

Wealth Management Presentation

Prepared Exclusively for

Prospective Clients of
SmithMcClure & Co. Wealth Management Advisors, Inc.

"Managing Capital, Protecting Wealth."

Prepared by:

Martin A. Smith, President, CRPC, Managing Partner

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A Registered Investment Advisor

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Introduction

Mission Statement

As a Wealth Management Advisor, I believe that managing capital while protecting your wealth is best accomplished by adhering to principles and practices that are ethical, moral and always in the best interest of our clients.

Martin A. Smith, President, CRPC, Managing Partner

SmithMcClure & Co. Wealth Management Advisors, Inc.
Guardian Court ♦ Bowie, Maryland

Qualifications

I have been helping clients achieve their financial goals for over 12 years.

- Howard University, *Bachelor of Arts, Communications*
- College for Financial Planning, *Chartered Retirement Planning Counselor Designation (CRPC)*

We specialize in working with:

- Individual Investment Accounts
- Trust Accounts
- Foundations
- Corporate Accounts
- Family Offices
- Endowments
- Affluent Households
- Retirement Plans

Core Values

Stewardship, Integrity, Excellence, Education and Customization represents the core values of SmithMcClure & Co. Wealth Management Advisors, Inc. We firmly believe that *Managing Capital While Protecting Wealth* is best accomplished through being accountable as a fiduciary to principles and practices, which are ethical, moral and always in the best interest of our clients.

Wealth Management Philosophy

We customize individual wealth management & investment advisory solutions to meet the values, needs and goals of our clients. We follow a comprehensive five-step process designed to determine the optimal approach to managing your assets.

1. **Discovery** – Understand your personal, professional, and financial values, needs and goals.
2. **Education** – Discuss and develop financial planning objectives for you in order to determine the appropriate use of varied investment vehicles
3. **Allocate** – The optimal blend of investment vehicles to meet your goals
4. **Implement** – We launch your investment plan, and put your wealth into action.
5. **Monitor & Report** – We monitor market and economic trends to ensure your portfolio is producing the desired results. We'll also meet with you on a regular basis to discuss your portfolio and stay up to date on changes to your life, values, needs and goals.

Personal Information and Community Involvement

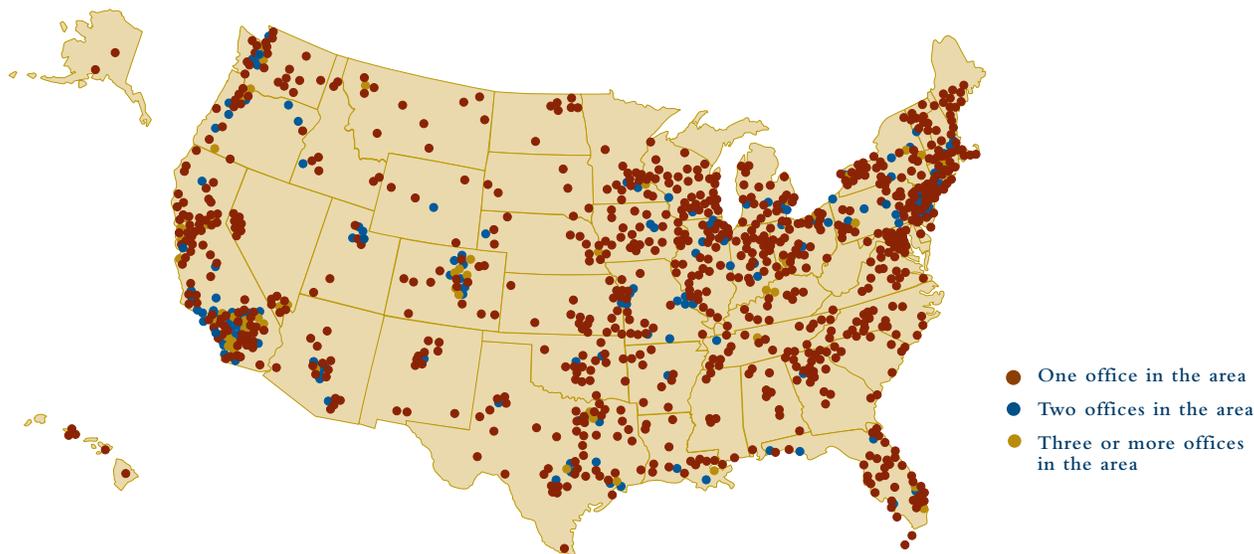
I have lived in the Washington, DC metropolitan area for 18 years. Together with my wife, Walida, and 6 children, I am active in my local church and community organizations, including:

- Prince Georges Community Foundation
(2000 - Present) *Board of Directors*
- Skinner Leadership Institute
(1990 - Present) *Board of Advisors*
- Community Equity Empowerment Partnership
(2000 - 2005) *Treasurer*

#1 Independent broker/dealer in the nation*

Linsco Private Ledger (LPL)

The Nation's Leading Independent Source for Financial Services



Formed in 1989 through the merger of two small but successful brokerage firms, Linsco (established in 1968) and Private Ledger (established in 1973), LPL is one of the United States' largest organizations of independent financial advisors. LPL currently maintains dual headquarters in Boston and San Diego and services more than 6,600 advisors in over 3,600 independently owned and operated offices nationwide.

LPL is built on the premise that achieving your financial goals depends on unbiased financial advice, timely research and easy access to the investments and services that best fit your specific needs.

Setting a Higher Standard for Unbiased Financial Advice

LPL markets no products of its own, so LPL advisors concentrate their energies on understanding your individual financial goals and offering objective solutions to meet the challenges of wealth accumulation, management and preservation.

Leveraging Independent Research

Financial advisors receive guidance and recommendations from a team of seasoned investment professionals and enjoy instant access to leading information and resources. With no investment banking relationships, LPL Research focuses on providing unbiased, client-centered analysis of the capital markets and their underlying securities.

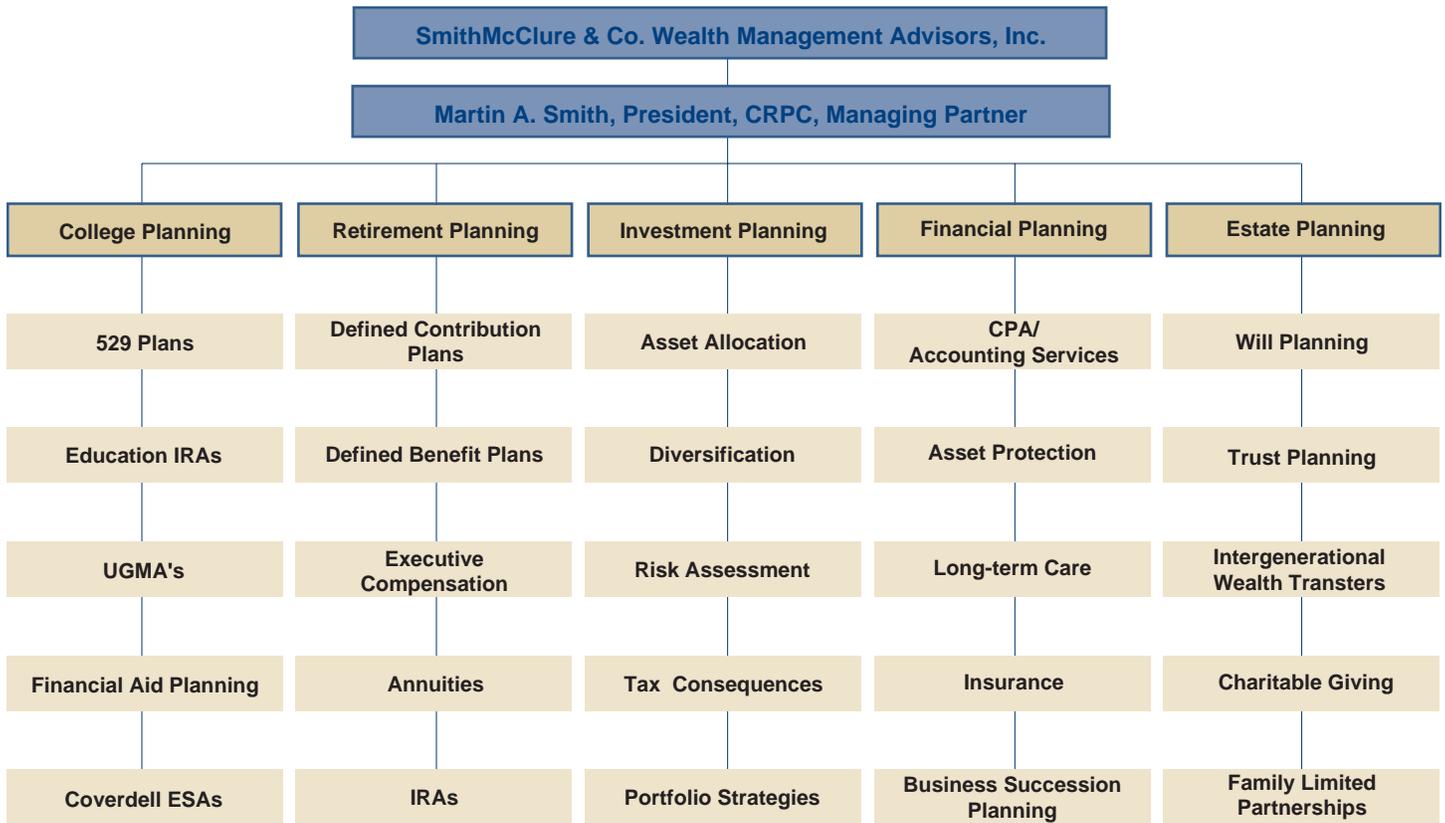
Capitalizing on Technology

LPL has revolutionized the way financial information is delivered and provides advisors with a solid, state-of-the-art technology platform dedicated to your success.

LPL remains committed to leading the independent brokerage industry. We continue to set the highest standards in every aspect of supporting our advisors so they can help you realize a new standard for your financial future.

*Based on revenues, as reported in *Financial Planning Magazine*, June 1996-2004.

Your Total Wealth Management Solution



Consulting Process

Fiduciary Consulting Services

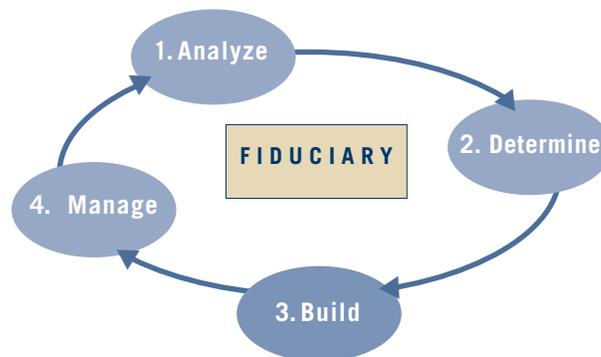
Offered By: SmithMcClure & Co. Wealth Management Advisors, Inc.

We are committed to helping clients who have responsibility for large pools of assets, such as hospitals, private and public retirement plans, foundations and endowments. We are responsible for providing consulting services, including investment policy development, asset allocation, manager searches and performance monitoring. All functions are focused on assisting organizations in fulfilling their fiduciary obligations. These responsibilities include:

- **Assisting with the preparation of a written Investment Policy Statement.**
- **Diversifying portfolio assets with regard to the risk/reward parameters defined in the Investment Policy Statement.**
- **Incorporating the use of prudent experts to make investment decisions.**
- **Monitoring the activities of all money managers and service providers.**
- **Helping to avoid conflict of interests and control expenses.**

We believe if organizations follow a clear and disciplined investment process, they can benefit most in working towards their goals and objectives. We will assist you in implementing a comprehensive plan through the use of a four-step process.

The Consulting Process



Fiduciary Consulting Services

continued

■ STEP 1: ANALYZE GOALS & CURRENT PORTFOLIO

We will begin the process by reviewing the goals for your organization and your current investment structure. Areas for modification are evaluated and recommendations are made based upon board members' perspectives, performance issues, tax implications and fiduciary responsibilities.

■ STEP 2: DETERMINE INVESTMENT POLICY AND ASSET ALLOCATION

A disciplined methodology is essential to creating an effective investment policy and for implementing an efficient asset allocation strategy. Through extensive consultation with key members of your organization, we will develop or modify an Investment Policy Statement – outlining the duties of our combined efforts and establishing a basis for your organization's investing future.

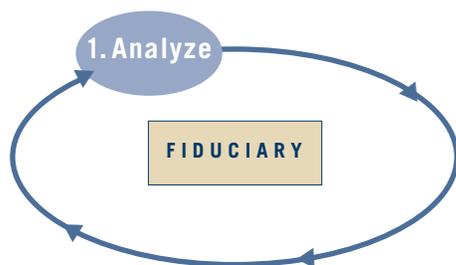
■ STEP 3: BUILD PORTFOLIO

We will take into consideration qualitative and quantitative factors, organizational review findings and risk and performance measurements when conducting the selection of managers. The portfolio will then be built using institutional money managers.

■ STEP 4: MANAGE AND MONITOR PORTFOLIO

In conjunction with Linsco/Private Ledger (LPL's) Research team, we will monitor the investment managers selected to implement your strategies. Performance reports are designed to help your organization evaluate your portfolio versus its stated goals and objectives.

STEP 1: Analyze Goals & Current Portfolio



As part of our initial evaluation, we will interview appropriate members of your organization to gain an understanding of your specific needs, goals and risk tolerance. We will analyze your current portfolio and then, with your input, develop a series of portfolio objectives and constraints. These objectives are reviewed annually, giving consideration to the economic climate and the performance of the portfolio. We believe the formulation of realistic investment objectives combined

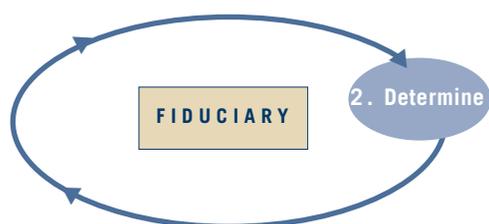
with the flexibility to make mid-course adjustments will, in the long run, assist your organization in meeting its goals and objectives.

The investment analysis process is a continuous cycle. In order to “add value” to your portfolio, you must begin by understanding your unique needs and objectives. Too often, investment professionals are quick to make recommendations without a firm grasp of the client's situation. Our approach is to listen to and learn from our clients before formulating appropriate courses of action. The process of carefully matching the asset classes, manager philosophy and investment vehicles with your needs is the key to meeting objectives. We will evaluate the affects of asset class performance and asset allocation strategies on the total rate of return earned by various asset mixes within your organization's objectives, policy guidelines and constraints.

Fiduciary Consulting Services

continued

STEP 2: Determine Investment Policy Statement and Asset Allocation



A disciplined methodology is essential to creating an effective investment policy and for implementing an efficient asset allocation strategy. We employ an ongoing dynamic process that starts by evaluating your organization's specific expectations and objectives for your portfolio and continues by establishing procedures to regularly re-examine the Investment Policy Statement (IPS). After a thorough examination of your goals, we will assist you in creating an IPS to help you direct investment manager(s) in working toward these goals. Depending on the type of organization, the IPS development may include, but is not limited to, an analysis and discussion of:

- **Organization objectives**
- **Roles and responsibilities**
- **Time horizons**
- **Risk tolerance**
- **Performance expectations**
- **Asset allocation constraints**
- **Rebalancing policy guidelines**
- **Securities guidelines**
- **Duties of investment managers**
- **Monitoring and evaluation procedures**

One of the core elements of fiduciary responsibility is to develop an asset allocation policy that will diversify portfolio assets consistent with the risk/return parameters defined in the Investment Policy Statement. Based on the results of our initial interview and questionnaire findings, we will work to create an asset allocation model for your organization. The asset class selection and percentage allocations reflect your risk/return profile.

We will design an asset allocation plan tailored to your organization's parameters. This goal-oriented process takes into account your cash flow and operating capital expenditure needs. We will determine the impact of various asset mixes on the portfolio's total rate of return to remain consistent with your objectives and constraints.

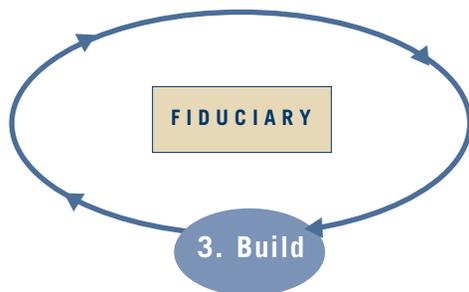
Through the use of various analytical tools and with assistance from LPL's Research department, we will use portfolio optimization and data analysis to make intelligent decisions regarding your portfolio's allocation. Results of our asset allocation study include the interpretation of the expected risk and return conditions of your current portfolio and the exploration of the potential benefits of asset mix restructuring. Our goal is to optimize your expected returns while minimizing the overall portfolio variance within the constraints set forth in the investment policy.

Your long-term performance expectations and funding requirements can be achieved only through the implementation of a detailed investment policy, strategic asset allocation, careful investment manager selection and ongoing due diligence.

Fiduciary Consulting Services

continued

STEP 3: Build Portfolio



The third step of the investment consulting process focuses on investment manager search, selection and due diligence. As fiduciaries, the utilization of independent money managers meets the need to incorporate the use of prudent experts to make investment decisions. This process is driven by your need for a specific type of manager. When a need is identified (e.g. small cap growth manager), a universe of money managers is initially screened to uncover candidates for that asset class and style category. This screening is based on both the investment style descriptions, as offered by managers (qualitative), and on the style analysis performed by LPL Research analysts (quantitative).

The pool of candidates is then reduced to a manageable number by eliminating from consideration managers lacking adequate track records and firms without the asset base to be considered viable. The remaining candidates are then subjected to closer scrutiny. Quantitatively, managers are compared to an appropriate benchmark and to each other. Managers must demonstrate a consistent record of closely tracking their benchmark under a variety of market conditions. Performance is evaluated on both an absolute and risk-adjusted basis.

LPL Research analysts also subject those managers that appear best from a quantitative perspective to a rigorous qualitative analysis. Our goal is to safeguard clients from unethical practices or investment processes lacking rigor in definition or implementation.

While we use investment performance in manager selection, we also focus on style analysis, relative performance, rolling statistical time-frame analysis, attribution analysis and organizational reviews to ensure that managers continue to add value with their investment decisions.

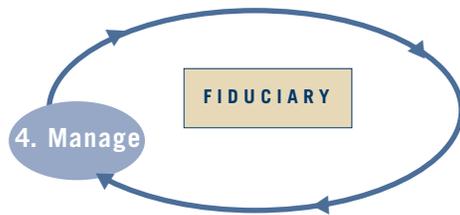


We are committed to each step in the consulting process. These comprehensive services are critical to your success in fulfilling your fiduciary responsibilities and accomplishing the goals and objectives of your organizations.

Fiduciary Consulting Services

continued

STEP 4: Manage and Monitor Portfolio



The final step in the process is the performance monitoring and reporting which meets one of the core responsibilities as fiduciary: to monitor the activities of all money managers and service providers. Together with a full-time staff of dedicated LPL Research analysts, we will monitor your managers regularly, review portfolio transactions and asset allocation performance. The performance review will address the question – “Are the goals and objectives of your organization being met?” You will receive a detailed performance report for each individual account as well as a composite report for the entire portfolio. Outlined in the report will be:

- Portfolio Summary
- Portfolio Changes – Tracks account activity for the previous quarter
- Portfolio Appraisal – Lists each asset currently held in the account, including purchases and transactions
- Realized Gains & Losses – Full reporting of assets liquidated
- Interest, Dividend and Expenses – Full reporting of all activity by dollar amount
- Performance History – By quarter, year-to-date, inception-to-date and benchmark constraints
- Consolidated Statement – Links all accounts together and summarizes the market value for each type of security held in the account and at what percentage

■ INSIGHTFUL PLANNING

- Asset/liability and spending policy modeling
- Investment Policy Statement development
- Asset allocation (strategic and tactical analysis)
- Portfolio and manager structure

■ DILIGENT EVALUATION & ANALYSIS

- Continual asset/liability spending policy analysis
- Investment Policy Statement review
- Proactive, comprehensive communication
- Performance evaluation by total fund, asset class and investment manager
- Evaluation of special investment products
- Evaluation of changes in investment trends

■ PRUDENT IMPLEMENTATION

- Determine investment policy mandates
- Conduct manager research and selection process
- Use of LPL’s Manager Select platform to access managers at reduced fees

■ STRAIGHTFORWARD FEE SCHEDULE

Complete disclosure of all fees is very important to fiduciaries. Consequently, all services are offered within an all-inclusive asset-based fee schedule. Our asset-based fee helps ensure our objectives are aligned with our clients – prudently growing assets with no concern of billing hours or earning commissions on product sales.

Please contact us to discuss how you can take advantage of these services and receive a complimentary “Fiduciary Audit.” Thank you for your consideration.

Research Process

The Mutual Fund

Research Process

The Mutual Fund Research Process focuses on identifying, recommending and monitoring investment opportunities that will translate into superior long-term, risk-adjusted returns. The LPL Research team adheres to a well-defined analytical process based on diligent fundamental research. This process involves three-steps, including initial screening, quantitative analysis, and qualitative analysis that is utilized to distinguish the most attractive mutual funds within an asset class and investment style.

Initial Screening

TENURE To ensure commitment to the fund's investment process and philosophy, we prefer managers with at least a three-year track record working with the fund under consideration or a similar fund.

SIZE Minimum asset size guidelines are applied to assess fund liquidity and financial stability. Typically, we look for minimum asset bases of approximately \$250 million for large-cap funds and \$100 million for small-cap portfolios.

EXPENSES Our recommended funds have expense ratios that are reasonable and consistent with industry averages.

Quantitative Measures

We conduct comprehensive statistical analysis of a manager's long-term performance relative to specific managed and unmanaged benchmarks. Some of the other factors the LPL Research analysts screen for include:

LONG TERM PERFORMANCE Funds are screened initially on three-, five- and ten-year risk-adjusted basis, utilizing such measures as Sharpe ratios, Treynor ratios and Alpha generation.

CONSISTENCY OF RETURNS We seek managers with strong risk-adjusted performance on a long-term basis to avoid impressive short-term gains only to be followed by periods of underperformance.

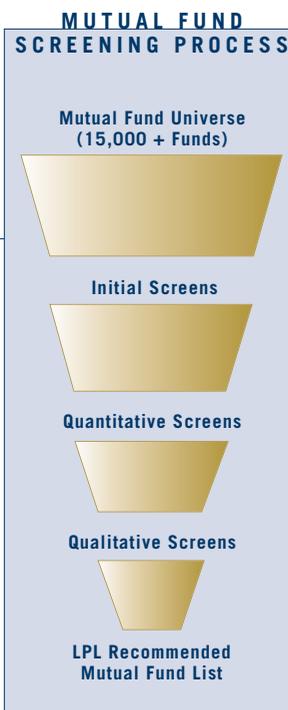
STYLE CONSISTENCY We look for managers that adhere to their stated asset class, investment style and investment objective to avoid style drift that may limit suitability from an asset allocation standpoint.

PORTFOLIO DIVERSIFICATION We identify mutual fund portfolios that are diversified by both sector and issuer to limit portfolio volatility and reduce tracking error.

PERFORMANCE ATTRIBUTION Managers who have consistently generated excess returns through ongoing application of their stated investment process are favored over managers whose returns are a function of large rotational bets or periodic allocations outside their asset class or investment style.

ASSET GROWTH We monitor mutual fund asset growth, as well as, total assets under management to avoid potential changes in the investment process or style drift, particularly for small-cap funds.

FULLY INVESTED We review the historical composition of the portfolio to confirm that a manager has maintained relatively consistent cash levels and not used cash as a market timing pool.



LPL Research Mutual Fund Coverage

Large-Cap Value Funds
Large-Cap Growth Funds
Financial Funds
Healthcare Funds
Short/Intermediate Term High Quality Bond Funds
Intermediate/Long Term High Quality Bond Funds
High Yield Bond Funds
Mortgage-Backed Bond Funds
Small-Cap Foreign/Emerging Market Funds
Large-Cap Eclectic Funds
Tax Efficient Funds
Large Cap Foreign Funds
Foreign Bond Funds
Eclectic Large-Cap Global Funds
Balanced Funds
Small-Cap Growth Funds
Small-Cap Value Funds
Eclectic Small Company Funds
Technology Funds
REIT Funds
Intermediate-Term Bond Funds
Tax-Free High Yield Funds
Natural Resource Funds
Eclectic Fixed Income Funds
Utilities Funds
Short-term Municipal Bond Funds
Intermediate-Term Municipal Bond Funds
Long-Term Municipal Bond Funds
High Quality Long-Term Bond Funds

Mutual Fund Research Process

continued

Qualitative Measures

We greatly value personal skill, intuition, and experience, as they are key to successful portfolio management.

■ CLEARLY STATED INVESTMENT

PHILOSOPHY AND PROCESS Firms that clearly describe their investment methodology and remain dedicated to their stated process over time tend to score well in our qualitative analysis.

■ INVESTMENT DEPTH

We favor management structures with several individuals responsible for management of the portfolio. We feel this reduces the possibility of fundamental changes to the investment process.

■ OWNERSHIP AND COMPENSATION

INCENTIVES Firm ownership incentive structures and performance-based compensation are viewed as important retention tools for key investment personnel.

Monitoring

Our monitoring process is rigorous and thorough, with LPL analysts reviewing recommended funds on a continuous basis. We focus on several key factors that may indicate deviations from historical performance patterns. In doing so, LPL representatives are given the ability to make proactive decisions before investment performance deteriorates substantially. Some of the key indicators we focus on are:

■ CHANGES IN PORTFOLIO RISK LEVELS

Significant increases or decreases in security, industry or sector concentrations can signal changes in the investment approach of the manager.

■ **STYLE DRIFT** Deviations in investment style may change the risk/return characteristics of a fund. For example, a manager who has traditionally invested in value stocks switching to growth stocks.

■ CHANGES IN KEY

INVESTMENT PERSONNEL

A change in a fund's management team can be an early indicator of fundamental changes to the investment process which may, in turn, lead to changes in traditional performance profiles and risk levels.

■ REMOVAL FROM THE RECOMMENDED LIST

Changes in any of the indicators we monitor will not automatically result in the removal of a fund. Rather, they will trigger a heightened level of review, including increased dialogue with the management team to better our understanding of the shifts in investment strategies and their likely impact on performance and risk levels. If we determine any of the changes may lead to future underperformance, a fund may be removed. In addition, ongoing underperformance, independent of changes in the investment process, may also result in the removal of a fund.

■ **CONCLUSION** At LPL, we are proud of our tradition of in-depth mutual fund research. The LPL Research team operates on a shared philosophy that diligent fundamental research and a well-defined analytical process are the keys to making superior investment recommendations. The end result is a powerful resource for LPL advisors that helps them meet their clients' financial objectives.

The Fixed Income

Research Process

The Fixed Income Research process is designed to help LPL representatives and clients meet their fixed income objectives. While the Fixed Income Research process culminates with the Model Bond Portfolios, we understand fixed income investing is a customized endeavor and the Fixed Income Research process is designed to meet all investors needs.

The selection of fixed income investments takes into account broad, macroeconomic factors and specific factors pertaining to fixed income markets. Both a macro (top-down economic view) and micro (bottom up security specific) approach are used to derive bond portfolios and strategies.

Macro Factors:

ECONOMY AND INTEREST RATES The pace of economic growth will shape our view regarding the direction of interest rates. In addition to economic fundamentals, the analysis of monetary and fiscal policy, inflation rates and longer-term supply considerations factor into the interest rate view. The process then flows into evaluation of the following four components:

- **DURATION** Depending on our interest rate view, duration will be managed either short or long relative to the appropriate benchmark. In either case, duration is held in a close range to the prerequisite benchmark so large interest rate bets are avoided.
- **CONVEXITY** Our interest rate view will also determine the degree to which our allocation will include more positively or negatively convex bonds. In other terms, the macro view will influence the

extent of using callable bonds, mortgage-backed bonds, or other fixed income securities with embedded options.

- **YIELD CURVE** Macro trend analysis, as described in the first bullet point, will drive expectations for the shape of the yield curve via expected changes to short, intermediate, or long-term yields.
- **SECTOR ALLOCATION** Our view of the economy and interest rates will influence what degree to invest in Treasury, Agency, Corporate or Mortgage-backed securities. In addition, the level of municipal yields relative to taxable bonds will help determine whether municipal bonds may be appropriate.



Fixed Income Research Process

continued

Micro Factors:

- **SPECIFIC YIELD CURVES** Yield curves within market segments vary. For example, is the corporate yield curve too flat in the 7- to 10-year sector due to a lack of issuance? As such, anomalies may be present to warrant targeting or avoiding a specific maturity.
- **YIELD SPREADS** How well is the investor being compensated relative to credit risk-free Treasuries? Narrow or wide yield spreads will affect the degree of exposure to a bond market sector. For callable bonds, option adjusted spreads are analyzed for relative value.
- **LIQUIDITY** Due to the institutional orientation of the bond market, this is a prime consideration. Security selection pays close attention to the degree of liquidity of an individual issue. Avoiding hidden costs in the form of large bid-ask spreads is key to good performance. In the municipal market, focus is paid to general obligation and essential service revenue (e.g., water & sewer, school district, utility project, and toll road) bonds as these bonds are historically a better bid in the marketplace. LPL Research works closely with LPL Fixed Income Trading on liquidity issues.

- **SUB-SECTOR ALLOCATION** Further analysis is conducted to see where value lies within a sector. Sample questions include: Do Treasury Inflation Indexed issues offer better value than regular Treasuries? Do higher coupon mortgage-backed issues trade cheaper (via option-adjusted spreads) to discount issues? What sector(s) and or credit rating offers value within the corporate market? In the municipal market, what state bonds trade cheaply relative to a national average?

Fixed Income Research—Final Steps

Based on the above criteria, the process concludes with the selection of individual securities. Upon the selection of individual securities, a portfolio or strategy is “shock” tested. A forward-looking horizon analysis is conducted to view projected performance in both rising and declining interest rate environments. This scenario analysis is a final check on the risk/reward trade off of the investment.

Even after the creation of a fixed income portfolio or initiation of a particular investment strategy, analysts work with LPL advisors to help monitor existing fixed income portfolios and securities. As market conditions change over time, analysts recommend the best course of action (buy/sell securities or propose bond swap) to help meet clients’ needs.

In summary, no fixed income portfolio is right for every client. The LPL Fixed Income Research analysts work with LPL representatives to meet their clients’ specific objectives. A disciplined investment process, as outlined above, enables Fixed Income Research to find securities offering the best value and opportunities to meet those objectives.

Pricing & Services

Fee Schedule

ACCOUNT SIZE		ANNUAL ADVISORY FEE	
\$100,000 - \$249,999		2.00%	
\$250,000 - \$499,999		1.75%	
\$500,000 - \$999,999		1.50%	
\$1,000,000 - \$1,999,999		1.25%	
\$2,000,000 - \$2,999,999		0.95%	
\$3,000,000 - \$4,999,999		0.85%	
\$5,000,000+		Negotiable	
VALUE-ADDED SERVICES			
<ul style="list-style-type: none"> • Quarterly Performance Reports 		<ul style="list-style-type: none"> • Insurance Analysis 	
<ul style="list-style-type: none"> • Comprehensive Financial Planning 		<ul style="list-style-type: none"> • Portfolio Analysis and Optimization 	
<ul style="list-style-type: none"> • Retirement Planning 		<ul style="list-style-type: none"> • Educational Client Workshops 	
<ul style="list-style-type: none"> • Education Planning 		<ul style="list-style-type: none"> • Intergenerational Wealth Transfers 	
<ul style="list-style-type: none"> • Estate Planning 		<ul style="list-style-type: none"> • Defined Contribution Asset Allocation 	
<ul style="list-style-type: none"> • Tax Planning Strategies 		<ul style="list-style-type: none"> • Company Stock Option Analysis 	
<ul style="list-style-type: none"> • Quarterly/Semi-Annual Client Reviews 		<ul style="list-style-type: none"> • Qualified Plan Beneficiary Planning 	
<ul style="list-style-type: none"> • Weekly Market Update via Email 		<ul style="list-style-type: none"> • Monthly Newsletter 	