



A New Vision for Wealth Management

November 13, 2008

As a 401(k) participant, it can be a very difficult process to stay on course with your retirement planning when every mutual fund choice and portfolio model is declining in value. As the Investment Advisor to your company's retirement plan, we at iCapital would like to briefly revisit the basic philosophy of how we select mutual funds for inclusion in your company's retirement plan.

As you may recall, iCapital is the responsible party for the plan-level investments you choose from, and we adhere to a stringent technical and fundamental screening process. Your plan-level investments are screened for such things as standard deviation (risk), manager tenure, manager effectiveness (alpha), annual expenses, fund size, organizational stability, risk-adjusted performance, and more.

With the markets and economy as erratic as they are, we have compiled for your review a report on the mutual funds in your plan. This report outlines how these funds have performed against their peer group (all other mutual funds that are in the same category tracked through Morningstar®), and an applicable benchmark (an index appropriate to each investment). While this information may not put your mind completely at ease in these volatile markets, it should serve to demonstrate that, unfortunately, there really is nowhere to hide. Declines have been across the board and around the world.

Perhaps you have diversified your portfolio and avoided trying to time the market. Yet still you have suffered significant losses this year. You may be asking: "What do I do now?" We have many times discussed the power of a diversified portfolio and would like to stress that it is more important today than ever to stay on course and continue saving and investing for your retirement. Dollar-cost averaging is an investing technique intended to reduce exposure to the risk associated with making a single, large investment purchase. The premise of dollar-cost averaging is that the investor wants to guard against the risk that the market may lose value shortly after making his investment. Therefore, he chooses to spread his investment over a number of periods.

As an investor contributing to your retirement account each pay period you are, in fact, utilizing this technique. As the markets continue to slide or stay at current levels, you are compiling many more mutual fund shares than you were a year ago when prices were much higher. This is the name of the game and works to your distinct advantage. As markets and investments rebound, the prices of the increased shares you have accumulated during the downturn will serve as a springboard during the recovery and into the future. For most of us, retirement is a long-term goal. As difficult as these times may be, it is important to stay the course. Please remember to give us a call at (866)403-6440, or email askicapital@icapllc.us if you have questions.

We recognize the severity of current conditions and will stay in communication and be available during these difficult times. Attached you will find a detailed report of fund performance through November, 6, 2008.

Katie Umile

CEO

