

ADVISOR'S ADVANTAGE

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A No-Load Fee Based Asset Allocation Program

Managed by Bill Ring

**Financial Strategies For The
21st Century**



**SECURITY
CAPITAL**

Portfolio Management, Inc.

Registered Investment Advisor

P.O. Box 4645

Mission Viejo, CA 92690

**Now Including
Exchange Traded Funds**

Advisor's Advantage

A No-Load Fee-based Asset Allocation Program* available through Security Capital Portfolio Management, Inc.

The Problem —Profound changes continue to sweep the financial services industry. Although more choices and opportunities are available to investors today, so are the complexities and risks associated with them. As a result, the science of personal investing has become increasingly complex.

Relationships with traditional commission-based brokers are being challenged by investor's demand for ongoing personal service and a more mutually beneficial relationship.

Surveys have indicated that investors increasingly prefer to pay a reasonable management fee for ongoing advisory services rather than up-front commissions or investing on their own.

Developing a portfolio of stock and bond funds may be the best approach to achieving your long-term investment goals. However, the number and variety of mutual funds and ETF's available today have made selecting the right funds for your long-term investment needs confusing and time consuming.

The world has become a vast interlinked global marketplace. Nation's economies expand and contract. Stock Markets rise and fall. What appears to be a good investment choice today may not be tomorrow. As a result **your portfolio may not be performing as well as it could.**

Just as the world's markets are ever changing and evolving-shouldn't your investment portfolio also have the flexibility to take advantage of changing market conditions or economic trends?

The Solution—Advisor's Advantage, A No-Load fee-based Asset Allocation Program managed by Bill Ring with the expertise and experience to provide active asset management to assist you in achieving your investment goals. No longer do you have to choose between a com-

mission-based broker or attempt to invest on your own. Through an asset allocation process, we will build you a portfolio consisting of historically top performing money managers of no-load and load-waived mutual funds. In addition to our actively managed funds, we may add Exchange Traded Funds (ETF's) to the portfolios to enhance potential returns or help hedge our portfolios. ETF's, like mutual funds, bring instant diversification, are very cost effective and can be purchased or sold throughout the trading day. ETF's provide diversification within a country, sector or asset classes. ETF's are becoming a cost effective product of choice among institutional managers combining ETF Index Funds with actively managed mutual funds.

Modern Portfolio Theory - Our Investment Approach

Studies show that more than ninety (90%) percent of an investment portfolio's performance is directly related to its asset allocation. Less than nine (9%) percent is attributed to individual stock or bond selection or market timing.

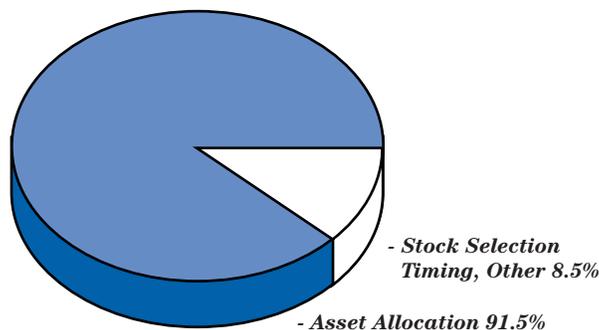


Fig. 1

Source: Financial Analyst Journal May/June 1991, Brinson, Singer and BeeBower "Determinants of Portfolio Performance"

By using **Advisor's Advantage** YOU SAVE!

You PAY NO HIDDEN COMMISSIONS, and since you are working directly with your portfolio manager, we maintain a low overhead and pass the savings onto you!

Advisor's Advantage is NOT a get rich quick strategy. Our goal is to provide clients with a reasonable return based upon the portfolio chosen with reduced risk. We anticipate a long-term working relationship with our clients.

* This Program uses mutual funds that do not charge a sales commission (No-Load) and mutual funds who have waived their sales charge (Load-Waived). All mutual funds and exchange traded funds charge a management fee.

Advisor's Advantage Screens for Top Performing Funds Among Multiple Asset Classes and Investment Styles

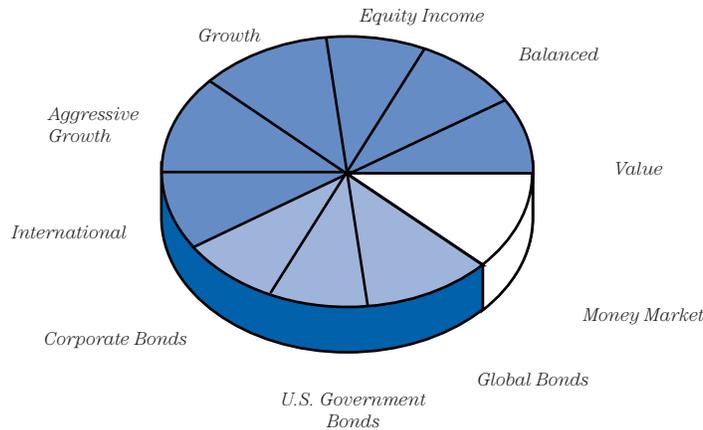


Fig. 2

Now you can have the best of both worlds.

- 1) No-Load Mutual Funds **PLUS** historically top performing LOAD funds without front or back-end commissions.
- 2) Access to Exchange Traded Funds
- 3) Professional Portfolio Management at a low cost.

Personal service is a key point to *Advisor's Advantage*.

Instead of the "old" up-front commission compensation to your broker or do it yourself choices, *Advisor's Advantage* creates the relationship and access to quality investment management for a reasonable low annual fee.

Now you can have a professional portfolio manager whose goals and objectives are the same as yours - **the Growth of your Portfolio.**

Your portfolio, once selected, will be managed by Bill Ring on a no-load, fee basis. His experience in structuring mutual fund portfolios dates back to 1983, and Advisor's Advantage to 1996.

Advisor's Advantage Investment Process

We have access to thousands of mutual funds selected from many of America's most respected fund families; all no-load or load-waived. These funds have no up-front or back-end loads*. To diversify your portfolio, we use a screening process to select, compare and track performance of each fund. Your portfolio is then divided among several of these funds (i.e., 6-8) giving a certain percentage to each fund manager based upon their investment style, asset class and performance criteria. Portfolios are structured based upon our investment philosophy for each model portfolio and your investment goals. (See Fig 2)

WHAT'S YOUR INVESTMENT STRATEGY?

Investor Questionnaire

1. Your Profile
2. Time Horizon
3. Goals and Expectations
4. Risk Tolerance

Based on your investment objectives, time horizon, and risk tolerance, we will assist you in picking a model portfolio, or even customizing one to suit your goals.

* Some Mutual Funds and Custodians have incorporated short-term redemption fees.

- Step 1 Complete a questionnaire to help determine your investment goals and tolerance for risk.
- Step 2 Based on your results you will be assisted in selecting a model portfolio.
- Step 3 Once your account is established we will allocate your portfolio to a combination of funds based upon our screening process, giving a certain percentage to each fund manager representing various fund categories.
- Step 4 We monitor each fund in the portfolios: Our goal is to determine when or if a fund needs to be replaced or a portfolio reallocated and/or re-balanced.

Four Model Portfolios to choose from!

We realize that not everyone is at the same stage of life nor have the same goals and objectives.

Advisor's Advantage has four Model Portfolios to choose from or you may choose to customize one to suit your goals more closely. For example an **Income Portfolio**. (See Fig. 3)

- Conservative Growth and Income**
- Moderate Growth**
- Growth**
- Aggressive Growth**

Sample Portfolio Diversification

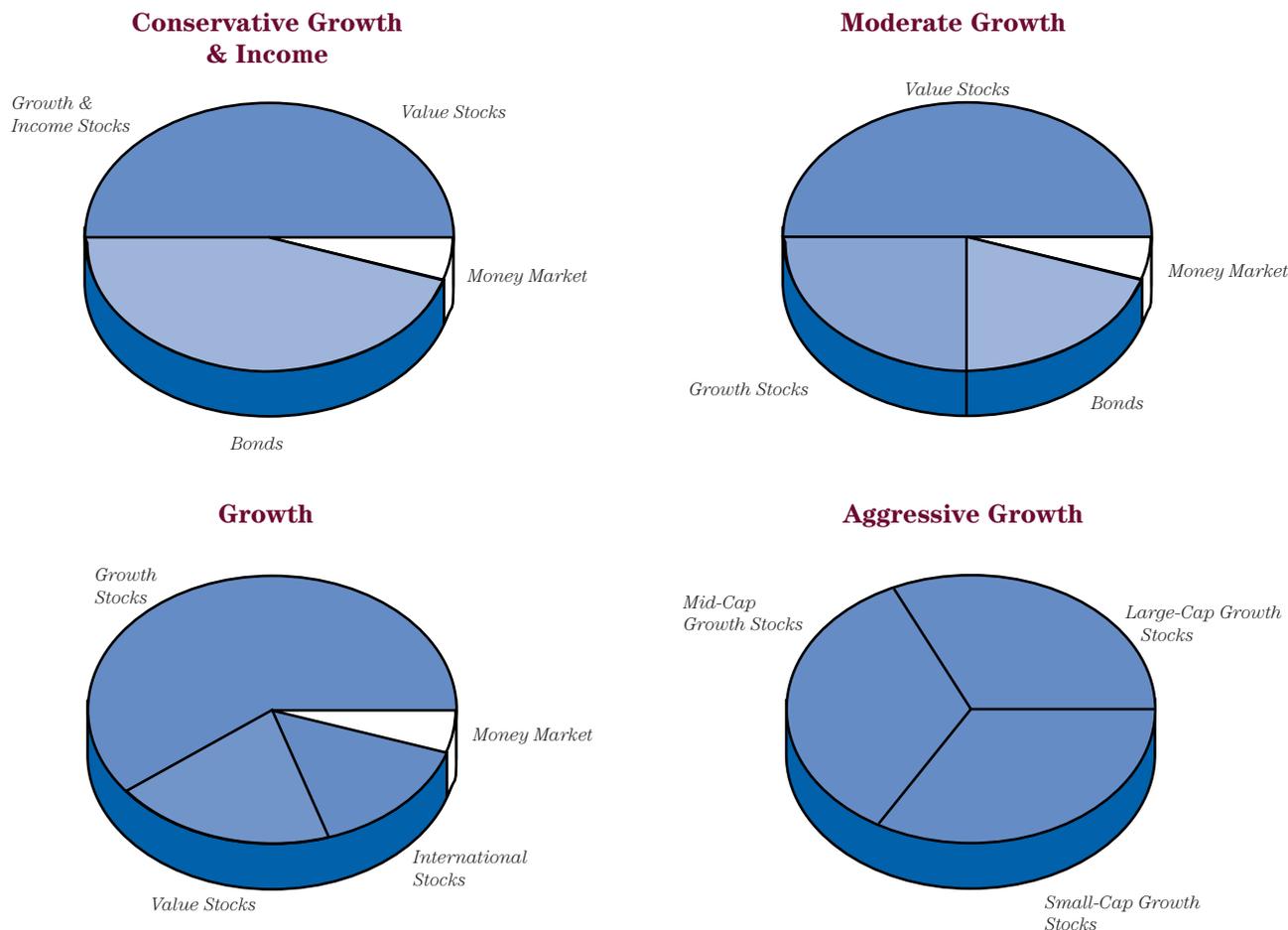


Fig. 3

Key Benefits:

- 1) **Your money working harder** - A disciplined approach to Portfolio Management - may result in your money working harder for you. Our goal is to keep your money in funds that are providing superior returns in their asset classes.
- 2) **Diversification to reduce risk** - By using mutual funds and ETF's you are diversifying among hundreds of individual stocks or bonds.
- 3) **Double management team focusing on your portfolio.** The mutual fund or ETF's fund managers review and monitor the individual stock and bond selection process. We monitor and evaluate the individual fund selection process to oversee each fund in your portfolio.
- 4) **Quarterly Reporting.**
- 5) **Detailed year-end transaction reporting for taxable accounts.**

Add it up-see if the benefits make sense to you!

- 1) No-Load Investments - All your money working for you.
- 2) Direct access to your Portfolio Manager.
- 3) Low Annual Management Fee.
- 4) No back-end loaded funds (Some mutual funds may impose a short-term redemption fee).
- 5) Your Goals = your Advisor's Goals - Growth of your Account.
- 6) Access to historically top performing funds no-load/load-waived.
- 7) Exchange Traded Funds.
- 8) Choice of Four Model Portfolios.
- 9) Independent Custodial holding and reporting.
- 10) Quarterly reviews, performance and asset allocation reporting.
- 11) Advisor re-balancing/re-allocation.
- 12) Personal Reviews.

Questions and Answers

Where is my money held?

Your account is held in an independent custodial account registered in your name.

How often will I receive an account statement?

Your custodian will provide you an "easy-to-read" monthly statement including transactions and valuations. In addition, taxable accounts will receive annual tax reports. Also, you will receive a quarterly report which includes asset allocation and performance.

Who is Security Capital Portfolio Management, Inc.?

Security Capital Portfolio Management, Inc. is a Registered Investment Advisory Firm. Bill Ring is President and Portfolio Manager.

Is my account insured or guaranteed?

No, your account is not insured against loss or market fluctuation and no Mutual Funds or ETF's can guarantee performance. However, we believe that a well diversified portfolio with active management provides a strategy to increase returns while decreasing risk.

Should I expect periods of a decline in the value of my account?

Portfolio values will fluctuate with the markets. In broad market corrections you should expect your portfolio to be affected. Although we may increase our cash holdings, various portions of portfolios will remain invested. The more aggressive the portfolio, the more volatility one should expect.

Will you move my account totally into cash during a market decline?

We are not a market timing service. However, we do have relationships with third party advisory firms that do provide such a service.

What decision will I have to make to use your service?

Request and complete the new account package including questionnaire. Your check is made payable to your custodian.

What if my goals should change?

When financial circumstances change, there is **NO PENALTY** if investors desire to move between portfolio options.

What are the management fees involved?

Asset Value of Account

Accounts under \$100,000

Accounts over \$100,000

On the first \$ 100,000 - \$ 500,000
On the next \$ 500,001 - \$ 1,000,000
On the next \$1,000,001 - \$1,500,000
On the next \$1,500,001 - \$2,000,000
On the next \$2,000,001 - \$2,500,000
Over \$2,500,000

Will moving between funds increase my costs and taxes?

The mutual funds we use have no up-front or back-end charges. While it is correct that transfers from one fund to another could result in taxable gains or losses, holding these funds in a tax-deferred retirement account can eliminate the immediate tax liability. The majority of our accounts are held in a tax sheltered account.

How are management fees paid?

The management fee is calculated based on the valuation of your account each quarter. Our fee is deducted directly from your account in advance each quarter. Please see complete disclosure in the Service Agreement.

Annual Fee

1.50%/year

1.00%/year
.85%/year
.75%/year
.65%/year
.50%/year
Negotiable

Multiple family or corporate accounts may be consolidated in determining fees.
Suggested Minimum Account \$100,000



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