

Asset Class Returns

June 30, 2014

	YTD 2014	2013	2012	2011	Past 10 yrs.*
Bonds (%)					
One-Year	0.2	0.3	0.9	0.6	2.2
Five-Year	2.0	-0.4	4.8	4.5	3.6
Intermediate	3.3	-3.5	3.7	9.4	4.7
Long-Term	10.9	-11.4	3.3	28.2	6.1
U.S. stocks (%)					
Large Market	7.0	32.3	15.8	2.1	7.4
Large Value	7.3	40.3	22.1	-3.1	8.9
Small Market	3.1	42.2	18.4	-3.2	10.2
Small Micro	1.5	45.1	18.2	-3.3	9.3
Small Value	4.5	42.4	21.7	-7.6	10.0
Real Estate	18.2	1.4	17.5	9.0	8.2
International stocks (%)					
Large Market	5.4	20.7	17.8	-12.3	7.0
Large Value	5.2	23.1	16.6	-16.9	8.1
Small Market	6.9	27.4	18.9	-15.4	10.3
Small Value	8.2	32.4	22.3	-17.5	10.9
Emerg. Mkts.	6.6	-3.1	19.2	-17.4	11.6

All returns except "YTD" (Year to Date) are annualized.

Descriptions of Indexes

One-Year bonds	DFA One-Year Fixed Income fund
Five-Year bonds	DFA Five-Year Global Fixed
Intermediate bonds	DFA Intermed. Gov't Bond fund
Long-Term bonds	Long-term Gov't Bond Index
U.S. Large Market	DFA U.S. Large Co. fund
U.S. Large Value	DFA Large Cap Value fund
U.S. Small Market	DFA U.S. Small Cap fund
U.S. Small Micro	DFA U.S. Micro Cap fund
U.S. Small Value	DFA U.S. Small Value fund
Real Estate	DFA Real Estate Securities fund
Int'l Large Market	DFA Large Cap Int'l fund
Int'l Large Value	DFA Int'l Value fund
Int'l Small Market	DFA Int'l Small Company fund
Int'l Small Value	DFA Int'l Small Cap Value fund
Emerging Markets	DFA Emerging Markets fund

"Past 10 yrs." returns are ended 12/31/13.

Equius Partners is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of any mutual fund and read the prospectus carefully before investing. Indexes are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.

Equius Partners, Inc.

3 Hamilton Landing, Suite 130
Novato, CA 94949

Phone: 415-382-2500

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Emotional Capital: The Heart of Your Abundance

Phil Jonckheer, Equius Partners

In last November's *Asset Class* I noted how the chapters of our existence are written by our transitions. Although daunting, if managed wholeheartedly transitions offer opportunities to fully appreciate our abundance. We don't acquire abundance; we tune in to it. The effectiveness of that tuning is a function of how we allocate time and energy to the capital that defines our inner wealth, as well as the capital of our outer wealth as we navigate our transitions.

My first real experience with these challenges was when I transitioned from a partnership at Ernst & Young to the investment advisory industry in 1989. Although being a partner at Ernst & Young was financially lucrative and provided ample returns on my social (community), intellectual (schooling and experience), and human (health) capitals, I was not feeling the rewards that source from a life infused with meaning. As a director of corporate finance, my work was transactional and based on constructing novel deal structures for clients as their advisor in the sale of their companies.

After each deal I dashed off to the next transaction. Velocity was my attempt at offering solutions to what challenged me. Eventually, however, I started to sense that amassing material wealth at the cost of seeking a deeper life purpose was a trade-off with diminishing dividends. Then Rich Kingsley called.

Transition 1.0

Rich was the founder of Dynamic Funds Management (DFM), a predecessor to Equius Partners. I had known Rich since 1984, having worked with him at an investment advisory firm before I joined Ernst & Young. In 1991 Rich presented me the opportunity to run DFM and partner with him as an owner of his firm. The salary he offered was a third of my Ernst & Young compensation. Now what?

Words and the linear thinking I had developed at business school and throughout my career were not providing answers. I felt stuck in an unsettled state of confusion as I wrestled with what to do at this pivotal juncture. Why? Biology: The part of my brain regulating my emotions was not designed to answer abstract, complex, and difficult questions. To stop spinning in whirlwinds of confusion I had to honor and manage my emotions and what fundamentally defined me as a sentient being, i.e., my emotional capital. I needed to develop a fluency in the language of the heart, a dialect foreign to me.

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In the midst of making my decision, I decided to take a break. Thankfully, my intuition served me well: In a quieter place I could more easily accept Friedrich Nietzsche's advice to all of us to "hold onto one's heart, for if one lets it go, one soon loses control of the head too."

Today as I reflect on that transition, I appreciate more fully now than I did then that any hope of tuning in to my abundance and making a more informed and conscious decision would depend on exploring and finally settling my limbic brain, the source of emotional capital. Only then could its neocortex neighbor be invited to help me intentionally answer my question. In those quieter places, I realized it was crucial, but still challenging, to access the guide dormant in me to lead me to a decision.

While considering Rich's offer, I found it easier to take stock of and manage my emotional capital with huge doses of empathy, generous amounts of curiosity, and the courage to play in the midst of intense stress. By compassionately listening to my emotions, I eventually found myself in a state of gratitude where I could more fully appreciate the symphony of my financial, human, social, and intellectual capitals. Only then could I tune in to my abundance and know I would find richer ground. I was on a journey that a leading emotional capitalist, Microsoft CEO Satya Nadella, defined (in a recent email to his company's employees) as one that would "rediscover our soul—our unique core."

In spite of the initial significant decline in my financial capital when I joined DFM, my journey since then has been replete with abundance. I learned the value of using heart math to account for and add balance to my wealth. As I reallocated my time, talents, and energy from my financial capital to my human, intellectual, social, and emotional capitals, it was much easier to own what is essential and important to me. Paying more attention and rebalancing more of my time and energies to my emotional capital inspired me to more fully live my values, the ones that now guide us at Equius: passion, integrity, and intellectual curiosity. With all of these in place, I now have a greater feeling of true abundance than I have ever experienced.

Transition 2.0

I feel very lucky that I was able to work through my process for the first career transition the way I did. I have come to appreciate that to consistently navigate transitions more effectively and intentionally, the perspective offered by coaches and guides is invaluable. To increase the odds of

arriving at more conscious and meaningful decisions informed by all my capital dimensions, fourteen years ago I engaged a brilliant emotional capitalist and coach, Dr. Ken Otter, Director of Leadership Studies at St. Mary's College in Moraga, California. Ken's faculty of practitioners and scholars develop effective leaders for external enterprises and internal pilgrimages.

As Jeff and I now work toward a gradual, orderly, and successful transition of Equius Partners to a new generation of business and relationship managers, Ken has been a gentle but firm advocate of slowing down our spinning limbic brains. He has consistently coached us to invest in our emotional capital and encouraged robust connections with our curious and creative neocortex selves. By continually encouraging us to optimally rebalance our time and energies between financial, human, intellectual, social, and emotional capitals, Ken has helped guide us to rewarding decisions and a full appreciation of our true worth.

Equius Transition Coaching

In response to the challenges our clients face with their transitions, Equius Partners has created a unique coaching service with Ken, Dr. Jaime Nisenbaum, from the California Institute of Integral Studies, and Marie Delahaye, currently an executive and personal development coach after a brilliant career in management and human resources for twenty years. Ken, Jaime, and Marie's mission is to guide clients in need of such a service through transitions in rebalancing their social, emotional, human, and intellectual capitals to more effectively tune in to their abundance.

This offering will be introduced in regular review meetings as we reaffirm or update personal investment plans. Any compensation for the transition coaching flows to the coaches only, and the relationship with them is entirely confidential.

The Equius team is also planning a gathering of clients, friends, and coaches sometime in the near future to discuss the coaching program. Those interested now in learning more about Ken, Jaime, and Marie's unique and immensely valuable coaching service may contact us directly for more information.

George Bernard Shaw observed that people: "are wise in proportion not to their experience, but in their capacity to experience." We all look forward to helping you tune in to the heart of your abundance and appreciate more fully the real value of your authentic worth as you access deeper levels of your own unique experience.