Family CFO Inc

Your Chief Financial Officer

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Bernie Madoff versus Family CFO

• Madoff was able to execute his massive fraud because he operated behind “a curtain.”

• Family CFO investing is transparent. Family CFO does not act as a custodian. TD Ameritrade is the custodian (except for 529 Plan investments, where American Funds is the custodian).

• Family CFO invests in publicly held mutual funds that are highly regulated by the SEC. Hedge funds are totally unregulated.

• Mutual funds are required to have audited financial statements. In the case of Dimensional Fund Advisors (DFA), PricewaterhouseCoopers LLP, a major accounting firm, performs annual audits. The audits verify the financial statements of the mutual funds, including correspondence with the custodians, brokers, and transfer agents of the funds, to confirm the securities held.

• Mutual funds do not perform the fund accounting themselves. In the case of DFA, fund accounting is performed by PNC Bank.

• In addition to these benefits, there are other important considerations. There is nothing to incent DFA to take risks to try and outperform (and moreover, the failure of such efforts often leads down the path to perdition as fund managers seek to recoup losses). DFA does not attract assets the way hedge funds do by weaving stories about how they can beat the market or earn market rates of return while taking less risk. DFA’s goal is simply to earn market rates of return. There are no incentive fees (to tempt managers to take risks) as is the case with hedge funds. And the historical evidence demonstrates that the returns earned by DFA’s funds are consistent with their stated strategy. There are no episodes of dramatic over or under performance beyond that which would be randomly expected.

• Among those who experienced the greatest losses from the fraud perpetrated by Madoff are some of the largest banks and some of the largest hedge funds. Each of them touted their ability to identify the money managers who would deliver market-beating returns on a risk-adjusted basis. They proudly discussed their superior due diligence efforts that serve to protect investors. As the academic evidence has demonstrated, such claims are without merit.

• Family CFO does not employ leverage. Leverage could wipe out a portfolio; without leverage, we retain staying power and participate in the eventual market recovery

• Family CFO does not do market timing. Family CFO will remain steadfast with long term diversified strategies.

• Family CFO does NOT get any compensation from TD Ameritrade, DFA, Vanguard or American Funds. Compensation is only from clients.