

First Quarter 2009

Progress Report

Philip Fisher, one of the most influential investors of all time once said, "The stock market is filled with individuals that know the price of everything, but the value of nothing." Individual investors over the last 12-15 months have been very focused on the "price" of stocks, but not the "value" of the companies that these stock investments represent. Sure, we are in a recession and investment portfolios are down in value, but recessions and bear markets are part of a "normal" business cycle and will continue to be in the future. We have been here before, always recovered, and eventually enjoyed new periods of

prosperity. The U.S. and world economies are resilient, and that has not changed.

We know that with financial innovation comes periods of speculation and overconfidence, no different than the portfolio insurance products that were introduced to pension plans back in the years preceding the crash of 1987 or the failure of Savings and Loans in the 1980's. Financial engineering results in a mentality of invincibility and that nearly always results in institutions taking on too much leverage and too much risk. (continued)

Your Core Investments at March 31, 2009

Category	Fund Name	YTD Return	Date First Purchased	Period Owned	Period Return	
					-Fund -	-Comparison-Index
Aggressive Equity Strategies	DFA Emerging Markets Core Equity	-1.7%	Mar 25, 2008	13 mos.	-46.2%	-46.2% (a)
	DFA Intl Small Cap Value	-13.2%	Mar 25, 2008	13 mos.	-46.0%	-46.0% (b)
	DFA U.S. Small Cap Value	-17.4%	Mar 25, 2008	13 mos.	-45.6%	-45.6% (c)
Diversified Equity Strategies	First Eagle Global**(1)	-8.3%	Sept. 26, 2001	90 mos.	+122.3%	+17.7% (d)
	DFA Large Cap Int'l	-14.0%	July. 31, 2008	8 mos.	-42.8%	-42.8% (e)
	Kinetics Paradigm	-10.5%	Aug. 16, 2007	20 mos.	-49.9%	-41.7% (f)
	Income Fund of America	-8.1%	Feb. 17, 2005	49 mos.	-17.6%	-28.4% (f)
Income and "Market Neutral" Strategies	Fairholme Fund	-12.5%	July. 31, 2008	8 mos.	-35.3%	-36.2% (f)
	DFA Inflation-Protected Securities	+5.1%	July. 31, 2008	8 mos.	-3.4%	-3.0% (g)
	Capital World Bond Fund	-3.6%	Aug. 30, 2007	17 mos.	+0.2%	+9.6% (h)
	Loomis Sayles Bond	-.1%	Sept. 8, 2005	40 mos.	-6.6%	+17.3% (h)

(1) Fund's standard sales charge waived for clients of IFC Advisory.

* Fund is closed to new investors.

** Fund is generally closed, but still open to new and existing IFC Advisory clients.

- (a) DFA Emerging Markets Index
- (b) DFA Intl Small Cap Value Index
- (c) DFA US Small Cap Value Index

(d) MSCI-EAFE (iShares MSCI EAFE Index as proxy)

(e) DFA Large Cap International Index

(f) S&P 500 Index (Vanguard S&P 500 Index Fund as proxy)

(g) TIPS Index (VAIPX as proxy)

(h) Vanguard Total Bond Market

Risk tolerance considerations and other individualized factors determine specific holdings for each account. Many accounts do not include all funds listed. Individual fund returns include the reinvestment of dividends and interest, but do not reflect IFC Advisory fees and trading costs. Model portfolio returns reflect IFC Advisory fees and trading costs. Some accounts include additional investments for specialized purposes. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities on this list. We obtain data from sources we believe are reliable, but they should not be relied upon for making financial decisions without consulting your advisor. Past performance is no guarantee of future results.

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When financial markets are being deleveraged as debt is being forced to be paid back to panicked lenders, markets do not act in a rational manner. Seeking out liquidity drives all investment decisions. Time is no longer on your side and those markets that are under siege generally have no liquidity. This environment leads to indiscriminate selling by investors, selling both good and bad investments.

It is our assessment that much if not all of the forced deleveraging of hedge funds, investment banks and other financial institutions has already worked its way through the system. As a result, markets should begin to act rationally once again, trading in lock step with economic and corporate fundamentals rather than fear and panic. The nature of the investor has also changed. The staying power and the investment time horizon of the current buyers of many of the securities that were at the epicenter of this financial crisis are far greater than previous owners, including the ultimate long-term investor, the US Government.

The overall equity market as measured by the S&P 500 Index saw a decline of -11.6% in the first quarter of 2009. As we discussed in our last Progress Report (Fourth Quarter 2008), many investors think that this bear market feels and is different (and the media has done a terrific job of making sure we “feel” this way). Well, another very prominent investment scholar, Sir John Templeton, once said, “The four most expensive words in the English language are, ‘This time it’s different’.” We want our

clients and strategic partners to keep a long-term perspective, and even see that the current environment (as bad as it may feel) presents opportunities, whether for you individually or other investors! These opportunities will assist in a recovery as investors seek out quality investments at cheap prices. This will in turn provide a “rise” in value of market indexes, and in time, in investors real and “mental attitude” regarding their own net worth.

One cannot deny the challenges that we all face as we attempt to successfully maneuver through an investment landscape that has seemingly been turned upside down. However, when faced with low stock valuations, high dividend yields, and general pessimism about our economic future, this combination consistently delivers above average investment results. As long-term value investors, being opportunistic, disciplined and somewhat contrarian has been a formula for investment success.

In closing, we want to thank our clients for their patience and continued trust in IFC Advisory in these challenging times. We continue to monitor your funds and act in your best interest on a daily basis. Please call us at any time with questions or concerns — we are here to serve you!

~ IFC Advisory's Spotlight ~

We would like to welcome **Anthony Diaz, CFA** to the IFC Advisory Team!

While serving in the U.S. military, Anthony earned his undergraduate degree in finance with highest honors from the University of Southern Mississippi. After being honorably discharged, he worked in the field of marketing research before pursuing a career in investment management.

Anthony earned his MBA in finance at the UCLA Anderson School of Management, and completed an internship at Wedbush Morgan Securities where he conducted primary research and prepared research reports. After graduation, he joined Odyssey Advisors as an equity research analyst, conducting independent research on companies and industries across multiple sectors.

Anthony is vice president of investments here at IFC Advisory, and provides client service, conducts investment research and analysis, and supervises client operations. He is also a member of our investment policy committee.

His article “Value Investors Never Pay Retail” has appeared in the *West L.A. Business Monthly*. As a holder of the Chartered Financial Analyst® designation, he is a member of the CFA Institute and the CFA Society of Los Angeles where he serves as a CFA Review Program coordinator and mentor. He has been a volunteer for the Make-A-Wish Foundation for over fifteen years.

If you would like to get a hold of Anthony you can email him at adiaz@ifcadvisory.com or call him at (800) 632-2463.

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