

## QUARTERLY INVESTMENT LETTER – FIRST QUARTER, 2013

### Moving from “Risk Off” to “Risk On” (Beta’s Back, But for How Long?)

As is the case in most professions, investment managers, financial market cognoscenti, the brokerage community, and all too often the media, seek to reduce complex portfolio strategies down to the simplest of terms. Dumbing down the discussion of how the markets work, since the 2008-2009 global financial system near-collapse, it has become fashionable to describe one’s general portfolio posture as being either “risk-on” (meaning increased stock market risk) or “risk-off.” Such shorthand would seem to imply that by merely throwing the switch from “off” to “on” (or its converse), one has found the key to everlasting investment success. When, in response to global financial and economic patterns, the environment is conducive to taking on added equity-like market exposure, as it might seem today, “risk-on” is the scenario. Of course, the trouble is that usually by the time most investors recognize “risk-on” is the course to take, a majority of the undervalued price anomalies have already been arbitrated away.

Investment professionals, steeped in the language of their calling, often define the relative price action, or volatility, of a security, asset class or portfolio in quantitative terms as a measure of the security’s or portfolio’s *beta*. For example, if a particular company’s common stock’s price volatility swings are a perfect replication of the price behavior of the S&P 500 Index, the stock’s beta (relative to the S&P 500 Index) is said to be 1.0. Or stated another way, a stock with a beta of 1.0 displays a price volatility pattern exactly tracking that of the S&P 500 Index. If the stock’s price movement pattern is 10% less volatile than that of the S&P 500, then the stock’s beta is calculated to be 0.90. By introducing stocks and asset classes of differing volatility and correlation patterns and diversifying globally, investors attempt to reduce a portfolio’s volatility risk, or beta, to more acceptable levels (i.e., to something less than a beta of 1.0).

Since the 2008-2009 financial market melt-down, investors have remained extremely cautious and risk-averse, and throughout the subsequent rebound emphasized risk management as first and foremost in their approach to equity market allocations. But a portfolio beta of less than that of the S&P 500, while it may perform well in down markets, will paripassu usually underperform in rising markets. At today’s equity market stage, those who have been excessively risk-averse find themselves on the horns of a dilemma. Higher beta investment mixes are outperforming portfolio alternative investment vehicles which had been selected to control potential downside risk. Whereas during the past 4-5 years low beta investment combinations were the mode, today, and perhaps for the foreseeable future, higher beta portfolio alignments would seem more appropriate.

Beyond this, as has been discussed in past quarterly client letters, many individual investors, still traumatized by their '08-'09 stock market experiences, have remained on the sidelines holding cash and missed the last four years' market recovery. The behavioral roller-coaster confronting many of these disbelievers might track the following diagram:



Source: Bloomberg

As is so often repeated in these letters, a disciplined rebalancing approach, while remaining fully invested in a variety of component asset classes throughout the cycle, is one way to deal with the emotional side of the investing equation. Periodically shifting allocations from relatively overvalued to what appear to be undervalued asset classes, particularly when counter to the emotional swings of the moment, in our opinion, offers the prospect of better risk-adjusted, longer-term results.

### **From 677 to 1,569 on the S&P 500 Index (The Fed Achieves One of Its Goals)**

Federal Reserve Board Chairman, Ben Bernanke, who is due to retire at the end of this year, has articulated two objectives driving Fed monetary policy: 1) reflate U.S. personal balance sheets (i.e., rebuilding investor personal net worth and confidence), and 2) reduce the national unemployment rate to optimal levels.

In the eyes of some, the Fed has achieved its first priority. The financial markets in the U.S., while still vulnerable to fiscal policy miscues, are moving toward normalcy. But, although the S&P 500 Index has moved minimally and nominally into new record territory, its purchasing-power-adjusted peak of 2,065 remains beyond reach. Contrary to whatever success might be claimed in achieving financial market “normalcy,” the Fed’s unemployment mandate continues elusive, and until fiscal policy is rationalized and the business and tax environments are clarified, will not be easily achieved.

But the financial markets have a habit of writing their own history and usually move out ahead of developments. In the long run, markets are reasonably efficient and price in (discount) what eventually becomes the sum total of all information which eventually, in retrospect, becomes conventional wisdom. So it’s of interest, or perhaps a concern, that for the first time in this writer’s experience that all of the independent research services to which the firm subscribes have moved to a secular (i.e., long-term) *equity bull market call*. Most in varying degrees are also predicting a *bear market for bonds*, particularly U.S. Treasuries.

Rarely have the pundits been so positively aligned in their equity and bond market outlooks. On the one hand this is reassuring (personally-held opinions reinforced are always appreciated and confirmation bias responds positively when quite independently, other minds come to similar conclusions). Each group has arrived at its bullish prognosis via differing routes. Decision Economics draws its outlook from the firm’s worldwide macro-economic work, BCA’s approach is based on global monetary and banking system statistical research, JP Morgan pays particular attention to global asset class valuation anomalies, and Ned Davis Research is focused on shorter-term, more technical economic and investment market trend analytics. Media pundits, often the last to get the word, also appear to be joining the parade.

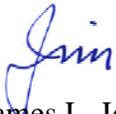
The other side of the coin, a Catch-22 situation at the moment, is that the bond portion of a balanced portfolio which historically has served as an offset to equity volatility risk, today may not offer the traditional downside protection, or insurance, usually attributed to such fixed income vehicles. Instead, due to central bank policy, the Fed’s continuing “Quantitative Easing” policy (i.e., money supply expansion), and suppression of short-term interest rates, for unsuspecting longer duration bond-holders, as interest rates move back to more “normal” levels, the resulting bond price deterioration might prove to be an unpleasant surprise. Thus for the first time in many years, bonds appear to promise greater price risk than stocks.

**Availability of Updated Form ADV Part 2A Brochure and Part 2B Brochure Supplements**

Annually, at this time of year, Registered Investment Advisors (RIAs) like TFC are required to update our SEC disclosure reports. You will find attached a notice of our recent filing, as well as information about how to access this material. The firm takes these compliance requirements and our fiduciary responsibilities seriously. If you have any questions about these reports, please don't hesitate to contact us directly.

As always, we welcome your comments and questions.

Sincerely,



James L. Joslin  
Chairman & CEO



Renée Kwok  
President



Timothy S. Meckel  
Managing Principal & CCO



**Notice of Availability of Updated Form ADV Part 2A Brochure  
And Form ADV Part 2B Brochure Supplements**

As an SEC-registered investment adviser, we are required to update annually in the first quarter of each calendar year our Form ADV, which includes our Form ADV Part 2A Brochure and Form ADV Part 2B Brochure Supplements. If, in connection with our annual update, we make material changes to our Brochure or Brochure Supplements since the date of our last annual update, we are required to provide (or offer to provide) our clients with copies of them.

In connection with the just completed annual update of our Form ADV, we made material changes to our Brochure and Brochure Supplements. These relate to Timothy S. Meckel assuming the role of Chief Compliance Officer on January 1, 2013, which was previously assigned to James L. Joslin. We also made some editorial revisions to our Brochure and Brochure Supplements that we do not consider material singly or collectively.

By this notice, we are offering to provide you, without charge, a copy of our Brochure and Brochure Supplements, both dated March 31, 2013. You may obtain copies by sending an email to Michelle Volpe, Senior Client Service & Compliance Administrator, at [mvolpe@tfcfinancial.com](mailto:mvolpe@tfcfinancial.com), or by calling Ms. Volpe at 617-210-6700. Our updated Brochure and Brochure Supplements are also available on our website: [www.tfcfinancial.com](http://www.tfcfinancial.com).

You can also find our Brochure and Brochure Supplements, as well as other information about us, through the SEC's Investment Adviser Public Disclosure (IAPD) portal: [www.adv.adviserinfo.sec.gov](http://www.adv.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm CRD number is 105062.

Please do not hesitate to call us if you have any questions.

Notice dated March 31, 2013

**TFC Financial Management**  
**Equity Funds**  
**Sorted by YTD Performance**  
As of 03/31/2013

Name	Fund Category	YTD	1 YR	2 YR	3 YR	5 YR	2012	2011	2010	2009	2008
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
DFA TAX MGD US TARGET VAL PO	Small Value	14.0	22.3	9.8	15.0	7.6	20.9	-5.8	30.4	27.6	-37.8
DFA US TARGETED VALUE	Small Value	13.9	21.3	8.5	13.7	8.9	19.2	-6.3	29.0	31.9	-33.8
DFA US S/C VALUE PORTFOLIO	Small Value	13.8	22.1	8.6	14.4	8.5	21.7	-7.5	30.9	33.6	-36.8
DFA TAX MNGD US MKTWIDE VAL	Large Value	13.6	22.8	11.1	14.3	6.6	22.2	-3.1	21.6	31.1	-41.6
DFA US L/C VALUE PORTFOLIO	Large Value	13.5	22.5	10.7	13.7	6.1	22.1	-3.1	20.2	30.2	-40.8
<b>RUSSELL 2000 GROWTH IDX</b>	<b>Small Growth</b>	<b>13.2</b>	<b>14.5</b>	<b>7.6</b>	<b>14.8</b>	<b>9.1</b>	<b>14.6</b>	<b>-2.9</b>	<b>29.1</b>	<b>34.5</b>	<b>-38.5</b>
DFA US SMALL CAP PORTFOLIO	Small Blend	12.5	18.2	9.0	15.3	10.2	18.4	-3.1	30.7	36.3	-36.0
<b>RUSSELL 2000 INDEX</b>	<b>Small Blend</b>	<b>12.4</b>	<b>16.3</b>	<b>7.9</b>	<b>13.5</b>	<b>8.2</b>	<b>16.3</b>	<b>-4.2</b>	<b>26.9</b>	<b>27.2</b>	<b>-33.8</b>
VANGUARD S/C GROW INDX-INST	Small Growth	12.4	16.3	8.8	16.1	10.6	17.7	-1.4	31.0	42.1	-39.9
DFA TAX MNGD US SMALL CAP PO	Small Blend	12.3	18.4	9.1	15.1	7.4	18.5	-3.0	28.6	26.3	-38.4
<b>RUSSELL 1000 VALUE INDX</b>	<b>Large Value</b>	<b>12.3</b>	<b>18.8</b>	<b>11.4</b>	<b>12.8</b>	<b>4.8</b>	<b>17.5</b>	<b>0.4</b>	<b>15.5</b>	<b>19.6</b>	<b>-36.9</b>
DFA US MICRO CAP PORTFOLIO	Small Blend	12.1	18.0	9.2	15.4	8.7	18.2	-3.3	31.3	28.1	-36.7
VANGUARD TAX-MGD SML CAP-ADM	Small Blend	11.6	15.7	10.6	15.0	9.3	16.0	1.2	26.0	25.6	-30.8
<b>RUSSELL 2000 VALUE IDX</b>	<b>Small Value</b>	<b>11.6</b>	<b>18.1</b>	<b>8.3</b>	<b>12.1</b>	<b>7.3</b>	<b>18.1</b>	<b>-5.5</b>	<b>24.5</b>	<b>20.6</b>	<b>-28.9</b>
FMI LARGE CAP FUND	Large Blend	11.4	15.2	11.3	11.1	7.7	14.9	1.5	11.4	29.7	-26.9
<b>Russell 3000 Total Return Inde</b>	<b>Large Blend</b>	<b>11.1</b>	<b>14.7</b>	<b>10.8</b>	<b>13.0</b>	<b>6.4</b>	<b>16.4</b>	<b>1.0</b>	<b>16.9</b>	<b>28.3</b>	<b>-37.3</b>
VANGUARD DIVIDEND GROWTH-INV	Large Blend	11.0	13.8	12.9	13.2	7.6	10.4	9.4	11.4	21.7	-25.6
VANGUARD LARGE CAP INDX-SIGN	Large Blend	10.7	13.9	10.9	12.8	6.1	16.1	1.6	15.8	27.8	-37.0
<b>S&amp;P 500 INDEX</b>	<b>Large Blend</b>	<b>10.6</b>	<b>14.0</b>	<b>11.1</b>	<b>12.7</b>	<b>5.8</b>	<b>16.0</b>	<b>2.1</b>	<b>15.1</b>	<b>26.5</b>	<b>-37.0</b>
DFA US LARGE COMPANY PORT	Large Blend	10.6	13.8	11.0	12.6	5.9	15.8	2.1	15.0	26.6	-36.8
VANGUARD 500 INDEX FUND-ADM	Large Blend	10.6	13.9	11.1	12.7	5.8	16.0	2.1	15.1	26.6	-37.0
WALTHAUSEN SMALL CAP VALUE	Small Value	10.6	27.3	12.6	19.3	18.7	32.1	-5.9	41.9	42.4	n/a
ALGER SMID CAP GROWTH FUND-A	Small Growth	10.5	10.3	5.0	11.0	5.8	14.1	-4.2	23.3	44.0	-48.6
<b>MSCI Daily TR Net USA USD</b>	<b>Large Blend</b>	<b>10.5</b>	<b>13.1</b>	<b>11.2</b>	<b>12.1</b>	<b>5.2</b>	<b>15.3</b>	<b>1.4</b>	<b>14.8</b>	<b>26.3</b>	<b>-37.6</b>
GMO QUALITY FUND-III	Large Blend	10.4	12.9	15.4	12.9	7.8	12.0	11.8	5.5	19.8	-24.1
<b>RUSSELL 1000 GROWTH INDX</b>	<b>Large Growth</b>	<b>9.5</b>	<b>10.1</b>	<b>10.5</b>	<b>13.1</b>	<b>7.3</b>	<b>15.3</b>	<b>2.6</b>	<b>16.7</b>	<b>37.2</b>	<b>-38.4</b>
VANGUARD GROWTH INDEX FD-SIG	Large Growth	9.3	11.0	11.3	13.3	7.4	17.0	1.9	17.1	36.4	-38.2
DFA GLOBAL EQUITY PORT-I	Global Equity	8.7	13.9	6.0	10.2	4.6	18.2	-7.4	19.4	34.5	-40.0
<b>MSCI EAFE SMALL CAP</b>	<b>Foreign Sm/Mid Value</b>	<b>8.5</b>	<b>13.8</b>	<b>3.7</b>	<b>8.9</b>	<b>2.6</b>	<b>20.6</b>	<b>-15.6</b>	<b>22.6</b>	<b>47.4</b>	<b>-46.7</b>
<b>ISHARES DJ US REAL ESTATE</b>	<b>Real Estate</b>	<b>8.4</b>	<b>15.8</b>	<b>12.8</b>	<b>16.1</b>	<b>6.0</b>	<b>18.2</b>	<b>5.5</b>	<b>26.6</b>	<b>30.5</b>	<b>-39.9</b>
<b>MSCI FM (Frontier Markets) Dai</b>	<b>Emerging Markets</b>	<b>8.2</b>	<b>11.6</b>	<b>0.5</b>	<b>2.1</b>	<b>-9.2</b>	<b>8.9</b>	<b>-18.7</b>	<b>23.8</b>	<b>11.6</b>	<b>-54.1</b>
DFA INTL SMALL CAP VALUE PT	Foreign Sm/Mid Value	7.9	13.0	1.4	7.0	1.7	22.3	-17.5	18.1	39.5	-41.7
DFA REAL ESTATE SECS PORT	Real Estate	7.6	14.2	14.1	17.2	6.8	17.5	9.0	28.7	28.2	-37.4
DFA GLOBAL REAL ESTATE SEC P	Real Estate	7.1	18.8	12.9	16.4	n/a	23.2	1.8	23.8	32.7	n/a
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
<b>MS CMDTY RELATED EQUITY</b>	<b>Natural Resources</b>	<b>6.4</b>	<b>2.4</b>	<b>-6.9</b>	<b>5.0</b>	<b>2.6</b>	<b>1.4</b>	<b>-10.5</b>	<b>25.7</b>	<b>54.8</b>	<b>-41.2</b>
<b>EPRA/NAREIT Dev TR USD</b>	<b>Real Estate</b>	<b>6.3</b>	<b>21.1</b>	<b>12.0</b>	<b>14.3</b>	<b>3.5</b>	<b>28.7</b>	<b>-5.8</b>	<b>20.4</b>	<b>38.3</b>	<b>-47.7</b>
DFA INTERNATIONAL SMALL CO	Foreign Sm/Mid Value	6.2	10.3	1.2	7.9	2.2	18.9	-15.3	23.9	42.0	-43.9
TEMPLETON FRONTIER MARKET-AD	Emerging Markets	6.1	16.4	5.9	n/a	n/a	25.4	-18.7	n/a	n/a	n/a
T ROWE PRICE INTL DISCOVERY	Foreign Sm/Mid Growth	6.0	14.0	6.1	10.3	3.7	26.0	-14.1	20.5	55.7	-49.9
MORGAN STANLEY INS US REAL-I	Real Estate	5.4	10.6	10.8	15.2	5.5	16.3	5.6	29.9	29.6	-38.1
<b>MSCI Daily TR Net EAFE USD</b>	<b>Foreign Large Blend</b>	<b>5.1</b>	<b>11.3</b>	<b>2.9</b>	<b>5.0</b>	<b>-0.9</b>	<b>17.3</b>	<b>-12.1</b>	<b>7.8</b>	<b>31.8</b>	<b>-43.4</b>
DFA INTERNATIONAL CORE EQTY	Foreign Large Blend	4.4	9.9	0.3	5.2	0.1	18.7	-15.1	13.9	39.3	-44.0
MORGAN STANLEY INS GLBL RE-I	Real Estate	4.2	19.0	9.4	12.1	3.5	30.2	-9.7	20.2	41.0	-45.0
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	4.0	10.4	1.5	5.0	-0.5	17.7	-12.3	9.2	30.6	-41.4
MORGAN STANLEY INS INTN RE-I	Real Estate	3.5	27.9	9.0	9.7	-1.2	44.0	-19.9	9.5	46.5	-50.0
<b>MSCI AC World Daily TR Net Ex</b>	<b>Foreign Large Blend</b>	<b>3.2</b>	<b>8.4</b>	<b>1.0</b>	<b>4.4</b>	<b>-0.4</b>	<b>16.8</b>	<b>-13.7</b>	<b>11.2</b>	<b>41.4</b>	<b>-45.5</b>
SCOUT INTERNATIONAL FUND	Foreign Large Blend	3.1	10.1	3.0	6.6	1.9	21.3	-12.3	13.2	35.5	-38.1
VANGUARD TOT INT ST IDX-INV	Foreign Large Blend	3.0	8.7	0.4	4.4	-0.6	18.1	-14.6	11.1	36.7	-44.1
VAN ECK GLOBAL HARD ASSETS-I	Natural Resources	2.7	-0.9	-9.6	3.1	-0.7	2.9	-16.3	28.9	53.2	-44.5
DFA EMERGING MARKETS SML CAP	Emerging Markets	2.4	8.7	0.7	6.8	6.2	24.4	-22.6	30.2	99.7	-54.5
DFA INTERNATIONAL VALUE	Foreign Large Value	1.8	6.6	-3.2	2.3	-2.3	16.6	-16.8	10.6	39.5	-46.3
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	1.8	6.1	-3.3	2.3	-1.9	16.3	-16.7	10.2	37.8	-44.4
TEMPLETON DEVELOPING MKTS-AD	Emerging Markets	1.0	3.0	-2.0	3.5	1.6	13.4	-15.6	17.7	74.4	-53.8
DFA EMERGING MRKTS VALUE	Emerging Markets	-1.0	2.3	-6.3	1.3	1.0	19.4	-25.6	22.1	92.3	-53.9
LAZARD EMERG MKT EQY-INST	Emerging Markets	-1.1	3.1	0.5	4.8	3.1	22.4	-17.8	22.8	69.8	-47.9
<b>MSCI Daily TR Net Emerging Mar</b>	<b>Emerging Markets</b>	<b>-1.6</b>	<b>2.0</b>	<b>-2.9</b>	<b>3.3</b>	<b>1.1</b>	<b>18.2</b>	<b>-18.4</b>	<b>18.9</b>	<b>78.5</b>	<b>-53.3</b>
DFA EMERGING MKTS PRTFOLIO	Emerging Markets	-2.1	2.6	-2.5	4.2	2.3	19.2	-17.4	21.8	71.8	-49.2
SPDR GOLD TRUST	Natural Resources	-4.7	-4.7	5.5	12.4	11.3	6.6	9.6	29.3	24.0	4.9

**TFC Financial Management**  
**U.S. Equity Fund Asset Classes**  
**Sorted by YTD Performance**  
As of 03/31/2013

Name	Fund Category	YTD	1 YR	2 YR	3 YR	5 YR	2012	2011	2010	2009	2008
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
FMI LARGE CAP FUND	Large Blend	11.4	15.2	11.3	11.1	7.7	14.9	1.5	11.4	29.7	-26.9
<b>Russell 3000 Total Return Inde</b>	<b>Large Blend</b>	<b>11.1</b>	<b>14.7</b>	<b>10.8</b>	<b>13.0</b>	<b>6.4</b>	<b>16.4</b>	<b>1.0</b>	<b>16.9</b>	<b>28.3</b>	<b>-37.3</b>
VANGUARD DIVIDEND GROWTH-INV	Large Blend	11.0	13.8	12.9	13.2	7.6	10.4	9.4	11.4	21.7	-25.6
VANGUARD LARGE CAP INDX-SIGN	Large Blend	10.7	13.9	10.9	12.8	6.1	16.1	1.6	15.8	27.8	-37.0
<b>S&amp;P 500 INDEX</b>	<b>Large Blend</b>	<b>10.6</b>	<b>14.0</b>	<b>11.1</b>	<b>12.7</b>	<b>5.8</b>	<b>16.0</b>	<b>2.1</b>	<b>15.1</b>	<b>26.5</b>	<b>-37.0</b>
DFA US LARGE COMPANY PORT	Large Blend	10.6	13.8	11.0	12.6	5.9	15.8	2.1	15.0	26.6	-36.8
VANGUARD 500 INDEX FUND-ADM	Large Blend	10.6	13.9	11.1	12.7	5.8	16.0	2.1	15.1	26.6	-37.0
<b>MSCI Daily TR Net USA USD</b>	<b>Large Blend</b>	<b>10.5</b>	<b>13.1</b>	<b>11.2</b>	<b>12.1</b>	<b>5.2</b>	<b>15.3</b>	<b>1.4</b>	<b>14.8</b>	<b>26.3</b>	<b>-37.6</b>
GMO QUALITY FUND-III	Large Blend	10.4	12.9	15.4	12.9	7.8	12.0	11.8	5.5	19.8	-24.1
<b>RUSSELL 1000 GROWTH INDX</b>	<b>Large Growth</b>	<b>9.5</b>	<b>10.1</b>	<b>10.5</b>	<b>13.1</b>	<b>7.3</b>	<b>15.3</b>	<b>2.6</b>	<b>16.7</b>	<b>37.2</b>	<b>-38.4</b>
VANGUARD GROWTH INDEX FD-SIG	Large Growth	9.3	11.0	11.3	13.3	7.4	17.0	1.9	17.1	36.4	-38.2
DFA TAX MNGD US MKTWIDE VAL	Large Value	13.6	22.8	11.1	14.3	6.6	22.2	-3.1	21.6	31.1	-41.6
DFA US L/C VALUE PORTFOLIO	Large Value	13.5	22.5	10.7	13.7	6.1	22.1	-3.1	20.2	30.2	-40.8
<b>RUSSELL 1000 VALUE INDEX</b>	<b>Large Value</b>	<b>12.3</b>	<b>18.8</b>	<b>11.4</b>	<b>12.8</b>	<b>4.8</b>	<b>17.5</b>	<b>0.4</b>	<b>15.5</b>	<b>19.6</b>	<b>-36.9</b>
DFA US SMALL CAP PORTFOLIO	Small Blend	12.5	18.2	9.0	15.3	10.2	18.4	-3.1	30.7	36.3	-36.0
<b>RUSSELL 2000 INDEX</b>	<b>Small Blend</b>	<b>12.4</b>	<b>16.3</b>	<b>7.9</b>	<b>13.5</b>	<b>8.2</b>	<b>16.3</b>	<b>-4.2</b>	<b>26.9</b>	<b>27.2</b>	<b>-33.8</b>
DFA TAX MNGD US SMALL CAP PO	Small Blend	12.3	18.4	9.1	15.1	7.4	18.5	-3.0	28.6	26.3	-38.4
DFA US MICRO CAP PORTFOLIO	Small Blend	12.1	18.0	9.2	15.4	8.7	18.2	-3.3	31.3	28.1	-36.7
VANGUARD TAX-MGD SML CAP-ADM	Small Blend	11.6	15.7	10.6	15.0	9.3	16.0	1.2	26.0	25.6	-30.8
<b>RUSSELL 2000 GROWTH IDX</b>	<b>Small Growth</b>	<b>13.2</b>	<b>14.5</b>	<b>7.6</b>	<b>14.8</b>	<b>9.1</b>	<b>14.6</b>	<b>-2.9</b>	<b>29.1</b>	<b>34.5</b>	<b>-38.5</b>
VANGUARD S/C GROW INDX-INST	Small Growth	12.4	16.3	8.8	16.1	10.6	17.7	-1.4	31.0	42.1	-39.9
ALGER SMID CAP GROWTH FUND-A	Small Growth	10.5	10.3	5.0	11.0	5.8	14.1	-4.2	23.3	44.0	-48.6
DFA TAX MGD US TARGET VAL PO	Small Value	14.0	22.3	9.8	15.0	7.6	20.9	-5.8	30.4	27.6	-37.8
DFA US TARGETED VALUE	Small Value	13.9	21.3	8.5	13.7	8.9	19.2	-6.3	29.0	31.9	-33.8
DFA US S/C VALUE PORTFOLIO	Small Value	13.8	22.1	8.6	14.4	8.5	21.7	-7.5	30.9	33.6	-36.8
<b>RUSSELL 2000 VALUE IDX</b>	<b>Small Value</b>	<b>11.6</b>	<b>18.1</b>	<b>8.3</b>	<b>12.1</b>	<b>7.3</b>	<b>18.1</b>	<b>-5.5</b>	<b>24.5</b>	<b>20.6</b>	<b>-28.9</b>
WALTHAUSEN SMALL CAP VALUE	Small Value	10.6	27.3	12.6	19.3	18.7	32.1	-5.9	41.9	42.4	n/a

**TFC Financial Management**  
**Non U.S. Equity Fund Asset Classes**  
**Sorted by YTD Performance**  
As of 03/31/2013

Name	Fund Category	YTD	1 YR	2 YR	3 YR	5 YR	2012	2011	2010	2009	2008
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
DFA GLOBAL EQUITY PORT-I	Global Equity	8.7	13.9	6.0	10.2	4.6	18.2	-7.4	19.4	34.5	-40.0
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
<b>MSCI Daily TR Net EAFE USD</b>	<b>Foreign Large Blend</b>	<b>5.1</b>	<b>11.3</b>	<b>2.9</b>	<b>5.0</b>	<b>-0.9</b>	<b>17.3</b>	<b>-12.1</b>	<b>7.8</b>	<b>31.8</b>	<b>-43.4</b>
DFA INTERNATIONAL CORE EQTY	Foreign Large Blend	4.4	9.9	0.3	5.2	0.1	18.7	-15.1	13.9	39.3	-44.0
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	4.0	10.4	1.5	5.0	-0.5	17.7	-12.3	9.2	30.6	-41.4
<b>MSCI AC World Daily TR Net Ex</b>	<b>Foreign Large Blend</b>	<b>3.2</b>	<b>8.4</b>	<b>1.0</b>	<b>4.4</b>	<b>-0.4</b>	<b>16.8</b>	<b>-13.7</b>	<b>11.2</b>	<b>41.4</b>	<b>-45.5</b>
SCOUT INTERNATIONAL FUND	Foreign Large Blend	3.1	10.1	3.0	6.6	1.9	21.3	-12.3	13.2	35.5	-38.1
VANGUARD TOT INT ST IDX-INV	Foreign Large Blend	3.0	8.7	0.4	4.4	-0.6	18.1	-14.6	11.1	36.7	-44.1
DFA INTERNATIONAL VALUE	Foreign Large Value	1.8	6.6	-3.2	2.3	-2.3	16.6	-16.8	10.6	39.5	-46.3
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	1.8	6.1	-3.3	2.3	-1.9	16.3	-16.7	10.2	37.8	-44.4
<b>MSCI EAFE SMALL CAP</b>	<b>Foreign Sm/Mid Value</b>	<b>8.5</b>	<b>13.8</b>	<b>3.7</b>	<b>8.9</b>	<b>2.6</b>	<b>20.6</b>	<b>-15.6</b>	<b>22.6</b>	<b>47.4</b>	<b>-46.7</b>
DFA INTL SMALL CAP VALUE PT	Foreign Sm/Mid Value	7.9	13.0	1.4	7.0	1.7	22.3	-17.5	18.1	39.5	-41.7
DFA INTERNATIONAL SMALL CO	Foreign Sm/Mid Value	6.2	10.3	1.2	7.9	2.2	18.9	-15.3	23.9	42.0	-43.9
T ROWE PRICE INTL DISCOVERY	Foreign Sm/Mid Growth	6.0	14.0	6.1	10.3	3.7	26.0	-14.1	20.5	55.7	-49.9
<b>MSCI FM (Frontier Markets) Dai</b>	<b>Emerging Markets</b>	<b>8.2</b>	<b>11.6</b>	<b>0.5</b>	<b>2.1</b>	<b>-9.2</b>	<b>8.9</b>	<b>-18.7</b>	<b>23.8</b>	<b>11.6</b>	<b>-54.1</b>
TEMPLETON FRONTIER MARKET-AD	Emerging Markets	6.1	16.4	5.9	n/a	n/a	25.4	-18.7	n/a	n/a	n/a
DFA EMERGING MARKETS SML CAP	Emerging Markets	2.4	8.7	0.7	6.8	6.2	24.4	-22.6	30.2	99.7	-54.5
TEMPLETON DEVELOPING MKTS-AD	Emerging Markets	1.0	3.0	-2.0	3.5	1.6	13.4	-15.6	17.7	74.4	-53.8
DFA EMERGING MRKTS VALUE	Emerging Markets	-1.0	2.3	-6.3	1.3	1.0	19.4	-25.6	22.1	92.3	-53.9
LAZARD EMERG MKT EQY-INST	Emerging Markets	-1.1	3.1	0.5	4.8	3.1	22.4	-17.8	22.8	69.8	-47.9
<b>MSCI Daily TR Net Emerging Mar</b>	<b>Emerging Markets</b>	<b>-1.6</b>	<b>2.0</b>	<b>-2.9</b>	<b>3.3</b>	<b>1.1</b>	<b>18.2</b>	<b>-18.4</b>	<b>18.9</b>	<b>78.5</b>	<b>-53.3</b>
DFA EMERGING MKTS PRTFOLIO	Emerging Markets	-2.1	2.6	-2.5	4.2	2.3	19.2	-17.4	21.8	71.8	-49.2
<b>MS CMDTY RELATED EQUITY</b>	<b>Natural Resources</b>	<b>6.4</b>	<b>2.4</b>	<b>-6.9</b>	<b>5.0</b>	<b>2.6</b>	<b>1.4</b>	<b>-10.5</b>	<b>25.7</b>	<b>54.8</b>	<b>-41.2</b>
VAN ECK GLOBAL HARD ASSETS-I	Natural Resources	2.7	-0.9	-9.6	3.1	-0.7	2.9	-16.3	28.9	53.2	-44.5
SPDR GOLD TRUST	Natural Resources	-4.7	-4.7	5.5	12.4	11.3	6.6	9.6	29.3	24.0	4.9
<b>ISHARES DJ US REAL ESTATE</b>	<b>Real Estate</b>	<b>8.4</b>	<b>15.8</b>	<b>12.8</b>	<b>16.1</b>	<b>6.0</b>	<b>18.2</b>	<b>5.5</b>	<b>26.6</b>	<b>30.5</b>	<b>-39.9</b>
DFA REAL ESTATE SECS PORT	Real Estate	7.6	14.2	14.1	17.2	6.8	17.5	9.0	28.7	28.2	-37.4
DFA GLOBAL REAL ESTATE SEC P	Real Estate	7.1	18.8	12.9	16.4	n/a	23.2	1.8	23.8	32.7	n/a
<b>EPRA/NAREIT Dev TR USD</b>	<b>Real Estate</b>	<b>6.3</b>	<b>21.1</b>	<b>12.0</b>	<b>14.3</b>	<b>3.5</b>	<b>28.7</b>	<b>-5.8</b>	<b>20.4</b>	<b>38.3</b>	<b>-47.7</b>
MORGAN STANLEY INS US REAL-I	Real Estate	5.4	10.6	10.8	15.2	5.5	16.3	5.6	29.9	29.6	-38.1
MORGAN STANLEY INS GLBL RE-I	Real Estate	4.2	19.0	9.4	12.1	3.5	30.2	-9.7	20.2	41.0	-45.0
MORGAN STANLEY INS INTN RE-I	Real Estate	3.5	27.9	9.0	9.7	-1.2	44.0	-19.9	9.5	46.5	-50.0

**TFC Financial Management**  
**Fixed Income Funds and Alternative Investments**  
**Sorted by YTD Performance**  
As of 03/31/2013

Name	Fund Category	YTD	1 YR	2 YR	3 YR	5 YR	2012	2011	2010	2009	2008
<b>MSCI AC World Daily TR Net USD</b>	<b>Global Equity</b>	<b>6.5</b>	<b>10.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.1</b>	<b>16.1</b>	<b>-7.3</b>	<b>12.7</b>	<b>34.6</b>	<b>-42.2</b>
FPA NEW INCOME INC	Nontraditional Bond	0.6	2.3	2.1	2.3	2.7	2.2	2.2	3.2	2.9	4.3
VANGUARD S/T INVEST GR-INS	Corporate Bond	0.5	3.5	3.2	3.5	4.0	4.6	2.1	5.4	14.2	-4.6
VANGUARD LTD TERM T/E FD-ADM	Muni National Short	0.4	1.9	2.8	2.5	3.1	1.8	3.8	2.1	5.7	3.0
DFA FIVE-YEAR GLBL FXD INC	World Bond	0.4	3.7	4.7	4.4	4.4	4.8	4.5	5.3	4.2	4.0
VANGUARD INTM TRM INV G-ADM	Corporate Bond	0.3	7.0	8.0	8.1	7.3	9.2	7.5	10.7	17.9	-6.1
VANGUARD INTRM BND INDX-INST	Intermediate-Term Bond	0.3	6.7	8.8	8.5	7.2	7.0	10.8	9.5	6.9	5.1
<b>BARCLAYS INTERMEDIATE GOVT/CREDIT</b>	<b>Intermediate-Term Bond</b>	<b>0.3</b>	<b>3.2</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>3.2</b>	<b>6.0</b>	<b>5.5</b>	<b>2.0</b>	<b>8.2</b>
VANGUARD SHORT TERM T/E-ADM	Muni National Short	0.2	1.0	1.3	1.2	1.9	1.1	1.7	1.0	3.2	3.8
<b>BARCLAYS 1-5 YEAR GOVT/CREDIT</b>	<b>Short-Term Bond</b>	<b>0.2</b>	<b>1.8</b>	<b>2.5</b>	<b>2.7</b>	<b>3.1</b>	<b>2.0</b>	<b>2.9</b>	<b>3.9</b>	<b>1.5</b>	<b>8.5</b>
DFA 2-YR GLBL FIXED INC PORT	World Bond	0.2	0.8	1.0	1.1	1.8	1.0	0.8	1.7	2.1	4.1
DFA DIMENSIONAL 1 YR FIX INC	Ultra Short Bond	0.1	0.7	0.7	0.8	1.6	0.9	0.6	1.2	1.9	4.0
DFA SHORT TERM GOVERNMENT	Short Government	0.1	1.4	2.5	2.8	3.5	1.6	3.4	4.5	1.5	8.4
VANGUARD SHRT TRM TREAS-ADM	Short Government	0.1	0.9	1.6	1.7	2.2	0.8	2.4	2.8	1.5	6.8
VANGUARD SHORT TERM FED-ADM	Short Government	0.1	1.3	2.2	2.3	3.0	1.5	2.9	3.4	2.9	7.1
DFA SELECT HEDGE GLOBAL F/I	World Bond	0.1	2.2	1.8	3.1	1.7	4.2	0.8	4.8	10.2	n/a
<b>BARCLAYS AGGREGATE</b>	<b>Intermediate-Term Bond</b>	<b>0.1</b>	<b>3.7</b>	<b>5.7</b>	<b>5.4</b>	<b>5.3</b>	<b>3.8</b>	<b>7.7</b>	<b>6.4</b>	<b>3.0</b>	<b>7.9</b>
FEDERATED GOVT ULTRA DUR-SS	Ultra Short Bond	0.0	0.4	0.4	0.4	1.0	0.6	0.3	0.6	1.6	2.4
VANGUARD MA TAX EXEMPT FND	Muni Massachusetts	-0.1	4.8	7.9	5.8	5.6	6.4	10.4	1.2	10.9	-1.3
VANGUARD INFLAT PROTECT-INST	Inflation-Protected Bond	-0.2	5.8	9.0	8.6	5.7	6.9	13.4	6.3	11.0	-2.8
VANGUARD L/T BND INDX-INST	Long-Term Bond	-1.6	9.3	14.4	12.4	9.6	8.6	22.2	10.4	1.8	8.9
<b>S&amp;P 500 INDEX</b>	<b>Large Blend</b>	<b>10.6</b>	<b>14.0</b>	<b>11.1</b>	<b>12.7</b>	<b>5.8</b>	<b>16.0</b>	<b>2.1</b>	<b>15.1</b>	<b>26.5</b>	<b>-37.0</b>
<b>HFRI Fund of Funds Composite I</b>	<b>Alternative Investments</b>	<b>2.4</b>	<b>3.8</b>	<b>n/a</b>	<b>2.3</b>	<b>-1.0</b>	<b>4.7</b>	<b>-5.7</b>	<b>5.7</b>	<b>11.5</b>	<b>-21.4</b>
<b>HFRI EH: Equity Market Neutral</b>	<b>Alternative Investments</b>	<b>2.0</b>	<b>3.2</b>	<b>n/a</b>	<b>1.9</b>	<b>0.1</b>	<b>3.0</b>	<b>-2.1</b>	<b>2.9</b>	<b>1.4</b>	<b>-5.9</b>
ABSOLUTE OPPORTUNITIES FND-I	Alternative Investments	1.5	0.3	-1.8	1.1	n/a	-1.0	-3.9	9.5	20.7	n/a
ABSOLUTE STRATEGIES FUND-I	Alternative Investments	1.4	1.5	2.3	2.1	2.8	0.3	2.6	4.2	18.5	-13.5
<b>BARCLAYS AGGREGATE</b>	<b>Intermediate Term Bond</b>	<b>0.1</b>	<b>3.7</b>	<b>5.7</b>	<b>5.4</b>	<b>5.3</b>	<b>3.8</b>	<b>7.7</b>	<b>6.4</b>	<b>3.0</b>	<b>7.9</b>