

TRUEPOINT

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2009 Annual Client Meeting

- State of the Firm
- Market Review and Performance Update
- Dimensions of Investing
- Question and Answer Forum

- Financial soundness
- Stability through strong client relationships
- Client satisfaction and referral index
- Lessons learned
  - Measuring risk tolerance
  - Improved communications
  - Insights from our team

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“I venture to assert that when the history of the financial era which has just drawn to a close comes to be written, most of its mistakes and its major faults will be ascribed to the failure to observe the **fiduciary principle**, the precept as old as holy writ, that **a man cannot serve two masters.**”

- **Justice Harlan Fiske Stone**

Address at the University of Michigan law school  
1934

- The market is a constant **roller coaster**
- **Natural human reaction** is to buy when returns are good and sell when returns are poor
- Most important action is non-action – maintaining **discipline in the face of market turmoil**
- **Significant returns can occur unexpectedly** and in a very short timeframe
- Investors who monitor their portfolios least closely achieve **greater happiness and better investment results**

Date: **September 29, 2008**

Subject: **House Rejects Rescue Plan**

S&P 500 down 8.5% in two market days since ACM

- “Second largest single day drop since January 1950”
- “It is critical that we not allow a long-term investment strategy to be derailed by the fear generated by near term events. The **results that matter are those achieved over the next five years or more**, not over the next five days or five months.”

Date: **October 10, 2008**

Subject: **The Madness Continues**

S&P 500 down 25.6% in 11 market days since ACM

- “If you are feeling as though you want to exit stocks completely, you have plenty of company.”
- “Our ability to achieve long-term success for our clients, and thus ourselves, hinges on our **ability to adhere to a proven and disciplined investment process** when fear and uncertainty are greatest.”

Date: **October 13, 2008**

**Quarterly Client Letter**

S&P 500 jumps 11.6% in one day, down 17.0% since ACM

- “Things have been changing so rapidly it is hard to write, produce and distribute this letter without it being outdated before even the first step is completed.”

Date: **December 22, 2008**

Subject: **2009 Portfolio Adjustments**

Foreign markets down 44.5% for 2008

- “As a reflection of the evolving world equity markets, it is **appropriate to increase the foreign exposure** within a long-term global equity allocation.”
- “Depressed equity valuations and foreign equity underperformance have combined to present an **attractive opportunity for this transition.**”

Date: **February 20, 2009**

## **The Ultimate Stress Test**

S&P 500 down 36.3% since ACM

- “No wonder it feels a bit like the world is ending. The conflict between head (rational judgment) and heart (emotional reaction) has likely never been more apparent.”
- “Our chief role today is to help clients **resist imprudent action in the face of panic**. The point of sticking to sound, fundamental strategies, after all, is to **avoid big mistakes in moments of crisis**.”

Date: **March 1, 2009**

**Why Didn't We Sell Then? Why Don't We Sell Now?**

S&P 500 down 39.2% since ACM

- **“The inherent problem with any attempted market timing, regardless of market level, is that the **near-term future remains unknowable.**”**
- **“There’s a **very, very high probability that disciplined long-term investors will enjoy a successful investment experience.**”**

Date: **April 14, 2009**

**Quarterly Client Letter**

S&P 500 up 26.9% from March low

- “A number of analysts have dismissed the surge in prices as too much too soon... However, even if the current rally ultimately retreats, it offers a preview of what the real thing might look like – **a powerful upsurge against a backdrop of discouraging news that leaves market timers watching in frustration...**”

Date: **June 17, 2009**

**Conference Call: Market Exit Strategies**

S&P 500 up 34.6% from March low

- “An objective market exit strategy represents an alternative for investors who are very uncomfortable remaining invested through market downturns.”
- “While employing an exit strategy may offer psychological comfort, **on average these strategies are likely to detract from long-term portfolio performance.**”

Date: **August 25, 2009**

## **High Growth, High Return?**

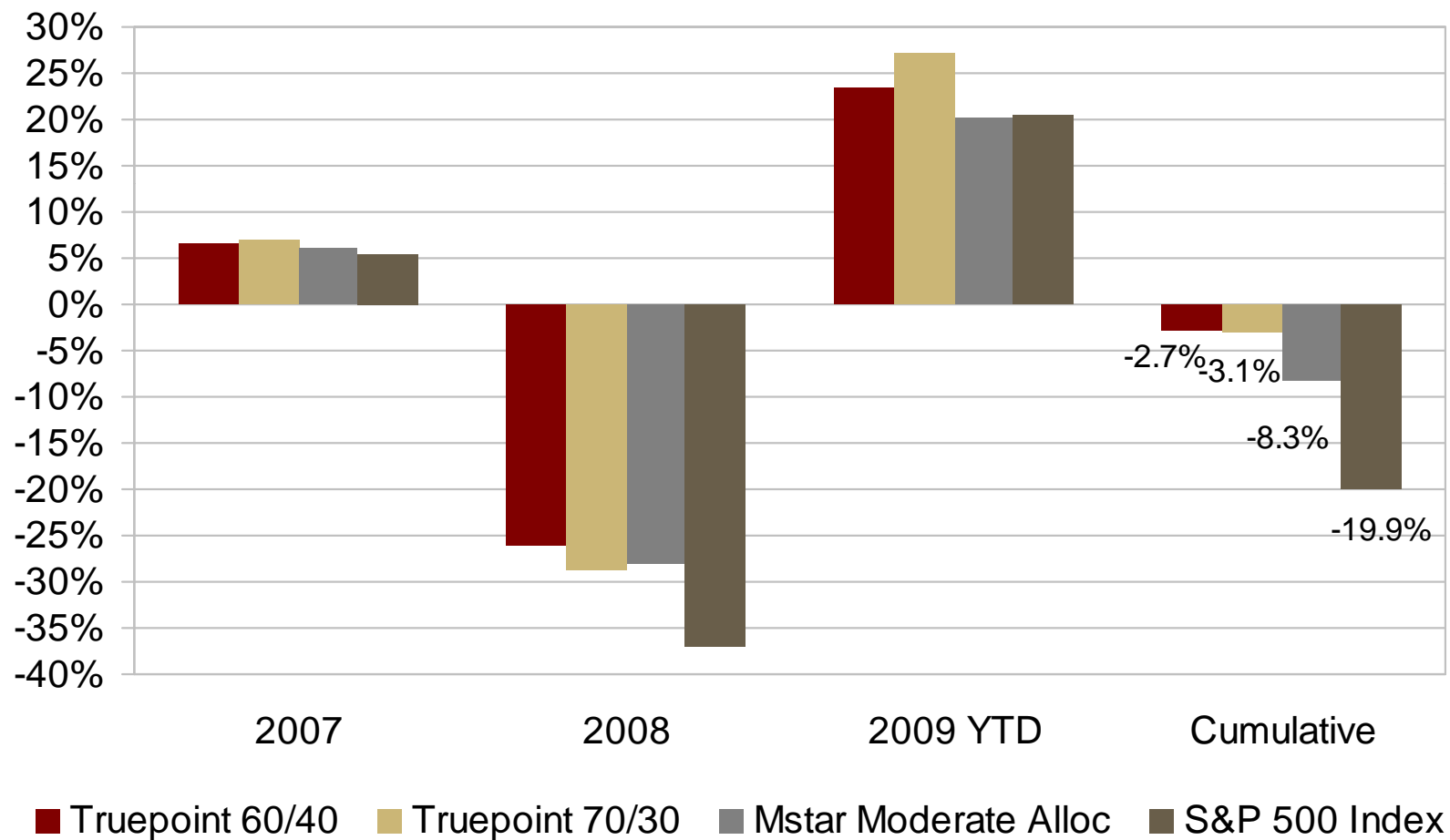
S&P 500 up 52.0% from March low

Emerging Markets up 100% from November low

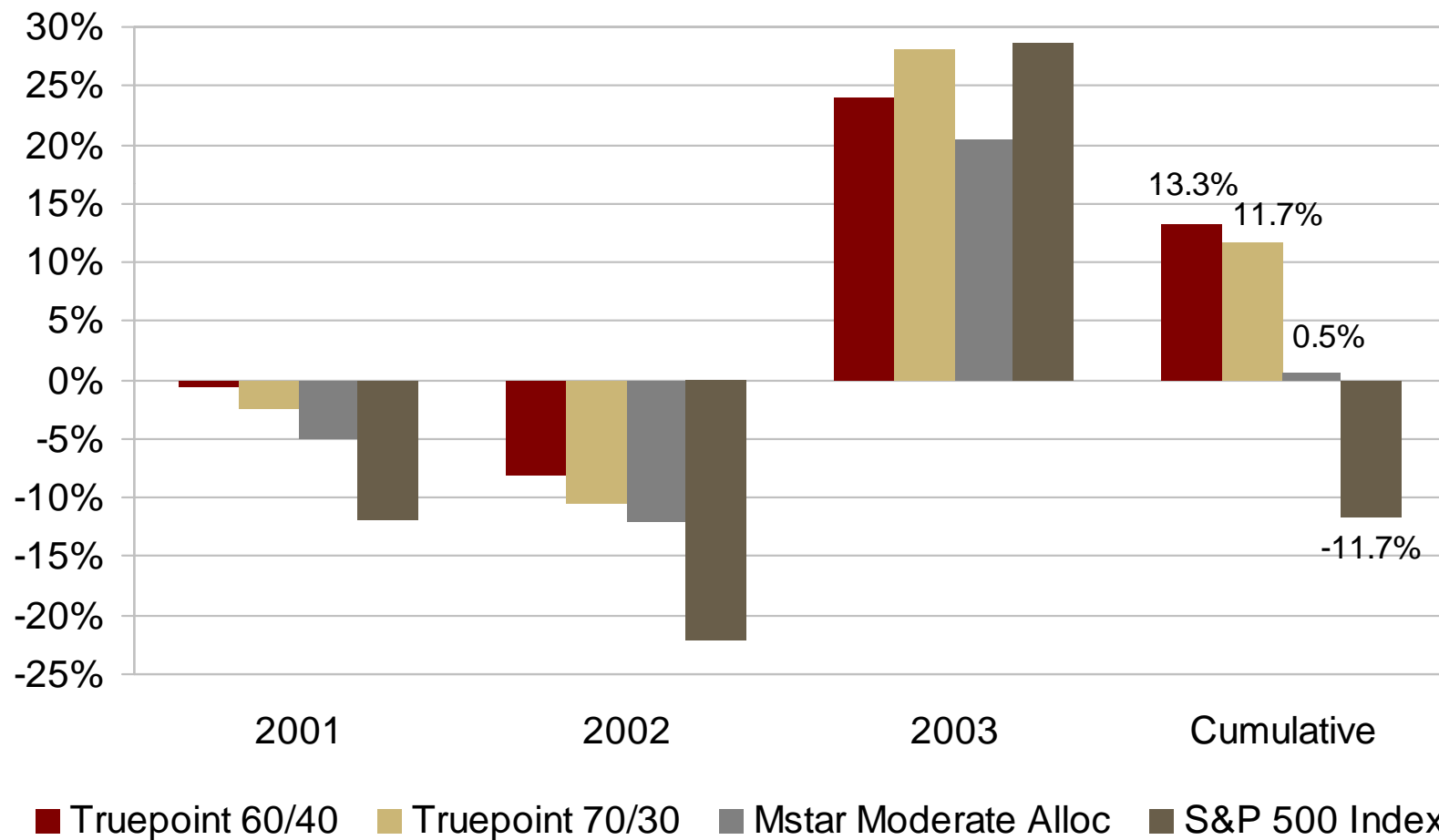
- “Many investors are allocating larger percentages of their portfolio to emerging market stocks in hopes of capitalizing on the projected strong economic growth...”
- “While emerging markets should remain part of a well-diversified long-term portfolio, **the extraordinary returns are likely best viewed as rebalancing opportunities.**”

- **Buy and Hold. Rebalance. Stay the Course.**
- Our advice has always been, and will always be, based on the **scientific evidence**, not on our opinions about where the market may be headed
- Despite the dramatic roller coaster of the past 12 months, the **average Truepoint portfolio has generated a positive result** while the S&P 500 is down about 10%

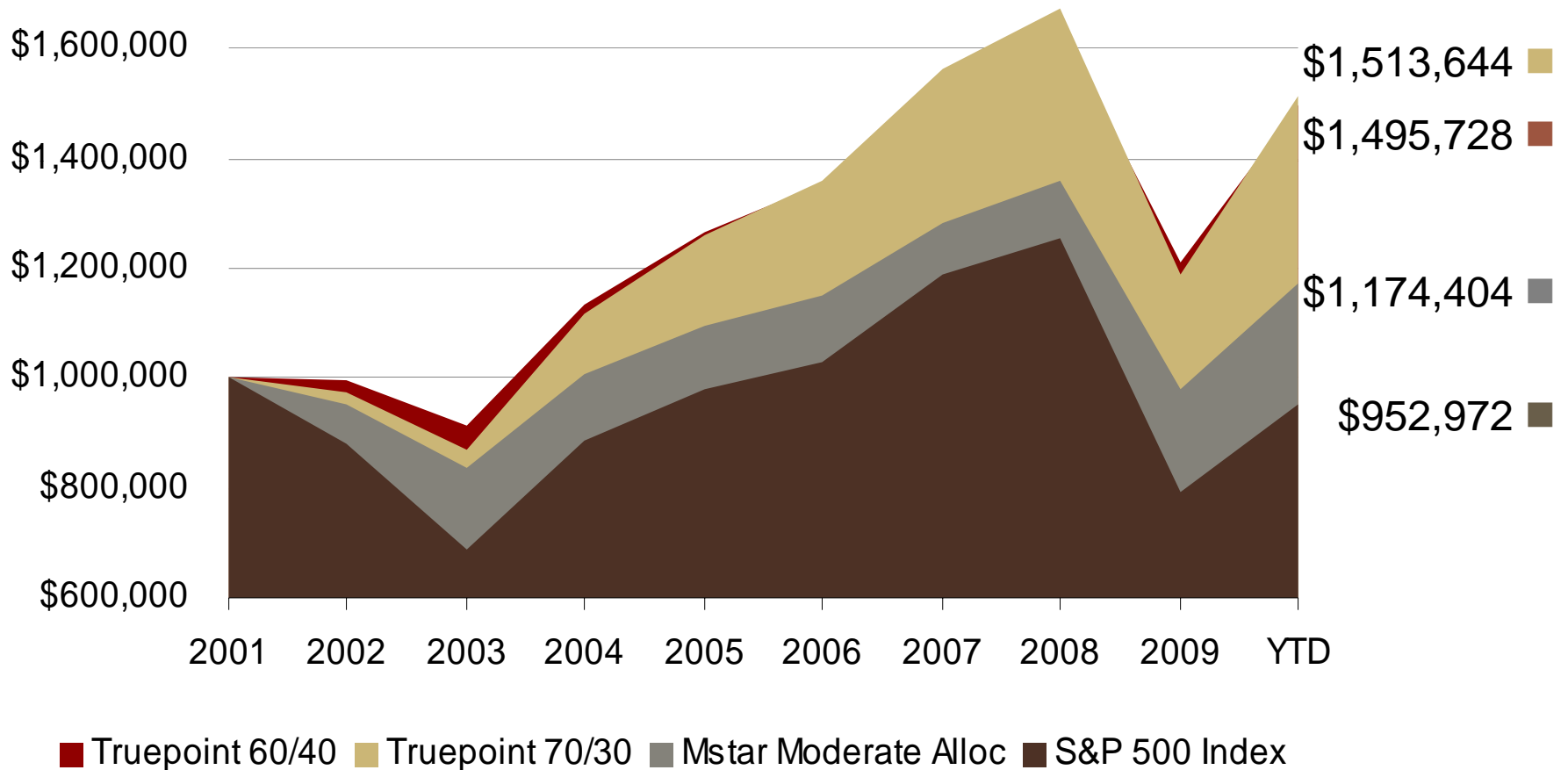
### Mitigate Downside, Maximize Upside



Mitigate Downside, Maximize Upside



**Growth of \$1,000,000**



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