



**The Colony
Group**

***Wealth Planning Strategies
2003 & Beyond***

.....
199 State Street · Boston, Massachusetts · 02109



Learning from History



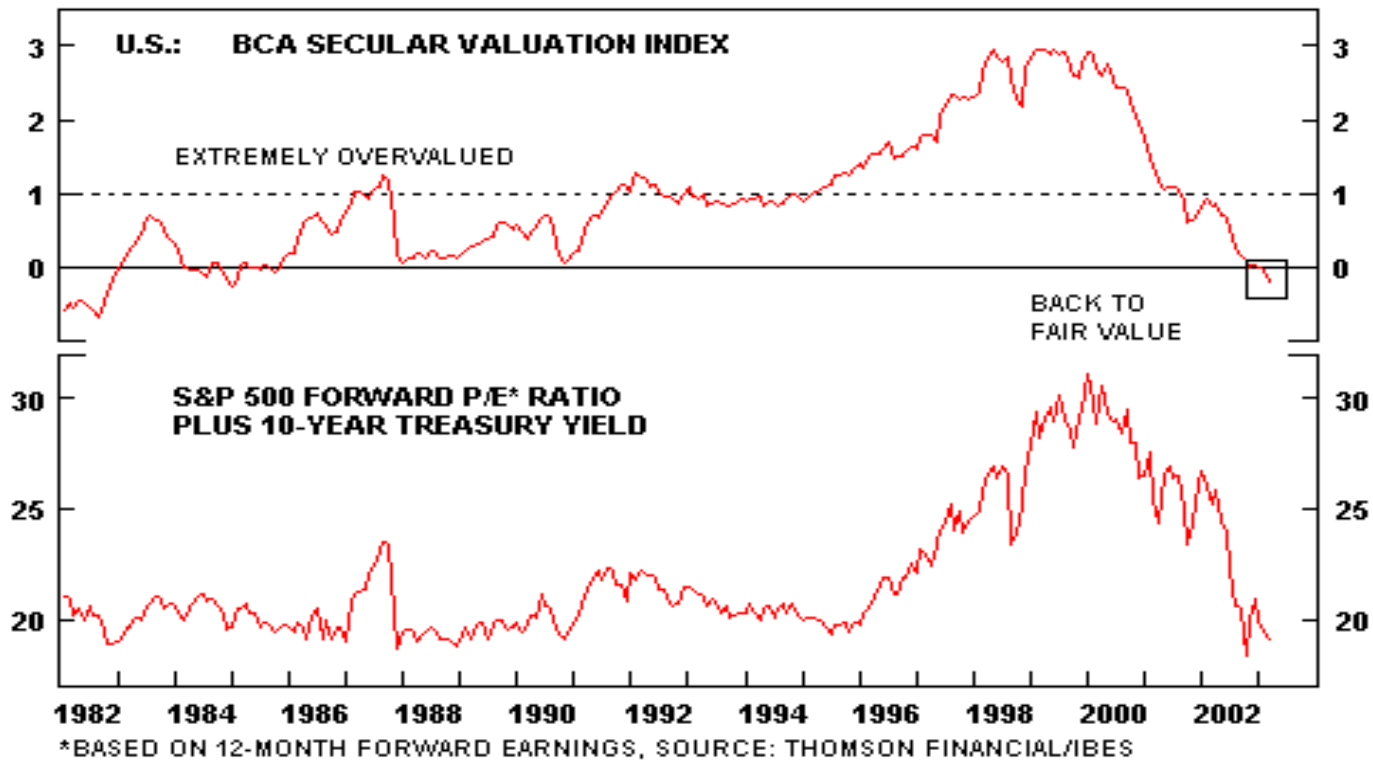
Pessimism was rampant in 1932, yet you would be hard pressed to find a better time to start investing.



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Stocks

Back to Fair Value



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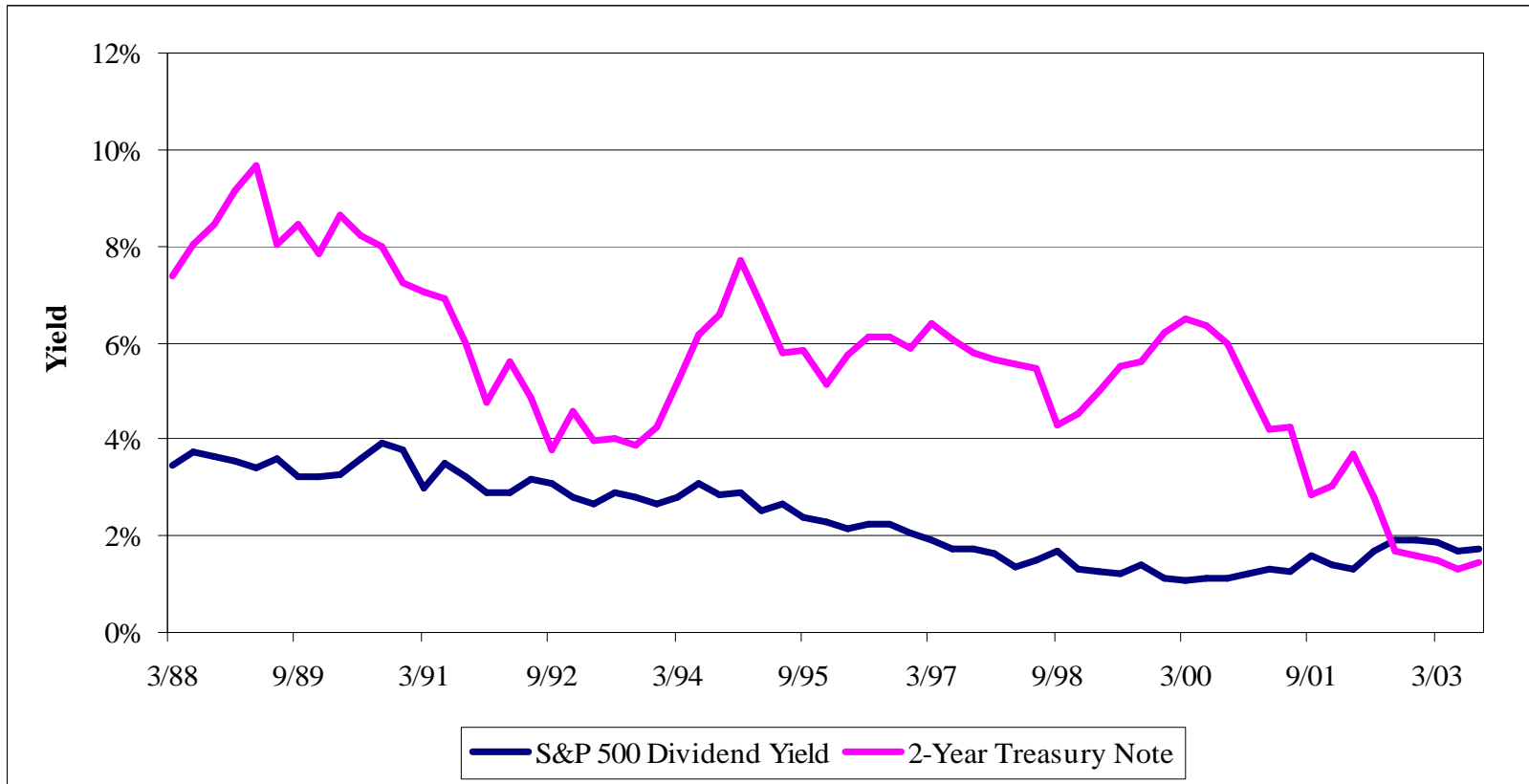
While the market is not cheap by historical standards, it is no longer expensive.

However, the Tech sector may be a bit overvalued.

Handout Page 8



Stocks Out-Yield Bonds



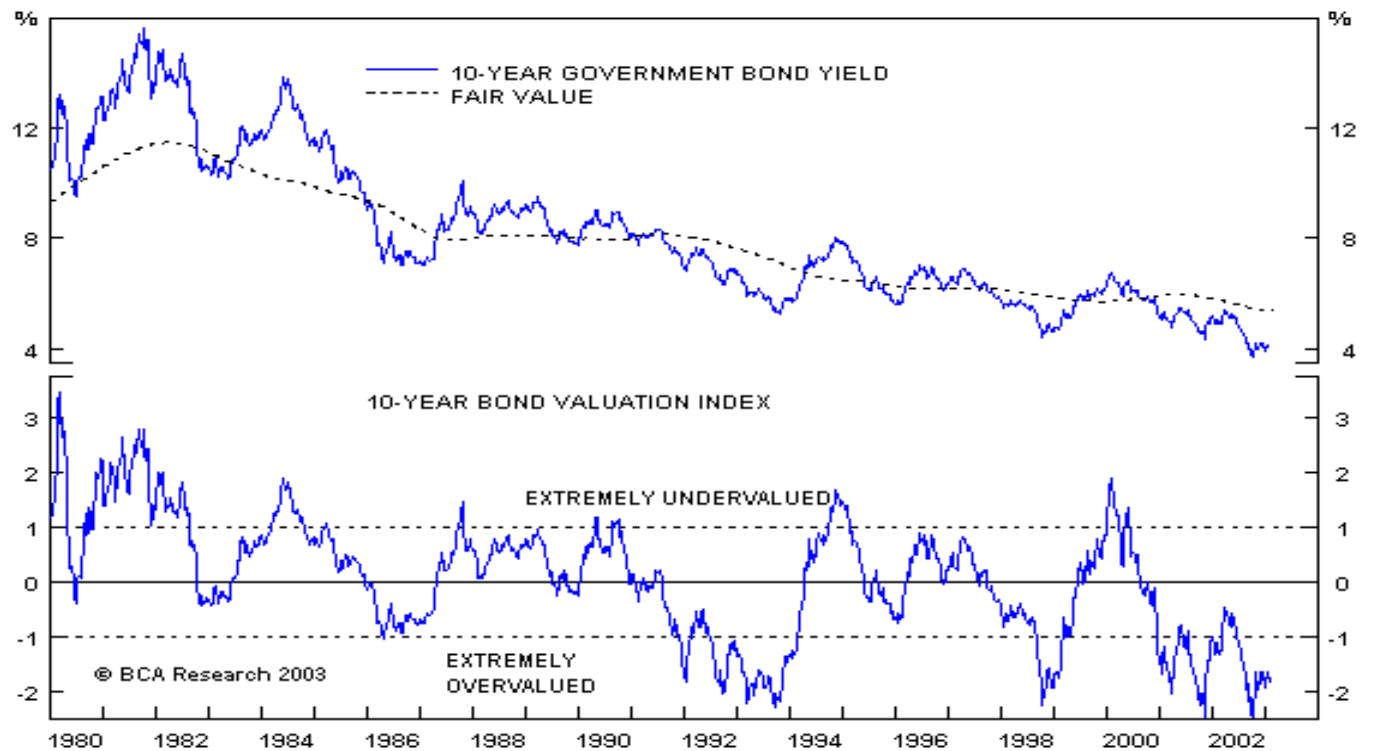
A real problem for bonds...stocks still generate more income than short-term bonds.



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Bonds

Worth the Price?



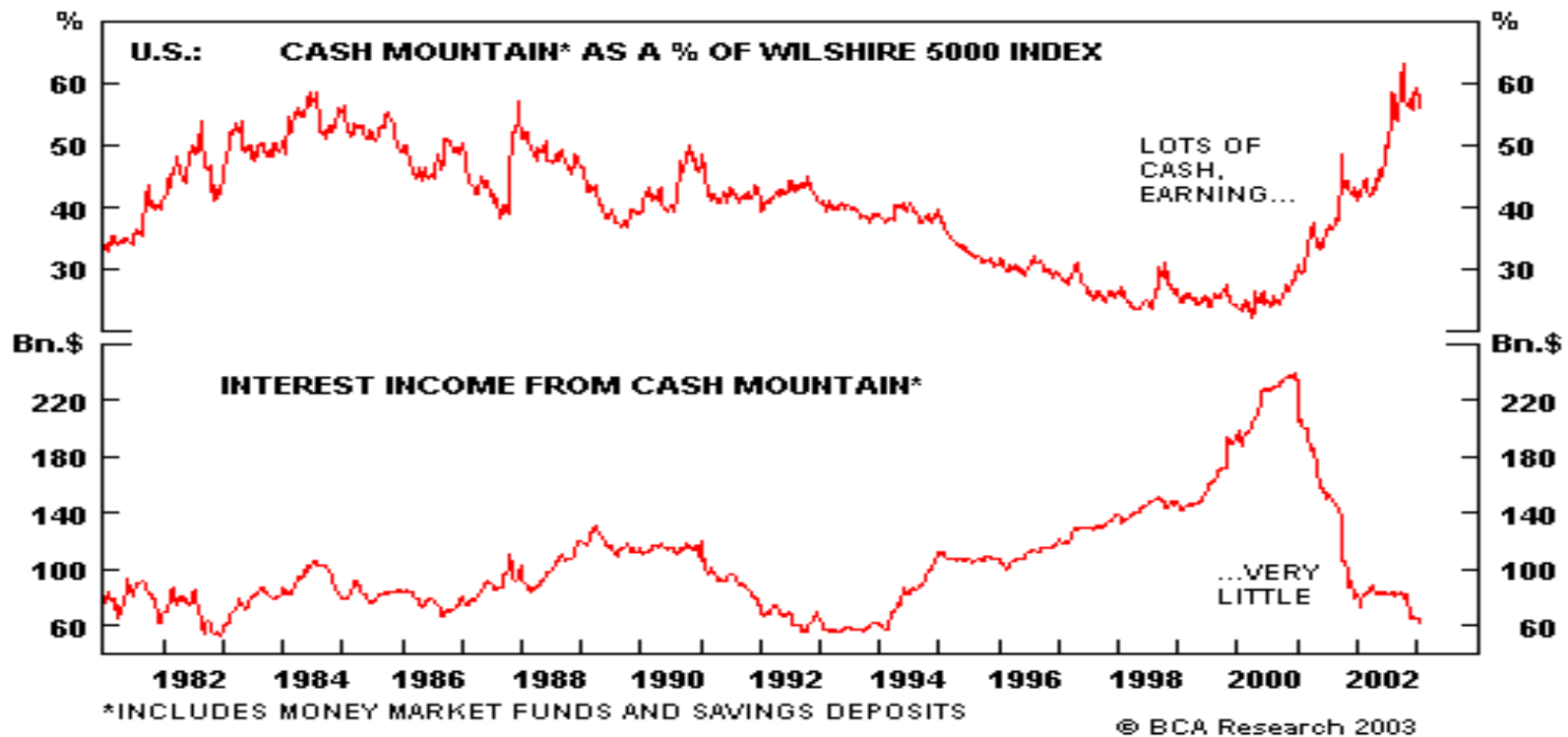
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THE ESTIMATED FAIR-VALUE YIELD FOR THE 10-YEAR TREASURY IS CURRENTLY 5.39%.
THE THRESHOLD OF UNDERVALUATION IS 6.20%, AND THE THRESHOLD OF OVERVALUATION IS 4.57%.
THE BOND MODEL ESTIMATES THE EQUILIBRIUM LEVEL OF YIELDS ON THE BASIS OF LONG-RUN TRENDS IN INFLATION EXPECTATIONS AND REAL RATES.
LATEST DATE: JANUARY 31



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Cash

Cash Poor



Investors need to take more risk in order to generate higher returns.

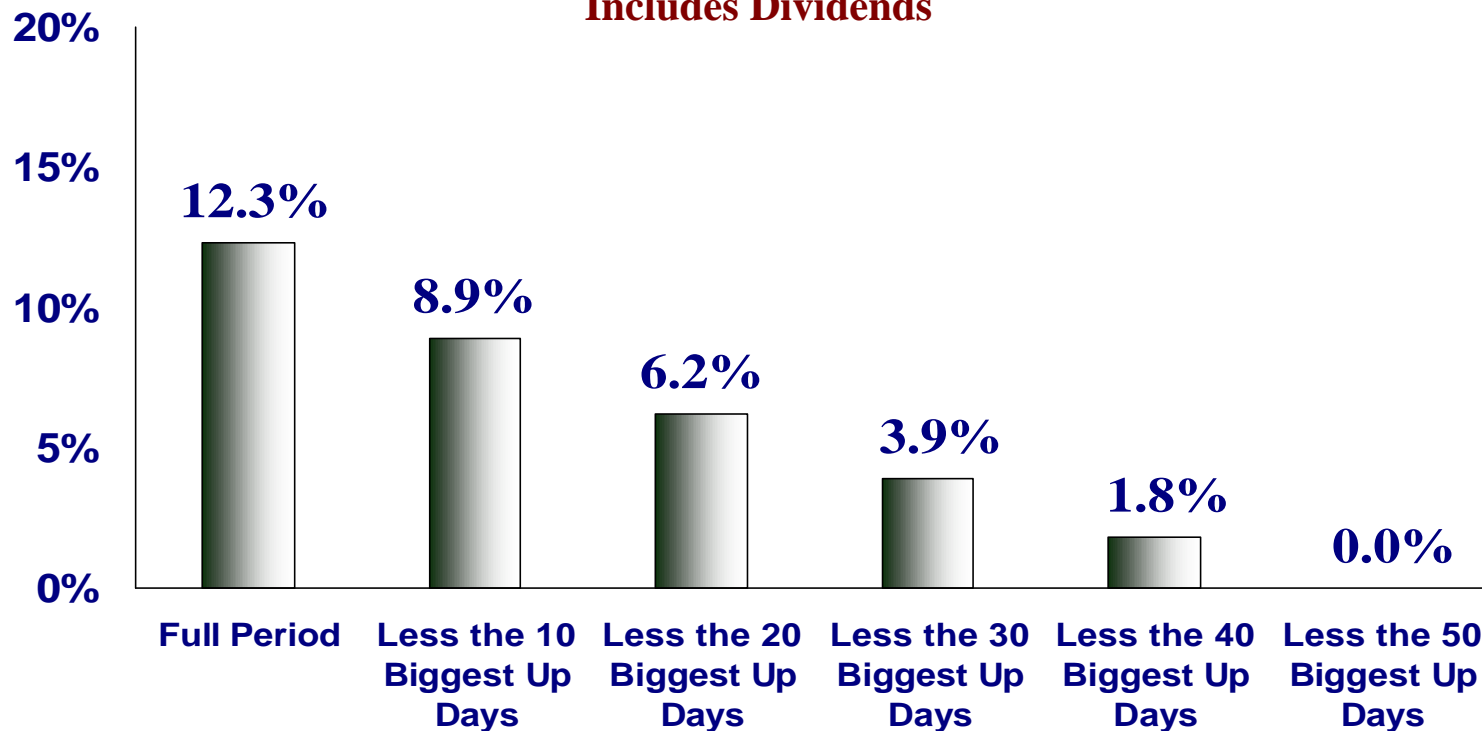


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We have already seen the other problem with cash...

Annualized Return for the S&P 500: 1988 to September 30, 2003

Includes Dividends



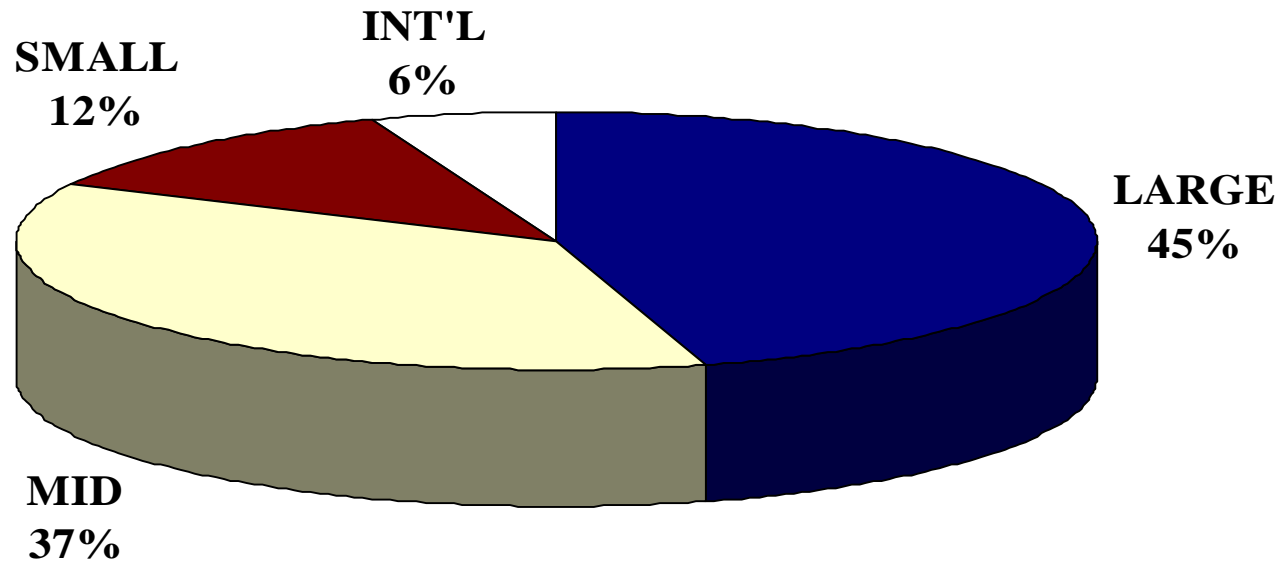
**Very few investors have a successful record timing
the market, and failure can be costly.**



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Diversification: By Market Cap

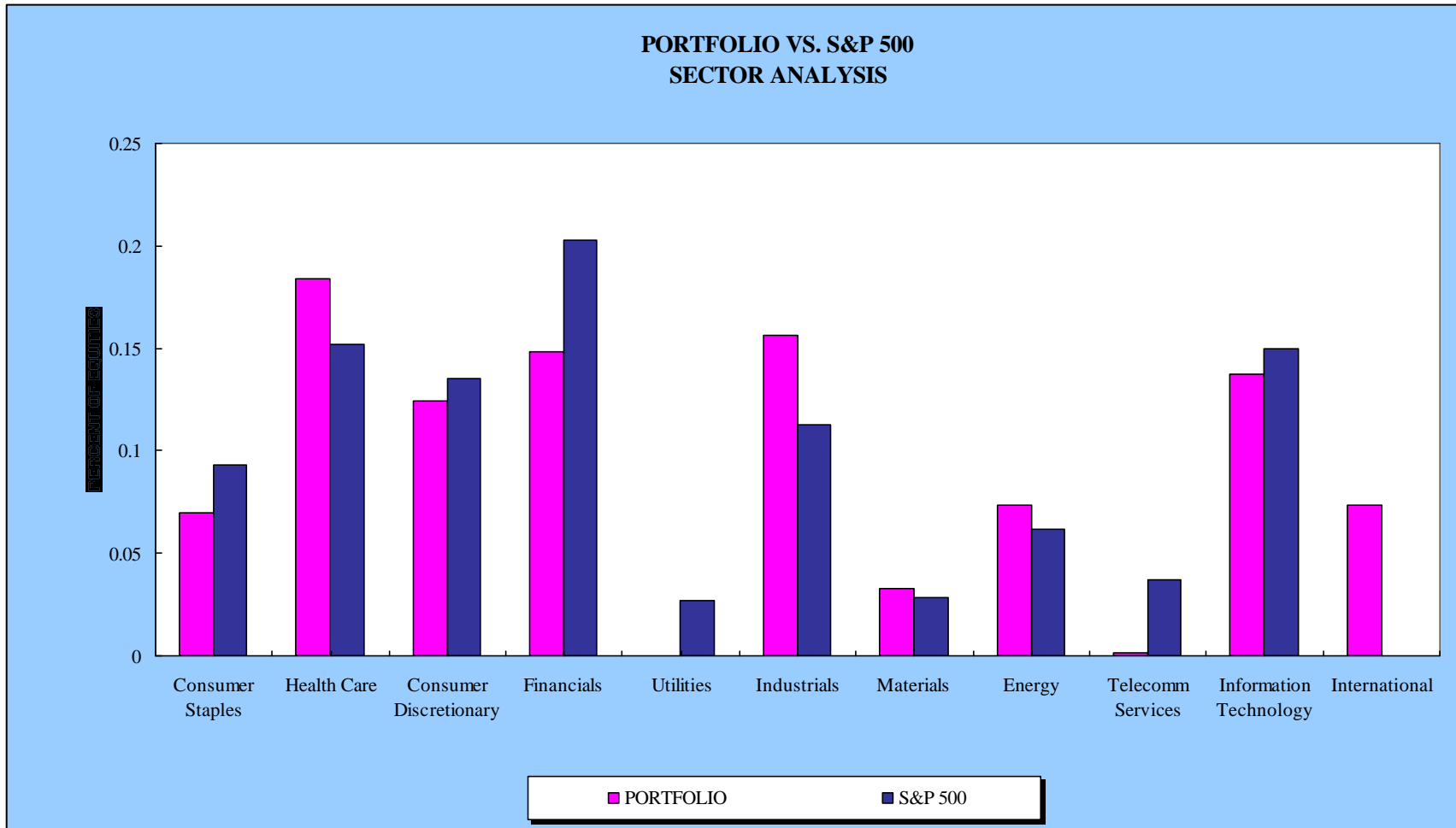
TCG Core Equity Allocation





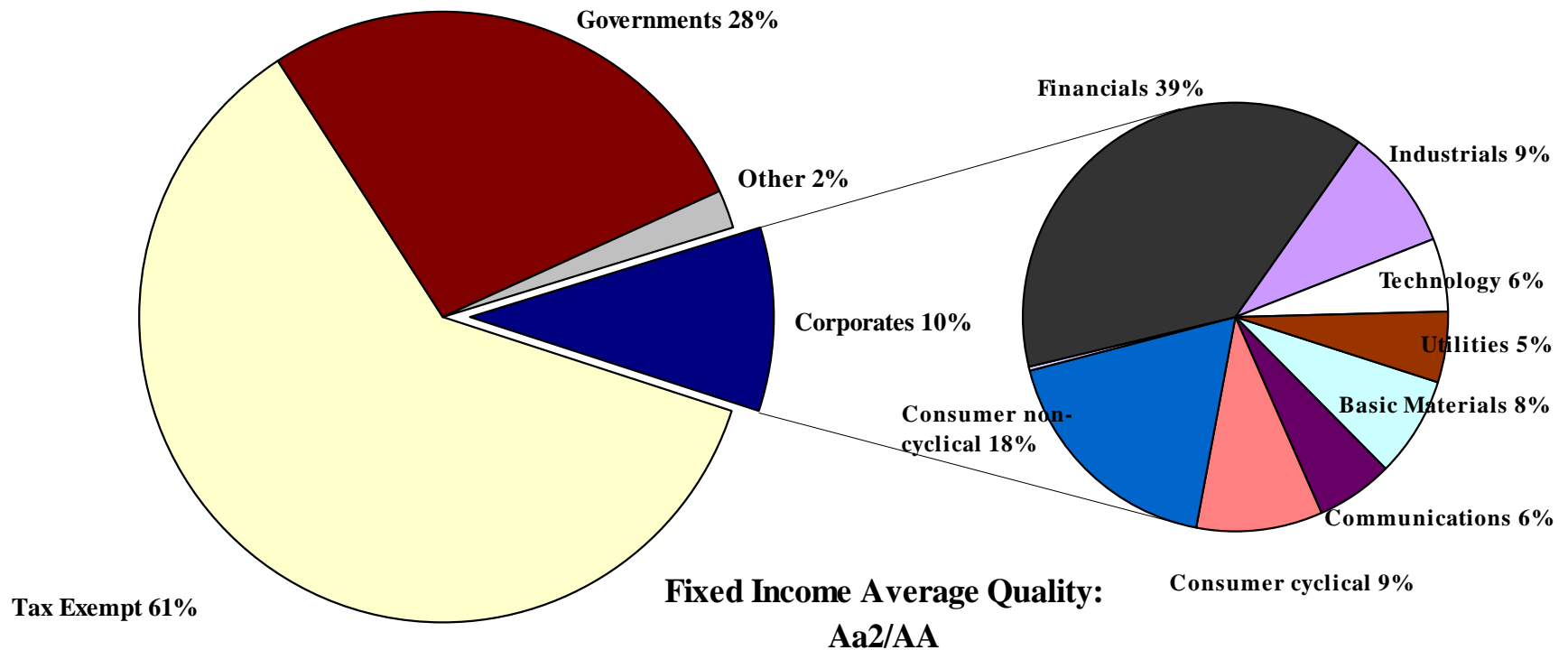
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Diversification: By Sector





Credit Quality Matters



Avg. credit quality of Aa2/AA – TCG fixed income holdings are solidly investment grade.



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Mutual Fund - Model Portfolios

Type of Investor	Aggressive Growth		Growth		Growth & Income		Conservative Growth & Income		Income & Preservation	
Asset Class	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current
Equity Income	0%	0%	0%	0%	10%	10%	10%	12.5%	20%	25%
Real Estate	0%	0%	0%	0%	5%	5%	10%	5%	10%	5%
Large Value	15%	15%	20%	20%	25%	25%	30%	30%	30%	30%
Large Growth	15%	15%	20%	20%	25%	25%	30%	30%	30%	30%
Small Value	15%	12.5%	13%	10%	10%	7.5%	5%	5%	0%	0%
Small Growth	15%	17.5%	13%	10%	10%	12.5%	5%	7.5%	0%	0%
Aggressive/Sector	15%	15%	10%	10%	0%	0%	0%	0%	0%	0%
International	20%	15%	20%	15%	15%	10%	10%	10%	10%	10%
Emerging Markets	5%	10%	5%	10%	0%	5%	0%	0%	0%	0%