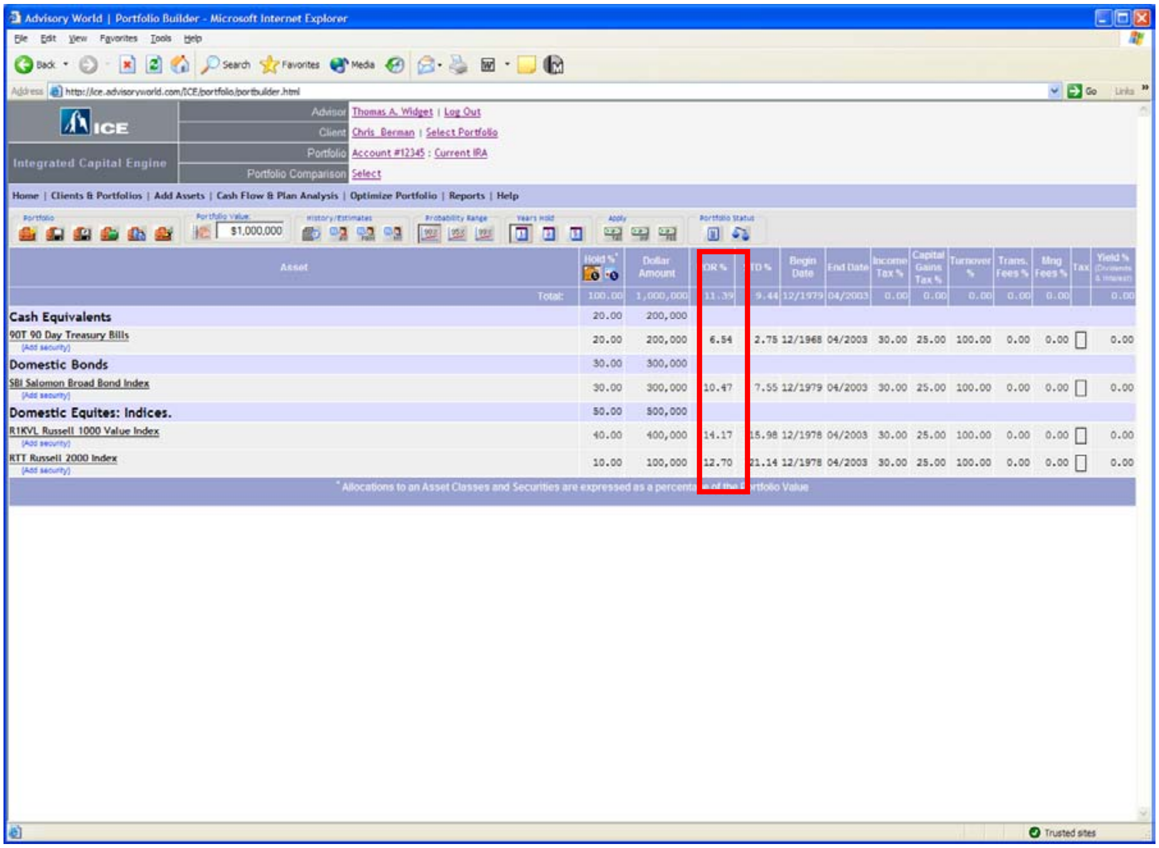
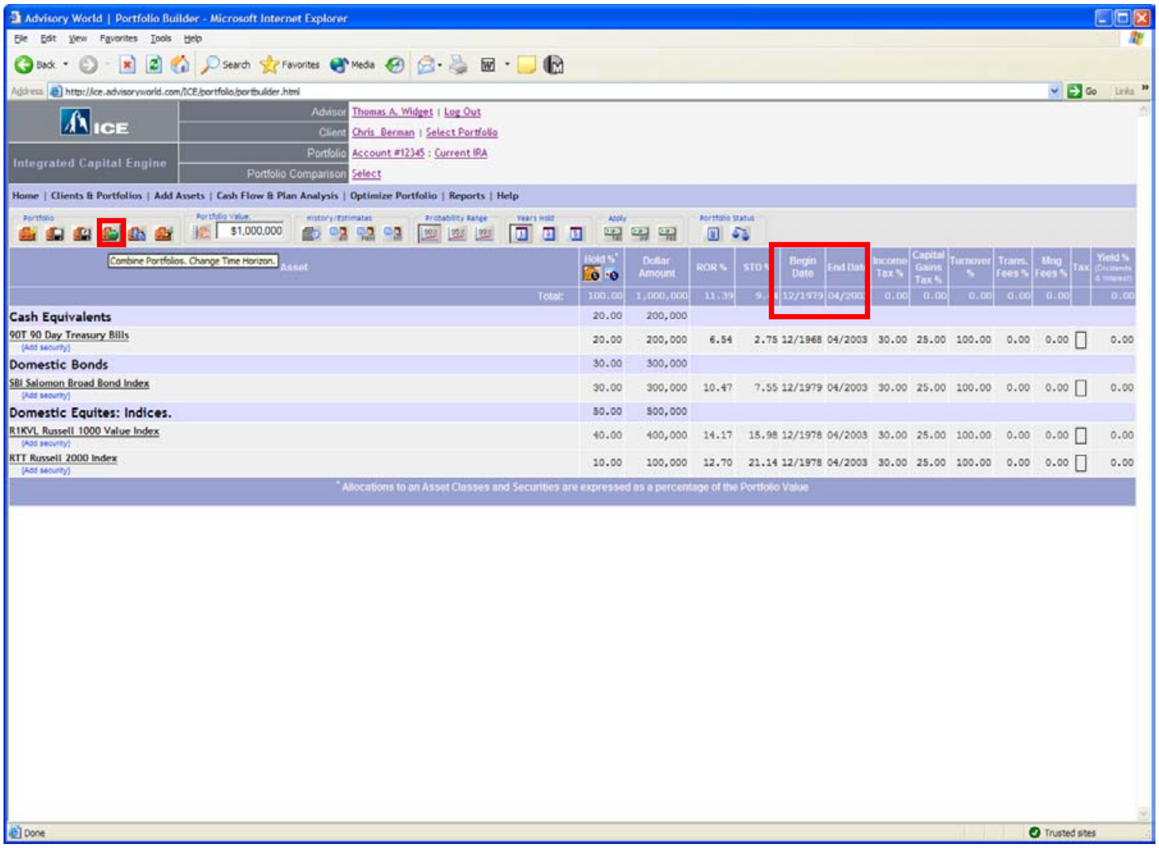
Using Estimated Asset Returns in ICE

The Integrated Capital Engine allows users to edit the historical estimated returns of various Asset Classes and Securities.

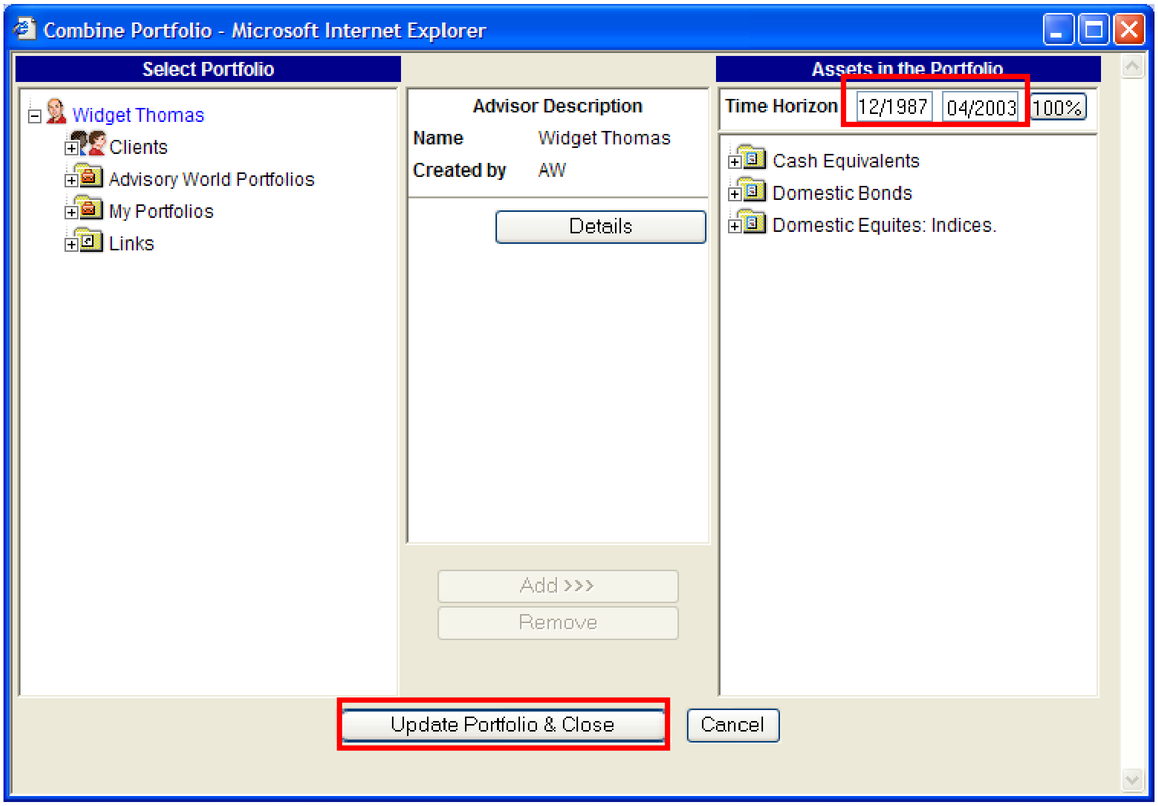
The application comes complete with AW's or AdvisoryWorld's estimates. AdvisoryWorld's estimates are only for 1 year Asset Class returns. These figures are built by first reviewing historical moving averages of the various asset classes in relation to 90 Day T-Bills. AdvisoryWorld's economic board then compiles a projection for a 1 year 90 Day T-Bill return going forward. The moving average of each of the asset classes are applied.



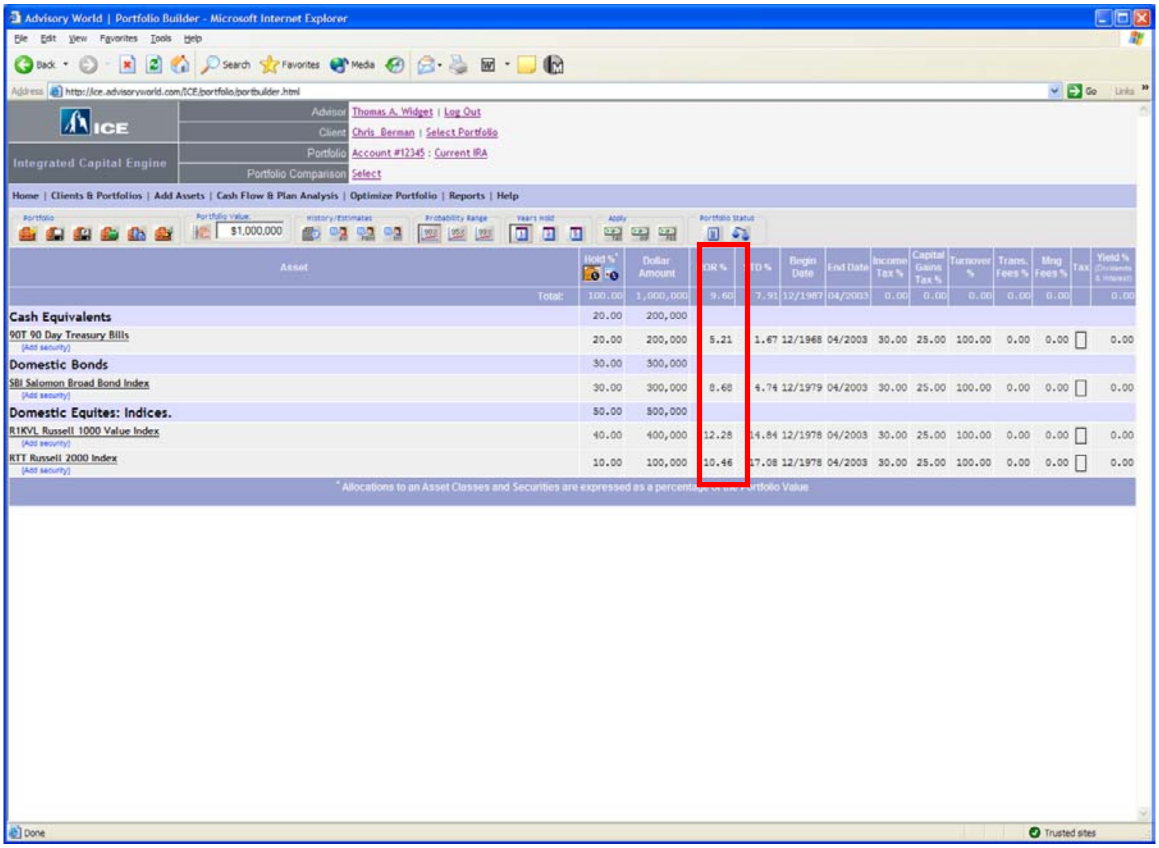
In this case we are using the historical 1-year rolling returns of a portfolio that dates back to 12/1979. This portfolio consists of the following assets: 90 Day T-Bills, Salomon Broad Bond Index, Russell 1000 Value Index and Russell 2000 Index. The portfolio as a whole has a Rate of Return of 11.39%.



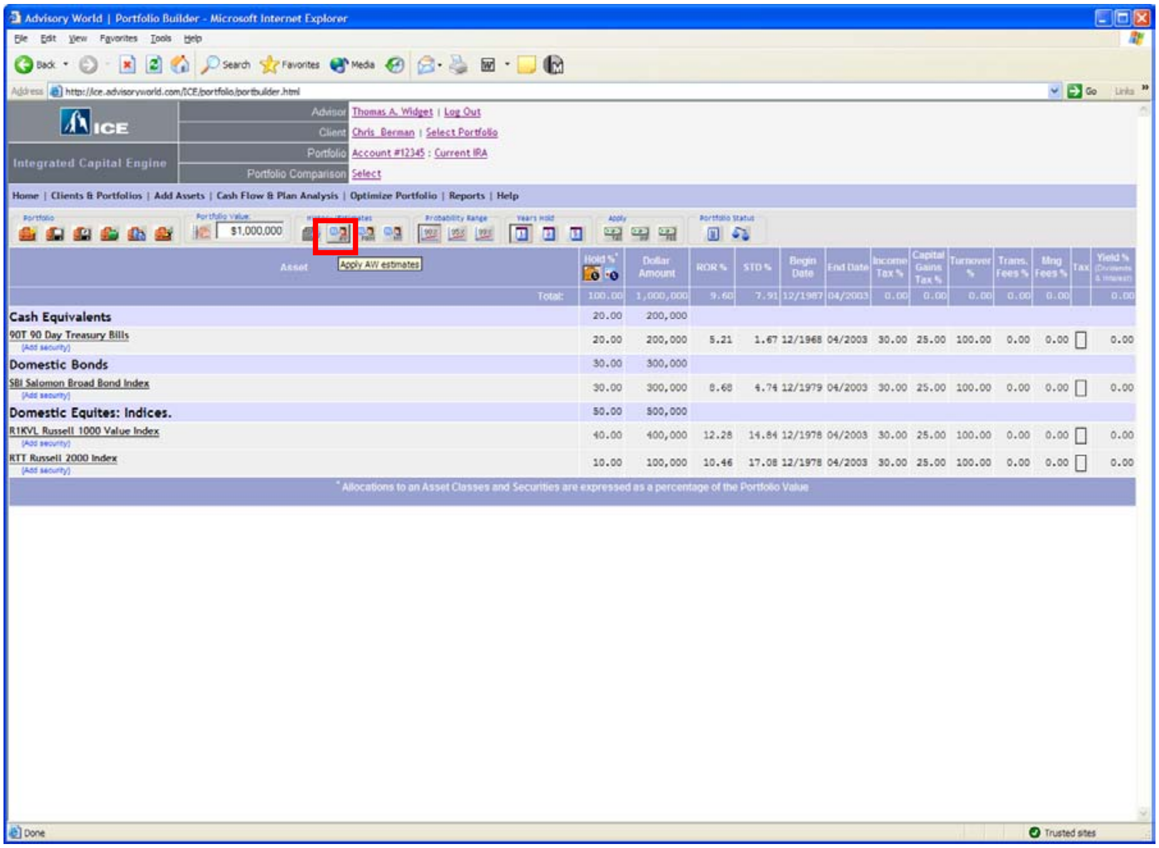
Now let's change the historical time horizon to review performance for that period. Click on the Change Time Horizon button.



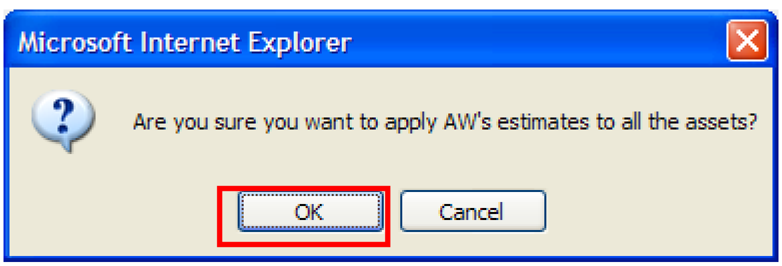
Enter the new beginning date (you can change the ending date as well) and then press Update Portfolio and Close.



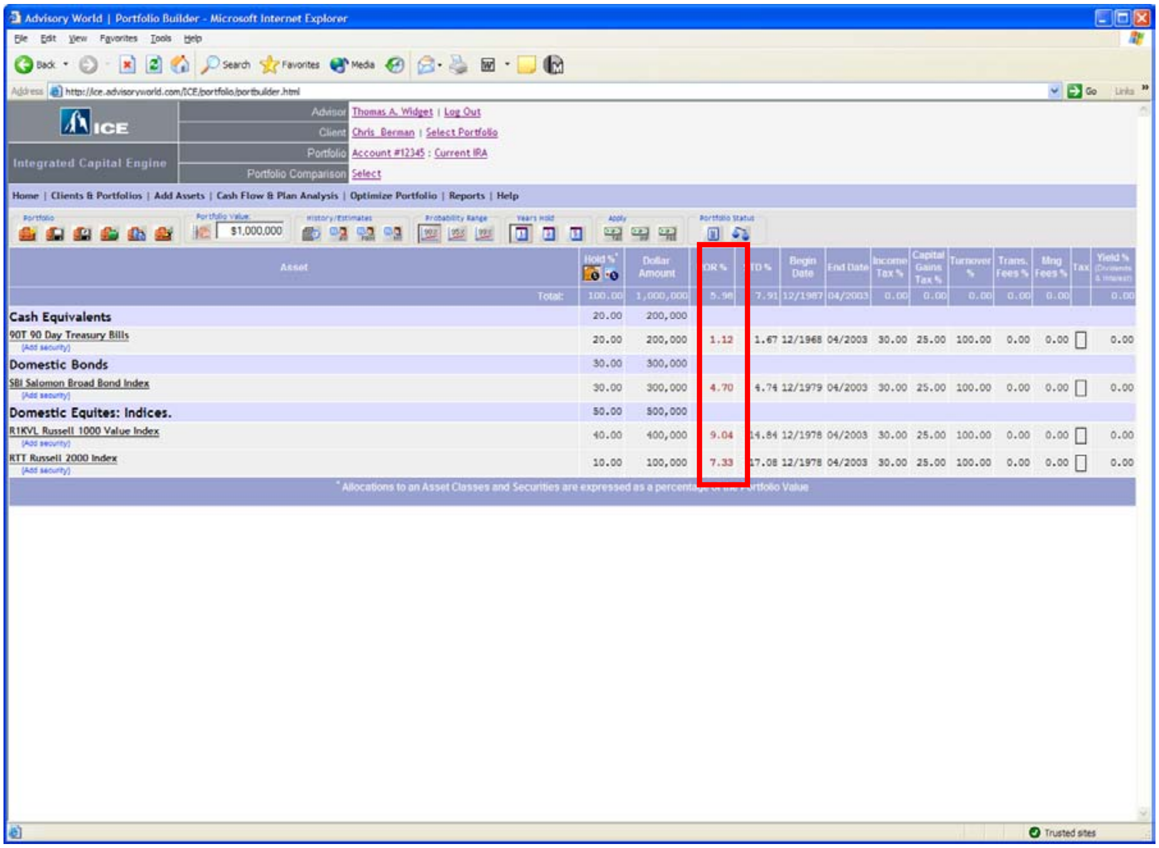
The asset returns are quite different and in fact the portfolio Rate of Return over that time period is 9.60%.



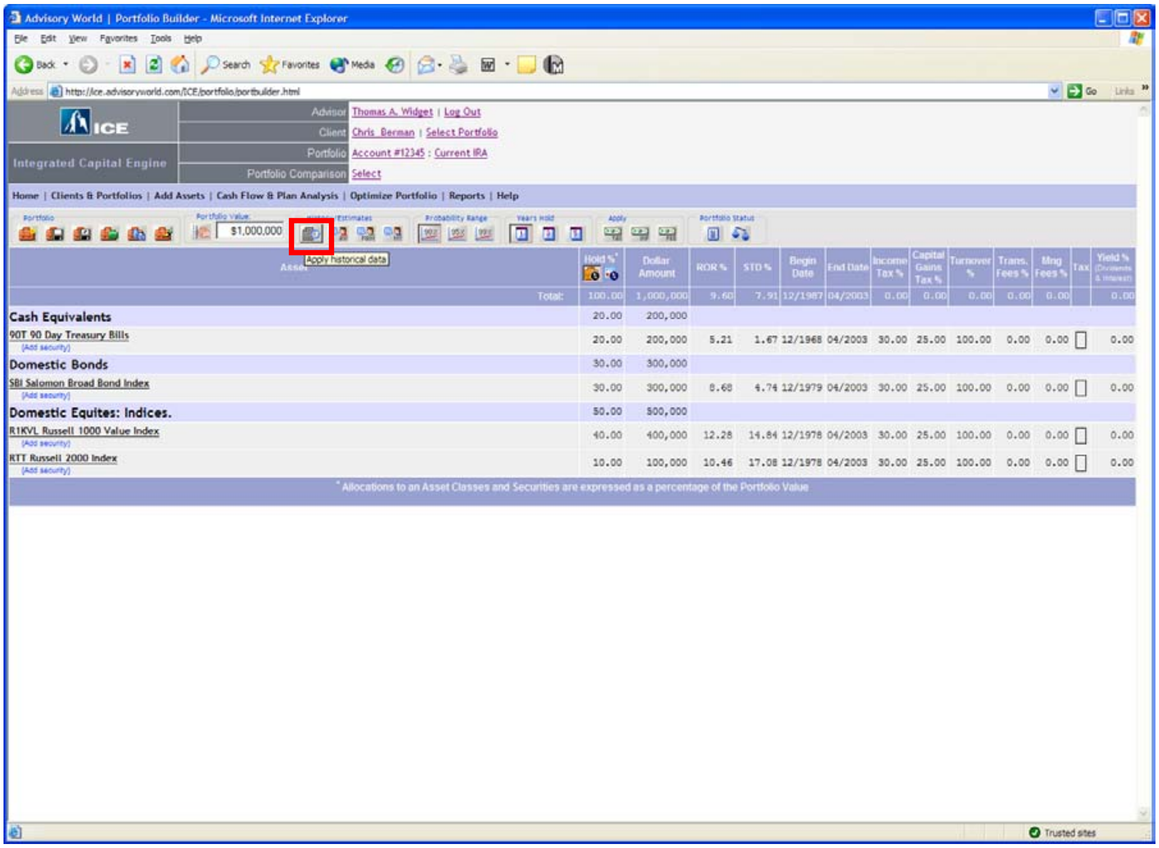
Click on the Apply AW Estimates button.



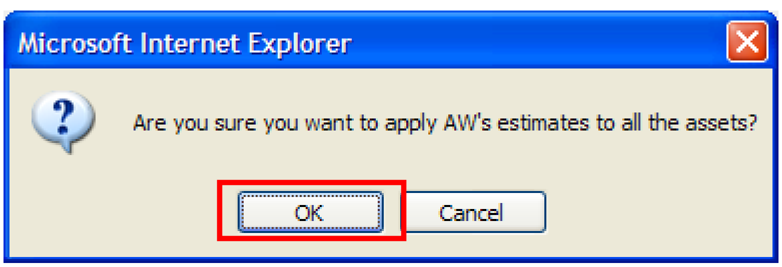
Press OK.



Now all of the asset returns are colored in cardinal to denote that they are estimates. Notice the portfolio Rate of Return is 5.98%.



Reapply the Historical returns by clicking on the Apply Historical Estimates button.

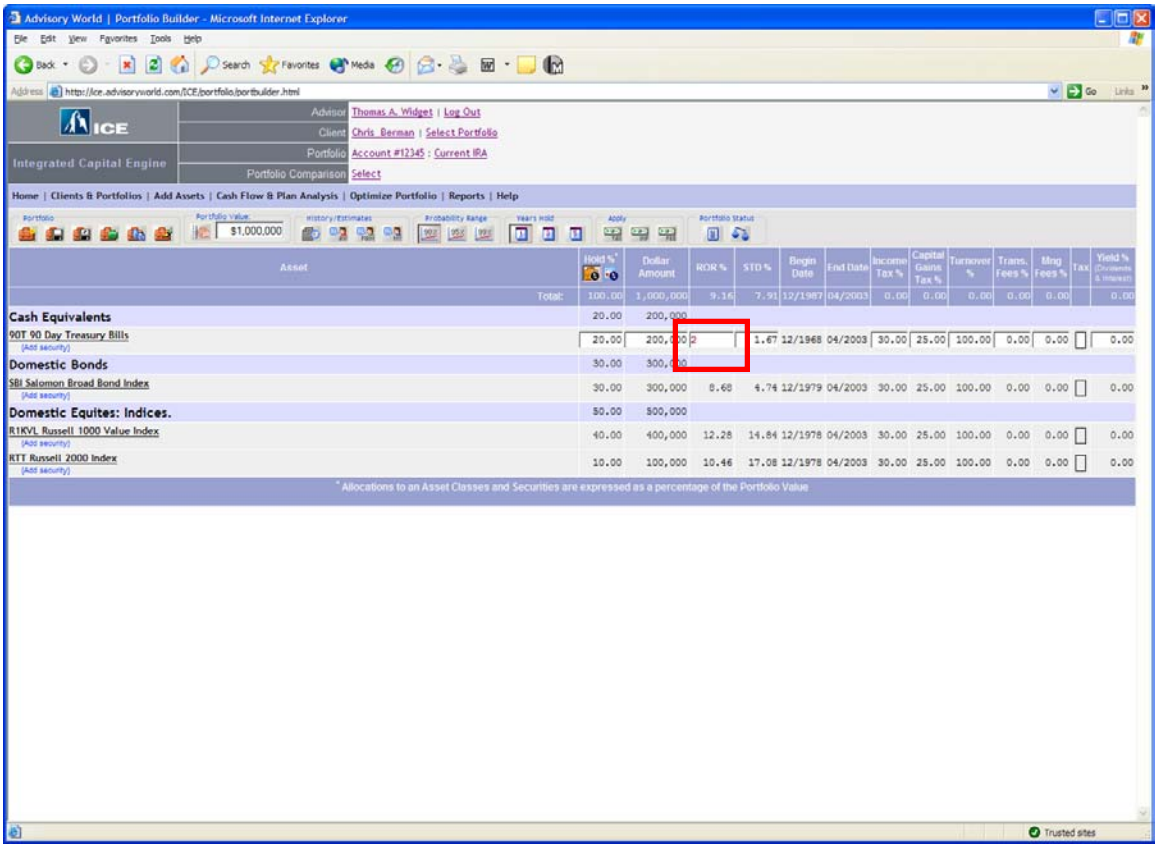


Press OK.

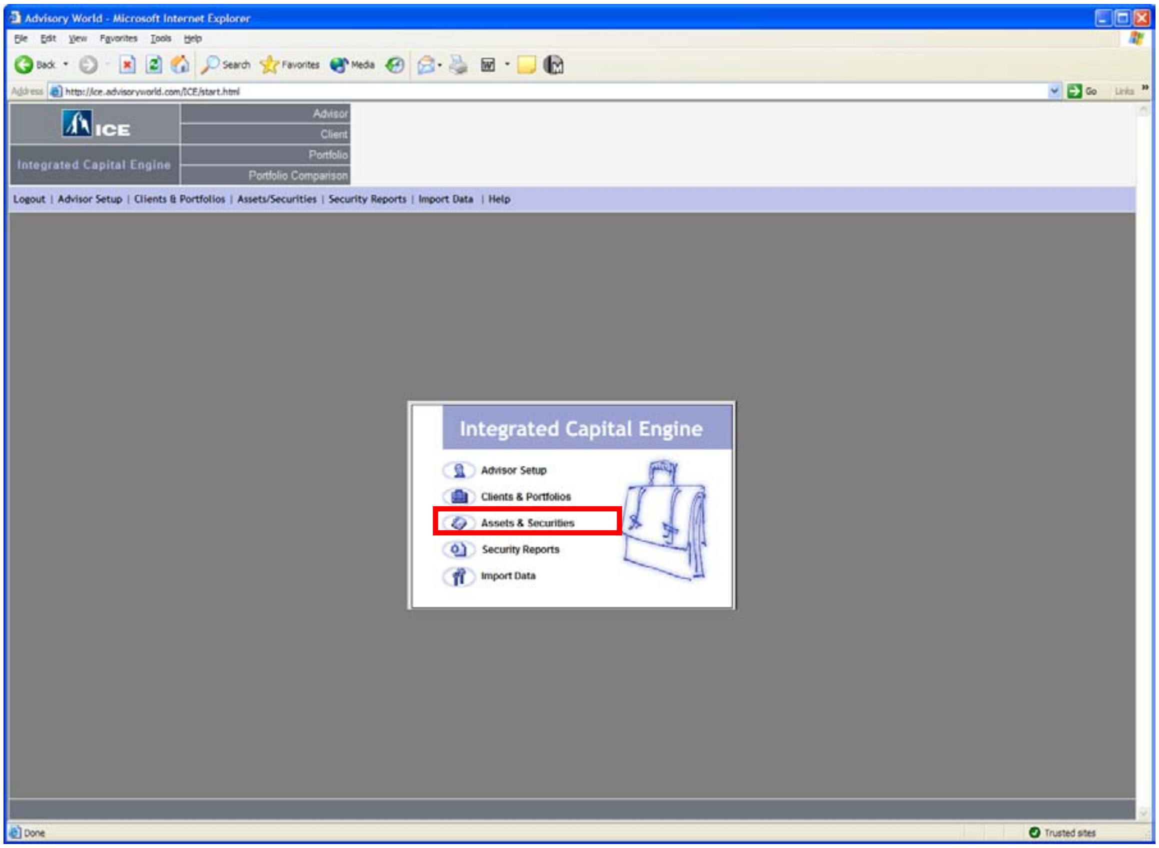
Asset	90T	Sal. Bond	R. 1000 Val.	R. 2000	Portfolio
RoR 12/79-5/03	6.54	10.47	14.17	12.7	11.39
RoR 12/79-5/03	5.21	8.68	12.28	10.46	6.60
RoR Estimates	1.12	4.70	9.04	7.33	5.98

Using My Estimates

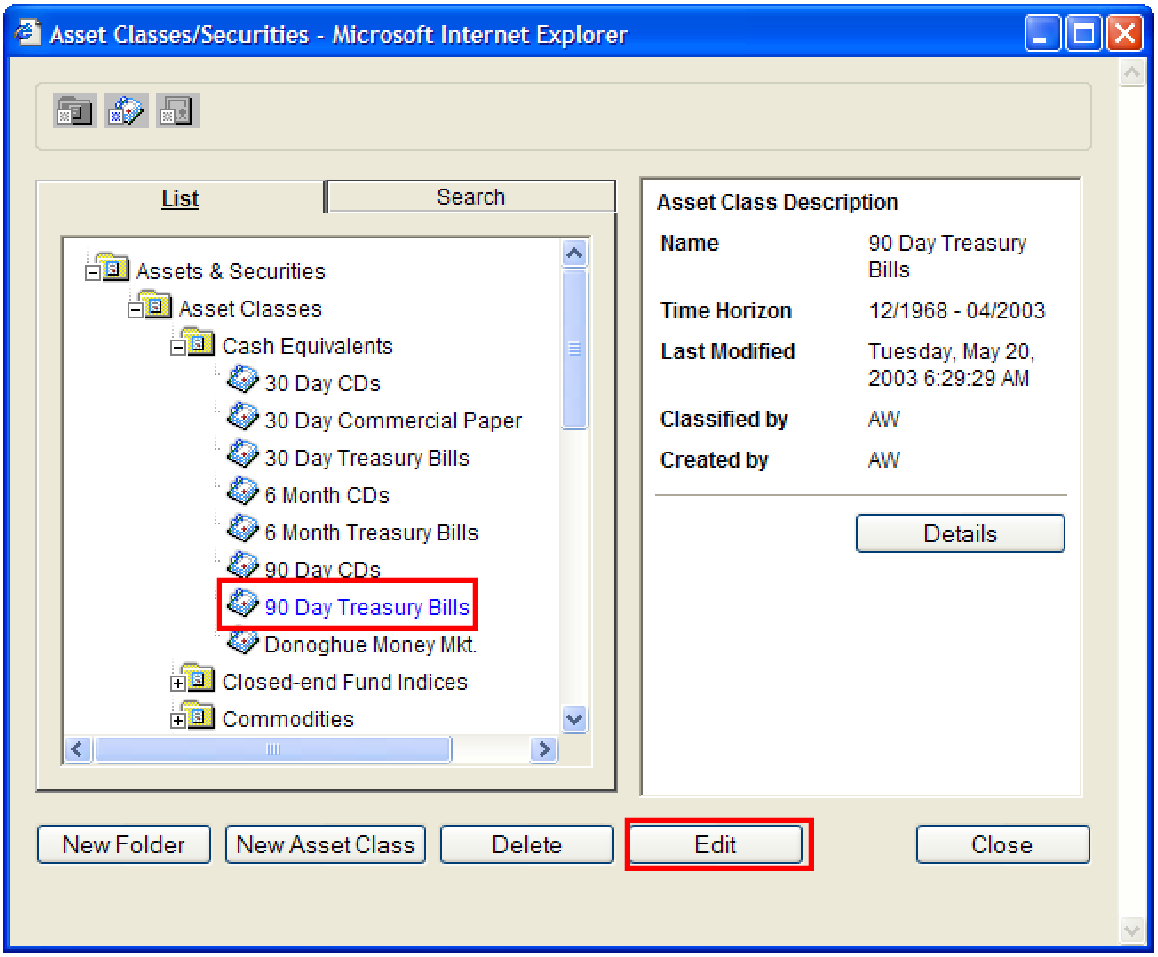
You can set up your estimates for various asset classes and securities globally and/or edit estimates "on the fly."



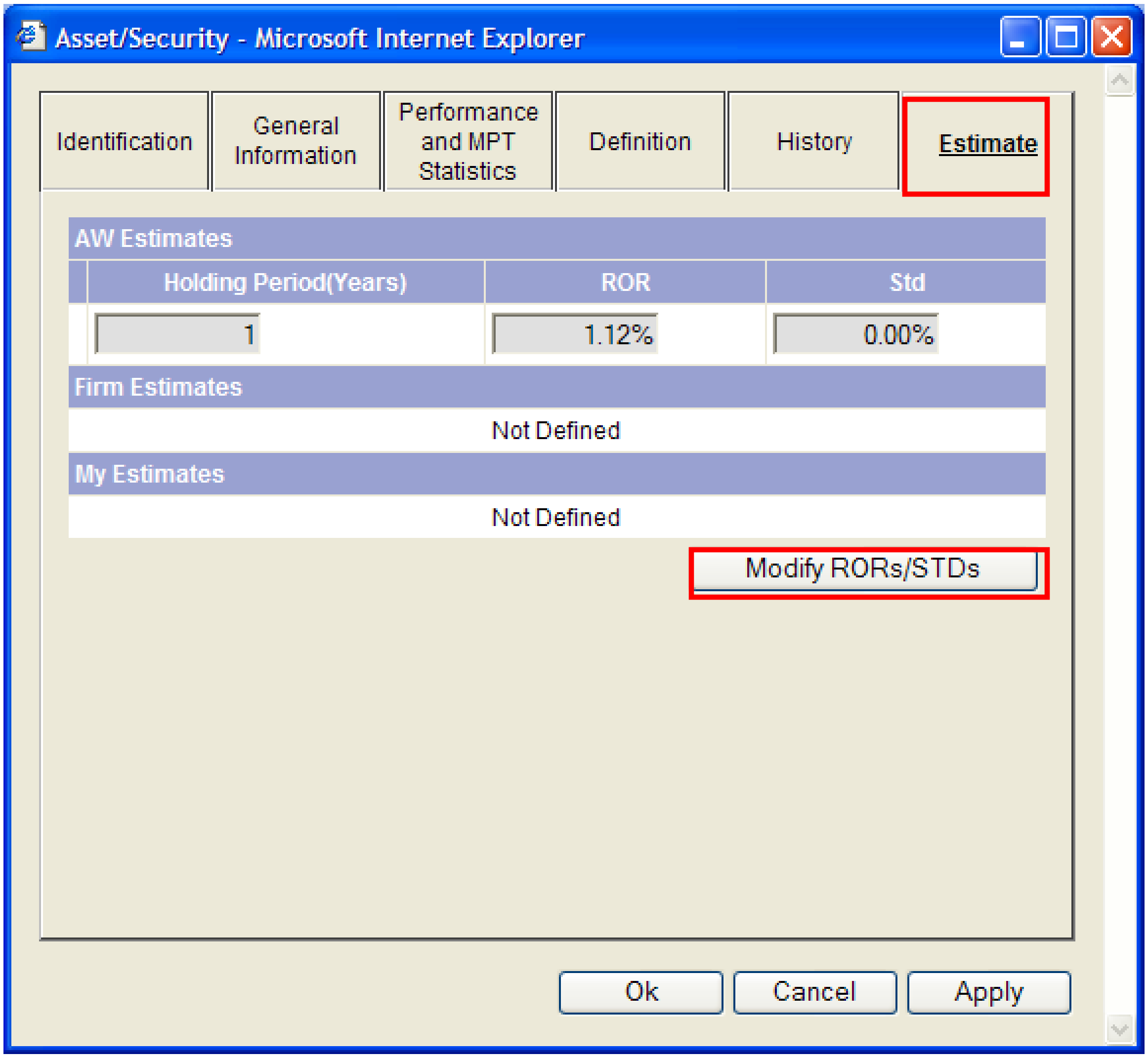
Simply click in the Rate of Return cell next to whatever assets that you'd like to edit the returns and enter the new value. Be sure to press save after you have made all of your changes. Performing this type of estimation will not affect any other portfolios.



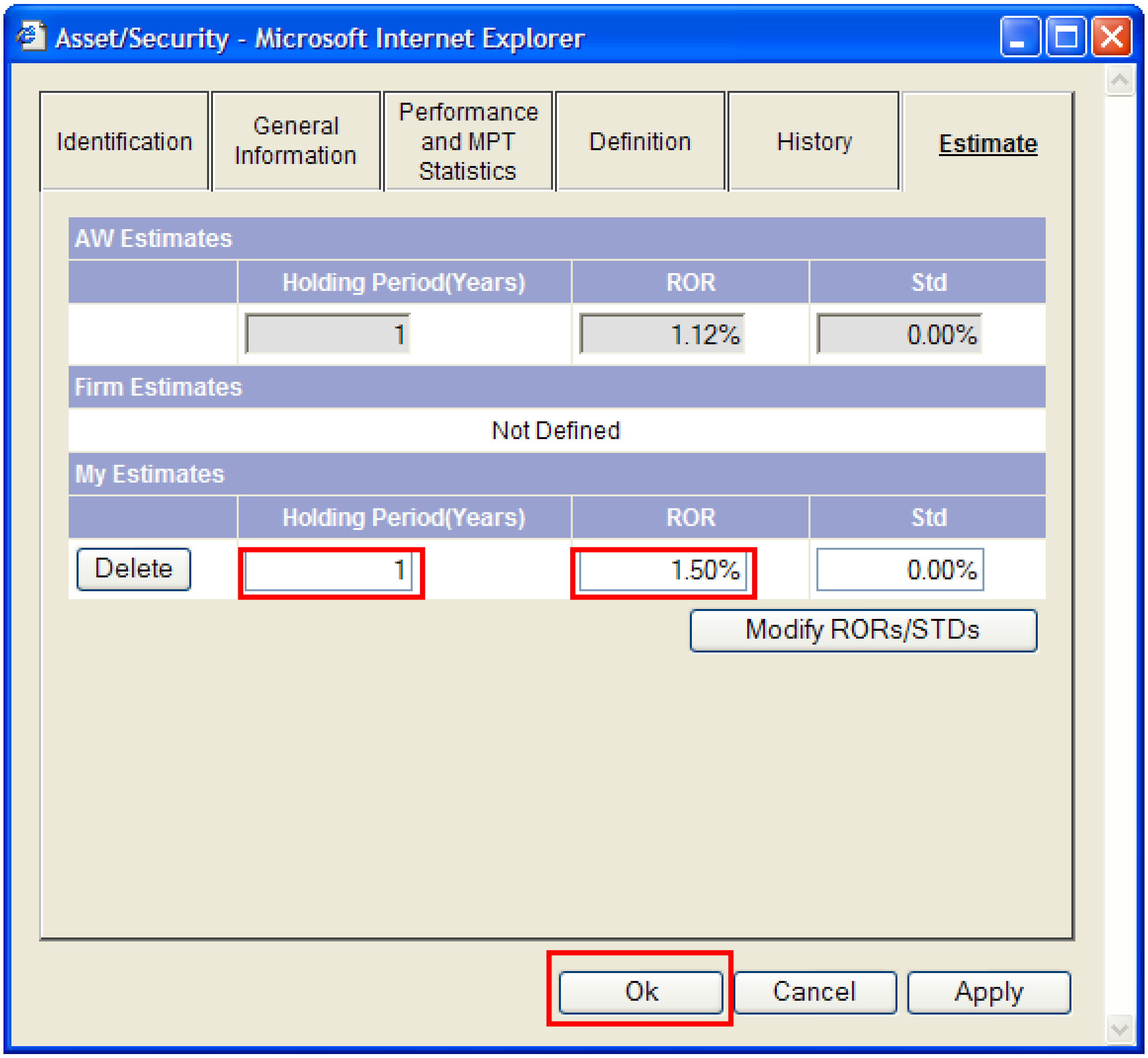
Click on Assets & Securities from the ICE homepage to set up your estimated returns globally.



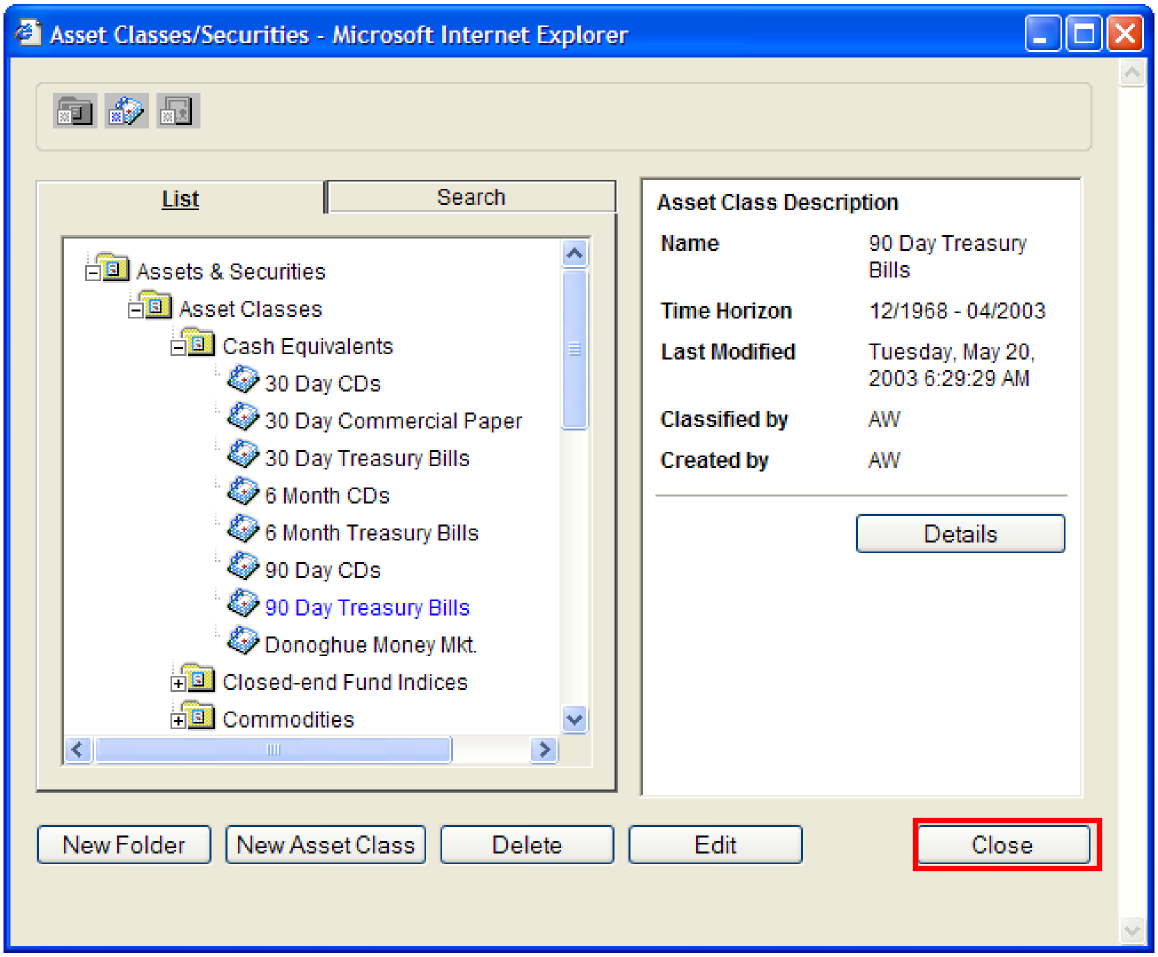
Next locate the asset class or security that you'd like add an estimate for, click on it(the name becomes blue) and press Edit.



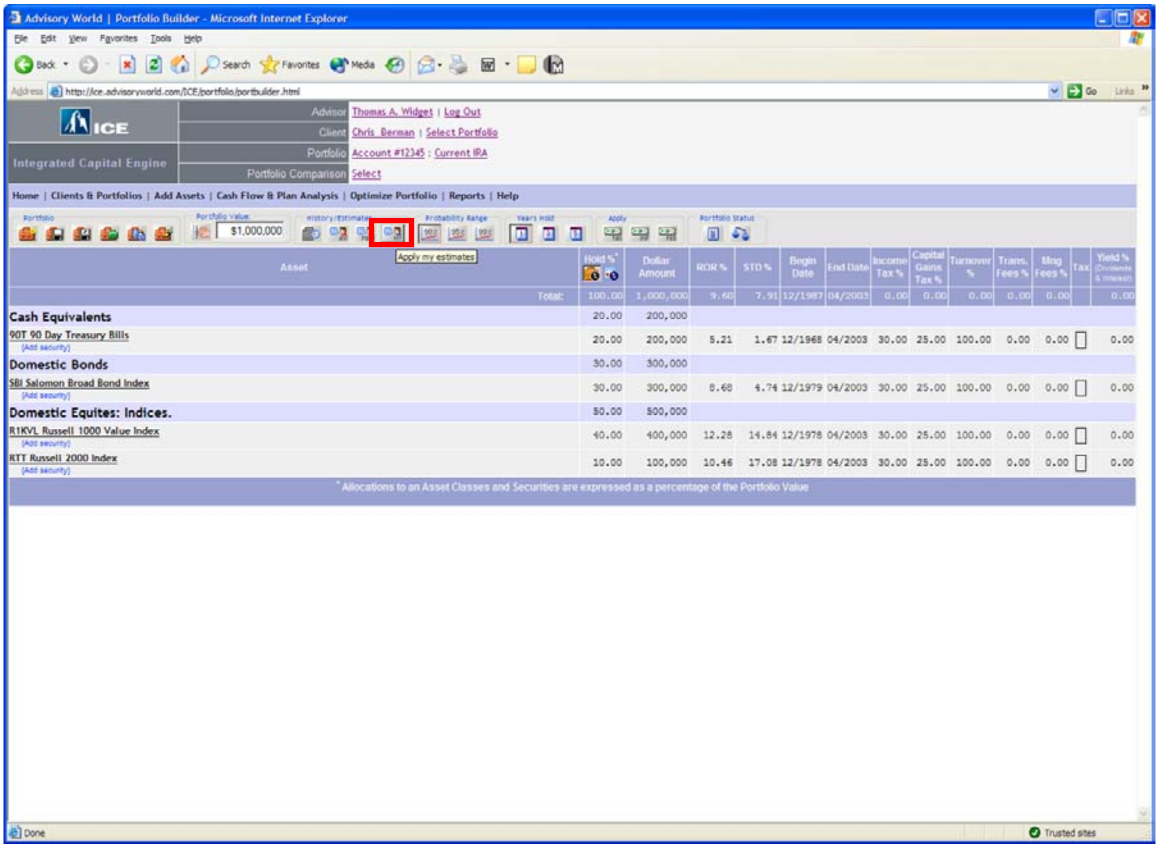
Click on the Estimate tab and then press Modify RORs/STDs.



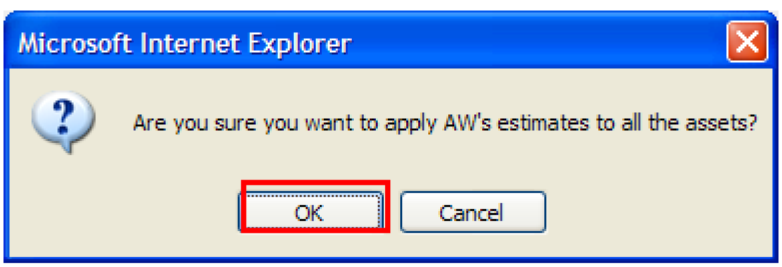
Enter the Holding Period (1,3 or 5 years), the ROR(Rate of Return) and the STD(Standard Deviation). Leaving the Standard Deviation at 0.00% will force the application to use the historical STD, something we recommend doing. After you have added this information press OK.



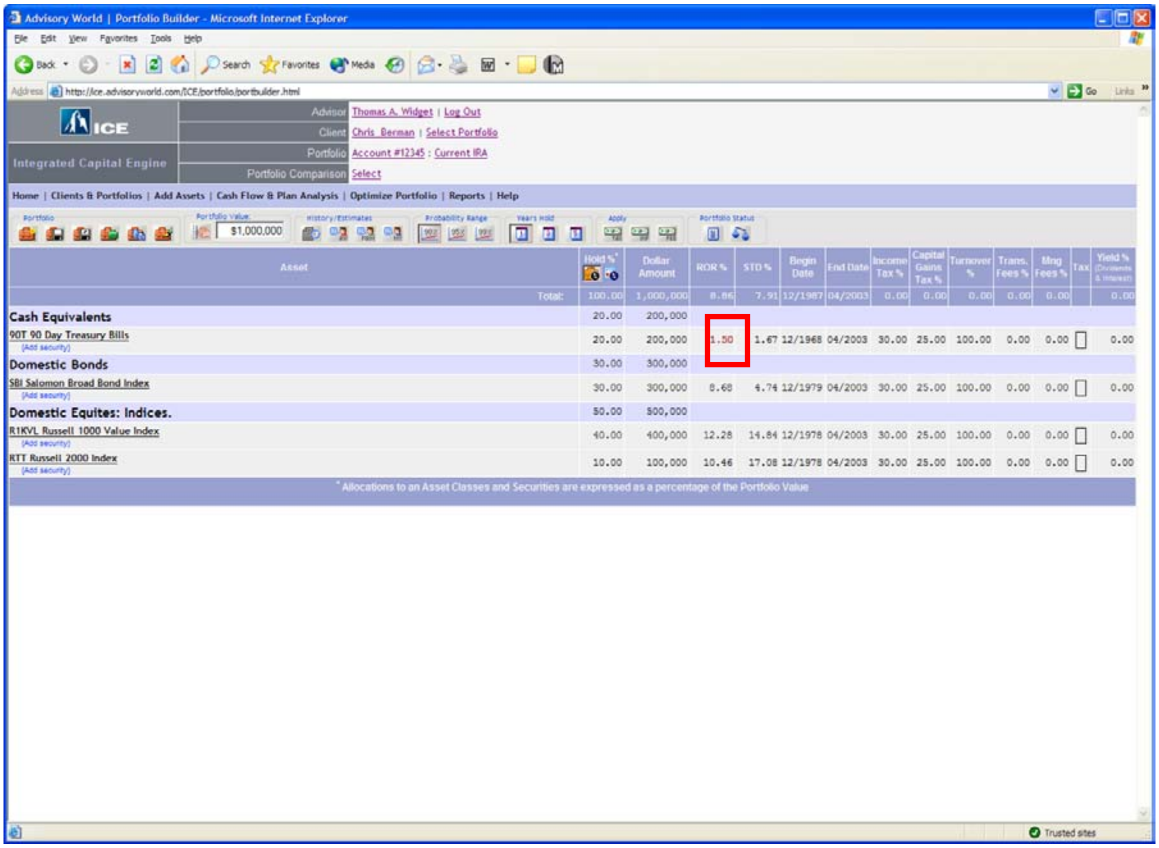
Repeat the process for whichever classes/securities you'd like and then press Close.



Now click on Apply My Estimates to apply these estimates to your portfolio.



Press OK.



This estimate is set.

Please contact AdvisoryWorld if you have any questions regarding this or any feature of the award winning ICE application.

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