
Investment Strategy Group Quarterly Webcast



October 29, 2008

Oxford Financial Group, Ltd.

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Contents

- Timeline of the Third Quarter and October-to-Date
- Returns & Analysis
- Market Outlook
- Tactical Asset Allocation Summary
- A Historic Opportunity

Timeline of a Turbulent Quarter

- July**
- July 11** – Crude oil hits \$147 per barrel
 - July 13** – US Treasury announces it will back Fannie Mae and Freddie Mac
 - July 15** – SEC bans naked short-selling of 19 financial firms
- August**
- August 5** – Fed leaves interest rates unchanged
 - August 8** – Russia invades Georgia; Olympics begin in Beijing
 - August 26** – Hillary Clinton endorses Barack Obama at Democratic Convention
 - August 29** – John McCain picks Sarah Palin as his running mate
- September**
- September 7** – US Government takes over Fannie Mae and Freddie Mac
 - September 14** – Bank of America Acquires Merrill Lynch
 - September 15** – Lehman Brothers files for bankruptcy
 - September 16** – Fed provides \$85 billion loan to AIG, takes majority control
Reserve Primary money market fund breaks the buck
 - September 19** – Treasury announces insurance plan for money market funds
Treasury announces outlines of troubled loan bailout program
SEC halts all short sales of hundreds of financial stocks
 - September 22** – Goldman Sachs and Morgan Stanley become bank holding companies
 - September 25** – Washington Mutual fails, becoming the largest US bank failure
 - September 29** – House of Representatives defeats bailout; Dow falls 777 points
- October**
- October 3** – House of Representatives passes bailout
 - October 6** – Fed offers loans of \$900 billion to banks
 - October 7** – IRS relaxes rules permitting firms to borrow from their foreign subsidiaries
 - October 8** – Central banks worldwide make a coordinated cut to interest rates
Fed offers direct loans to corporations
 - October 9** – The last of three large Icelandic banks enters receivership
 - October 11** – Rumors of a Chrysler/GM merger surface
 - October 14** – Treasury announces plan to take equity positions in banks
 - October 28-29** – Federal Open Markets Committee meets...

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Index Returns



Returns Through 10/27/2008

INDEX	OCTOBER TO-DATE	YEAR-TO-DATE	1 YEAR	3 YEARS	5 YEARS	10 YEARS
S&P 500	-27.1%	-41.2%	-43.5%	-8.6%	-2.0%	3.1%
Russell 1000 Growth	-28.5%	-43.0%	-44.6%	-9.5%	-3.7%	-3.2%
Russell 1000 Value	-27.4%	-41.1%	-44.2%	-8.6%	-0.4%	1.8%
Russell 2000 Growth	-34.5%	-44.5%	-47.5%	-9.7%	-3.1%	0.1%
Russell 2000 Value	-33.5%	-37.1%	-41.9%	-9.1%	-0.3%	5.6%
MSCI EAFE	-30.4%	-50.8%	-52.7%	-9.3%	0.9%	1.3%
MSCI Emerging Markets	-42.2%	-62.7%	-64.5%	-7.2%	5.1%	12.0%
Dow Jones-AIG Commodity	-23.9%	-30.0%	-27.8%	-5.9%	3.4%	7.4%
Dow Jones Wilshire REIT	-46.4%	-45.8%	-52.4%	-12.9%	-0.1%	13.0%
Lehman Bros. Aggregate	-1.7%	-1.1%	0.7%	3.8%	3.6%	5.2%

Energy Tumbles For The Quarter; Financials Outperform

Domestic - Returns by Sector*

	Technology	Financials	Energy	Health Care	Industrials	Cons. Staples	Cons. Disc.	Utilities	Materials	Telecom	S&P 500 Index
S & P Weight	16.0%	15.9%	13.4%	13.1%	11.1%	12.2%	8.5%	3.6%	3.4%	3.1%	100%
Q 3 2008	-12.1	-0.1	-25.0	0.0	-9.1	4.1	-1.0	-18.7	-22.9	-15.7	-8.4
YTD	-23.9	-31.0	-18.9	-13.5	-22.4	-4.8	-14.8	-22.3	-22.8	-31.7	-19.3
Forward P/E Ratio	13.1x	10.3x	7.6x	12.2x	11.0x	14.9x	14.4x	11.8x	10.4x	10.0x	11.2x

*Individual sector returns exclude dividends.

Past performance is not indicative of future returns.

Source: Standard & Poor's

International Stocks Decline Strongly; U.S. Equities Outperform

DEVELOPED MARKETS

Returns in US \$

Country/Region	Q3 2008	YTD	1 year	3 year	5 year	10 year
MSCI World ex-US	-20.7%	-28.4%	-29.6%	1.7%	10.3%	5.6%
United Kingdom	-21.0%	-29.9%	-31.5%	-0.2%	8.5%	3.4%
Europe ex-UK	-20.7%	-31.0%	-30.6%	4.0%	12.3%	5.4%
Japan	-17.7%	-22.2%	-26.9%	-4.0%	4.5%	3.9%
Pacific ex-Japan	-25.2%	-34.0%	-35.1%	4.2%	13.7%	11.8%
Canada	-21.8%	-18.5%	-18.7%	8.3%	17.7%	14.6%
S&P 500 (United States)	-8.4%	-19.3%	-22.0%	0.2%	5.2%	3.1%

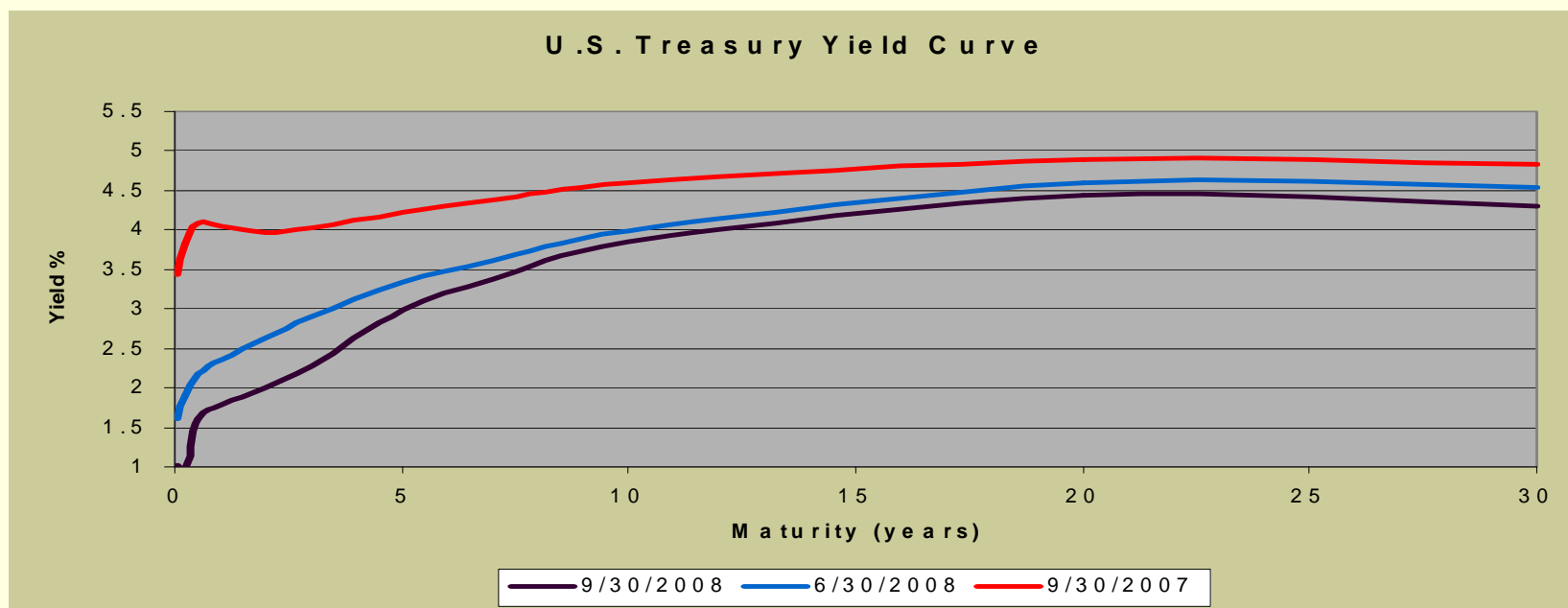
Past performance is not indicative of future returns.

Source: MSCI, Standard & Poor's

Credit Markets Freeze Up; Global Bonds Face A Rising Dollar

Fixed Income Returns

Benchmarks	Q3 2008	YTD	1 year	3 year	5 year	10 year
Lehman Brothers 1 - 3 Year US Govt/Credit	0.2%	2.2%	4.5%	4.7%	3.3%	4.6%
Lehman US Aggregate	-0.5%	0.6%	3.7%	4.2%	3.8%	5.2%
Lehman Brothers Long US Govt/Credit	-3.4%	-4.1%	-0.4%	2.0%	3.7%	5.3%
Lehman TIPS	-3.5%	1.2%	6.2%	4.3%	5.2%	7.1%
Lehman 5 Year Municipal Bond	0.7%	1.8%	3.7%	3.5%	2.8%	4.3%
Lehman Brothers High Yield	-8.9%	-10.1%	-11.2%	1.0%	4.4%	4.4%
JPMorgan Non-US Govt Bond Global Unhedged	-3.9%	1.3%	5.3%	5.4%	5.5%	5.2%



Past performance is not indicative of future returns.








Hedge Funds Outperform, But Post Absolute Losses

Hedge Funds (as of 9/30/2008)	Q3 2008	YTD (9/30)	2007	2006	2005
HFRX Global Hedge Fund Index	-10.7%	-11.6%	4.2%	9.3%	2.7%
Convertible Arbitrage Index	-19.0%	-24.5%	-1.0%	9.6%	-5.7%
Distressed Securities Index	-4.7%	-7.9%	4.0%	9.6%	1.2%
Equity Hedge Index	-12.5%	-13.6%	3.2%	9.2%	4.2%
Equity Market Neutral Index	-2.2%	0.1%	3.1%	4.8%	0.2%
Event Driven Index	-9.1%	-12.7%	4.9%	10.3%	2.8%
Macro Index	-10.1%	2.6%	3.2%	5.6%	6.7%
Merger Arbitrage Index	-1.2%	1.2%	4.9%	10.7%	3.7%
Relative Value Arbitrage Index	-11.9%	-18.9%	5.8%	10.7%	-1.0%
Real Estate (as of 6/30/2008)	Q2 2008	YTD (6/30)	2007	2006	2005
NCREIF Property Index	0.6%	2.2%	15.8%	16.6%	20.1%
Apartment	0.3%	1.6%	11.4%	14.6%	21.2%
Industrial	0.9%	2.4%	14.9%	17.0%	20.3%
Office	0.5%	2.5%	20.5%	19.2%	19.5%
Retail	0.7%	2.1%	13.5%	13.4%	20.0%
Private Equity (as of 6/30/2008)	Q2 2008	YTD (6/30)	2007	2006	2005
Cambridge U.S. Venture Capital Index	0.4%	-1.3%	16.3%	17.6%	8.0%
Cambridge U.S. Private Equity Index (LBO)	1.0%	-0.7%	20.5%	25.8%	27.6%

Past performance is not indicative of future returns.

Source: Hedge Fund Research; NCREIF; Cambridge Associates

Financial Market Weatherscape

Overall Economy		US is in a recession, along with most of Europe and Japan. Growth in most emerging markets will slow.
Inflation		Lower commodity prices have reduced inflation pressures for now. Expensive financial stabilization measures suggest inflation to come.
Credit Environment		Credit spreads have widened dramatically. The market for commercial paper has seized; municipal and corporate issuance is at a standstill.
Earnings		Reduced input prices as commodities fall will be insufficient to offset slowing consumer demand.
Equity Valuations		Stock valuations appear remarkably attractive, even adjusting for slowing earnings. Long-term investors should consider rebalancing.
Sentiment		Widespread pessimism frequently signals a buying opportunity, but panicky investors suggest choppy waters ahead.
Technical Factors		Continued volatility is likely as highly leveraged players delever. Hedge fund redemptions likely to be a significant factor.

Source: Oxford Investment Strategy Group

Opinions, estimates, forecasts and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice.



Favorable



Unclear



Unfavorable

Tactical Asset Allocation Summary

Domestic Large Cap Equities	Overweight. <i>Attractive valuations, strong balance sheets.</i>
Domestic Small Cap Equities	Underweight. <i>Growth limited by frozen credit markets.</i>
International Equities	Neutral Allocation. <i>Trading at a discount, currency a question mark.</i>
Fixed Income	Neutral Allocation. <i>Favor high quality munis and corporates. Treasuries look expensive.</i>
Natural Resources	Underweight commodities, neutral private investments. <i>Commodities remain inflation hedge; opportunities in producers.</i>
Real Estate	Underweight REITs, neutral private investments. <i>Credit and vacancies create challenges, opportunities.</i>
Hedge Funds	Neutral Allocation. <i>Poor absolute returns, new regulations a problem. Strong will survive.</i>
Private Equity	Neutral Allocation. <i>Opportunities in distressed assets. Credit availability a challenge.</i>

Market Decline Analysis

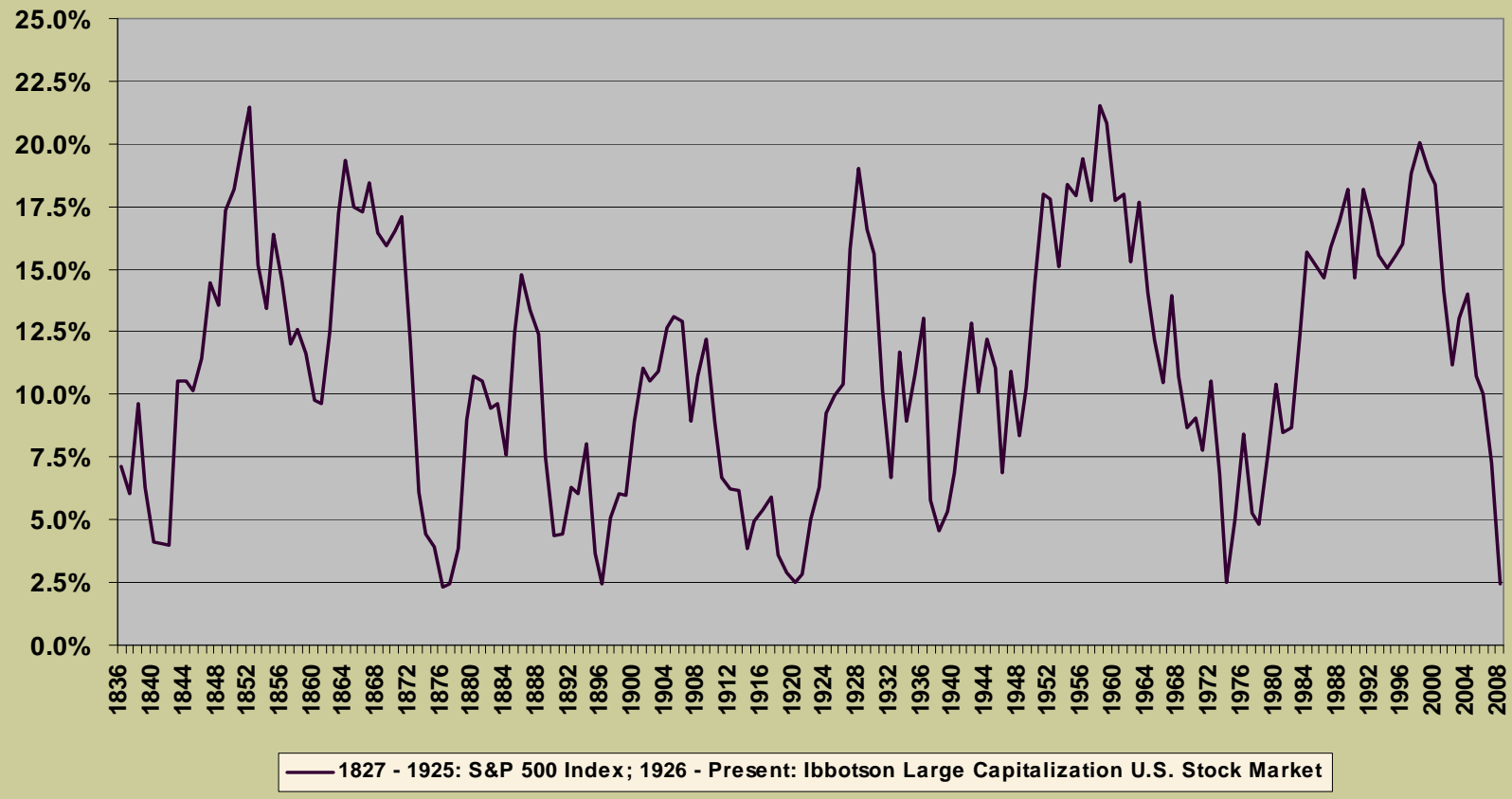
Down Market	Length In Months	Total Return S&P 500	Months to Break Even		First 12 Months After Down Market	Second 12 Months After Down Market
			From End Of Down Market	From Start Of Down Market		
Nov 48-May 49	7	(10.0)%	4	11	42.4%	23.8%
Jan 53-Aug 53	8	(8.7)	5	13	35.0	51.2
Aug 57-Dec 57	5	(15.0)	7	12	43.4	12.0
Jan 60-Oct 60	10	(8.4)	2	12	32.6	(14.9)
Jan 62-Jun 62	6	(22.3)	10	16	31.2	21.5
Feb 66-Sep 66	8	(15.6)	6	14	30.6	9.6
Dec 68-Jun 70	19	(29.3)	9	28	41.9	10.7
Jan 73-Sep 74	21	(42.5)	21	42	38.1	30.5
Jan 77-Feb 78	14	(14.1)	5	19	16.6	24.5
Dec 80-Jul 82	20	(16.9)	3	23	59.4	(2.9)
Sep 87-Nov 87	3	(29.5)	18	21	23.2	30.8
Jun 90-Oct 90	5	(14.7)	4	9	33.5	9.9
Jul 98-Aug 98	2	(15.4)	3	5	39.8	16.3
Aug 00-Sept 02	25	(44.7)	27	52	24.4	13.9
Average	10.9	(20.5)%	9	20	35.2%	16.9%

Source: Ibbotson Associates

A Historic Opportunity to Purchase Equities?



10-yr. Moving Avg. U.S. Large Capitalization Common Stock Nominal Total Returns (1827 to September 30, 2008)



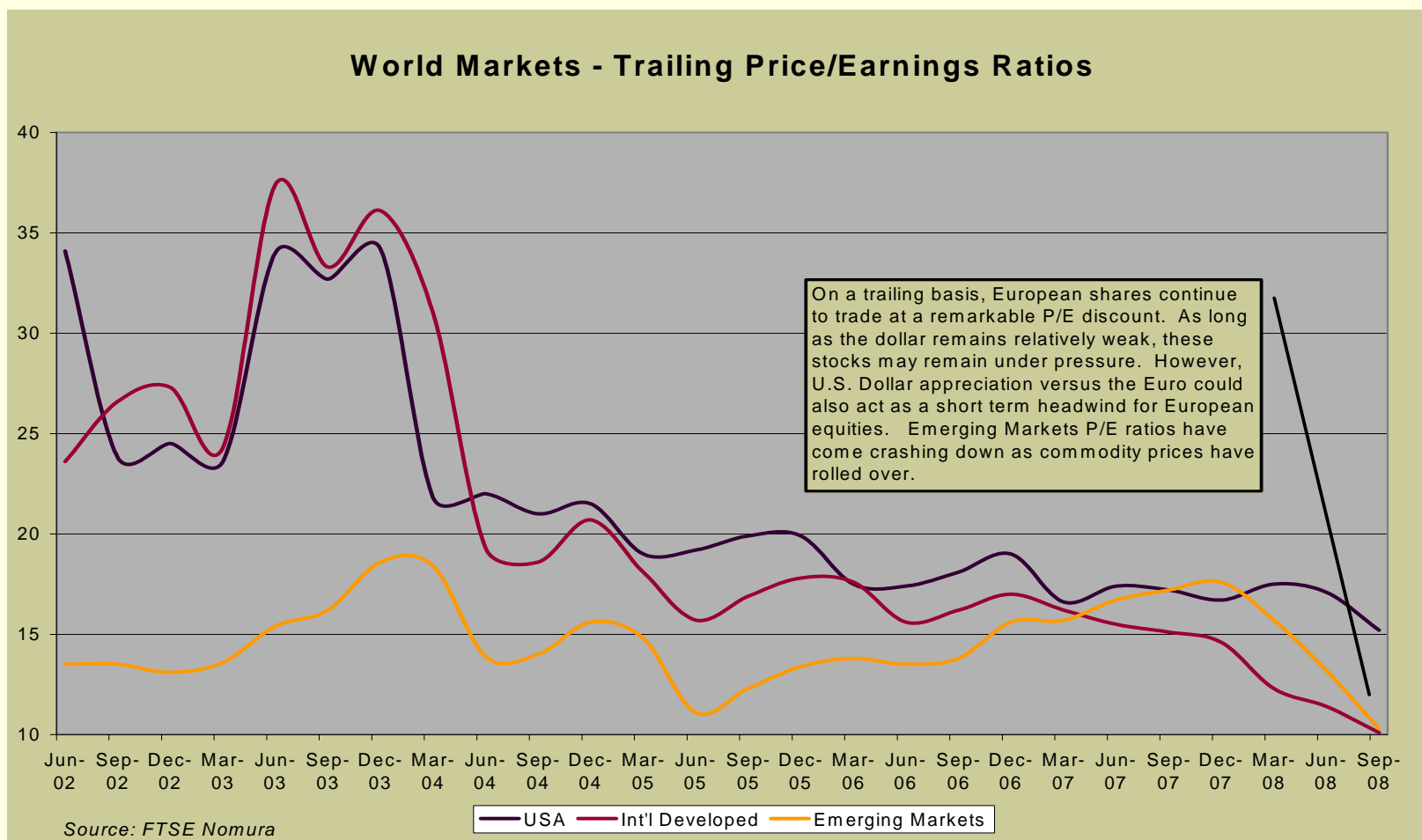
Source: Barry Bannister, Stifel, Nicolaus & Co.

Prepared by Oxford Financial Group, Ltd.

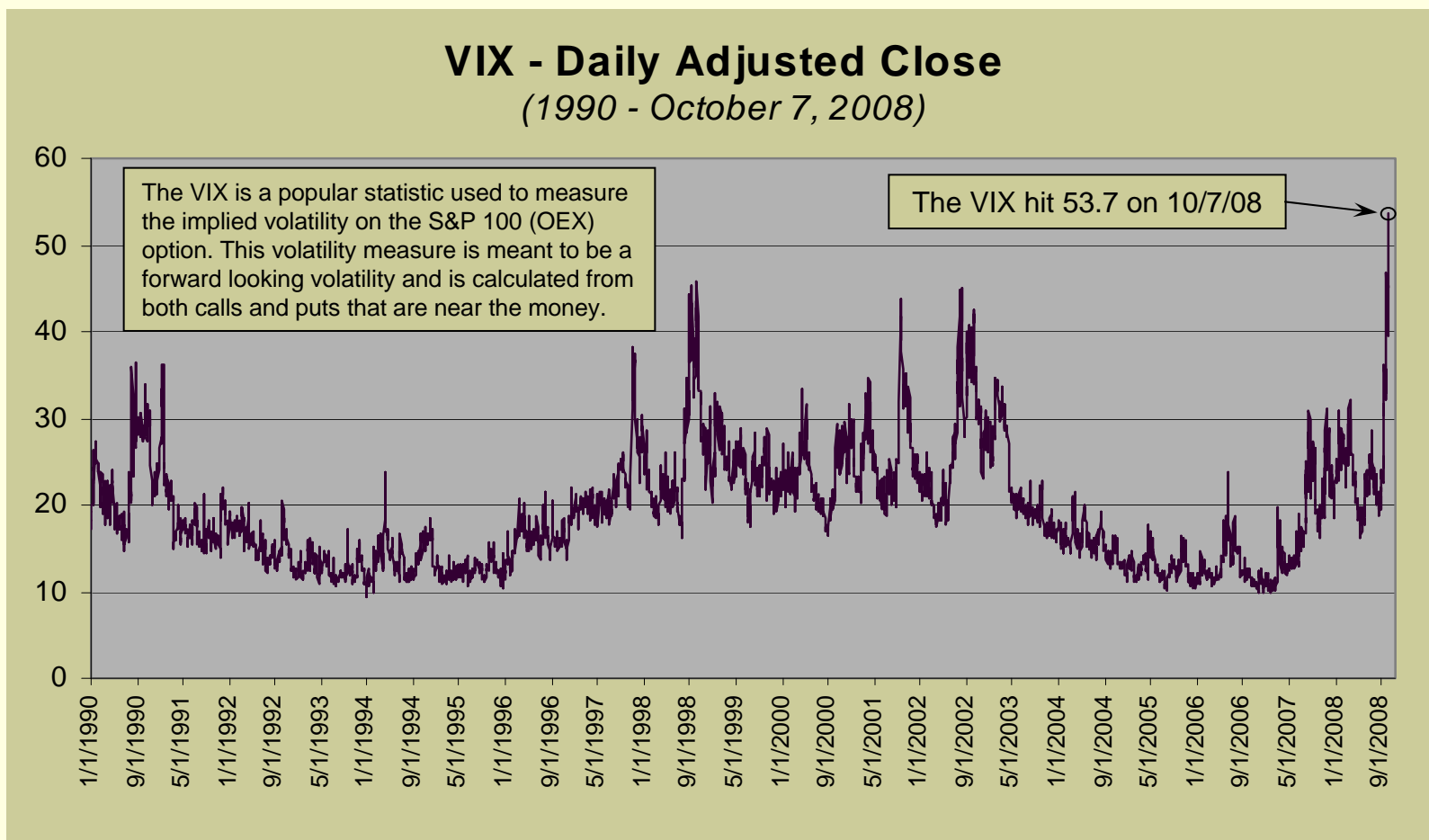
Page 13 of 17

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Declining Global P/E's As The Markets Price In A Global Recession

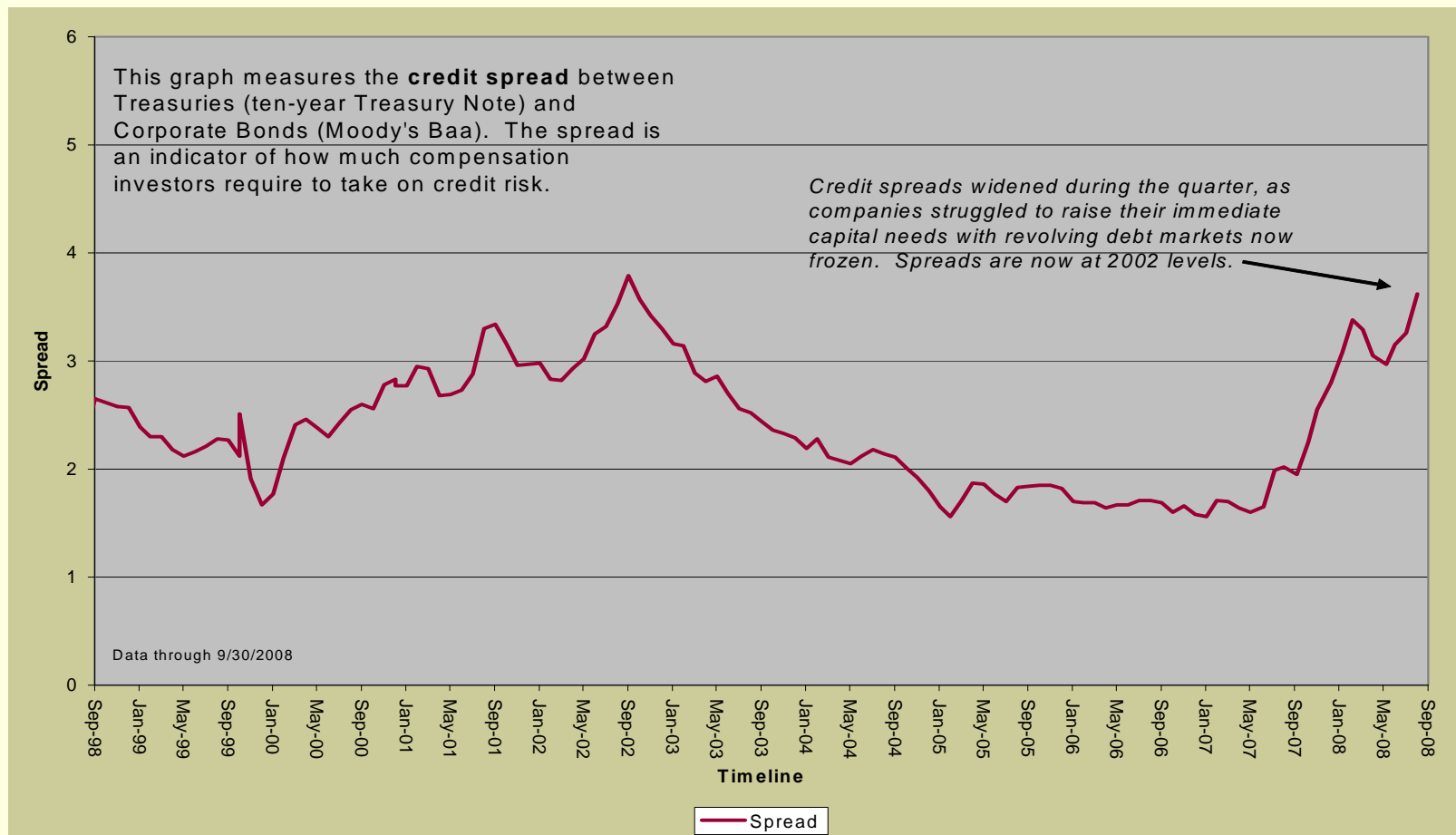


Volatility Has Recently Spiked; Now Beyond Levels Seen In 2002



Source: Montag & Caldwell, Inc.

Credit Spreads at 2002 Levels



Source: Moody's and the Federal Reserve Bank of St. Louis.

Questions?

