



July 2013

I wish you all a happy and healthy Independence Day. I hope it was a day spent with family and friends appreciating them and this great country of ours.

I will quickly summarize the Management Style performances for the year to date (YTD). **Cash Management, Capital Preservation, the Income, and Conservative Management Styles are below their benchmarks. Balanced through All-Equity Styles are between their Global and US Only Benchmarks.** Although we love it when they are above both, we are pleased to see them between the two Benchmarks, as that reflects the effects of diversification. Late last year through April of this year, US equity markets have been on a tear, while overseas markets have had a much more difficult time and have lagged the US significantly. **The Global benchmark for All-Equity trailed the S&P 500 by a full 8% just through June 30th!**

During the quarter **we have rebalanced into this disparity in performance across all of our models, (sell high, buy low), and we have sold a PIMCO real estate oriented mutual fund entirely from the models.** At the end of June it began to show downside volatility in excess of our calculated expectations for it relative to its peers and the markets. We replaced the holding with two ETFs, a Schwab US dividend oriented equity ETF and a Guggenheim global real estate ETF. Schwab has recently made these ETFs available without transaction fees. The change has reduced the yield of our models, as the PIMCO fund had a very high yield. I believe it has also reduced the risk of our portfolios, as during the last 5 weeks or so of last quarter when debt and equity markets dropped, (on the hint that the Federal Reserve would stop buying 85 billion a week of long term debt), the great majority of the securities in our models, (besides the PIMCO fund), performed better than their market sector.

There are 99 other ETFs now available without a transaction fee on Schwab's platform, which gives us some great opportunities to reduce your portfolio costs (ETFs typically have much lower net expense ratios than mutual funds) without having to use transaction fee institutional mutual funds. We are evaluating additional use of these specialized ETFs to reduce interest rate risk and expense ratios in our Debt allocations for all of our Management Styles. This will also significantly reduce the expense ratios of our Cash Management to Conservative models as their assets are allocated primarily to debt. **We are beginning to develop a series of ETF only models for each Management Style** for investors who prefer a very low cost, "passively managed" or indexed exposure to markets. Our initial analysis suggests the new ETF only portfolios will be more volatile than our standard models, which are not limited by security type.

We are going to make new reporting options available this quarter. **We are now able to send email reports on a weekly or monthly basis.** The beauty of these reports is that they are complete in the email message itself; there is no need to click on a link and download anything to receive them. These reports are stripped of any account number information but will include balance, transaction and or performance information so we will give you the option of receiving them when they are ready.



For those of you who do like to keep a closer eye on your accounts don't forget our android, iPhone and iPad applications which can be found by searching for "myRFG" in their respective "application stores". You log into these with the same username and password as your online report site.

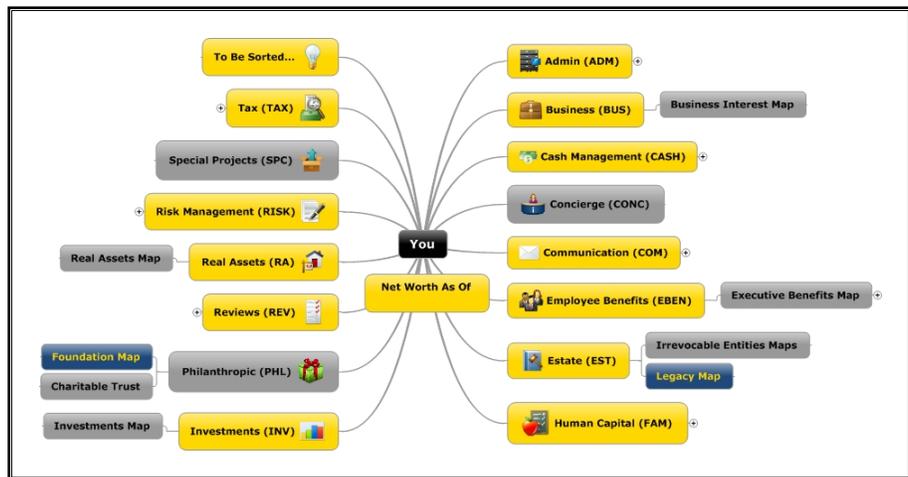
As we celebrated our ten years as a business at the beginning of last quarter, **we completed the most significant overhaul in the delivery of our services** since our founding. It has both simplified and improved our processes and communications. The project has taken a year and a half to complete and we are very pleased to summarize the results below.

RFG Services Overview

Wealth Management Services:

Our portfolio management services are provided as part of a holistic Wealth Management process focused on you. We are not a mutual fund; mutual funds have their own managers. In a way we are more your manager, hired by you to manage **your** mutual fund; designed for you.

We want to know who you are and what you'd like to be. Where you are and where you'd like to go, where you have been and what has happened along the way. We must understand the first two, your **Intellectual Capital** and your **Human Capital** to manage the third, your **Financial Capital** in a way that meets your pragmatic needs and suits your emotional ones.



Our organization and planning for you is centered on your personal WealthMap shown above. Your WealthMap is a one-page picture of your entire financial profile and holds the key information for all of the work we do for you. It presents the information we both need in a simple, holistic picture that you can take in all at once.



Portfolio Management Services:

Model Name	Yield	Avg. Morningstar Rating	Debt	Equity	
Capital Preservation					
Cash Management					
Institutional	3.43%	★★★	3.55	100%	0%
NTF	2.94%	★★★	3.20	100%	0%
Capital Preservation					
Institutional	4.40%	★★★	3.88	80%	16%
NTF	4.18%	★★★	3.88	80%	16%
Income					
Income-Conservative					
Institutional	5.17%	★★★★	4.24	65%	32%
Income-Balanced					
Institutional	5.63%	★★★★	4.28	53%	50%
Income-Equity					
Institutional	5.50%	★★★★	4.30	44%	60%
Entry	6.03%	★★★★	4.15	73%	34%
Accumulation					
Conservative					
Institutional	4.36%	★★★★	4.06	64%	34%
NTF	4.27%	★★★	3.92	64%	34%
Entry	3.06%	★★★	3.50	60%	39%
Balanced					
Institutional	3.81%	★★★★	4.16	52%	47%
NTF	3.51%	★★★★	4.09	51%	49%
Entry	6.21%	★★★	3.68	87%	40%
Moderate					
Institutional	3.43%	★★★★	4.29	38%	65%
NTF	3.33%	★★★★	4.04	35%	66%
Entry	5.58%	★★★	3.90	74%	63%
Growth					
Institutional	3.13%	★★★★	4.15	32%	69%
NTF	2.97%	★★★★	4.06	32%	69%
Opportunity					
Institutional	2.70%	★★★★	4.10	24%	78%
NTF	2.56%	★★★	3.99	24%	78%
All-Equity					
Institutional	2.51%	★★★★	4.22	16%	91%
NTF	2.44%	★★★★	4.08	16%	91%

A Management Style is determined to be appropriate for Client or separately for individual accounts. Client assets are then allocated to the Risk Adjusted Portfolio (RAP) model designed for the custodial relationship employed. Each account held by Client may be allocated to a different Management Style/RAP or even multiple RAPs.

The Management Styles maintained by Responsive Financial Group, Inc. are divided among, **Capital Preservation, Income and Accumulation Objectives.** They are characterized by different fundamental objectives and then levels of equity exposure and expected portfolio volatility. Monitoring and management techniques and priorities best suited to the principal objectives of each of the Management Style and RAP are maintained.

Portfolio Reporting Services:

RFG provides continuous online account statements electronically via a dedicated client web page. The most important information is available for the previous day on the first screen when you log in.

Detailed additional reports are available to you on demand from the same page so that you may run either very general or highly technical and detailed reports as you wish.

If you need physical copies you may print them on your own or contact us



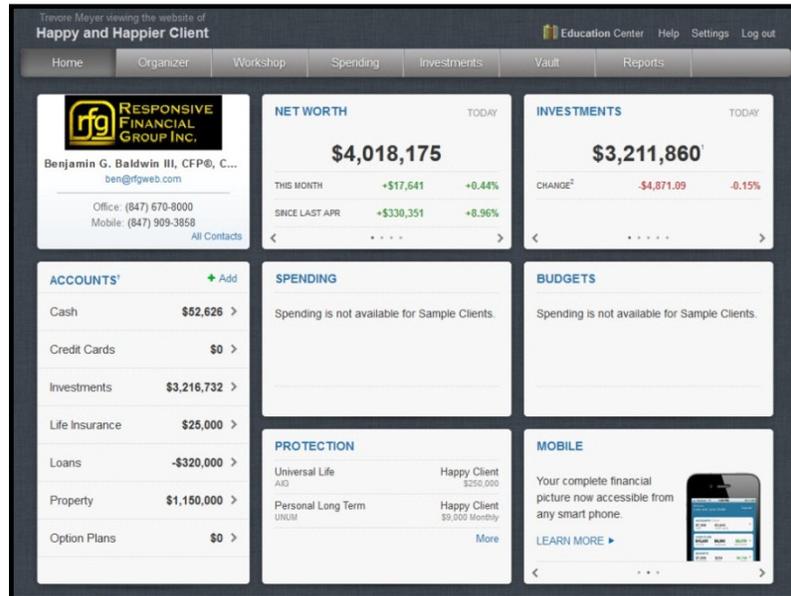


to mail what you require. Copies of every Quarterly Statement, Tax Preparation Reports and additional reports we may have run for you are stored in Portable Document Format and retained in your web site.

Wealth Management Portal:

Working in concert with both Wealth Management and Portfolio Management Services, we provide you with a Wealth Management Portal. Your Portal is an incredibly powerful tool that shows, all of the information we maintain through Wealth Management and Portfolio Management services.

Once established, you can run reports to show how a windfall might affect your financial future, use the



document vault to securely store important legal, tax, or family documents, track daily the balances of **ALL** your accounts, both investment and non-investment, and even begin tracking your spending from checking accounts or credit cards automatically.

Have a great summer! We look forward to your thoughts on our new capabilities as we introduce them to you.

Sincerely,

Benjamin G Baldwin III CFP®, ChFC
President