NORTHSTAR
FINANCIAL PLANNING INC

APRIL 2006 603.216.9226

Northstar is one of a small select group of advisors that DFA allows to use their funds.

We believe this relationship with DFA offers our clients a unique advantage

"I never heard of DFA - why do you use their funds?"

Dimensional Fund Advisors ("DFA") was founded in 1981 by David Booth and Rex Sinquefield to apply academic research on capital market behavior to the practical world of managing investment portfolios. The firm maintains close links with the University of Chicago and other research centers for financial economics. Board members and consultants include some of the nation's most distinguished academic theorists, including Nobel laureate Eugene Fama, Kenneth French, Roger Ibbotson and Nobel laureate Merton Miller.

Dimensional now manages $85 billion in assets and serves over 300 corporate, government, college endowment and charitable, clients. Beginning in 1989, DFA began offering its low-cost institutional mutual funds to individual investors through a small number (less than 300 in the US) of selected investment advisory firms. As one of these advisors, Northstar Financial Planning plays a key role in educating clients about asset class investing, developing portfolio allocations to meet specific objectives, and helping them maintain the necessary discipline to ensure long term success. Dimensional does not distribute its funds through direct marketing or conventional broker/dealer firms and only works with Fee-Only investment advisors.

Dimensional's approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions, not market timing or stock picking. All DFA portfolios employ an "intelligent passive" strategy designed to capture the return behavior of an entire asset class. The firm has no economists forecasting business cycles or interest rates, no investment strategists shifting allocations between stocks and bonds, and no analysts searching out "undiscovered" stocks. None of the usual grist of the media mills-"hot" stocks ranting by Jim Cramer, "Ten best mutual funds for this year" by Money magazine, readings of the Fed tea-leaves- is used by DFA.

While conventional index funds like Vanguard and Fidelity also employ a passive approach, DFA differs in several important

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respects. Dimensional funds do not necessarily track popular market benchmarks, but are designed to capture separate dimensions of worldwide returns which are accompanied by independent sources of risk. The return/risk premium available from focusing on the value vs. growth and small vs. large dimension of equities has been well documented. These dimensions (*hence the name Dimensional Fund Advisors*) are supported by rigorous academic research, conducted by the leading financial economists with which the firm maintains a relationship.

The firm also places great emphasis on minimizing trading costs. Unlike conventional passive managers who replicate an index in mechanical fashion, Dimensional employs a sophisticated equity block trading strategy that allows for slight variations in day-to-day portfolio balance versus a market index in return for substantial cost reductions and hence improved total return. The firm is usually able to achieve very low or even negative trading costs in illiquid market sectors such as U.S. small company stocks.

In support of Northstar's ongoing effort to control costs by accessing the low expense characteristics of institutional mutual funds, Dimensional allows us to place client trades through TD Waterhouse Institutional, who maintain an "omnibus" account relationship with Dimensional and aggregate buy and sell orders on a daily basis. We are thus able to purchase DFA fund shares for our clients in amounts as small as $2,500, versus DFA's usual minimum of $2,000,000 for private investors.

Dimensional Fund Advisors low cost mutual funds now comprise nearly 30% of the assets we manage for our clients and we expect this percentage will be increasing in the years ahead as we continue to share the DFA advantages with our clients. We believe DFA funds offer a unique combination of low cost, superior risk/return balance and good long-term total returns that make them an essential component of our investment management process.