



Money Matters

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Changes to Quarterly Performance Reports

Asset Allocation Report



Why are there 2 pie charts on the Asset Allocation report?

The 'Current Allocation' chart (on the left) reflects the actual weightings of your account. The 'Target Allocation' chart (on the right) serves as a portfolio model, providing guidelines regarding the management blueprint.

Refer to the name of the Target Allocation (Model) under the the 'As of Date.' Performance numbers for your respective model are listed on the Portfolio Performance Review report for comparison (see *What is a more appropriate way to evaluate my performance?*, regarding why this is important).

Why is the Current Allocation and Target Allocation different?

There are a few reasons why the two charts may differ. If the Target Allocation was recently adopted by the client and Marathon, there may be an understanding to gradually adjust the account over time – continually rebalancing to the Target Allocation.

Regular movements in the markets will cause sectors to naturally expand and contract. For example, international equities fared worse than U.S. stocks last year. This will cause the actual international weighting to decrease among the overall account - and therefore be less than the target amount. This regular occurrence makes it necessary to 'rebalance' portfolios to their target allocations on a regular basis.

Account restrictions, such as tax issues, may also create a barrier to completely replicate the Target Allocation.

Can I change my Target Allocation?

Yes. The goal of a target allocation is to help investors stick to an investment plan that will help them realize their goals within their comfort zone regardless of the market environment. However,

there are personal circumstances that may warrant alterations to your allocation such as divorce, loss of a spouse, a career change, etc.

Why is allocation important?

Some professionals attribute asset allocation for being responsible for 93% of a portfolio's performance and volatility (Brinson, Hood, and Beebower (BHB) study conducted in 1986). It is a macro-management tool that assists in diversification and risk management of the account.

I do not have two pie charts? Why?

If you do not have two pie charts, a firm blueprint or investment strategy has not been formalized with Marathon. Not only does an asset allocation plan provide the above benefits, it also helps Marathon manage your accounts more comprehensively while establishing an appropriate and personalized risk vs. reward balance. We strongly encourage clients to make an appointment to utilize this valuable function.

Portfolio Performance Review



Where can I view my account return?

Three-quarters of the way down this report, directly under the gray line (Total Profits), is the portfolio's return – listed as 'Time Weighted (net).'

Each vertical column refers to a specific time period referenced above.

Why is it important to be aware of the return on my account?

A return on a portfolio makes it possible to evaluate the performance to sources such as various benchmarks. For your convenience, three popular indexes are listed below your portfolio return for comparison purposes.

Why should I compare my return to an index that my portfolio does not represent?

Weighing your performance to benchmarks gives you a relative idea as to where you stand in regards to different sectors of the market. For example, comparing your return to the S&P 500 index provides a reference point to 500 of the largest U.S. company stocks.

It is not recommended to use this contrast as a means of evaluating Marathon's services. A performance comparison between the S&P 500 index and a diversified account like yours can not be done justifiably. Most client accounts contain small company stock, international stock, and/or bonds.

What is a more appropriate way to evaluate my performance?

A better way to assess your performance is to use a custom benchmark that reflects the specific asset allocation of your portfolio. If you have a model assigned to your asset allocation, as discussed previously, the last line on the performance review directly under the Lehman Brothers US Aggregate index is your specific custom benchmark. Based on the target weightings on the Asset Allocation report, a custom benchmark is calculated using various specific indexes that coincide with your allocation.

Why is my performance a lot worse than my custom benchmark now and/or over time?

Some clients have modified their allocations within the last year for various reasons. Ultimately, if a new strategy has not been in place for the complete time period reported, comparisons between the portfolio and custom benchmark will be inadequate. Factors that will widen the differences among these two results include how drastic the modifications were, and when the changes occurred.



Operational Notes from Karree ☺

This past year's events may have altered many investors ability to handle risk. In order to help clients cope with market volatility, to better understand and manage risk, and at the same time capture upside potential, we have developed a modeling process. To implement this we must set a time to review your account and discuss potential possibilities to assist with creating portfolios that you are comfortable with moving forward. We believe this will give everyone time to refocus and devise a disciplined strategy for any market condition. If you have not already, please give us a call to schedule a convenient appointment.

Additional News & Important Updates

TD Ameritrade Account Holder Litigation

Clients who provided physical and/or email addresses to TD Ameritrade on or before September 14, 2007 should have received communication from Ameritrade regarding a class action settlement for its security breach reported in September 2007. The postcard mailed to all affected shall serve as

verification of your status as a class member of the settlement. If the settlement is approved at the September 10, 2009 court hearing, TD Ameritrade will provide various benefits to clients. Most notably being a one-year subscription to an anti-spam Internet security product. To receive the software download you must visit www.stockspamsettlement.com and enter the "Claim Code" provided on the notification. If you have misplaced your code, you can request a replacement through the aforementioned website. Please also note that software downloads will not be available until the final approval of the settlement and coinciding September 10th court date. Additional questions regarding this matter can be answered on the website.

TD Ameritrade Now Offering Quarterly Trade Confirmation Reports

For all TD Ameritrade account owners, you now have the option to receive your trade confirmations on a quarterly basis. This report may be delivered to clients through electronic or paper formats. Should you elect this optional service, instead of receiving a confirmation each time a trade is placed, a report will be provided quarterly listing all trade activity in your account(s). To enroll you will need to complete TD Ameritrade's form: Authorization to Receive Quarterly Confirmations.

Please note: this service is also available through Schwab. If you are interested in this service for your Schwab account(s) you must fill out a Trade Confirmation Report Subscription form.

Changes to Charles Schwab's IRA Tax Withholding Policy

Beginning August 1, 2009 Schwab will require client signatures on any IRA Distribution requests where zero-percent tax withholding elections are made. Client signatures will also be required for all first-time distributions, regardless of tax withholding choices. Additionally, anytime tax withholding changes are requested, be it to withhold or not to, we will need you to sign the IRA Distribution form. Marathon will no longer be authorized to direct the disbursement on your behalf.

The best compliment Marathon can receive is a referral from you!

Charles Schwab Promotion

Schwab will be waiving commissions for online equity trades AND reimbursing account transfer fees for new-to-Schwab clients of advisors through the end of 2009!

Thank you for your business!