP STOCKS

- Stocks of companies domiciled in developed foreign markets that have a market capitalization of less than $2.5 billion.
- Small cap stocks derive revenue through the production of goods and services. Their business success is generally tied to the growth of their local economies.
- Considered a long-term core portfolio holding.



International small caps stocks have historically enjoyed significantly higher investment returns than international large caps stocks.

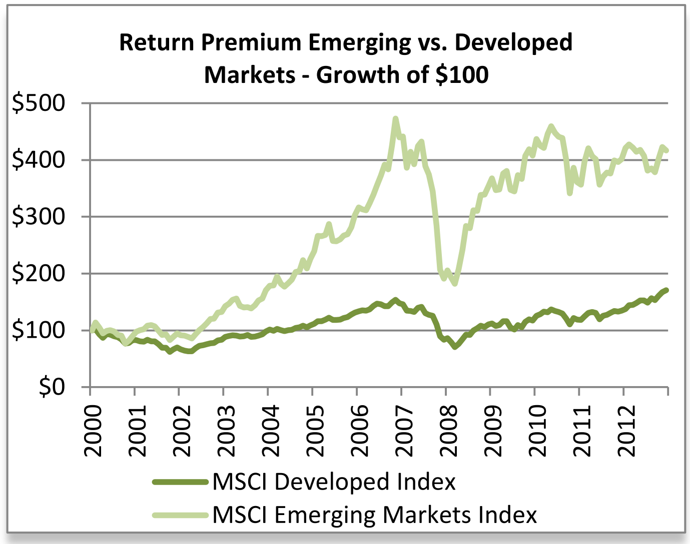
Source Bloomberg, for the period 12/31/99 – 11/30/13

Historically, international small cap stocks have achieved significantly higher returns than international large cap stocks. We believe that one reason for this additional return is the byproduct of a small company's potential to grow at much higher rates than a mature, established business. Since small company stocks also tend to be more volatile than large company stocks, we take care to limit our allocation to this asset class in the context of a well-diversified portfolio.

International developed market small companies span countries in Europe, Asia, and the Far East. Currently, the largest country weightings are Japan 27%, United Kingdom 22%, Australia 6%, Germany 6%, and Switzerland 4%.

EMERGING MARKET STOCKS

- Stocks of companies located in countries considered less developed when compared with major economies of the U.S., Japan, and Europe. These countries tend to have younger populations, faster economic growth, and legal and financial systems that are not yet at the standard of the developed world.
- Major regions include Eastern Europe, most of Asia excluding Japan, and Latin America. The four leading countries in the sector are Brazil, Russia, India, and China, commonly referred to as the "BRIC" countries.
- Considered a long-term core portfolio holding. Emerging markets companies continue to expand their role in the world economic landscape. Over the past few decades, many emerging market companies have capitalized on cheap labor and abundant local, natural resources to become exporting power houses. Samsung from South Korea is a great example of this trend. More recently, companies have capitalized on the positive demographic trends within many of their home countries to gradually develop more profits. For example, China Mobile is benefitting from increased cell phone usage among China's massive population. The long-term growth of emerging market companies has been impressive relative to developed market companies. We expect emerging market companies to continue to have substantial potential to grow their profits in the future.



Emerging Markets companies have historically enjoyed significantly higher investment returns than developed market companies.
Source: Bloomberg, for the period 12/31/99 – 11/30/13

FRONTIER MARKET STOCKS

- Stocks of companies in developing countries with smaller, less developed and less liquid capital markets.
- Member countries generally fall into three groups: 1) small countries of relatively high development that are too small to be considered emerging markets (e.g., Estonia), 2) countries with investment restrictions that have recently begun to loosen (Gulf Cooperation Council countries), and 3) countries that are at a lower development level than existing mainstream emerging markets (e.g., Kenya, Vietnam).

Asset Class	Index	Correlation with Frontier Markets
U.S. Large Cap	S&P 500 TR	0.55
Foreign Large Cap	MSCI EAFE GR	0.62
U.S. Small Cap	Russell 2000 TR	0.49
International Small Cap	MSCI EAFE Small Cap GR	0.62
Emerging Markets	MSCI Emerging Markets NR	0.59
Real Estate	FTSE NAREIT All Equity REITS TR	0.42
Commodities	DJ UBS Commodity TR	0.51
Infrastructure	Alerian MLP TR	0.33

A correlation of 1.0 means that the two asset classes have generally risen and fallen in value at the same time during a time period.
Source: Bloomberg, for the period 6/1/02- 11/30/13

We view frontier markets as an effective diversification tool because historically, the correlations of frontier markets to both developed and emerging equity markets have been low. The low correlations are in part due to the strong economic growth of frontier markets, which have been generated by domestic (rather than export) activity. Additionally, frontier markets offer the potential for the development and opening of their markets to the global economy.

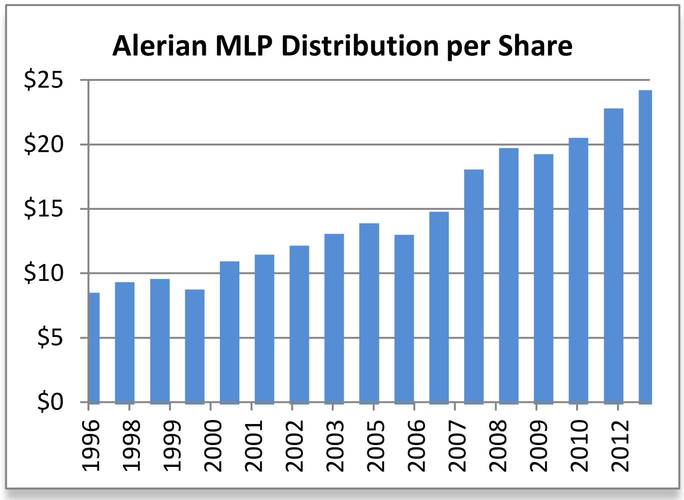
In many respects, frontier markets are positioned where emerging markets stood 20 years ago. As such, we believe it is possible that these markets will grow faster than developed countries, fueled by several trends including a growing young and educated population, surging penetration in telecommunications as well as booming trade and investment.

GROWTH ASSETS - ALTERNATIVES

INFRASTRUCTURE MASTER LIMITED PARTNERSHIPS

- Oil and natural gas MLPs are companies focused primarily on the transportation, storage, mid-stream processing and distribution of energy products, with the bulk of the assets focused on gas pipelines.
- Revenues are largely derived from the usage of energy rather than the price of the commodity. Think of them as toll collectors as the commodity passes through a fairly monopolistic system.

Infrastructure MLPs offer an excellent source of income and potential for capital appreciation. This asset class provides significant diversification benefits as infrastructure exhibits relatively low correlations to bond, stock, and other alternative asset classes we utilize.



Impressive growth in the hypothetical cash distribution from the end-of-year cash yield of the Alerian MLP Index (AMZ)

Source: Bloomberg, for the period 1/1/96 – 12/31/12

We focus on those companies that transport natural resources from extraction sites to the refinery sites (i.e. pipelines and storage facilities). We find this segment particularly attractive because of its long-lived assets, low sensitivity to commodity prices, stable revenue streams, and fee-based, longer-term contracts. As illustrated above, MLPs have produced steady growth in their cash distributions to investors, which are a big driver of their long term value.

GROWTH ASSETS–ALTERNATIVES–WAIT LIST

"Wait List" alternative asset categories are those that may not be employed today, but may be used when we deem market valuations to be attractive.

HEDGING STRATEGIES

- Hedging strategies that can be accessed through investment in open-end equity mutual funds.
- We do not invest in hedge funds. Hedge funds and hedging strategy mutual funds can employ similar tactics, but mutual funds offer full transparency, daily liquidity, lower fees, more stringent regulatory oversight, and ease of access.

We utilize hedging strategy mutual funds to help mitigate the volatility experienced by other growth asset classes. These funds can buy those stocks they view as attractive/under-valued and sell short those stocks they deem to be unattractive and/or over-valued, which can generate returns with less market risk than funds that do not sell stocks short. Over full market cycles, hedging strategies have exhibited less market risk than other traditional asset classes. Historically, this has yielded positive risk-adjusted returns for investors and a reduction of overall portfolio volatility.

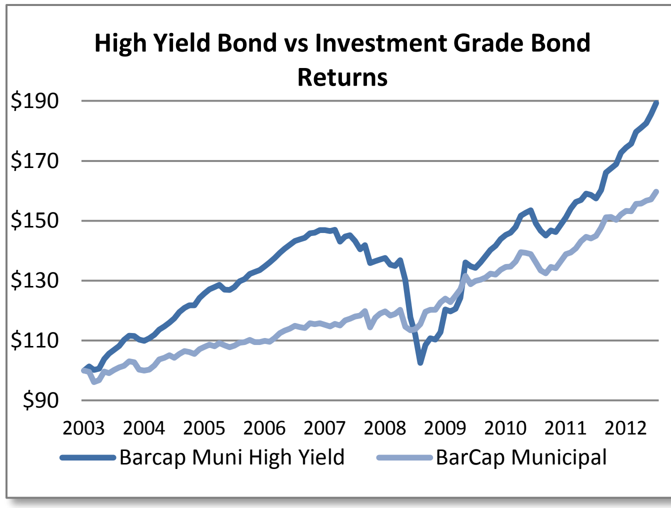
Index	Return	Standard Deviation
DJCS Blue Chip Hedge Fund Index	3.56%	6.84%
S&P 500	7.92%	14.54%
Data from 7/31/03 to 10/31/13		

The Dow Jones Credit Suisse Blue Chip Hedge Fund Index is a useful proxy for how we might expect these strategies to perform. The index tracks the performance of Hedge Funds and not hedging mutual funds. Hedge funds assumed about half the risk and produced about half the return of the S&P 500 since July 2003.

During the last 10+ years, hedging strategies offered about half the returns of the broad U.S. stock market (see table). When stock returns are strong, it can be very difficult for hedging strategies to achieve similar returns.

HIGH YIELD MUNICIPAL BONDS

- Debt obligations issued by states, local governments and other public authorities with a non-investment grade credit rating.
- Standard & Poor's credit scale ranges from AAA (best) to D (worst). Bonds rated below BBB are considered high yield or Junk bonds.
- Generally pay higher yields than investment grade bonds due to the higher risk that the issuer will be unable to make its required payments.



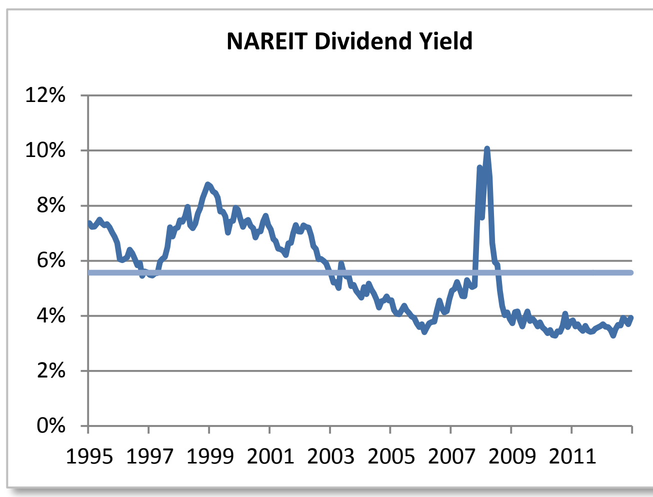
Source: Bloomberg, for the period 12/31/99 to 10/31/12

We do not believe that High Yield Bonds (HYB) should be viewed as a core allocation for portfolios. Over full market cycles, HYBs are unlikely to produce enough return to justify their higher risk. As shown in the chart to the right, municipal HYBs have historically produced higher returns than investment grade bonds. However, the HYB investors were on a relative rollercoaster ride. The BarCap Muni High Yield Index had a standard deviation (volatility) of 7.7%, while the Barcap Municipal Bond Index had a standard deviation of 4.6%. Though HYBs are not always attractive as a whole asset class, bond managers that selectively pick from the high yield bond universe as well as from other parts of the bond market may be nimble enough to add value in many market environments.

Our allocation to opportunistic bond managers gives us access to the best thinking of these managers. Municipal HYBs can be an excellent investment when yields rise to elevated levels. This generally occurs after a crisis containing one or more high-profile defaults.

REAL ESTATE INVESTMENT TRUSTS

- REITs are liquid pools of commercial real estate that trade on stock exchanges and must pay out 90% of their earnings in dividends.
- Two types: 1) mortgage REITs that loan money and 2) equity REITs that own properties.
- Equity REITs can provide geographic diversification by owning properties in different regions of the US. International REITs own properties in foreign countries.
- REITS can own different types of properties, such as shopping malls, apartment buildings and office buildings.

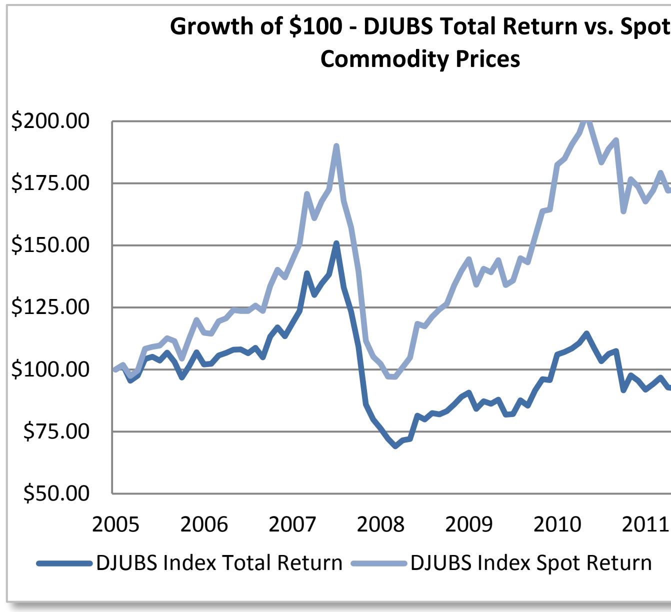


Source: Bloomberg, for the period 12/31/95 – 11/30/13

REITS have experienced low correlation to the S&P 500 Index and the Barclay's Aggregate Bond Index over the past 10 years. Therefore, they are useful in diversifying the portfolio.

As shown in the chart, the average dividend yield on the NAREIT index has been approximately 5.7%. Investing in REITs contains significant risk and the best time to invest in REITs is when you are being compensated to take that risk with high dividend payments. While REITs are a component of our diversified portfolios during most time periods, we generally don't believe that REITs are a reasonable investment when yields fall below 4%.

COMMODITIES



With contango as steep as it is, even if investors are right on commodities prices, they may still experience a negative total return.
Source: Bloomberg, for the period 9/29/06 – 11/30/13

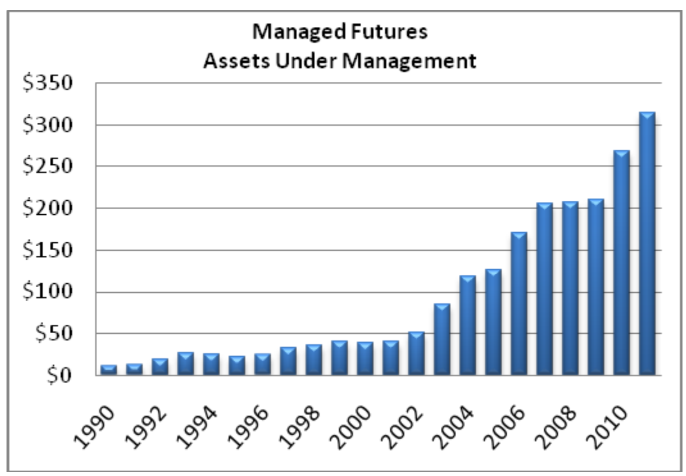
- Investing in this asset class can be defined as the process of purchasing futures contracts on physical commodities.
- Commodity investing can be done in a diversified manner by allocating to various sectors, including energy, agriculture, precious metals and industrial metals, and livestock.

Commodities have historically made a useful contribution to a diversified portfolio by having low correlations to both stocks and bonds and positive total returns over a market cycle. Yet in recent years extremely steep *contango* across most commodity futures markets has stripped investors of positive returns. Contango describes a price relationship in commodity futures where prices in the spot market (prices for immediate delivery) are lower than prices in the futures market. This situation is bad for commodities investors because an investor would need to pay a higher price to invest into a future and will need to sell the future at a lower price before it expires to prevent taking delivery of the commodity. This loss is known as a negative roll-yield and has been a substantial drag on returns for the past 6 years. In fact, spot commodity prices have appreciated over 60%. However, if an investor purchased a fund or note designed to replicate the DJUBS commodity index with futures contracts; their total return over this period would have been approximately -9.8%.

REJECTED ASSETS

"Rejected Assets" are asset categories that we have reviewed and have deemed inappropriate for our portfolios.

MANAGED FUTURES



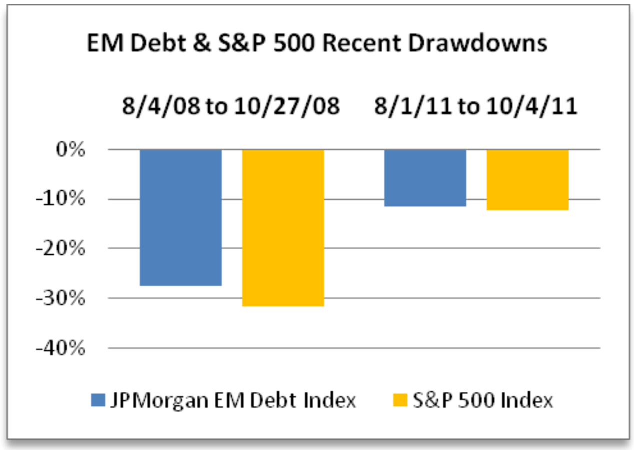
Source: Bloomberg, for the period: 1/1/1990 to 12/31/2011

- Investment vehicles that trade futures contracts on one of the world's futures exchanges.
- Futures contracts are typically written on financial assets, such as currencies, or commodities.
- Can follow different strategies; most follow one based on studying recent price movements of assets known as "trend-following." A trend-follower tends to buy assets that have risen recently and sell assets short that have fallen recently.

These funds tend to be very expensive, charging a 2% base fee as well as an incentive fee equal to 20% of all profits. Transaction charges can also be hefty, requiring many managers to produce 4-5% in trading profits simply to break even for the investor. They have also seen a significant component of their returns—collateral yield—evaporate over the past few years. Futures contract purchases are required to post collateral at the inception of the agreement, which would earn interest during the term of futures contract. With interest rates at all-time lows, this source of return has disappeared. Lastly, as shown in the chart above, cash has flooded this asset class over the past several years; predominantly a technical trading strategy, the recent influx of dollars to this area may wash away any trading inefficiencies that might present themselves.

EMERGING MARKET DEBT

- Bonds issued by countries considered less developed compared with the U.S. or other developed countries (e.g. Brazil, Russia, India, &China). Sovereign (or government) debt is the main issuance in this space.
- May be issued in local currencies of emerging market countries or in a foreign currency (e.g. US Dollar). Local currency bonds account for about 78% of the EM debt market.



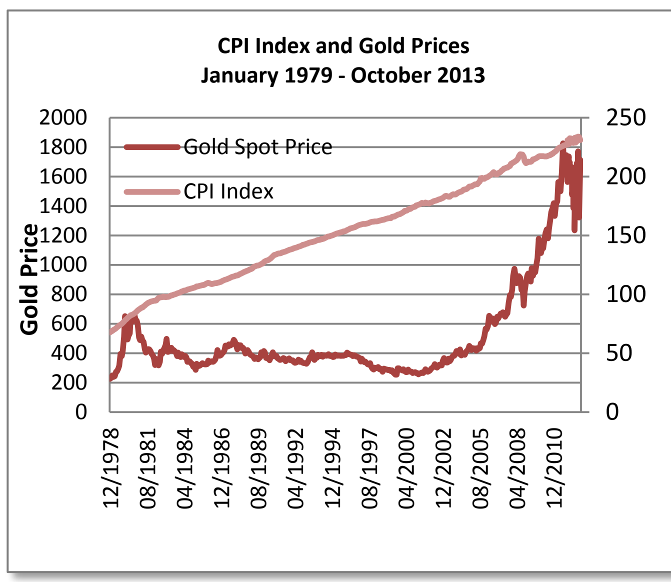
Sources: iShares, Aberdeen Asset Management, Bloomberg, for the period: 8/4/08 to 10/27/08 and 8/1/11 to 10/4/11

We believe that emerging markets debt is not a suitable fixed income allocation. Over the past 10 years, a common benchmark for the emerging markets debt asset class, the JP Morgan GBI- EM Global Diversified Index, has returned 12.11% with a standard deviation of 11.94%. While those returns are impressive, the volatility is more similar to what we would expect from stocks. So why not include it as a stock allocation? Whenever you add to one stock asset class, you logically take from another. The risk return characteristics of emerging markets debt as compared with other stock asset classes is not attractive; for example, from 12/31/02 to 9/30/11, emerging markets stocks achieved a 4.1%/year return premium over EM bonds.

The major problem with EM debt is its performance during stock market declines. In fact, EM debt has a higher correlation to US Stocks (.58) than to US Treasury bonds (.35). Thus, it is more likely to decline in value at the same time that stocks are declining. The chart displays an example of EM debt returns during two recent stock market downturns.

GOLD

- Gold is a dense, soft, shiny, malleable and ductile metal commonly looked to by investors as a store of value during economic disruptions.
- The most popular use of gold by investors is as an inflation hedge or a hedge against currency depreciation.



The price of gold does not have a strong relationship with inflation.
Source: Bloomberg for the period 12/31/1978 – 10/31/13

When reviewing potential asset classes for inclusion in client portfolios; one of the primary characteristics we look for is whether the asset class has clear fundamentals that can be used to explain price movements and behaviors exhibited by the asset class. Gold, however, lacks clear valuation factors, making it difficult to calculate its intrinsic value and measure the true worth of an ounce of gold. Gold has also not always been an effective way to hedge against rising prices. After hitting a relative peak In 1981 gold's price fell and hovered around the price of $400 per ounce for the next 25 years. Over the same period the Consumer Price Index, a measure of inflation, went up 129%. Gold did not do a good job of keeping pace with rising consumer prices over that period – it was not a good inflation hedge.

Please remember that different types of investments involve varying degrees of risk, including the loss of money invested. Past performance may not be indicative of future results. Therefore, it should not be assumed that future performance of any specific investment or investment strategy, including the investments or investment strategies recommended or undertaken by RegentAtlantic Capital, LLC (“RegentAtlantic”) will be profitable. Please remember to contact RegentAtlantic if there are any changes in your personal or financial situation or investment objectives for the purpose of reviewing our previous recommendations and services, or if you wish to impose, add, or modify any reasonable restrictions to our investment management services. A copy of our current written disclosure statement discussing our advisory services and fees is available for your review upon request. This guide is not a substitute for personalized advice from RegentAtlantic. This information is current only as of the date on which it was sent. The statements and opinions expressed are, however, subject to change without notice based on market and other conditions and may differ from opinions expressed in other businesses and activities of RegentAtlantic. Descriptions of RegentAtlantic’s process and strategies are based on general practice and we may make exceptions in specific cases.

The allocations shown in this guide are the current allocations recommended by the Investment Committee. These allocations are subject to change based on the Investment Committee’s recommendations and is current as of December 31, 2013

The index returns listed show the total return for various investment indices and include the impact of the reinvestment of dividends. A comparison to indices may not be a meaningful comparison. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the performance of a client's portfolio. The investments in a client's portfolio may differ substantially from the securities that comprise each index and are not intended to track the returns of any index. One cannot invest directly in an index, nor is any index representative of any client's portfolio. Actual client accounts will hold different securities than the ones included in each index. The index returns are gross of applicable account transaction, custodial, and investment management fees. The actual investment results would be reduced by such fees and any other expenses incurred as an investor. The definition of the indexes used in this guide are listed below.

Definitions of Indexes Used:

BarCap Aggregate Bond Index: A broad-based benchmark that measures the investment grade, U.S. dollar-dominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The index was created in 1986, with index history backfilled to January 1, 1976.

BarCap TIPS Index: The index measures the total return of all publicly issued US treasury inflation protected securities that have at least 1 year remaining to maturity, are rated investment grade and have $250 million or more of outstanding face value.

BarCap High Yield Corporate Bond Index: The Barclays Capital High Yield Index measures the total return of publicly issued U.S. dollar denominated, non-investment grade, fixed-rate, taxable corporate bonds that have a remaining maturity of at least one year, and are rated high-yield (Ba1/BB+/BB+ or below) using the middle rating of Moody’s, S&P, and Fitch, respectively.

BarCap Municipal Bond Index – The Barclays Capital U.S. Municipal Bond Index measures the total return of the long term tax exempt bond market. The index includes bonds with a par value of at least $7 million, have at least 1 year until final maturity, and have a minimum credit rating of Baa3/BBB-/BBB- using the middle rating of Moody’s, S&P, and Fitch, respectively.

BarCap Municipal High Yield Index – The BarClays Capital U.S. High Yield Municipal Bond Index measures the total return of the long term, sub investment grade, tax exempt bond market. The index includes bonds with a par value of at least $3 million, have at least 1 year until final maturity, and are rated high-yield (Ba1/BB+/BB+ or below) using the middle rating of Moody's, S&P, and Fitch, respectively.

JP Morgan EM Debt Index: Tracks total returns for traded external debt instruments in the emerging markets. The EMBI includes U.S dollar denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million.

S&P 500 Index: The S&P 500 is an index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. Each constituent in an index is weighted by its market-capitalization, as determined by multiplying its price by the number of shares outstanding after float adjustment. Total returns for the index include the impact of reinvested dividends.

Russell 2000: The Russell 2000 Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index. The index is market cap weighted and considered representative of small capitalization stocks.

MSCI EAFE Index: The MSCI EAFE Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in Europe, the Far East and Australia. It is considered representative of large capitalization stocks in developed markets outside the U.S.

MSCI EAFE Small Cap Index: The MSCI EAFE Small Cap Index Fund targets 40% of the eligible small cap universe in each industry group of each country represented by the MSCI EAFE Index. MSCI defines the small cap universe as all listed securities that have a market capitalization in the range of $200 - $1500 million USD. The index is considered representative of small capitalization stocks in Europe, the Far East and Australia.

MSCI Emerging Markets Index: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets and which aims to capture 85% of the (publically available) total market capitalization.

MSCI Frontier Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets.

MSCI World Index: The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

FTSE NAREIT Equity REITs: FTSE NAREIT Equity REITs Index represents the full universe of publically traded equity REITs. Stocks are free-float weighted to ensure that only the investable opportunity set is included within the index.

Dow Jones UBS Commodity Index Total Return: The Index is a broadly diversified index that allows investors to track total returns of a fully collateralized holding of commodity futures through a single, simple measure. It includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

Dow Jones UBS Commodity Index Spot Return: The Index is a broadly diversified index that allows investors to track price returns of commodity futures through a single, simple measure. It includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

Alerian MLP Total Return Index: The index is a market-cap weighted, float-adjusted index created to provide a comprehensive benchmark for investors to track the performance of the energy MLP sector. It is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology. The Index components are selected by Alerian Capital Management, LLC.

Dow Jones Credit Suisse Blue Chip Index: An investable index comprised of 60 of the largest funds across the 10 style-based sectors in the Dow Jones Credit Suisse Hedge Fund Index. The index is designed to be representative of a diversified hedge fund portfolio.

Consumer Price Index: A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

IA SBBI 30 Day T-Bills: A measure of total returns for a one bond portfolio holding the on-the-run 6 month treasury bill.

IA SBBI 6 Month T-Bills: A measure of total returns for a one bond portfolio holding the on-the-run 6 month treasury bill.

1 Year T-Notes: A measure of total returns for a one bond portfolio of a single treasury with a maturity near 1 year. The index is considered representative of short term government bonds.

IA SBBI 5 Year T-Notes: A measure of total returns for a one bond portfolio of a single treasury with a maturity near 5 years. The index is considered representative of intermediate term government bonds.

IA SBBI 20 Year Government Bonds: A measure of total returns for a one bond portfolio of a single treasury with a maturity near 20 years. The index is considered representative of long-term government bonds.