



LvZ LORENCE & VANDER ZWART

Constructing *customized*
client portfolios using
active portfolio management &
sound investment strategies
based upon fundamental analysis.

Personal Professional Money Management Services

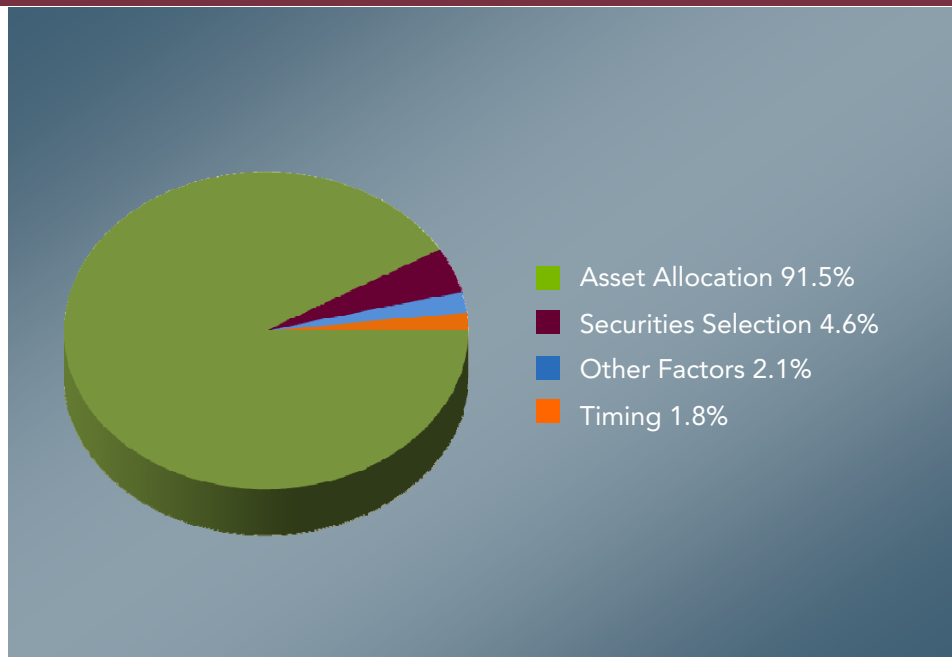
ASSET ALLOCATION

What is Asset Allocation?

In today's global financial environment asset allocation moves far beyond the traditional view of diversification as simply avoiding "putting all your eggs in one basket." Asset Allocation is based on the proven theory that the type or class of security you own is much more important than the particular security itself. It is key to understand the relative importance of asset allocation versus other factors that determine portfolio performance. Diversification does not eliminate the risk of market losses.

Asset allocation offers a way to control risk in your portfolio. The risk is controlled because the distinct asset classes in the well-balanced portfolio will often react differently to changes in market conditions such as inflation, rising or falling interest rates, market sectors coming in or falling out of favor, etc.

Traditional or passive asset allocation incorporates a mix of different asset classes with low statistical correlation whose price movements tend to be out of sync with each other. This method of asset allocation is based on the premise that various investment classes won't all be up or down at the same time.

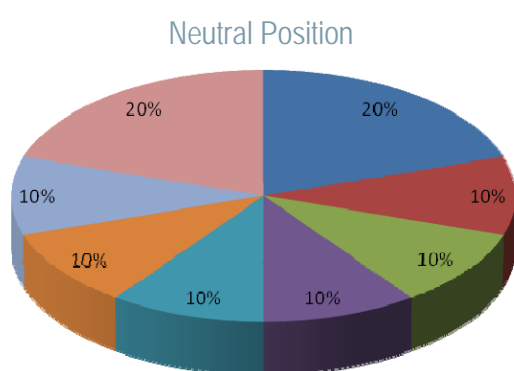


The LVZ Investment Management Philosophy

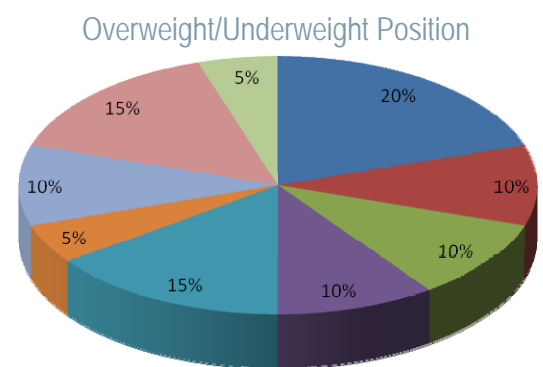
The LVZ investment management philosophy adheres to a fully diversified but actively managed approach to money management. We manage our client portfolios in a manner that proactively takes advantage of obvious market and economic trends while remaining fully diversified.

LVZ believes that an active asset allocation process will offer the opportunity to increase risk-adjusted returns over time. As such, LVZ will seek to increase the allocation to those asset classes and market sectors that show potential for better future performance while at the same time reduce the allocation to asset classes and sectors facing the most resistance.

LVZ Growth & Income Asset Allocation Charts



- Fixed Income
- Large Cap Growth
- Large Cap Value
- Mid Cap Growth
- Mid Cap Value
- Small Cap Growth
- Small Cap Value
- International
- Sector Real Estate



"There is always a market sector rising or falling at a greater rate than other sectors. Our objective is to increase the investment in those sectors which are showing momentum and reduce our investment in those that are lagging."

-Jim Lorence,
Senior Portfolio Manager

How Does the LVZ Approach Benefit You?

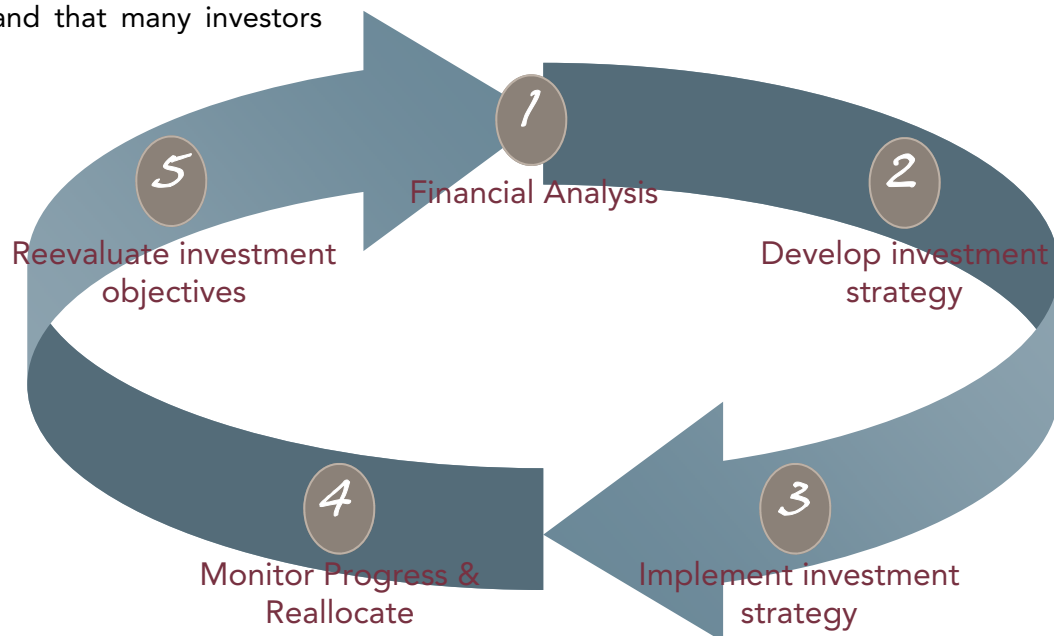
The Lorence & Vander Zwart investment portfolios remain fully invested at most times according to our models. We believe the greatest risk most investors face is the failure of the income provided by their capital to keep up with the rising cost of living. Therefore we will make no attempt to time the market by dramatically increasing cash equivalents. At all times we work diligently to make adjustments to client portfolios that reduce volatility without compromising opportunity.

Lorence & Vander Zwart recognizes that each client has unique investment objectives and that many investors

own existing portfolios that are comprised of various securities. In our efforts to provide customization and control, Lorence & Vander Zwart will make every attempt to accept "assets in kind" transfers which can reduce trading costs and capital gain tax liability during our portfolio reconstruction phase.

Our five step process outlined below serves as the basis for the development of each customized client portfolio.

Investment Process



Client Communication

Communication is key to the success of any investment strategy. At Lorence and Vander Zwart we work to provide ongoing communication so both the client and his/her financial advisor can monitor the progress of their investment strategy. A few ways we communicate:

- Monthly or Quarterly Statements
- Quarterly or Annual Performance Reports
- Transaction confirmations via a consolidated quarterly report
- Online access to:
 - Account value
 - Performance
 - Transactions
 - Current allocations

LVZ Management Team



Jim Lorence has over 25 years of experience in the securities profession. After following his father into the business and becoming a CERTIFIED FINANCIAL PLANNER™ Professional in 1990, he started his own investment advisory firm in 1992. In 1999, while maintaining his financial planning practice, Jim joined with three other associates to create the successful and award winning independent broker dealer, NEXT Financial Group, Inc. Jim holds the security licenses series 4, 7, 24, 51 and 64. Jim is the chairperson of the LVZ Investment Committee and maintains special interests in business development and marketing.



Ryan Vander Zwart has over 15 years of experience in the securities profession. He graduated Cum Laude with a Bachelors Degree in Accounting from Hope College in Holland, Michigan. Ryan holds the securities licenses series 7, 24, 51 and 66. He became a CERTIFIED FINANCIAL PLANNER™ Professional in 1999. Ryan is actively involved with LVZ portfolio development, monitoring and oversight, and maintains special interests in business management and compliance.

Ryan Vander Zwart serves as Vice President, Chief Compliance Officer, and Portfolio Counselor for



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The portfolio strategies discussed here are designed to rotate in and out of various asset classes and sectors of the market. It is possible that trading activity could result in a taxable event to the investor and result in an indirect cost to the investor. Diversification neither ensures a profit nor protects against market losses. Past performance is not indicative of future results.

An investment in a portfolio strategy is subject to investment risk, including possible loss of principal. The investment strategy of the funds used may include investments in foreign securities, small and medium sized companies, as well as funds that concentrate in one specific sector of the market, all of which may increase the risk and volatility of the funds. Bond fund shares are not guaranteed and will fluctuate with market conditions and interest rates, and redemption value may be more or less than original cost; and fixed income funds may be subject to a loss in value due to interest rate fluctuations. Sector funds employ leveraged investment techniques that magnify gains or losses. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Investment return and principal value will vary, so that investor's shares, when redeemed, may be worth more or less than their original cost.

Lorence & Vander Zwart publishes this brochure to inform prospective clients about its services. The information in this brochure is not intended to be investment advice on any matter. You should not act or refrain from acting because of information contained in this brochure without first seeking appropriate advice from an investment professional who is familiar with your particular circumstances.

The Firm's Form ADV Part II is available upon request.

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