



QUARTERLY CONSIDERATIONS

GENERAL

- ▲ **Back to Life** – After losing roughly half their value from October, 2007 to March, 2009, **stocks rebounded sharply from their lows**. The S&P 500 gained 6% in the fourth quarter, rising 26% for the year. Emerging markets and REITs rose sharply, while high yield and corporate bonds outperformed Treasuries.
- ▲ **What's Ahead** – Housing and job market improvements have helped, but **high unemployment coupled with cautious consumers and businesses make for significant economic headwinds**. Most analysts expect the Fed to hold off raising interest rates until unemployment declines and growth accelerates, perhaps until 2011.
- ▲ **Too Popular** – **Emerging markets gained a stunning 79% in 2009**. Contributing to return was a massive cash inflow of more than \$80 billion, beating the previous annual record by more than \$25 billion.
- ▲ **On The Home Front** – We've welcomed new institutional and individual clients, added to our consulting and research staff and adopted our strategic plan for coming years. We've also rolled out our new website...please visit us at www.dimeoschneider.com. Thanks again for your continued business and referrals.

PLAN SPONSORS

- ▲ **Show of Support** – Despite the bear market and bad press, **76% of nearly 2,000 households with a 401(k) balance had a "favorable" or "somewhat favorable" view of their plans**, while only 6% had negative views, according to a recent ICI survey.
- ▲ **On the Legal Front** – An **appeals court overturned a ruling** that dismissed a case against Wal-Mart over its 401(k) plan fees. In another high profile case, Caterpillar settled their case for \$16.5 million and agreed to make 401(k) plan changes in order to avoid further legal costs.
- ▲ **Welcome Upswing** – **Funding ratios for S&P 1500 pension plans ended the year at 85%**, up 10% from 2008. The improved funded status adds approximately \$180 billion to the balance sheets of U.S. companies.

NON-PROFIT ORGANIZATIONS

- ▲ **Join Us** – DiMeo Schneider & Associates, L.L.C. is pleased to invite you to our **upcoming seminars** in February in Chicago and Milwaukee. Keynote presenter Commonfund will share results from their latest study of the best investment practices of non-profit institutions. Please ask us for details.
- ▲ **A Hangover Cure** – **Giving could recover more quickly** because per-capita income is higher than in previous bear markets, according to recent study. Also aiding the rebound is the recent creation of new foundations and the trend among wealthy individuals to endow a foundation through their estate plan.

THE WEALTH OFFICE™

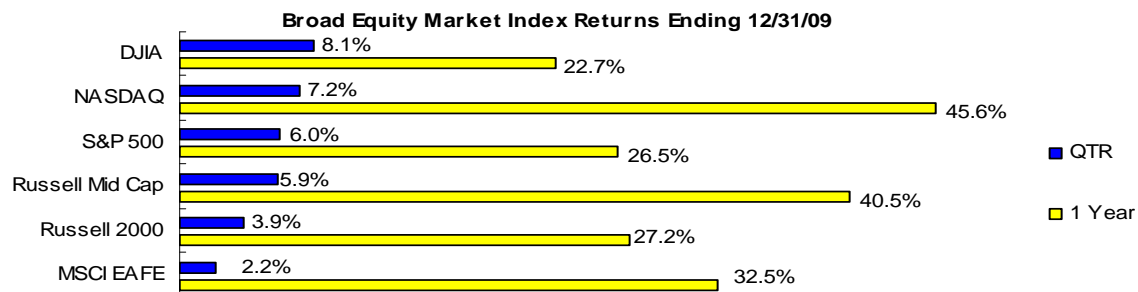
- ▲ **An Inconvenient Truth** – **Even 'so-called' safe asset classes expose investors to risk without proper oversight**. For instance, Illinois General Obligation debt was downgraded one notch by Moody's and S&P in December and the rating agencies downgraded California General Obligation debt one notch in January, 2010. Contact The Wealth Office with questions or concerns related to your municipal debt investments.
- ▲ **The Tax Man Cometh?** – U.S. Congressional and Senate negotiators are currently **considering a plan that would apply the Medicare payroll tax to investment income**. The health bill as passed by the Senate would apply a tax to wealthy individuals' income from dividends and other investments to help fund healthcare reform. Contact The Wealth Office for more information about how this may affect your investment strategy.
- ▲ **Precarious Sunset** – Surprising many in the estate-planning community, **Congress allowed the estate tax to expire beginning in 2010**. Congress could impose the tax retroactively to Jan 1, 2010, or do nothing and allow the estate tax to return in 2011, as scheduled. The list of potential consequences is long and complex. The Wealth Office can help you determine how your estate plan might be affected.
- ▲ **Sustainable Living** – With asset values still depressed from peak levels as a result of the credit crisis and the markets' downturn during 2008 and early 2009, **many retirees are anxious their savings may not last**. The Wealth Office can help you determine whether or not your portfolio can sustain your current income level and the potential for trouble down the road.



QUARTERLY CONSIDERATIONS

ECONOMY

- ▲ At the Federal Reserve's latest FOMC meeting, **interest rates were left unchanged at the 0%-0.25% range**. Unless extended, the Fed's mortgage purchase program is set to expire in March 2010 and investors continue to speculate as to what the Fed's exit strategy will be from the unprecedented support of the financial markets. The next policy meeting is scheduled for January 26th-27th, 2010.
- ▲ **U.S. GDP advanced 2.2% in the third quarter** according to the third estimate released by the Bureau of Economic Analysis. The advance primarily reflected positive contributions from exports, residential fixed investment, personal consumption expenditures, private inventory investment and federal government spending that were partly offset by a negative contribution from non-residential fixed investment. **Analysts estimate above-trend growth in 2010**. The fourth quarter GDP advance estimate is due out on January 29th, 2010.
- ▲ In the housing market, **demand continued to benefit from improving mortgage financing conditions, lower home prices and an extension of the first-time homebuyer tax credit**. However, not all was good in housing as nearly 3 million homeowners received at least one foreclosure filing during 2009, setting a new record for the number of people falling behind on their mortgage payments. This was up over 20% from 2008 and occurred despite the Obama Administration's mortgage modification efforts.
- ▲ On the political front, **substantial U.S. legislation is pending**, including both financial and healthcare reform, and **significant uncertainty looms regarding potential tax ramifications** and other policy implications. Meanwhile, November mid-term elections will be closely watched as the Democrats' 60-vote Senate majority, which is just enough to block Republican filibusters, looks to be fragile.



U.S. EQUITY MARKETS

- ▲ **Increasing signs of a sustainable recovery in the U.S. economy** helped drive markets higher for the year. Improving news on the consumer front continued to boost investor confidence. Throughout 2009, corporations were actively fortifying their balance sheets with capital raises, while at the same time reducing costs to support earnings. This year's stock market recovery was underpinned by unprecedented fiscal and monetary stimulus, both in the U.S. and globally. In fact, **by year-end 2009 there were over 780 stimulative policy initiatives announced around the world** since the Fed made its first rate cut of the cycle in August, 2007.
- ▲ The **S&P 500 Index** climbed 26% in 2009 to end at 1,115, marking its biggest annual rally in six years. From its March 9th intraday low of 666, the S&P 500 rallied 67% into year-end. Despite this prodigious snap-back, the S&P 500 still remains 29% below the high it reached in October, 2007. **Gains were broad-based with 456 stocks ending the year in the black**. According to Thomson Reuters, operating earnings for companies in the S&P 500 Index are projected to nearly triple on a year-to-year basis in the fourth quarter, marking the first time since second quarter 2007 that earnings were higher than the same quarter a year earlier. Further, **profits are expected to come from growing revenues and not just cost cutting**. Valuations have risen but not to excessive levels, with the S&P 500's price-to-earning ratio at 15x estimated profits over the next twelve months.
- ▲ The **DJIA** rose 8% for the quarter and 23% for the year, to close at 10,428. U.S. multinational corporations continued to benefit from currency weakness and inventory re-stocking. For the quarter, Alcoa was the top performer, gaining 23% as high aluminum prices lifted earnings and a strategic deal with Saudi Arabia led to analyst upgrades. Bank of America lost 11% due to the departure of long-time CEO Ken Lewis, the New York AG investigation into the Merrill Lynch merger and the overhang created by the equity offering to repay TARP.
- ▲ **Breadth improved**, and stocks in most sectors and capitalizations participated. **Large caps led the way**, as liquidity and quality took the spotlight, especially towards quarter-end, when many investors sought to maintain their gains for the year. Further, they stand to benefit from rapid growth in the emerging worlds. On the other hand, **small caps are more domestically focused** and faced headwinds from sluggish domestic demand and continued tight credit conditions.
- ▲ The **year was bookended** by first and fourth quarters favoring growth, while value stocks rallied in the middle two periods. This pattern was in sync with **wholesale shifts in investor attitudes toward risk across styles**. At first investors shunned risk altogether, then signs of economic recovery prompted them to embrace stocks previously considered high-risk and whose prices had plunged most precipitously. By the fourth quarter, the **lower-quality rally lost steam as investors warmed up to companies with fewer problems**.
- ▲ **Multi-Strategy Hedge FOF's averaged 10% gains for 2009**. Managers took advantage of the massive deleveraging and forced liquidations during the credit crisis to purchase securities at attractive valuations. Further, a substantial slow down in redemptions and fund closures improved technicals. The top performing strategies were convertible arbitrage, emerging markets and distressed. **MLP's gained 76% for the year**. Access to credit markets improved balance sheets, positioning MLP's to seek acquisitions as well as launch organic growth projects amid continued expansion of domestic infrastructure. **Attractive yields and inflation-hedging traits lured investors off the sidelines**.



DIMEO
SCHNEIDER

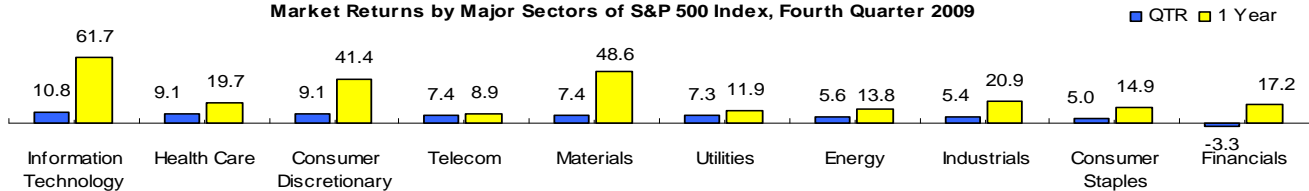
QUARTERLY CONSIDERATIONS

& ASSOCIATES, L.L.C.

U.S. EQUITY SECTORS

- ▲ **Financials retreated 3% on uncertainty over potential industry reform.** Risk and leverage became less appealing and investors focused on assessing a return to "normalized earnings". Citigroup, Bank of America and Wells Fargo issued shares to repay TARP. A key event was the House passing a credit card bill with rule changes making rate hikes more difficult, potentially limiting bank profits.
- ▲ Healthcare rose 9%. **Clarity emerged regarding healthcare reform.** Managed care companies rose on hopes they may not be as severely impacted by reform as feared. Further, pricing firmed, signaling a possible end of an underwriting down cycle. Drug companies seek to offset the cost of rebates by gaining more customers through wider insurance coverage. While insurance companies face tighter regulations, the competitive threat of a government-run health insurance program was diminished with the dropping of the public option from the Senate bill.
- ▲ **Technology gained nearly 11% from an expected computer replacement cycle in 2010 and a rebound in enterprise spending.** Consumer-oriented technology firms such as Google posted exceptionally strong earnings on increased advertising spending. Chip makers boosted capital spending on tighter supply and greater demand.
- ▲ **Consumer discretionary stocks were helped by gradual improvements in economic data,** including retail sales that held up better than had been feared and consumer confidence that perked up from depressed levels. Improving advertising spending provided a boost to media.
- ▲ **Inexpensive valuations and attractive dividend yields lured high-profile investors back to utilities and telecom.**
- ▲ The **industrial sector slowed a bit** despite signs of improving global demand. General Electric lost 7% for the quarter as a backlog of equipment and services grew and concerns over their financial arm resurfaced.
- ▲ **Energy and materials rose amid improving industry fundamentals** including constrained global supply, recovering demand and a weak U.S. dollar. Gains in energy were limited by Exxon Mobil, who faced unaccustomed dilution with its planned takeover of producer XTO Energy.

Market Returns by Major Sectors of S&P 500 Index, Fourth Quarter 2009



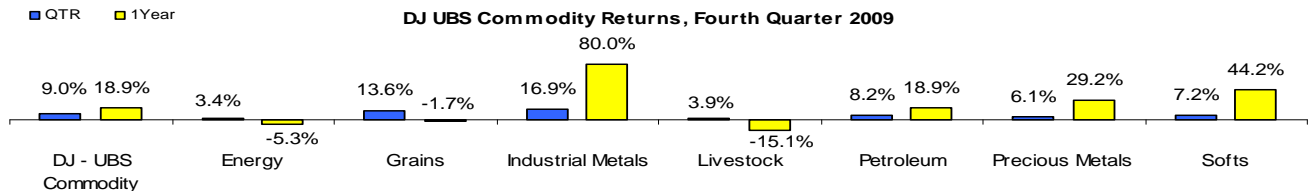
REAL ESTATE

- ▲ **Sentiment improved dramatically for REITs as the year progressed,** resulting in gains of 9% for the quarter and 28% for the year. The recovery of capital markets was the important driver, allowing companies to repair balance sheets, removing solvency and liquidity concerns. Many companies shifted to acquisition mode, although they are being appropriately conservative. Regional malls, storage and industrials benefited from the continued improvement in economic conditions, while offices and apartments continued to face the headwind of a jobless recovery.
- ▲ **International REITs rose 43% in 2009.** Access to multiple sources of capital allowed REITs to repair balance sheets to conservative leverage levels. Certain markets showed **signs of a rebound in property values** amid declining lending rates, limited new supply and a brightening economic outlook. Strong flows from China pushed Hong Kong 88% higher, while improved residential sales drove Singapore up 78%.

COMMODITIES

- ▲ **Commodities rebounded in the fourth quarter. Industrial metals surged,** driven by rising demand for base metals from emerging economies, particularly China. Continued evidence of an economic rebound and lower inventory levels **boosted oil.** Within precious metals, **gold prices benefited** from a weak U.S. dollar, renewed buying interest from central banks and growing concerns over stimulus-induced inflation. Within agriculture and livestock, abnormal weather around the world upended supply and demand fundamentals for corn, soybeans and sugar while cost-conscious consumers ate less meat.

DJ UBS Commodity Returns, Fourth Quarter 2009



FIXED INCOME MARKETS

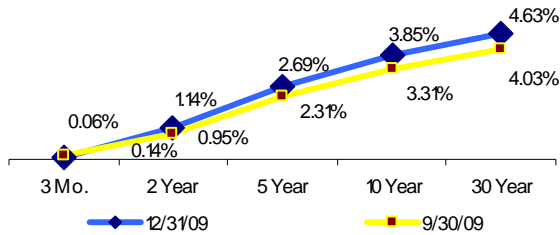
- ▲ **Treasuries sold off** as better economic data and the Fed's continued-dovish stance spurred a rise in yields and a steepening of the curve. In fact, **Treasuries were the worst performing sovereign debt market in 2009,** losing nearly 4% for the year. The spread between two-and 10-year **Treasury yields reached their steepest level ever,** 285 basis points on December 22nd, before ending the year at 271 basis points. The Fed's lower-for-longer rate policy anchored the short-end, while the long-end struggled under weak demand and increasing supply. TIPS performed well as inflation expectations rose on prospects of growth. The 10-year breakeven finished the year at 2.4%.



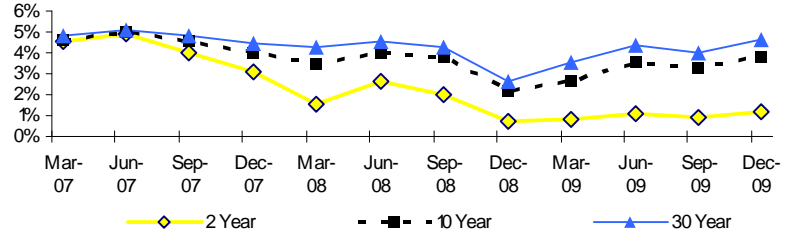
QUARTERLY CONSIDERATIONS

FIXED INCOME MARKETS (continued)

Yield Curve Ending 12/31/09



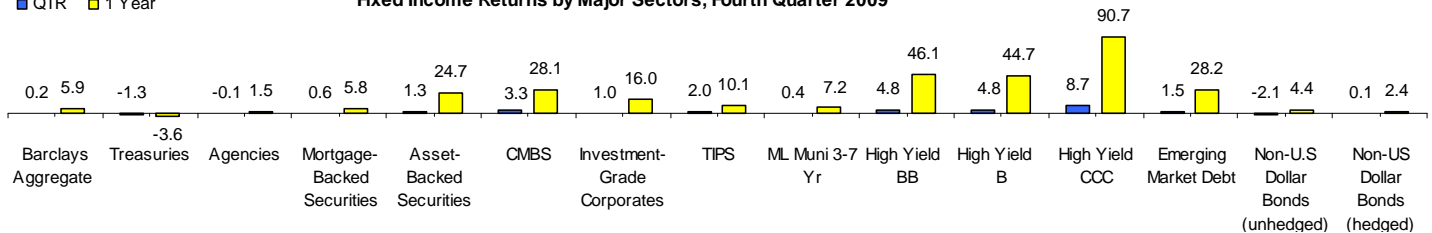
3-Year Historical Relationship Ending 12/31/09



- ▲ The flight to risk trade amid improving economic fundamentals, record new issuance and strong cash inflows drove investment grade and high yield credit spreads significantly tighter during 2009. A major tailwind for credit was an obsession with income amid close-to-zero risk-free yields. Financials fared best as capital raises repaired balance sheets and repaying TARP funds bolstered investor confidence. The majority of new supply issued was refinancing-related and higher-quality in nature. The lowest quality issues paced the year's rebound.
- ▲ Agency MBS offered small gains for the quarter amid weakening technicals as the Fed's mortgage purchase program nears completion in March. Further, this area has seen a drop off in sponsorship by institutional investors, who continued to reduce their holdings by selling into strong government demand. Non-agency MBS, though volatile, ended the year in the black thanks to a lack of new supply, buying by PPIP managers, better financing terms for investors and improved dealer balance sheets.
- ▲ The credit card and auto ABS market benefited from favorable technicals, including strong demand for high quality credits and a shrinking supply of outstanding issuance. CMBS posted gains. Demand remained strong for those assets eligible for the Fed's TALF program. Three small new issues on low-leveraged portfolios garnered robust demand and increased hope the lending environment may be unthawing.
- ▲ Munis posted gains during 2009, driven by strong technicals. Expectations of higher taxes drove heavy fund inflows. The BAB program alleviated supply pressures by diverting a large amount of issuance to the taxable muni market. However, fundamentals remain challenged. The economic recovery will take time to flow through to municipalities, whose budgets remain under pressure due to the delay in tax receipts and depressed property values. Relative yield valuations of high-grade munis to Treasuries returned to their historical ranges during the year.
- ▲ Global rates moved higher and yield curves pressed steeper as policy rates remained extremely low and sovereign fiscal concerns loomed. In the aftermath of Dubai, investors focused on sovereign credit risk. Greece was downgraded to BBB, while Spain and Italy tackled debt sustainability challenges. Japan faced deflation data and concerns a strong yen may lead to increased fiscal stimulus programs. Emerging market debt posted a record return year amid ongoing monetary accommodation and expansionary fiscal policies supporting global growth.

■ QTR ■ 1 Year

Fixed Income Returns by Major Sectors, Fourth Quarter 2009

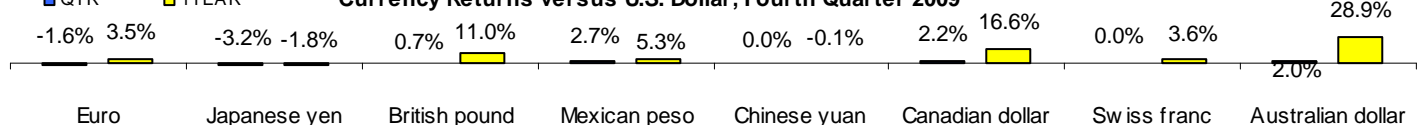


INTERNATIONAL DEVELOPED MARKETS

- ▲ International developed markets advanced in the fourth quarter, with the MSCI EAFE Index rising 2%. Sectors such as materials, consumer staples and energy were among the top performers, while financials, information technology, and utilities underperformed.
- ▲ International growth stocks outperformed international value stocks with the MSCI EAFE Growth Index ending up 4% and the MSCI EAFE Value Index ending unchanged. Across market capitalizations, international large caps generally outperformed international small caps.
- ▲ During the quarter, the U.S. dollar held relatively steady against the Swiss franc and Chinese yuan while appreciating against the Euro and Japanese yen. Meanwhile, the U.S. dollar declined against the British pound, Mexican peso, Australian dollar and Canadian dollar. The U.S. dollar suffered most of 2009 from lack of yield support and concerns over rapidly mounting public debt. However, it did begin to stabilize late in the year as investors crossed a threshold in terms of confidence in the growth prospects for the U.S. economy.

■ QTR ■ 1YEAR

Currency Returns versus U.S. Dollar, Fourth Quarter 2009



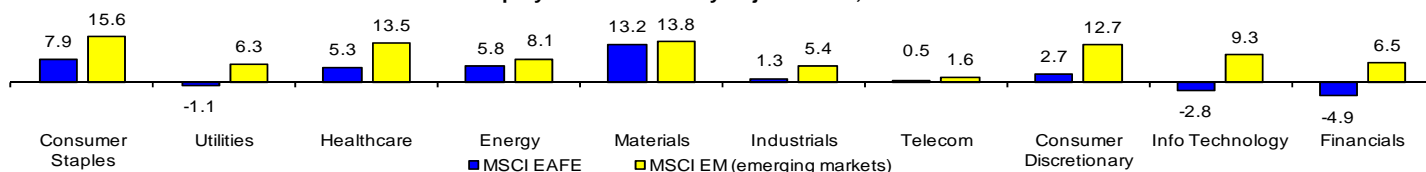


QUARTERLY CONSIDERATIONS

INTERNATIONAL DEVELOPED MARKETS (continued)

- ▲ The **MSCI Canada Index ended up 5%** as the country prepares to host the 2010 Olympic Winter Games in Vancouver, British Columbia from February 12th-28th, 2010. It is estimated that the Winter Games have already generated as much as \$1 billion for the Canadian economy since officially winning the bid back in 2003. The **Bank of Canada left its key overnight interest rate at a very low 0.25%** and reiterated its intention to keep it there through mid-2010 warning that favorable economic developments were being undermined by the strength of the Canadian dollar.
- ▲ The **MSCI Europe Index rose 3%**. **Germany and France each gained 2%**, driven by improvements in both of Europe's largest economies. However, there were pockets of weakness in the Eurozone. **Greece plunged 22%** as the country is suffering from a massive fiscal deficit and a crisis in confidence in the government's ability to tackle the problem. **Ireland fell 3%** on growing sovereign debt concerns. The **European Central Bank left rates unchanged at 1%**, but indicated they would gradually begin the withdrawal of some of the extraordinary programs which are supporting financial markets with liquidity.
- ▲ For the quarter, the **MSCI United Kingdom Index gained 7%** despite news that unemployment rose to a 15-year high leaving nearly 2.5 million workers out of work. In particular, youth unemployment has been soaring in recent months, raising fears of a lost generation. The **Bank of England (BOE) left interest rates at a historic low of 0.5%**, where it has stood since March 2009. The BOE boosted its massive and extraordinary monetary stimulus initiative by expanding its asset purchase program as it attempts to exit a deep recession.
- ▲ The **MSCI Japan Index declined 3%** as newly-elected Prime Minister Hatoyama unveiled additional fiscal stimulus equivalent to about 1.5% of GDP intended to spark domestic economic activity. Following year-end, Japan's fragile government was dealt another shake-up with the resignation of their finance minister. Deputy Prime Minister Naoto Kan was named the successor and comes to the table with little fiscal experience as he faces the tough task of stimulating a struggling economy while keeping public debt under control.
- ▲ The **MSCI Pacific ex-Japan Index advanced 5%**. **Australia gained 5%** as the **Reserve Bank of Australia (RBA) raised interest rates** in three separate moves by 75 basis points to 3.75%. The RBA was the first of the Group of 20 (G-20) central banks to tighten credit as the global financial crisis eases. **Singapore rallied 10%** on strong export growth, while **Hong Kong advanced 4%** amid a wave of real estate activity. **New Zealand ended unchanged** on rising unemployment and weaker-than-expected economic growth.

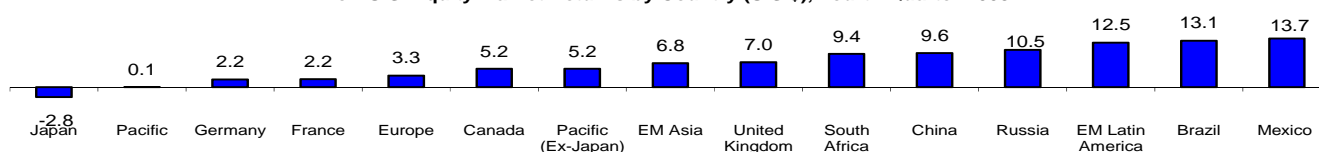
International Equity Market Returns by Major Sectors, Fourth Quarter 2009



INTERNATIONAL EMERGING MARKETS

- ▲ The **MSCI EM Index advanced 9%**, supported by further evidence of a global economic recovery. **Healthcare, materials and consumer staples were among the top performing sectors** while, **telecommunications services, industrials and utilities underperformed**.
- ▲ The **MSCI EM Latin America Index gained 13%**. **Brazil advanced 13%** benefiting from the country's vast commodity-related holdings. Rio de Janeiro became the first South American city selected to host the Olympics after beating out Chicago, Madrid and Tokyo for the 2016 Summer Games. **Mexico rose 14%** as economic news appeared to improve somewhat. GDP contracted at a smaller-than-expected 6.2% in the prior quarter and employment continued to pick up. Meanwhile, the smaller markets of **Peru gained 1%**, while **Colombia declined 1%**.
- ▲ The **MSCI EM Asia Index ended up 7%**. **India gained 8%** as economic growth expanded by a larger-than-expected 7.9% in the prior quarter, notching the swiftest pace of growth since the first quarter of 2008. The expansion has put India's central bank on notice that inflation, spurred largely by food prices, bears watching. **China rallied nearly 10%**, bolstered by a continued expansion in the manufacturing sector which has benefited significantly from government stimulus. **Thailand was a laggard** in the region advancing only 1% as concerns about the health of 82-year old King Bhumibol, the world's longest serving monarch, rattled investors.
- ▲ The **EMEA (Eastern Europe, Middle East and Africa) Index rose 9%** for the quarter. Commodity-related stocks sent **Russia up almost 11%**. Rising commodity prices benefits Russian companies, but also allows the country to replenish its Treasury that was partially depleted to prop up the economy and currency. In the Middle East, **Turkey rose 9%** as the central bank continued to cut interest rates to a new record low of 6.5%. Turkey has slashed nearly 10 percentage points from interest rates since November 2008. **South Africa rallied 9%** as it appeared the country was emerging from its first recession in nearly two decades.

Non-U.S. Equity Market Returns by Country (U.S.\$), Fourth Quarter 2009





QUARTERLY CONSIDERATIONS

Financial Markets Performance Ending December 31, 2009

Returns for Periods Exceeding One-Year are Annualized.

	<u>QTR</u>	<u>YTD</u>	<u>1YR</u>	<u>2YR</u>	<u>3YR</u>	<u>4YR</u>	<u>5YR</u>	<u>10YR</u>
<u>U.S. EQUITY</u>								
S&P 500 Composite Index	6.0	26.5	26.5	-10.7	-5.6	-0.7	0.4	-0.9
Dow Jones Industrial Average	8.1	22.7	22.7	-8.6	-3.1	2.0	1.9	1.3
Russell 1000 Growth	7.9	37.2	37.2	-8.1	-1.9	0.7	1.6	-4.0
Russell 1000 Value	4.2	19.7	19.7	-13.1	-9.0	-2.0	-0.3	2.5
Russell Mid Cap	5.9	40.5	40.5	-9.3	-4.6	0.0	2.4	5.0
Russell 2000	3.9	27.2	27.2	-8.2	-6.1	-0.5	0.5	3.5
Russell 2000 Growth	4.1	34.5	34.5	-9.1	-4.0	0.1	0.9	-1.4
Russell 2000 Value	3.6	20.6	20.6	-7.4	-8.2	-1.2	-0.0	8.3
NASDAQ	7.2	45.6	45.6	-6.6	-1.2	1.6	1.7	-4.9
Dow Jones Wilshire 5000	5.8	28.3	28.3	-10.3	-5.3	-0.4	0.9	-0.3
NAREIT Equity REIT	9.4	28.0	28.0	-10.7	-12.4	-2.4	0.3	10.6
<u>FIXED INCOME & CASH EQUIVALENTS</u>								
Barclays Cap US Aggregate	0.2	5.9	5.9	5.6	6.0	5.6	5.0	6.3
Citigroup High Yield Market	6.1	55.4	55.4	7.3	5.4	7.0	6.0	6.6
Citigroup Inflation-Linked Securities	2.0	10.1	10.1	4.3	6.7	5.1	4.6	7.7
Merrill Lynch Muni 3-7 Years	0.4	7.2	7.2	6.5	6.1	5.4	4.6	5.4
Citigroup Hedged Non-U.S. Dollar Bond	0.1	2.4	2.4	5.2	5.1	4.6	4.8	5.3
Citigroup Unhedged Non-U.S. Dollar Bond	-2.1	4.4	4.4	7.2	8.6	8.2	4.5	6.6
Citigroup Treasury Bill-3 Month	0.0	0.2	0.2	1.0	2.2	2.8	2.9	2.8
Ryan Labs 3 Yr GIC	1.0	4.4	4.4	4.6	4.6	4.4	4.1	4.7
<u>INTERNATIONAL EQUITY</u>								
MSCI EAFE	2.2	32.5	32.5	-13.2	-5.6	1.7	4.0	1.6
S&P Large/Mid Value World x U.S.	0.6	34.0	34.0	-12.8	-4.9	2.3	5.0	4.2
S&P Large/Mid Growth World x U.S.	4.8	38.2	38.2	-11.7	-3.6	2.3	4.9	0.3
S&P Small Cap World x U.S.	0.4	45.1	45.1	-12.9	-6.6	1.3	5.2	6.0
MSCI Emerging Markets	8.6	79.0	79.0	-8.4	5.4	11.6	15.9	10.1
S&P Developed World Property x U.S.	1.4	42.8	42.8	-17.0	-12.2	-0.6	2.7	8.3
<u>MISCELLANEOUS</u>								
Consumer Price Index	0.8	2.8	2.8	1.5	2.4	2.5	2.7	2.6
DJ UBS Commodity Index	9.0	18.9	18.9	-12.5	-3.8	-2.4	2.0	7.1
HFN Fund of Funds – Multi Strategy Avg.	1.2	9.9	9.9	-6.5	-1.3	1.4	2.4	5.2
Alerian MLP	16.6	76.4	76.4	5.5	7.9	12.1	11.0	19.1

**All indices are unmanaged and investors can not invest directly into an index. Past performance is not indicative of future results.*



DIMEO
SCHNEIDER

& ASSOCIATES, L.L.C.

QUARTERLY CONSIDERATIONS

The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's.

The Dow Jones Industrial Index is based on the average performance of the 30 blue-chip stocks monitored.

Russell 1000 Growth measures the performance of the Russell 1000 companies with higher P/B ratios and higher forecasted growth values.

Russell 1000 Value measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.

Russell Mid Cap measures the performance of the 800 smallest companies in the Russell 1000 Index.

Russell 2000 measures the performance of the small-cap stocks.

Russell 2000 Growth measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.

Russell 2000 Value measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.

The NASDAQ measures all domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market.

Dow Jones Wilshire 5000 is a capitalization weighted index from the dollar value of 5,000 highly diversified, commonly traded stocks for which daily pricing is available. It includes all stocks traded on the NYSE and AMEX and the most active OTC issues.

NAREIT Equity REITs measures equity REITs. The index contains health care REITs, but no mortgage and hybrid REITs.

The Barclays Aggregate Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of at least one year.

Citigroup High Yield Market is a market-cap weighted index, which measures the performance of below investment grade, Cash-Pay, Zero-to-Full, Pay-in-Kind, step-coupon bonds, and Rule 144A bonds issued by corporations domiciled in the United States or Canada, with remaining maturities of at least one year. All bonds must have a maximum quality rating of BB+/Ba1 by either S&P or Moody's and the minimum amount outstanding at entry/exit must be \$100 million.

Citigroup Inflation-Linked Securities measures bonds with fixed rate coupon payments that adjust for inflation as measured by Consumer Price Index. All bonds must have a minimum maturity of one year and a minimum amount outstanding of \$1 billion for both entry and exit. It currently comprises only Treasury securities.

Merrill Lynch Muni 3-7 Years measures municipal bonds with maturities between 3 and 6.99 year.

Citigroup Non-\$US Government Bond is a market-cap weighted index, that measures the performance in U.S. dollar terms of major non-U.S. bond markets. The index includes all investment grade fixed-rate bonds with a remaining maturity of one-year or longer.

Citigroup Treasury Bill-3 Month represents the monthly return equivalents of yield averages which are not marked to market; this index is an average of the last three three-month Treasury bill issues.

Ryan Labs 3 Yr GIC is an arithmetic mean of the market rates of 3 year GIC contracts. All rates are held for the full term of the contract.

MSCI EAFE is a market-cap weighted index representing 21 of the developed markets outside North America. These 20 countries include 14 European countries and 6 Pacific countries.

S&P/Large/Mid Value World x U.S. and S&P Large/Mid Growth World x US Indices measure the performance of the largest 80% of developed country's available market capitalization, adjusted for float. Three growth and four value variables are used to assign stocks to a specific style index. These include, 5-year historical EPS growth rate, 5-year historical sales per growth rate, 5-year average annual internal growth rate, book to value per share, sales per share price, cash flow per share price and dividend yield. Each style index constitutes 50% of the total float of the S&P Large/Mid World x U.S. Index.

S&P Small Cap World x U.S. represents small cap companies across developed markets. Eligible companies' full market capitalization range from USD 200 ~1,500 million and free float adjusted the market capitalization of the index constituents.

MSCI Emerging Markets is a market-cap weighted index representing the major emerging countries in the world.

S&P Developed World Property x U.S. measures the investable universe of publicly traded property companies in developed foreign countries.

Consumer Price Index is the United States Headline Consumer Price Index, which excludes energy and food.

Dow Jones UBS Commodity Index is composed of futures contracts on 19 physical commodities. No related group of commodities (e.g., energy, precious metals, livestock, grains, etc.) may constitute more than 33% of the index. **Livestock** = live cattle and lean hogs. **Softs** = sugar, cotton and coffee. **Industrial Metals** = aluminum, copper, zinc and nickel. **Precious Metals** = gold and silver. **Grains** = wheat, corn, soybeans. **Energy** = natural gas, crude oil, unleaded gas and heating oil.

HFN Fund of Funds – Multi Strategy Average is the equal-weighted average performance of thousands of hedge fund of funds that are classified as multi-strategy, as reported by the managers to the HFN database.

The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships and will be calculated by Standard & Poor's using a float-adjusted, market capitalization-weighted methodology.

