



**ROCKWOOD** WEALTH MANAGEMENT

## Redefining Investment Advice

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# Redefining Investment Advice

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## Redefining What Is, and Is Not, Investment Advice

Since the inception of Rockwood Wealth Management, we have been at the forefront of a revolution in which “investment advice” is being **redefined**. By this we mean that our clients are educated to ignore the “noise” and instead focus on proven investment principles that stand the test of time.

### What Is NOT Investment Advice

- Media noise and Wall Street prognostications
- The *hot stock tip, the hot sector, the hot mutual fund*
- Anyone professing to possess a *crystal ball*
- *Selling* of an investment product
- Excessive turnover
- High concentrations in a stock or sector
- Uncompensated risk

### What Is Investment Advice

- Strategic asset allocation based upon individual goals, objectives and time frames
- A written investment plan
- Designing portfolios for tax efficiency
- Diversifying by using uncorrelated asset classes
- Rebalancing the portfolio
- Focusing on proven theories, not hunches
- Concentrating on compensated risk

## Portfolios Based Upon Nobel Prize–Winning Academic Research.

We encourage our clients to ignore the persistent drone of the media and Wall Street prognosticators, who tend to focus on the hot stock, mutual fund or sector. Too often a stock, sector or fund is recommended only *after* it has done well. Chasing returns rarely, if ever, leads to good long-term investment results.

Instead, we apply leading academic research to systematically remove the sources of uncompensated (i.e., unnecessary) risks in our clients’ investment portfolios. We then focus on capturing “risk premiums” wherever they are located in the world—when these risk premiums offer the expectation of higher long-term returns or reduce portfolio volatility. As a result, our clients’ investment portfolios are built not on sales and marketing hype, but rather on careful research and close attention to proven principles. These principles include asset class and individual security diversification; a careful consideration of *risk factor allocations*; and carefully selected strategies designed to keep taxes, fees and costs far below those encountered by most individual investors today. This is an approach derived from the academic research of leading financial economists who populate universities worldwide, including Nobel Prize winners and those likely to win the Nobel Prize in the future.

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## The Hype of Attempting to “Beat the Market”

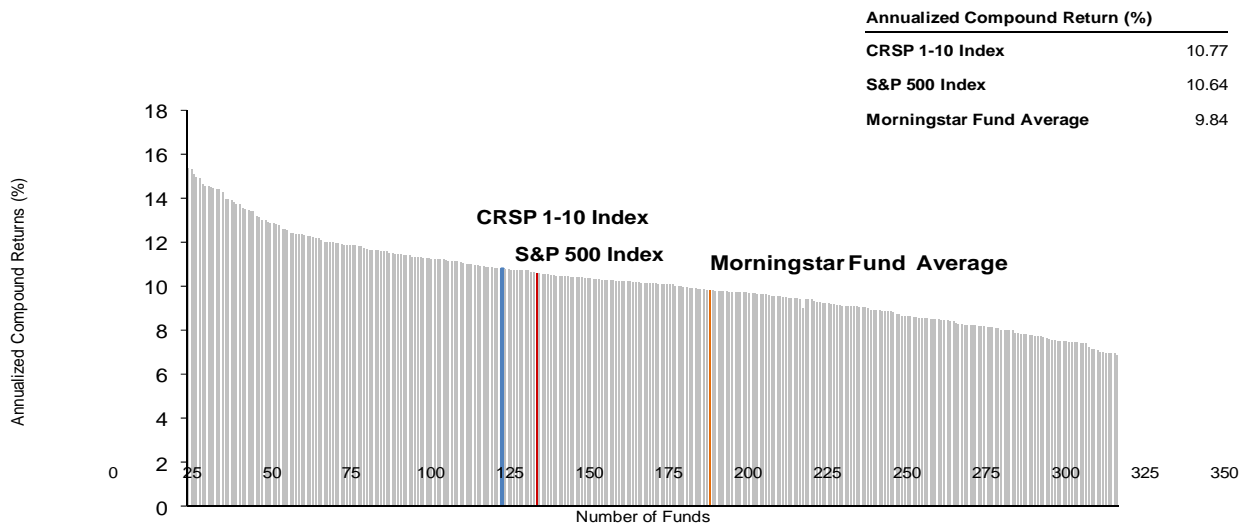
Our approach is quite different from that of most other firms. We see the capital markets as our allies, not as our adversaries. And while many firms obsess over trying to “beat the market,” they generally fail to deliver.

This chart plots the performance of more than 350 U.S. large-cap mutual funds that existed during the 15-year period between 1992 and 2006. A majority of the funds (roughly two-thirds) underperformed both the Standard & Poor’s 500 Index (an unmanaged index consisting of 500 large U.S. stocks) and the CRSP 1-10 Index (an unmanaged index representative of the entire publicly traded U.S. stock market, developed by the Center for Research in Security Prices at University of Chicago Graduate School of Business).

As seen in the chart below, only about one-third of the large-cap fund universe delivered market-beating returns. That is much less than one would expect if only chance was involved! And—if one looks at the Morningstar Fund Average—these returns are far below those of the indices.

### US Large-Cap Returns 1992-2006

S1150.1



Source: Morningstar data provided by Morningstar Inc. Includes all Morningstar US large cap funds with fifteen-year returns, distinct portfolios only, as of December 31, 2006.

The S&P data are provided by Standard & Poor’s Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money.

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## Stock Selection and Market Timing Fail in Other Stock Asset Classes

Research demonstrates not only that large-cap U.S. mutual funds (which invest in the largest companies) fail, on average, to beat the benchmark index returns, but that other portfolio managers also fail, on average, to beat their respective indices over long periods of time.

The Standard & Poor's Index Versus Active (SPIVA) methodology is designed to provide an accurate and objective apples-to-apples comparison of funds' performance versus that of their appropriate style indices, correcting for factors that have skewed results in previous index-versus-active analyses in the industry. SPIVA scorecards show both asset-weighted and equal-weighted averages, include survivorship bias correction to account for funds that may have merged or been liquidated during the period under study, and also show style consistency for each style group across different time horizons.

| Index  | Comparable Funds        | Percentage of Funds Outperformed by the Index Over 3 Years | Percentage of Funds Outperformed by the Index Over 5 Years |
|--|-------------------------|--|--|
| S&P 500 Index  | U.S. large-cap          | 65.70  | 72.20  |
| S&P Mid-Cap 400                                      | U.S. mid-cap            | 68.60  | 77.40  |
| S&P Small-Cap 600                                    | U.S. small-cap          | 80.20  | 77.70  |
| International S&P/ Citigroup PMI World Ex U.S.       | International large-cap | 75.60  | 81.69  |
| Int'l Small Company S&P/ Citigroup EMI World Ex U.S. | International small-cap | 65.12  | 71.88  |
| Emerging Markets S&P/ IFCI Composite Index           | Emerging markets        | 80.30  | 85.33  |

*Data provided by Standard & Poor's. Indices are not available for direct investment. Their performance does not reflect the performance of an actual portfolio. Past performance is not a guarantee of future returns. Values change frequently and past performance may not be repeated. As with any investment, there is always the risk that an investor will lose money.*

Most individual investors would be better off just owning the asset class directly and not risking their performance with an active manager. There is a strong probability that, in hiring a portfolio manager to try to outperform the market, you will not receive the market return associated with that asset class.

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## What Is Important? Risk Factors Explain Investment Returns

We believe that competition quickly drives individual stock prices to “fair value.” *Persistent differences in average portfolio returns are explained by differences in the various risks assumed by investment portfolio managers.* Most differences in portfolio returns are not the result of stock selection, managerial skill or market-timing techniques, as many product salespeople would have you believe.

Moreover, many risks of the capital markets are not adequately compensated. For example, excessive trading and high concentrations in a particular stock or sector are “unsystematic risks” (also known as “uncompensated risks”). These types of risks should be avoided by investors, as the capital markets do not generally reward investors for such risk-taking activities.

We believe it is foolish to try to take advantage of the ways in which markets may be mistaken in the pricing of securities. Instead, we utilize academic research to take advantage of the ways in which the capital markets are correct — i.e., the ways they compensate investors for certain risk factors revealed and confirmed by research from leading financial economists.

Investors are compensated over the long term for the amount of risk they are taking, provided it is the right type of risk. By focusing on *compensating risk factors*, we can carefully utilize the natural forces found in the capital markets to design investment portfolios that better meet our clients’ objectives. In short, our portfolio construction methodology and investment product due diligence translate into a much more rational portfolio for our clients. Applying Nobel Prize–winning and other academic research, we give our carefully constructed investment portfolios a far higher probability of success in aiding our clients to meet their lifetime financial goals.

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## Asset Classes — Growth, Value, Core, Large-Cap, Mid-Cap and Small-Cap

In our discussions with our clients, we often speak at length about the higher historical returns associated with certain asset classes, specifically smaller companies and value companies—both in the United States and globally. To understand this phenomenon, let’s first define what we mean by these asset classes and style classifications.

### Style

**Growth** companies are generally companies with superior earnings. They typically are growing at a faster rate than other companies are, and hence the stocks in such companies are rewarded with a valuation premium. In contrast, **value** companies generally possess earnings growth that is slower than that of other companies, and the price of the stock of value companies reflects a discount in the capital markets.

We can group “growth stocks” into a basket, such as by combining stocks into a portfolio that possesses higher price-earnings, price-to-book or price-to-cash flow ratios. Likewise, we can group “value stocks” by encompassing stocks with lower valuation ratios. Stocks found in the middle—in between “growth” and “value”—are sometimes referred to as **neutral** holdings, in terms of style.

### Market Capitalization

**Large-cap stocks** can be grouped together as well. Generally, large-cap U.S. stocks are those companies that possess a total net market capitalization (i.e., the price of the stock times all outstanding shares) of \$10 billion or greater. By contrast, **small-cap stocks** in the United States are those companies that possess a total net market capitalization ranging from a low of \$20 million to as high as \$1.5 billion. **Mid-cap stocks** generally include companies that possess market capitalizations ranging from about \$1.5 billion to \$10 billion.

By combining these characteristics, we can create nine “asset classes.” You may recognize this as the familiar “style box” often seen in various summaries of stock mutual fund holdings.

|                        |                          |                         |
|------------------------|--------------------------|-------------------------|
| Large-Cap Value Stocks | Large-Cap Neutral Stocks | Large-Cap Growth Stocks |
| Mid-Cap Value Stocks   | Mid-Cap Neutral Stocks   | Mid-Cap Growth Stocks   |
| Small-Cap Value Stocks | Small-Cap Neutral Stocks | Small-Cap Growth Stocks |

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## Risk Factors: Value and Small-Cap Stocks

Now – let’s create baskets. Into one basket we will put stock from all the “large-cap growth” U.S. companies—about 250 altogether. Into the other we’ll place stock from all the “small-cap value” companies—which may number about 1,700. (There are many more small companies than larger ones.)

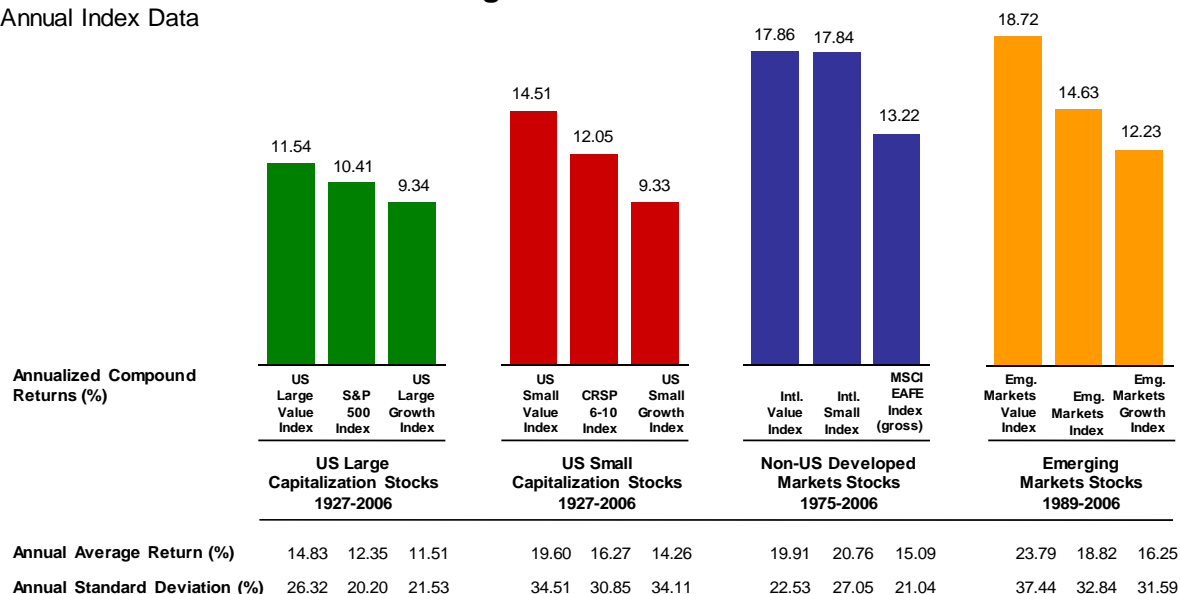
After creating these baskets, let’s examine their historical returns over a very long period of time—January 1927 through December 2006. Over this 80-year time period, the “large-cap growth” basket of exceptional large-cap growth companies possessed an average annual return of 9.33 percent. By contrast, the “small-cap value” basket of risky small-cap value companies possessed an average annual return significantly higher—14.51 percent. (For sources of data, please refer to chart below.)

We can create other baskets and compare them. And we can create such baskets with U.S. stocks, and then with stocks in other countries. The results are shown below.

## Size and Value Effects Are Strong around the World

Annual Index Data

S1220.2



In US dollars. Developed markets value and growth index data provided by Fama/French, ex utilities. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Small Index data: 1970-June 1981, 50% UK small cap stocks provided by the London Business School and 50% Japan small cap stocks provided by Nomura Securities; July 1981-present, compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE Index countries, market-capitalization weighted, each country capped at 50%; rebalanced semiannually. MSCI data copyright MSCI 2007, all rights reserved; see MSCI disclosure page for additional information. Emerging markets index data compiled by Fama/French from countries in the IFC Investable Universe; indices are free-float weighted both within each country and across all countries. Standard deviation is a statistical measure of risk. Generally speaking, the higher the standard deviation, the greater the risk.

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This graph demonstrates the higher returns attained by small-cap stocks and value stocks (as defined by a higher book-to-market ratio) in the U.S., non-U.S. developed and emerging markets. (Note that the international and emerging markets data are for a shorter time frame.)

Small-cap stocks are considered riskier (on an individual basis) than large-cap stocks, and value stocks are deemed riskier (on an individual basis) than growth stocks. The higher returns of the “baskets” of these stocks—i.e., the “asset class” into which the stock may fall from time to time—reflects additional compensation to the investor for bearing these higher risks. We refer to this compensating risk as a ***risk premium***.

Why does a *risk premium* exist for both value stocks and small-company stocks? In short, it is because the capital markets work. Rational investors would not take on the additional risk unless they were compensated for doing so. The fact that there are many more smaller companies than larger ones help to create the diversity that reduces the speculative risk associated with owning a handful of these companies. By owning the entire category, we can capture the risk/reward attributes of the entire asset class.

These risk premiums are persistent over long periods of time. However, there can be periods of time (often lasting years) during which growth stocks and large-company stocks outperform value stocks and small-cap stocks, respectively. Hence, proper use of these risk premiums is determined in large part by an investor’s time horizon.

## Using Risk Premiums: The Other Keys to Proper Portfolio Construction

An investor’s portfolio can be “tilted” away from the large growth stocks that dominate many of the popular indices, and toward small-cap and value stocks. This may enable the investor to generate higher returns for the equity portion (i.e., stocks, stock mutual funds) of the investor’s portfolio. In essence, by embracing risks that the capital markets compensate investors for taking, and by avoiding uncompensated risks, an investor can seek to outperform the broader market over long periods of time. Using this technique, the individual investor has a much greater probability of long-term outperformance than do those mutual fund managers who spend endless hours in search of individual stocks or asset classes that they believe the market may be mispricing.

## Further Exploring the Value and Small-Cap Effects: “Migration”

At this point we would like to introduce a concept that is rarely discussed in the media – *migration*. When we look deeper into the reasons behind the risk premiums discussed above, we uncover a compelling rationale behind the continued future existence of the value effect and small-cap effects.

Consider small-cap stocks growing to the point of being considered mid-cap stocks or large-cap stocks. Contemplate a rise in a stock’s price that can transform a value stock into a core or a growth stock. This is called ***migration***—the movement of stocks from one asset class to another. Academic research has

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revealed that the positive migration of stocks that *change their style or size characteristics* contributes the most to the excess return of small-cap stocks and value stocks. This has huge implications!

Professors Eugene F. Fama, Sr., of the University of Chicago Graduate School of Business and Kenneth R. French of Dartmouth's Tuck School of Business found that migration contributes substantially to the size and value premiums. In their 2007 white paper, "The Anatomy of Value and Growth Stock Returns," Professors Fama and French revealed that the **size premium** is almost entirely generated by the small-cap stocks that earn extreme positive returns and thus become large-cap stocks. They also discerned that the **value premium** comes from two sources: 1) value stocks that improve in their type either because these companies are acquired by other companies or because they improve, earn high returns, and migrate to a neutral or growth classification; and 2) the slightly higher returns on value stocks that do not migrate compared with the returns on growth stocks that do not migrate.

The following chart depicts the contributions to the excess returns of the migrating stocks. In this example, stocks are allocated to each of these asset classes at the beginning of each year. Each box depicts the additional return that these migrating stocks generate during that year.

**Average Annual Excess Returns for Migrating Stocks, 1926 – June 2006**

| Large-Cap Growth | Large-Cap Neutral | Large-Cap Value | Small-Cap Growth | Small-Cap Neutral | Small-Cap Value |
|------------------|-------------------|-----------------|------------------|-------------------|-----------------|
| -0.90%           | 1.20%             | 4.80%           | 2.20%            | 5.60%             | 9.20%           |

Source: Professors Eugene F. Fama, Sr., and Kenneth R. French.

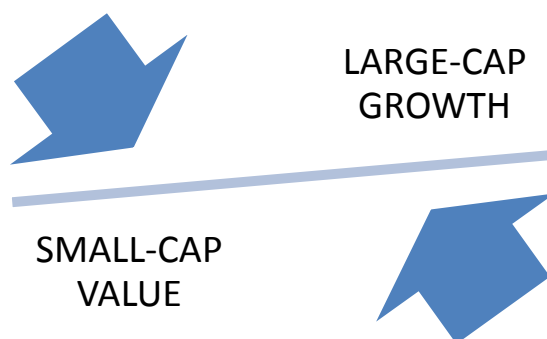
## Migration Paths for Stocks

Similarly, we can have negative migration where, due to negative performance, stocks deteriorate in size or shift from a growth to a neutral or a value classification. In fact, Professors Fama and French found that the relative downward shift of *growth companies deteriorating in price* versus *value companies improving* plays an important role in the higher average returns of value stocks and points to a rather simple economic story.

|                  |                   |                 |
|------------------|-------------------|-----------------|
| Large-Cap Growth | Large-Cap Neutral | Large-Cap Value |
| Small-Cap Growth | Small-Cap Neutral | Small-Cap Value |

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## Examining the Persistency of Individual Stock Returns

Another important concept reflects the need to recompose portfolios periodically to reflect changes that occur in firm characteristics. At the time when companies are allocated to value and growth portfolios, they tend to occupy opposite ends of the profitability spectrum. Growth companies tend to be highly profitable and grow quickly; value companies are less profitable and grow more slowly—if at all. We naturally would expect that highly profitable growth companies would offer higher investment returns than value stocks and would continue to command a premium in the market.

However, competition from other companies tends to erode the high profitability of growth stock companies. This issue was highlighted in an academic white paper entitled “The Level and Persistence of Growth Rates” (Chan, Karceski and Lakonishok, Feb. 2002). They found that, on average, the number of firms that grow faster than the median for several years in a row is not different from what is expected by chance:

Our median estimate of the growth rate of operating performance corresponds closely to the growth rate of gross domestic product over the sample period. Although there are instances where firms achieve spectacular growth, they are fairly rare. For instance, only about 10 percent of firms grow at a rate in excess of 18 percent per year over 10 years. Sales growth shows some persistence, but there is essentially no persistence or predictability in growth of earnings across all firms. Even in cases that are popularly associated with phenomenal growth (pharmaceutical and technology stocks, growth stocks, and firms that have experienced persistently high past growth), signs of persistent growth in earnings are slim. Security analysts’ long-term growth estimates tend to be over-optimistic and contribute very little to predicting realized growth over longer horizons.

Many stock analysts and individual investors seem to believe that many firms’ earnings can consistently grow at high rates for quite a few years. However, the academic evidence suggests that the number of such occurrences is not much different from what might be expected from sheer luck. The conclusion—that there exists a lack of persistency in earnings growth—is in accord with the notion that in competitive markets, abnormal profits tend to be dissipated over time. Often a premium is paid to invest in these growth companies at the height of their earnings cycle.

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The expected returns of an investment portfolio can be summarized by the following formula (modified to reflect “plain English” terms):

*Expected long-term returns of an investment portfolio =*

*Returns due to exposure to equities*

*Plus - Added returns due to additional exposure to value stocks*

*Plus - Added returns due to additional exposure to small-cap stocks*

*Plus - Added returns resulting from portfolio securities lending strategies*

*Less - Investment advisory fees, custodial fees, and fund management and administrative fees*

*Less - “Hidden” fees of fund and separate account investing, including brokerage commissions paid from portfolio assets, bid-ask spreads, market impact costs, and opportunity costs due to delayed or canceled trades*

*Less - Opportunity costs due to the presence of cash holdings within the fund or portfolio.*

The private wealth manager of today is responsible for the extensive due diligence required to choose those very few investment strategies that are likely to deliver the returns the capital markets have to offer.

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By tilting our portfolios toward value stocks and small-cap stocks, we have increased the probability of capturing those companies that will migrate positively and thus generate excess return. However, it is important that the investment vehicles chosen to implement the investment plan maintain the desired exposure to the value and small-cap risk premiums. Doing this in a manner that is tax-efficient, with minimal transaction costs and opportunity costs, is crucial.

## **Capturing the Value and Small-Cap Effects When Migration Exists: Diversification and Cost-Efficient Investment Strategies**

If we know that the companies that positively migrate make the greatest contribution toward the excess returns of value and small-cap companies, how do we best capture these returns? How is the investment vehicle best constructed to counter the effects of migration?

As a reminder, there is no evidence that a portfolio manager or investment analyst can identify which stocks will migrate ahead of time. As a result, highly concentrated investment portfolios tend to underperform the market. In fact, if the investment portfolio is not highly diversified, the portfolio is highly likely to underperform the market rate of return over any 10-year period. This is because the portfolio may not own these key positively migrating stocks, which contribute substantially to the portfolio’s excess returns over the market rate of return. The result is that the investor in a non-diversified investment portfolio is highly likely to underperform the market over the long term, thereby losing the compensation for the risk premiums utilized within the portfolio.

In essence, a portfolio consisting of thousands of stocks is necessary to consistently capture the value effect and the small-cap effect.

The other problem that exists with many funds and other investment vehicles, and that must be countered, is the drag of portfolio transaction costs. In traditional asset allocation models, stocks are allocated inside investment vehicles that fit within narrowly defined style boxes. As a result, a stock would be sold by the fund or portfolio manager as it migrated from one style or size category to the next, because it no longer met the initial selection criteria. At the same time,

it would be hoped that a corresponding portfolio manager would purchase the stock. The problem with

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such a pattern of buying and selling is the heavy imposition of transaction costs in the form of brokerage commissions paid by the portfolio manager (out of portfolio funds), market impact, bid/ask spreads, and opportunity costs due to delayed or cancelled trades. The incurrence of such transaction costs often results in the inefficient capture of the excess returns generated by the migrating stock, which deprives the individual investor of much (or all) of the expected return premium offered by value and small-cap effects.

To capture the effects of migration while maintaining diversification and keeping transaction costs low, we have shifted our investment model from global strategic asset allocation employing multiple asset classes to risk factor allocation. Instead of having separate allocations to large-cap, large-cap value, small-cap and small-cap value funds, we have utilized specific strategies that encompass all these asset classes into a single strategy. Careful allocation utilizing one of these several *Core Strategies* will allow us to weight these risk factors in a portfolio as appropriate. These strategies are now available for the U.S., international and emerging markets. In addition to cost efficiencies due to diminished trading within the funds, greater tax efficiency can also be achieved.

These *Core Equity Strategies* each consist of thousands of individual stocks. Utilization of these funds in a carefully designed investment portfolio can better capture the value effect and the small-cap effect. Further tilting of the portfolio, through the use of other specific funds in accounts with differing tax characteristics, can further modify the portfolio and achieve even greater long-term tax efficiencies.

## Summary

Most individual investors are not being properly compensated for the risk they are accepting in their portfolios. As academic research continues to reveal and confirm the sources of returns in the capital markets, we can seek to minimize risks for which investors are not adequately compensated. We can then employ carefully selected investment strategies to better achieve the returns that capital markets have to offer, and to better capture the higher expected long-term returns of value stocks and small-cap stocks.

By carefully embracing the sources of compensated risk in the market, our clients are highly likely to achieve long-term after-cost, after-tax returns for the equity portion of their investment portfolio that far exceed those of the average equity investor.

However, knowing that **risk premiums** exist is just one part of a successful investment strategy. The question now becomes: What is the most effective way to capture the risk premiums for the individual investor?

- **Customized portfolios.** The risk premiums described above must be applied in the construction of each investor's portfolio in a manner reflective of the investor's need for returns, investment time horizon and tolerance (or lack thereof) for investment portfolio volatility.
- **Due diligence and the use of institutional-style, low-total-cost mutual funds and separate account management.** Another key to investing is the appropriate selection of those few investment vehicles and separate account services that are designed to better capture these risk

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premiums. These strategies are specifically engineered to possess certain value and small-cap titling. Additionally, the intention of the investment managers is to minimize both the “disclosed” fees of the investment products and the “hidden costs” resulting from excessive transactions or cash holdings. Investments in commercial index funds and exchange traded funds (ETFs) are forced to trade at inopportune times due to index reconstitution and hence often present substantial hidden costs. The institutional strategies we utilize are designed to minimize hidden costs and, for taxable accounts, also minimize long-term tax consequences for the investor.

- **Monitoring and rebalancing.** Essential to long-term investment success is the continued monitoring of the investment portfolio to reflect changes in asset class values. A highly disciplined approach to tax-sensitive portfolio rebalancing is required in order to maintain an investor’s portfolio at the desired levels of risk exposure, and to take advantage of shorter-term asset class value fluctuations.

When all these (and other) investment keys are brought together, we can assist the individual investor in better capturing the rewards offered by the capital markets over the long-term.

In addition, the use of asset classes that are negatively correlated and that will perform differently in different market cycles is essential to counter volatility. A disciplined approach to rebalancing—with investment portfolio transactions planned out in advance of asset class valuation movements, and with due attention to tax effects—is essential to securing long-term investment returns and maintaining desired risk exposures.

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## More about Professors Fama and French

Eugene F. Fama, Sr., is the Robert R. McCormick Distinguished Service Professor of Finance at the Graduate School of Business at the University of Chicago. Professor Fama received his PhD from the University of Chicago in 1964. He also holds an MBA from the University of Chicago and a BA from Tufts University.

Professor Fama is the central scholar whose work inspired the founding of the Dimensional Fund Advisors (DFA). He is the author of the efficient markets hypothesis that underlies the design of all Dimensional's investment products. Professor Fama helped develop the firm's process, continues to supply key research and helps keep the firm abreast of research in academia. Widely perceived as the "father of modern finance," he has brought an empirical and scientific rigor to the field of investment management, transforming the way finance is viewed and conducted.

Professor Fama remains involved in the operations of the firm by serving on the board of directors of Dimensional Fund Advisors. He is also a member of its Investment Policy Committee, and in this capacity continues to advise on many of the firm's strategies.

Kenneth R. French is the Carl E. and Catherine M. Heidt Professor of Finance at the Tuck School of Business, Dartmouth College. He is an expert on the behavior of security prices and investment strategies. He and co-author Eugene F. Fama are well known for their research into the value effect and the three-factor model, including some of the most frequently referenced articles in financial economics, such as "The Cross-Section of Expected Stock Returns" and "Common Risk Factors in the Returns on Stocks and Bonds."

As a Dimensional director and consultant, Professor French is head of investment policy for Dimensional Fund Advisors, is chairman of the Investment Policy Committee and sits on the firm's board of directors.

Prior to joining Dartmouth College, Professor French was the NTU Professor of Finance at the Sloan School of Management, Massachusetts Institute of Technology, and managing director of the International Center for Finance at Yale University School of Management. Before receiving his PhD in finance from the University of Rochester in 1983, Professor French earned an MS and an MBA from the University of Rochester and a BS from Lehigh University.

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## **Firm Background and Philosophy**

Rockwood Wealth Management is a wealth management firm based in New Hope, Pennsylvania and Annapolis, Maryland. A commitment to a client-centric practice and unwavering integrity in all of our endeavors ensures that our clients' best interests are always our best interests. We specialize in working with high-net worth clients, helping them to streamline their financial affairs while offering high-level expertise for asset management, tax & financial planning, risk management, private banking and estate planning.

Rockwood offers a disciplined and process driven approach to helping our clients accomplish what is most important to them. We provide a meaningful, consistent relationship with an advisor who knows you, your values, your family and what is truly important to you in life.

Fee-Only Independence means that we remain unbiased in our advisor-client relationship as we accept no referral fees or commissions in any aspect of our practice. Fee-Only is more than a description of compensation; it dictates that our interests are naturally aligned with our clients. The result is unbiased financial advice rendered by our advisors who are committed to acting as a fiduciary in a client-centered relationship. Rockwood Wealth Management works hard to preserve our station as an independent firm, void of conflicts of interest, and dedicated to the loyal pursuit of satisfying our clients.

## **About the Advisors at Rockwood**

### **Brian D. Booth**

Brian D. Booth is the Managing Member of Rockwood Wealth Management. He has twenty years of experience in personal wealth management where he focused exclusively in the areas of asset management, financial and estate planning, private banking, trust and fiduciary matters.

Brian has a Masters of International Business from the Edinburgh Business School, UK and received his Bachelor of Arts from Rutgers University. He has been a CERTIFIED FINANCIAL PLANNER™ (CFP®) practitioner since 1994 and became Certified Trust & Financial Advisor (CTFA) in 1996. He is member of National Association of Personal Financial Advisors (NAPFA), the Philadelphia Estate Planning Council, the Bucks County Estate Planning Council and the Institute of Certified Financial Planners. He is also President Emeritus of the Princeton Committee on Foreign Relations and a member of the Union League of Philadelphia.

### **John R. Augenblick**

John R. Augenblick is committed to the development and growth of Fee-Only comprehensive financial planning as an active member of the National Association of Personal Financial Advisors. With expertise well respected in the community, he writes a finance column for the Bucks County Herald independent newspaper and serves on the board of directors of Team Capital Bank. John works with his local community by volunteering his time as a member of the Finance Committee for the New-Hope Solebury School District.

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John graduated from the United States Naval Academy with distinction, earning a degree in Systems Engineering. While teaching engineering at the United States Naval Academy, John earned his MBA at Johns Hopkins University where he focused his studies on portfolio development, investment analysis, and corporate management. John is a CERTIFIED FINANCIAL PLANNER™ practitioner and has earned a Certificate in Financial Planning from Florida State University.

**Thaddeus (Ted) N. Toal, Jr.**

Ted is a senior partner of Rockwood Wealth Management and runs the Annapolis, MD office. Dissatisfied with the level of client care in the broker-dealer/commission model, Ted became a fierce client advocate and adopted a Fee-Only business model as he launched an independent firm, Toal & Associates. Today he is an active member of the National Association of Personal Financial Advisors and the Institute of Certified Financial Planners.

Ted, a CERTIFIED FINANCIAL PLANNER™ practitioner, graduated from Towson University with a Bachelor of Science degree and received his Certificate in Financial Planning from Florida State University's Center for Professional Development.

[www.RockwoodWealth.com](http://www.RockwoodWealth.com)

267.983.6400

410.224.0097