

July 10, 2007

Dear clients,

Happy Summer!! Let's get right to it. It is time to **raise the bar** when it comes to comparing the performance of your portfolios to others. Starting with this quarter's report I have changed a couple of calculations in the "Return" area of the "Performance Statistics" section. First, I will now report your investment returns **net of all management fees**. And second, your "Benchmark" will now be comprised of broad based U.S. stock, foreign stock, and U.S. bond market index returns that are not reduced by any fees at all.

How is this different from what we have been doing? Through last quarter I reported your performance results on a before-fee basis and compared these returns to a before-fee benchmark of similarly constructed portfolios of actual mutual funds available to the investing public. This was a fair and consistent approach but I believe this new approach will serve us even better. The reason I use the term "raise the bar" in my introduction is because this new comparison approach will make outperforming an appropriate benchmark more difficult than before. In fact, because I am now reporting your results on a net of fees basis, all your performance data will drop a little irrespective of the way I am reconstituting your benchmark and its performance.

Why make these changes? The big picture here is that I am confident over time all of your portfolios will perform favorably compared to any appropriate and relevant benchmark. It may take a little while for some portfolios to reflect this superiority but when you look at your investment performance with a long-term perspective we have plenty of time to let the "cream rise to the top" for all. As I mentioned earlier, this change in methodology not only will have the immediate impact of reducing your portfolios reported performance results, but due to the change in benchmark construction it will actually increase the returns of your benchmark's results compared to what we have been doing. So this will have a "double whammy" effect in that on one hand we are lowering your results by now reporting net of fees and on the other hand increasing the results of your benchmarks by eliminating fees altogether.

"O.K. fine" you may say but still what is the point of all this? In the long run I want to show you with results, and not just words, that committing to a portfolio that is totally or largely comprised of passive, low-cost, and asset class style mutual funds, like those offered at Dimensional, is the most intelligent and responsible way to invest. I have always emphasized that I want your investment results to be based as much on skill, and as little on luck, as I can and this is the best way to achieve this outcome. Also, I always strive to give you the best possible service I can but that **never needs to come at the expense of investment performance**.

Lastly, I will share with you that I have set a goal of doubling Fox Financial's assets under management over the next three years. I can think of no better or more efficient way to accomplish this than to make sure every one of my current clients are completely satisfied with every facet of our relationship and won't hesitate to proudly and enthusiastically share these feelings with others who may also benefit from my financial planning and investment advisory services. Thank you for continuing to refer others! These endorsements sure make my marketing life a lot easier. But more importantly with each of your referrals comes much gratification and a sense of accomplishment that I am achieving my objectives. ☺

Be well all,

