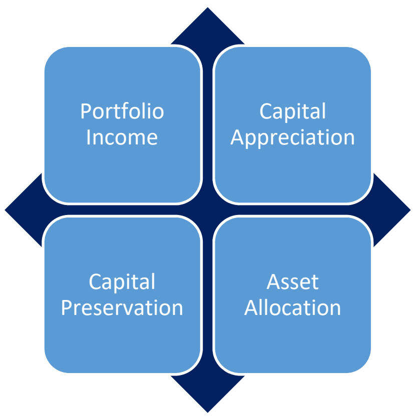
DJH Capital Management, LLC
Providing clients with sound, prudent advice.

Why Our Investment Selection is Different

Investment selection is a critical part of the investing process. At DJH Capital Management ("DJHCM"), our goal is to provide total return that is commensurate with the client's goals for growing wealth and reducing costs. Our partnership with Dimensional Fund Advisors (http://us.dimensional.com) leverages years of academic research to construct model portfolios to achieve client goals for risk-adjusted returns that will grow their capital.

Core Tenets of our Investment Selection



What is portfolio income?

One of the most difficult challenges in planning for retirement is removing the guaranteed income stream that is provided by your job. This loss of reliable, recurring income can often paralyze individuals with fear and cause them to avoid reality. The reality is that reliable, recurring income can come from sources other than your paycheck. Converting your human capital into financial wealth via "income generation" from a properly managed portfolio is a necessary ingredient in any financial plan. Allowing your capital to generate spendable cash flow on a recurring basis is the best recipe for a continuing the lifestyle you enjoyed while you worked full time. At DJH Capital Management we use our proprietary planning tools to achieve this goal in your financial plan.

What is capital appreciation?

Generally speaking, investment portfolios are usually judged on one criterion: change in value. We understand that everyone wants to produce positive returns in their portfolio (e.g. increase value). We realize that capital appreciation beyond annual inflation (or real return) is a necessary aspect of any portfolio strategy. However, research from behavioral finance has revealed that one rarely achieves this goal without a disciplined system for asset selection and capital contribution. The reality that we

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have found is that investment portfolios underperform when assets are bought at market highs and sold at market lows. Of course, no one intentionally does this, but it happens without the proper advice and guidance from an experienced professional. Our goal is to create a plan that is customized to the risk tolerance (both ability to assume and willingness to bear) of each client while achieving the desired return objective.

What is asset allocation?

It has been proved that proper asset allocation or diversification explains most of asset returns and portfolio performance. That is to say, the more eggs you have in different baskets the better off you will be. Constructing portfolios that incorporate a variety of assets that have different streams of income and unrelated returns aspects is what we construct for clients. We make sure that the portfolio you hold will have the best chance of achieving your goals by developing the most diverse asset mix to produce reliable returns.

What is capital preservation?

Often capital preservation is confused with assuming "no risk", however, this is just not true or possible. Why? Because just placing capital in a savings account (i.e. capital preservation) which earns a rate of return less than inflation will result in a loss of purchasing power. Developing a plan that protects the "downside" and preserves purchasing power is crucial to investment success. Our portfolio selection process considers a client's risk tolerance and formulates a plan that integrates all aspects of our core investment philosophy. This provides the ability for clients to assume a level of comfort during their investment time horizon in line with their return objective and risk tolerance.

Our Process

1. Prior to selecting a model portfolio each client will complete a risk tolerance questionnaire (RTQ) to assess their overall ability to bear and willingness to take risk. We measure risk on those two distinct aspects because risk tolerance involves quantitative (ability) as well as qualitative (willingness) characteristics.
2. Next, we create an investment policy statement (IPS) for each client which becomes the guiding instrument to govern the investment experience for each client. The investment policy statement contains the following:
    - Return expectations
    - Risk tolerance
    - Tax considerations
    - Liquidity constraints
    - Time Horizon
    - Unique Preferences and/or legal constraints
3. Next, each client will be suited to a model portfolio based on the risk tolerance assessment and the IPS that has been created. Although client customization is always accommodated, research suggests that longer investment time horizons produce more reliable results.
4. Finally, each client has unlimited access to our staff for portfolio updates during our monitoring process.