

July 16, 2008

To: ALL NCHA MEMBERS

From: C. Michael Orr, NCHA # 8983-01

RE: Proposed "Trainer's Fund"

I recently made a proposal to Bronc Willoughby, both in person in May, and by e-mail, to establish what I will refer to as a "trainer's fund." He was very receptive to the idea and encouraged me to go forward.

My proposal is the following: To add a \$ 5.00 fee to each and every entry fee, weekend or aged event, which would go into an established account. The purpose of this fund would be to give support to any NCHA trainer in good standing, for any type of medical or catastrophic event in their life. The fund would also serve as a one-time retirement fund. I am recommending that these funds be invested in a mutual fund account. You will find attached a portion of a "Hypothetical Portfolio Illustration" using the Blackrock Global Allocation Fund" for the illustration. The Morningstar Report is also attached on page 10. If you want to see the full 23 page report, please contact me.

It has been my experience in talking to non-pros and amateurs that we are usually at a loss as to what to do for the trainers that help us weekend after weekend. Sad to say, most probably don't do anything, or else occasionally give a small token gift like a halter. These trainers work endlessly helping every individual that asks, usually furnishing one or more turn-back horse in the process. The cutting starts at 9 am, ends at midnight...they are still there. That dedication needs to be supported. A non-pro or amateur would never again feel a hesitation to ask a trainer to help him/her. The trainer would have to feel an appreciation that the membership has come together to establish this in gratitude for their efforts.

This \$ 5.00 fee would represent approximately \$ 750,000 per year that would then be invested, and compounding at 12.1% would be 50 million dollars in twenty years before capital gain taxes. This figure takes into account that 20% would be withdrawn per year for those particular medical or catastrophic events.

I have some recommendations to describe a qualifying trainer for this fund. First, the trainer must always be in good standing with the NCHA. The trainer must have won a minimum \$40,000 in Open NCHA events. There must be a penalty if a trainer is suspended or put on probation. I would suggest that the trainer is able to withdraw funds for any member of his/her immediate family. A trainer would also have a right to declare a one-time full draw for retirement, if retiring.

On the administrative side, I suggest a five-person oversight committee consisting of non-pros and amateurs. When a request comes in for funds, a decision is made immediately and the funds delivered within days of the request. This fund belongs to the trainers and must be treated as such. Hopefully, every trainer, upon establishment of this account, will be provided with ongoing account information, which would also inform him/her of the benefits of time and growth of the fund. Withdrawing unnecessarily would not benefit the recipient in the long term.

Accounting is not complicated, but a CPA's service should be employed from these funds to account for each individual's balances and to produce the withdrawal checks. The financial agent/advisor and the CPA will be selected on a bid basis.

In closing, I am hopeful that this proposal will be acted on as soon as possible and adopted. It would be a real asset for the NCHA and its membership, and I believe would encourage its growth. You can call me anytime at (409) 770-4044.

Yours truly,

C. Michael Orr

## Mutual Fund Summary



Prepared for:  
National Cutting Horse Association

Presented by:  
James D. Pell  
Financial Advisor

Merrill Lynch  
[www.ml.com](http://www.ml.com)

You should consider the investment objectives, risks, charges and expenses of the mutual funds mentioned in this report carefully before investing. Each fund's prospectus contains this and other information about the fund and is available from your Financial Advisor. The prospectus should be read carefully before investing.

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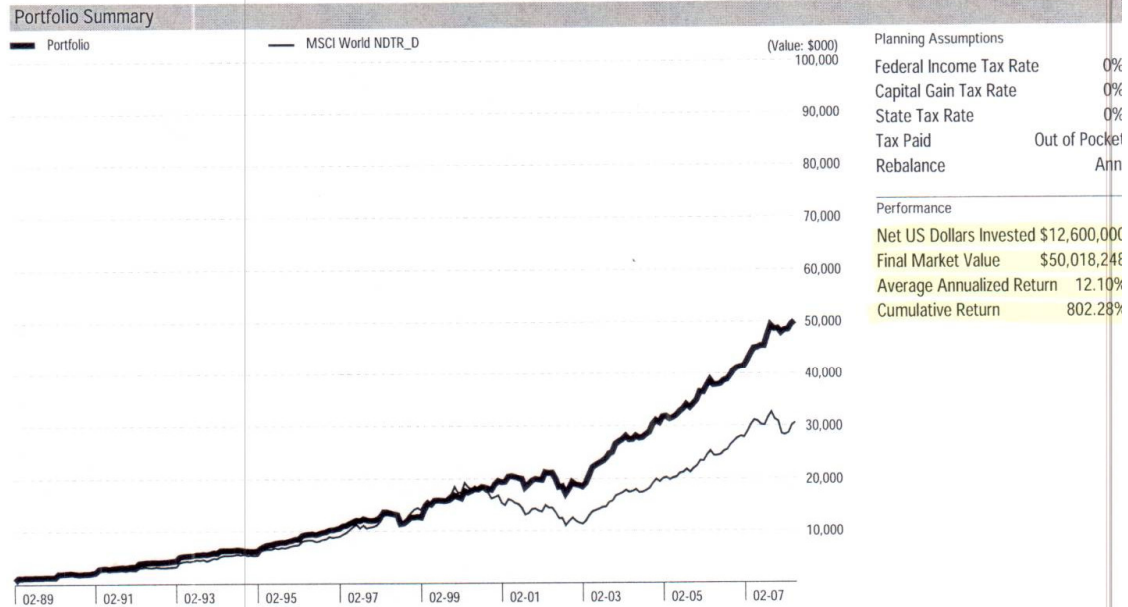


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**BLACKROCK**

# Hypothetical Portfolio Illustration

02-28-1989 to 05-31-2008



Investment Detail									
Period	Beginning Balance	New Investment	Distribution/Withdrl	Total Reinvest	Charges & Fees	Taxes Due	Market Value	Total Return	
Totals	0.00	12,600,000	0	21,550,110	12,000	0	50,018,248	12.1	
February-December 1989	0	1,200,000	0	0	12,000	0	1,359,513	14.0	
January-December 1990	1,359,513	600,000	0	0	0	0	1,989,244	1.6	
January-December 1991	1,989,244	600,000	0	0	0	0	3,218,379	25.9	
January-December 1992	3,218,379	600,000	0	0	0	0	4,222,387	11.0	
January-December 1993	4,222,387	600,000	0	0	0	0	5,724,454	19.3	
January-December 1994	5,724,454	600,000	0	251,870	0	0	6,150,998	-2.8	
January-December 1995	6,150,998	600,000	0	659,762	0	0	8,313,032	23.7	
January-December 1996	8,313,032	600,000	0	978,231	0	0	10,310,715	15.6	
January-December 1997	10,310,715	600,000	0	1,539,566	0	0	12,113,701	11.1	
January-December 1998	12,113,701	600,000	0	1,438,913	0	0	12,714,418	0.0	
January-December 1999	12,714,418	600,000	0	2,112,138	0	0	16,919,396	27.4	
January-December 2000	16,919,396	600,000	0	2,582,188	0	0	19,012,432	8.6	
January-December 2001	19,012,432	600,000	0	773,139	0	0	19,985,656	1.5	
January-December 2002	19,985,656	600,000	0	647,395	0	0	18,928,174	-8.7	
January-December 2003	18,928,174	600,000	0	870,146	0	0	26,569,564	36.3	
January-December 2004	26,569,564	600,000	0	1,119,943	0	0	31,025,596	14.2	
January-December 2005	31,025,596	600,000	0	2,462,651	0	0	34,887,960	10.1	
January-December 2006	34,887,960	600,000	0	2,895,107	0	0	41,105,900	15.9	
January-December 2007	41,105,900	600,000	0	3,219,061	0	0	48,660,160	16.7	
January-May 2008	48,660,160	600,000	0	0	0	0	50,018,248	1.1	

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# BlackRock Global Allocation A

Overall Morningstar Rtg<sup>™</sup> **★★★★**  
 106 World Allocation  
 Incept 10-21-94 Type MF Total Assets \$10,531.8 mil Morningstar Cat World Allocation

Performance 05-31-2008					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2006	6.16	0.45	2.66	5.92	15.94
2007	2.04	5.72	5.55	2.50	16.71
2008	-1.77	—	—	—	1.52
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	4.28	—	14.48	10.55	11.70
Std Quarterly	6.46	—	17.10	10.00	11.58
Total Return	10.05	14.89	15.72	11.15	12.14
+/- Dow Jones	8.58	5.67	4.39	3.72	—
+/- MSCI Wld	13.73	2.63	1.46	5.84	—
% Rank Cat	12	14	18	19	—
No. in Cat	154	106	84	49	—
7-day Yield	—				

**Performance Disclosure**  
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.  
 The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when sold, may be worth more or less than their original cost.  
 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-441-7762 or visit [www.blackrock.com](http://www.blackrock.com).

Fees and Expenses	
Sales Charges	5.25
Front-End Load %	NA
Deferred Load %	NA
Fund Expenses	—
Management Fees %	0.75
12b1 Expense %	0.25
Prospectus Gross Expense Ratio %	1.18

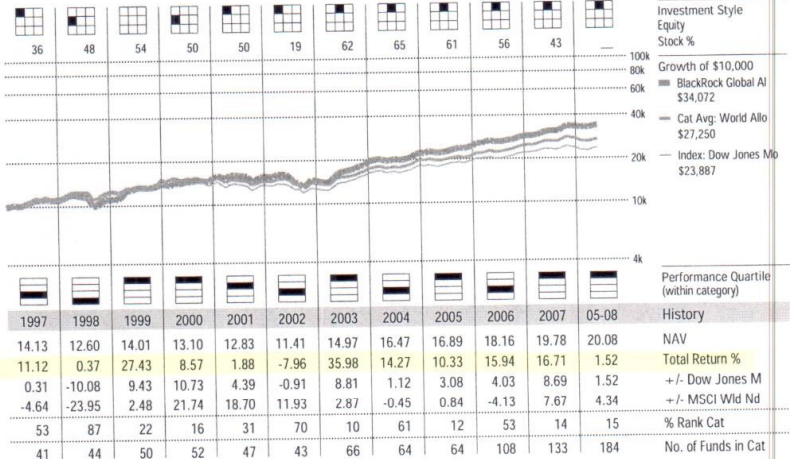
Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
Morningstar Rating <sup>™</sup>	4★	4★	4★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	+Avg	Avg	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	5.74	6.29	10.74
Mean	14.89	15.72	11.15
Sharpe Ratio	1.74	1.86	0.71

MPT Statistics	Standard Index	Best Fit Index
	Dow Jones Mod	MSCI Em (Emerg Mkts)
Alpha	5.68	2.95
Beta	0.88	0.26
R-Squared	79.94	83.40

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	16.13% Assets

**Operations**  
 Family: BlackRock  
 Manager: Dennis W. Stattman  
 Tenure: 19.3 Years



Portfolio Analysis 04-30-2008												
14.13	12.60	14.01	13.10	12.83	11.41	14.97	16.47	16.89	18.16	19.78	20.08	NAV
11.12	0.37	27.43	8.57	1.88	-7.96	35.98	14.27	10.33	15.94	16.71	1.52	Total Return %
0.31	-10.08	9.43	10.73	4.39	-0.91	8.81	1.12	3.08	4.03	8.69	1.52	+/- Dow Jones M
-4.64	-23.95	2.48	21.74	18.70	11.93	2.87	-0.45	0.84	-4.13	7.67	4.34	+/- MSCI Wld Nd
53	87	22	16	31	70	10	61	12	53	14	15	% Rank Cat
41	44	50	52	47	43	66	64	64	108	133	184	No. of Funds in Cat

Composition %	Long %	Short %	Net %	Share Chg since 01-2008	Share Amount	572 Total Stocks	86 Total Fixed-Income	45% Turnover Ratio	% Asset
Cash	65.7	46.3	19.5	—	—	—	—	—	—
U.S. Stocks	27.6	5.6	21.9	✖	1 bil	Forward Fx Contract - Sell Us	—	—	-5.5
Non-U.S. Stocks	30.7	0.0	30.7	✖	1 bil	Forward Fx Contract - Sell Us	—	—	-4.8
Bonds	25.0	0.0	25.0	✖	77 bil	Forward Fx Contract - Sell Us	—	—	-3.9
Other	10.4	7.6	2.8	✖	706 mil	Forward Fx Contract - Buy Eur	—	—	3.9
Total	159.5	59.5	100.0	✖	683 mil	Forward Fx Contract - Buy Usd	—	—	3.8
Equity Style	Value Blend Growth	Large	Mid	Small	—	—	—	—	—
Portfolio Statistics	P/E Ratio TTM	16.3	—	1.08	⊕	14 mil	iShares Russell 2000 Index	—	3.7
Port Avg	P/C Ratio TTM	9.3	—	0.95	✖	632 mil	Forward Fx Contract - Buy Eur	—	3.5
Rel Index	P/B Ratio TTM	2.3	—	0.83	✖	776 mil	Forward Fx Contract - Sell Ch	—	-2.6
Rel Cat	Geo Avg Mkt	31952	—	1.18	✖	77 bil	Forward Fx Contract - Sell Us	—	-2.6
Cap \$mil	US Treasury Note	—	—	—	✖	48 bil	Forward Fx Contract - Sell Us	—	-2.4
—	US Treasury Note 2.375%	—	—	—	✖	559 mil	US Treasury Note	—	2.2
—	—	—	—	—	✖	545 mil	US Treasury Note 2.375%	—	2.2

S&P Sector Weightings	% of Stocks	Relati Dow Jones M
Consumer Discretionary	35.0	—
Consumer Staples	1.6	—
Energy	4.4	—
Financials	13.8	—
Health Care	6.8	—
Industrials	20.0	—
Information Technology	13.2	—
Materials	2.9	—
Telecommunication Services	0.6	—
Utilities	1.6	—

Credit Analysis 04-30-2008	Bond %
AAA	37.90
AA	1.80
A	0.90
BBB	0.30
BB	0.90
B	0.00
Below B	0.00
NR/NA	58.20

Regional Exposure	Stocks % Rel Dow Jones
Americas	59.3
Greater Europe	14.5
Greater Asia	26.1

Objective:	Multi-Asset Global	Minimum IRA Purchase:	\$100
Ticker:	MDLX	Minimum Initial Purchase:	\$1,000
Min Auto Investment Plan:	\$1,000	Purchase Constraints:	—

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