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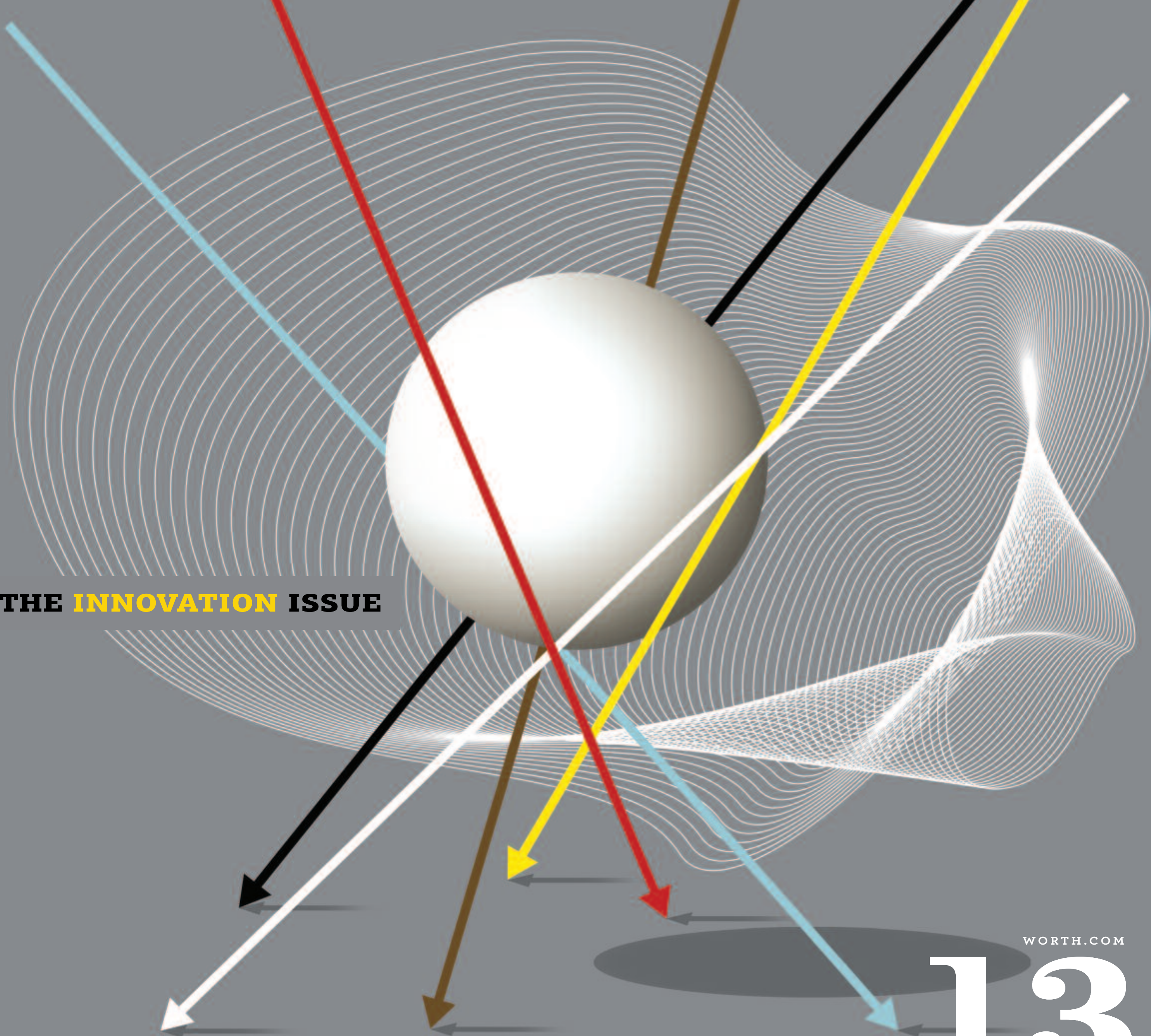

THE INNOVATION ISSUE

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Chicago, IL—Carmel, IN | Leading Wealth Advisor

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"What tools are available to investors to help defend portfolios against inflation?"

By Jeffrey H. Thomasson, Robert W. Hauswirth, Charles L. Heekin and Millicent H. Holmes

The government has been printing money in an attempt to stave off recession. "Quantitative easing" is a fancy name for it, but at the end of the day, government policy has put more money into circulation, leading to more dollars chasing goods and services. This process will likely lead to inflation.

Inflation is the unseen enemy of bond investors. While buying bonds as protection against the volatile swings of equity markets has been a good strategy, renewed inflation risks threaten this plan. With inflation, investors see the value of their bonds deteriorate at the same time that fixed interest payments buy less and prices increase.

Investors can use these strategies to address the increasing risk inflation poses:

Consider inflation-protected bonds. Treasury Inflation Protected Securities (bonds), or TIPS, offer a coupon and principal that increase in concert with rising overall prices. While TIPS are a first option for investors, their interest payments are taxed as ordinary income, so they are best suited for tax-deferred accounts such as IRA and 401(k) accounts. More tax-efficient, inflation-protected bond strategies also exist, and while they are relatively new, they may be a better fit versus TIPS for taxable portfolios. One example is municipal bond mutual funds that add a layer of additional inflation protection and are designed to be tax efficient.

Use natural resources investments for protection. Both commodities and the stocks of commodity companies often increase in value in concert with other price increases. After all, commodities are real assets that individuals pay to buy, so their prices tend to increase when prices in general rise. Anyone who lived through the inflation of the 1970s, for instance, will likely recall that oil was one of the only investments that went up. While commodities are typically much more volatile than bonds, they can provide a critical hedge for portfolios during periods of rising inflation.

Look for investments priced outside of U.S. dollars. Inflation has historically led to a weaker dollar. If foreign currencies increase in value to offset a declining dollar, then investments priced in these foreign currencies may outperform. Difficult budget situations also exist in other developed nations. As developed market currencies decline, emerging market currencies may benefit. Investments priced in emerging market currencies are an example of leading-edge strategies that can be accessed through registered investment advisors.

While all these tools can help protect portfolios, investors need to evaluate the balance between protection and risk. An advisor who looks to manage not only inflation risk, but other risks as well, can help investors evaluate the tools available to them. Good advisors use history as a guide, learning from inflationary periods of the past to build better-insulated portfolios for the future.

INVESTMENTS FOR INFLATION

Natural Resources Investments
- Precious metals
- Industrial metals
- Oil and gas
- Agricultural products

Commodity Company Stocks
- Mining companies
- Oil and gas drilling
- Commodity transportation

Inflation Protected Securities
- Treasury Inflation Protected Securities
- Tax Efficient Bonds

Non-Dollar Investments
- Foreign government bonds
- Equity and debt of international companies

"The stocks of commodity companies often increase in value in concert with other price increases."

- Jeffrey H. Thomasson, Robert W. Hauswirth, Charles L. Heekin and Millicent H. Holmes

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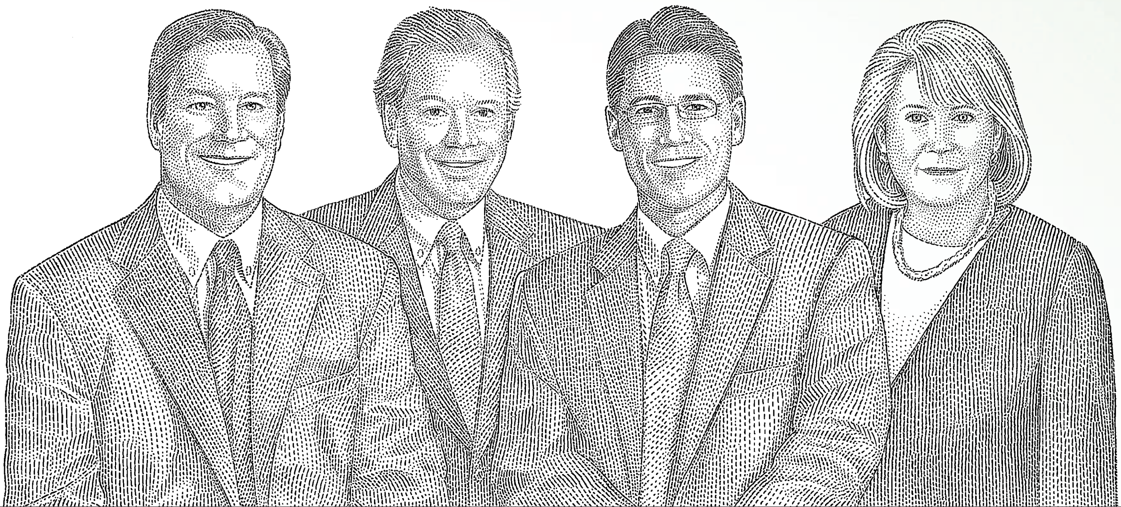

Left to right:
Charles L. Heekin, Jeffrey H. Thomasson, Robert W. Hauswirth and Millicent H. Holmes

About Oxford Financial Group, Ltd.

Founder Jeffrey H. Thomasson is CEO and managing director of Oxford Financial Group, Ltd. He is committed to serving clients' financial and investment planning needs and has been doing so for more than 25 years. He obtained the Certified Financial Planner designation through study in the fields of investment, insurance and retirement and estate planning. He received the Indiana University Kelley School of Business Distinguished Entrepreneur Award. Robert W. Hauswirth is a director in Oxford's Chicago office, where his focus is providing clients with comprehensive investment and financial advice, which he has been doing for more than 15 years. He earned his MBA degree from Northwestern University's Kellogg School of Management. Charles L. Heekin is a director in Oxford's Chicago office, focusing on business development and advising clients. His experience includes 10 years on Wall Street working in capital markets, advising professional money managers, financial institutions, charities and endowments. Millicent H. Holmes is a director in Oxford's Chicago office, where her focus is providing clients comprehensive investment and financial advice. She earned degrees in financial planning and finance from DePaul University and the University of Texas at Austin, respectively, and maintains memberships in the Financial Planning Association, the American Institute of CPAs and the Illinois CPA Society.

Assets Under Management
$10 billion (globally)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
$5 million (planning services)
$2 million (investment services)

Largest Client Net Worth
Confidential

Financial Services Experience
87 years (combined)

Compensation Method
Fixed fees (planning services) and asset-based fees (investment services)

Primary Custodian for Investor Assets
The Trust Company of Oxford, Fidelity and Schwab

Professional Services Provided
Planning and investment advisory services

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