

QUARTERLY CONSIDERATIONS



General

- ▲ **Fighting Back** – The S&P 500 Index posted its first quarterly gain in over a year and half and had its best quarter since 1998 with a 15% return. Beaten-down, lower quality stocks in the real estate, financial and energy sectors led the rally as investors bet on improved economic conditions.
- ▲ **Flight from Quality** – Fixed income markets reversed course as investors fled Treasuries and spreads tightened. For the quarter, investment grade corporates gained 11%, high yield rose 23% and emerging markets bonds soared 11%, significantly outperforming Treasuries, which declined 3%.
- ▲ **Become a Better Investor** – We're bringing together investors and industry experts at our 2009 Investor Conference. Plan to join us in downtown Chicago on October 7th...details to follow.
- ▲ **Are You Stunned?** – Our new article, A Practical Guide for Stunned Investment Committees, is now available. Please request a copy or visit www.dimeoschneider.com.

Plan Sponsors

- ▲ **Target on Target Dates** – Significant losses in even the most conservative target-date funds are prompting greater oversight. The DOL and SEC formed a joint Committee to examine asset allocation, underlying manager selection and ongoing monitoring practices. We'll keep you informed of any important legislative developments.
- ▲ **Match Analysis** – Over 250 companies, representing nearly 5 million workers, have eliminated company 401(k) contributions since the recession began, according to the EBRI. However, nearly 50% of participants still benefit from employer retirement contributions into a separate pension or cash balance plan.
- ▲ **Disaster Strikes Twice** – Instead of recovery from the "perfect storm" for pension funds from 2000-2002, DB plans are in even worse shape seven years later. Only 20 of the top 100 companies are meeting the 92% funding status and over 70% are severely underfunded at less than 85%.

Non-Profit Organizations

- ▲ **Hard to Value** – A bear market in alternative investments is testing the resolve of top endowments. Some institutions invest up to half of their assets in alternatives. Financial pressures, illiquidity and valuation issues may drive these endowments back to traditional stocks and bonds.
- ▲ **New Rules** – UPMIFA was enacted in Illinois on June 30th. It provides additional spending flexibility and stronger guidance in managing endowment funds. Ask us for more information or visit www.upmifa.org for details.

The Wealth Office™

- ▲ **Extended Warranty** – As a result of legislation signed by congress on May 19th, the increased FDIC insurance limit of \$250,000 for insured accounts has been extended through December 31st, 2013. See www.fdic.gov or contact The Wealth Office™ for additional details.
- ▲ **Stimulus at Work** – During the quarter, municipalities significantly increased issuance of taxable municipal debt through the Build America Bonds program, part of the American Recovery and Reinvestment Act passed in February, 2009. Contact The Wealth Office™ for more information regarding potential implications for the municipal bond market.
- ▲ **No Limit!!** – For 2010 and beyond, the \$100,000 income limitation for IRA conversions to Roth IRAs is scheduled to be eliminated. Also, the tax liability resulting from a 2010 conversion can be spread equally over the 2011 and 2012 tax years. Please contact The Wealth Office™ for more information regarding IRA to Roth IRA conversions.

QUARTERLY CONSIDERATIONS



Economy

- ▲ The **Federal Reserve maintained their target for the federal funds rate in the 0%-0.25% range** for what is likely an extended period as monetary policy makers expect inflation to remain subdued for some time. In addition, the Fed reiterated their commitment to the asset purchase program. The goal of this program is to drive prices up, and yields down, in order to lower the rates borrowers must pay on a variety of loans. The next policy meeting is scheduled for August 11th-12th, 2009.
- ▲ **U.S. GDP declined 5.5% in the first quarter**, following a 6.3% decline in the fourth quarter. The decline primarily reflected negative contributions from exports, equipment and software, private inventory investment and residential fixed investment that were partly offset by a positive contribution from personal consumption expenditures. Analysts estimate GDP for the just-ended second quarter to still be negative, but to a much lesser degree than the past two quarters. The second quarter GDP advance estimate is due out on July 31st, 2009.
- ▲ The **unemployment rate rose to 9.5%, the highest level since 1983**. While job losses were sharply lower than the January highs, monthly payroll declines averaged 436,000 during the quarter. At the end of the second quarter, nearly seven million Americans were collecting unemployment benefits.
- ▲ As consumers continued to save and pay down debt, **businesses filed for bankruptcy at a brisk pace**. During the quarter, clothing retailer Eddie Bauer, fitness operator Crunch Gym, theme park Six Flags, hotel chain Extended Stay, discount retailer Filene's Basement and automakers Chrysler and General Motors entered into bankruptcy proceedings.
- ▲ The **housing sector provided mixed results**. While price declines moderated and sales appeared to have stabilized, mortgage rates rose sharply in June leading to a steep contraction in refinancing activity. Meanwhile, a large overhang of housing inventory remains, a problem exacerbated by foreclosures.
- ▲ On the political front, **President Obama is pushing hard to reform the nation's healthcare system and pass sweeping climate change legislation** before Congressional lawmakers break for their August recess. President Obama has demanded urgent and simultaneous attention to overhauling healthcare and addressing climate change, saying both are necessary to boost the U.S. economy.

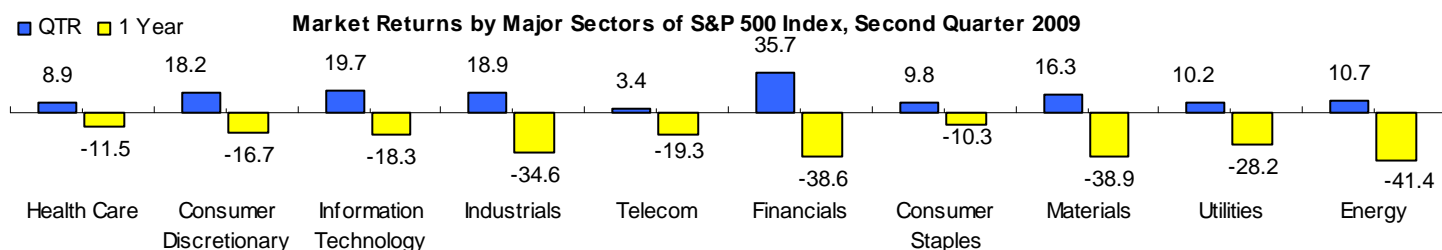


U.S. Equity Markets

- ▲ After falling for six consecutive quarters, **equity markets surged in the second quarter amid thawing credit markets and signs the global recession may be nearing an end**. Investors shrugged off troubling developments such as the spike in government debt issuance, a sharp rebound in oil prices, and rising global unemployment, and, instead embraced better-than-expected bank profits, the favorable outcome of the bank stress tests and modestly improving business and consumer sentiment globally. The **rally lost steam in the final weeks** of the quarter as investors digested the gains and questioned the strength of the recovery. The market richly rewarded riskier assets as the reopened credit markets breathed new life to a broad swath of companies on the brink of insolvency. Financials and cyclical sectors outperformed stable and defensive ones, while **companies with the highest balance sheet risk beat those with the least amount of leverage**.
- ▲ The **S&P 500 Index** rose 16% in the second quarter. Despite soaring **38% since March 9th**, the Index is still **41% below its peak of October 2007 and 20% below its level of ten years ago**. Massive government stimulus efforts reduced market fears of another Great Depression. As a result, stock prices of companies with too much balance sheet leverage and/or challenged business models, which had been left for dead, snapped back as the market began to discount a return to a more normalized economic scenario. The **rally was broad based with only 63 stocks posting losses**. Marking the worst earnings downturn since the Great Depression, the Index posted its seventh consecutive quarter of earnings declines with first quarter earnings down -35% year over year. The previous 2 earnings recessions lasted 5 quarters and 9 out of 10 quarters. Therefore, from a length perspective this is not uncharted territory but is when length and depth are combined.
- ▲ The **DJIA gained 29% from the 12-year low hit on March 9th**, giving the Index its first quarterly gain since third quarter 2007. The Index ended the quarter 8,447, up 12%. Bank of America and American Express rebounded +94% and +73%, respectively, on good earnings and successful access to the capital markets. Wal-Mart fell -7% on weaker than expected revenues as well as concerns on tougher comparisons in the second quarter on the heels of the anniversary of last year's stimulus check.
- ▲ As is typical in the early stages of prior economic recoveries, **small-cap stocks outperformed larger-cap stocks**. Amid signs the worst has passed in financials, and even the economy, investors began to look beyond the perceived safety of large-cap stocks. **No investment style emerged as a favorite**, as growth fared best among smaller companies, but trailed among mid- and large-cap companies.
- ▲ **MLP's rebounded 19%** during the quarter amid tightening credit spreads and stable fundamentals. **Multi-strategy FOHFs averaged +4%** in the quarter. Convertible arbitrage was the strongest strategy, while short-biased strategies generally posted losses. Anecdotal evidence indicates **cash flows turned positive** during the quarter. **Tighter regulation remains an industry concern** as the Obama administration is **pushing hard** on plans to increase oversight of the financial services industry, which includes a proposal requiring hedge funds to register with the SEC.

U.S. Equity Sectors

- ▲ **Financials posted strong gains** bolstered by rejuvenated capital markets, rising profitability and steeper yield curves. Some of the strongest performers were weaker institutions that had come close to insolvency. The new equity issuance, while **bolstering depleted capital levels**, also enabled 10 large banks to begin **repaying TARP funds**, thus removing the stigma of government involvement. However, despite improved reserves, banks **continued their conservative lending practices** as credit losses remained elevated.
- ▲ Economically sensitive **consumer discretionary benefited from improved risk appetites** along with signs consumers may be coming out of hibernation. Low interest rates and the banking stability raised hopes the consumer could recover some of their legendary penchant for spending. The **auto industry underwent a dramatic transformation** as Chrysler was sold to Fiat and General Motors entered bankruptcy.
- ▲ **Technology rose sharply** due to incremental product demand amid waning inventories and expectations companies may boost technology spending to increase productivity amid the economic slowdown. Strong balance sheets and solid cash positions further enticed investors.
- ▲ Highly visible stimulus efforts in China **boosted investor interest in materials and industrials**. Materials, led by steel, also appealed to those investors concerned about inflationary side effects of the global stimulus efforts, as commodities have historically been an inflationary hedge.
- ▲ The **energy sector caught a tailwind** during the quarter fueled by one of the largest rallies in crude oil prices, which shot up over 40%.
- ▲ More **defensive sectors such as utilities, telecom, health care and consumer staples lagged** as investors favored those companies that should benefit most from an economic recovery. Healthcare also struggled with the uncertainty surrounding the scope and scale of potential reform.

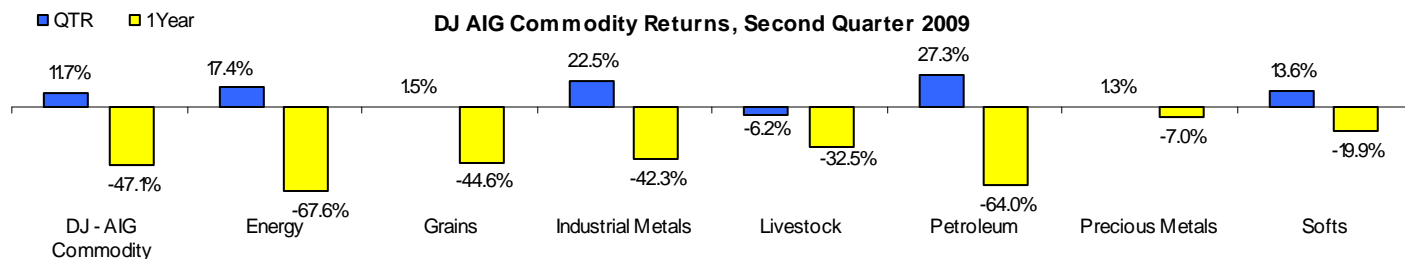


Real Estate

- ▲ Despite rallying in excess of 60% since their lows in early March, **U.S. REITs are still down -12% on the year**. The major development was **property company's ability to repair balance sheets by accessing new capital**. U.S. REITs raised \$16.6 billion in public debt and equity, which helps to satisfy balance sheet maturity issues for the next two to three years. **All sectors posted gains** driven by an improvement in sentiment. Hotels were the top performer as their short leases bode well amid signs of economic stabilization. Regional malls benefited from stabilization in retail sales and consumer confidence. Apartments, though positive for the quarter, continue to face shrinking household formations and rental rates amid stubbornly high unemployment. **U.S. REITs ended the period yielding nearly 6%**.
- ▲ **International REITs gained 39%** for the quarter, led by the Asia-Pacific region, which rose on strong economic data from China and expectations the global recession may be near the end. European companies gained on improved sentiment and balance sheet repair, particularly in the U.K. Spain launched a version of the REIT model in June.

Commodities

- ▲ **Commodity prices recovered during the quarter** from perceptions of improvement in global economic growth as well as a weaker U.S. dollar and aggressive output cuts. **Crude oil gained over 40%** and doubled in price since its February low on the prospect of increased demand from emerging countries, especially China, along with production cuts from OPEC. **Energy prices rose as gasoline inventories fell** well below their 5-year average prior to the seasonal peak in demand. On the flip side, **natural gas prices declined** on near record storage amounts due to weak demand. **Industrial metals soared** on renewed demand from China as increased manufacturing led to restocking of inventory. **Grains were mixed**. Soybeans rose on a strong Chinese buying spree to increase reserves, while corn prices were hurt by expectations of weak ethanol demand. Gold sold off later in the quarter as the U.S. dollar showed strength and commodity prices softened, to end the period relatively flat.



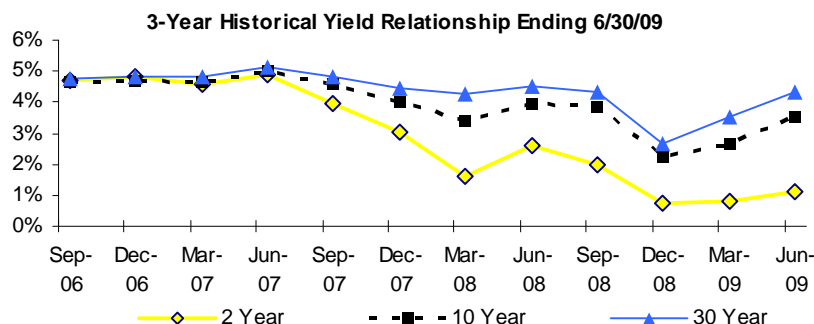
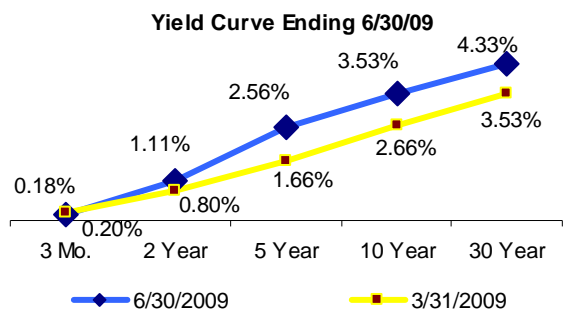
Fixed Income Markets

- ▲ The safe-haven buying of Treasury issues continued to unwind through the second quarter, leading Treasuries to post losses while many credit-oriented sectors generated strong equity-like results. **Treasuries sold off as investors rejected their poor valuations amid large supply, high inflation anxiety and concerns overseas buyers will abandon the Treasury market**. **The yield curve steepened during the quarter, led by the long-end of the curve**. Short rates remained anchored by low policy rates. Higher Treasury yields created a headwind to the economic recovery as they increased costs for borrowers, especially in the home mortgage market.

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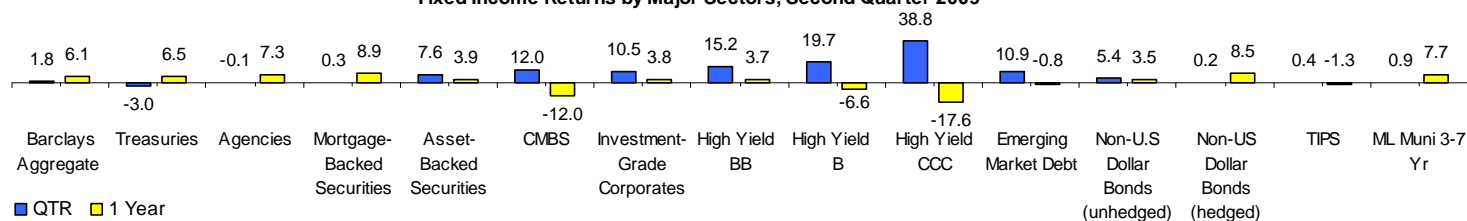


Fixed Income Markets (continued)



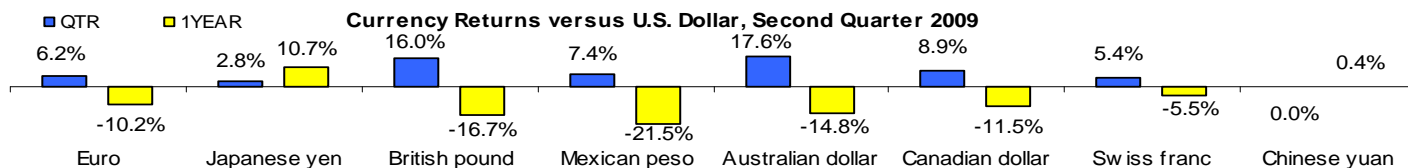
- ▲ **Investment grade credit spreads rebounded sharply** in the quarter. While all sectors participated, **financials led the way** as the 'all clear' signal from the stress tests allowed banks to successfully raise capital. Spreads tightened among industrials and utilities, primarily driven by sentiment rather than better fundamentals. **Improved market functioning resulted in robust new issuance.** In fact, the value of new primary issuance deals in the first half of 2009 nearly equaled all of 2008. However, most of the issuance was used to manage debt exposure, having limited impact on economic activity. On a quality basis, the **higher beta BBB-rated issues fared best.**
- ▲ **High yield spreads tightened significantly** amid reduced risk aversion. The rally, which kicked off in mid-March, was **led by the lowest-quality issues**, in the higher beta sectors such as automotive, gaming, retailers, building materials and financial institutions. The recent strong showing was **mainly technically driven**, led by a combination of robust market inflows on the demand side and new issue volume on the supply side. Most of the new issuance has been refinancing-related and increasingly secured as most issuers remain focused on balance sheet repair and debt management. **The default rate hit a seven-year high** of 10% and is projected to hit a peak of roughly 14.5% in the fourth quarter.
- ▲ **Mortgage rates rose late in the quarter** despite the Fed's efforts to keep them low. These higher rates caused significant duration extension and convexity pressures re-emerged after a long absence. **Non-agency RMBS showed strength** as a PPIP-fueled rally attracted investors. After a long hiatus, **consumer ABS issuance in auto loans and credit card receivables reignited** as the TALF program sparked considerable demand. The **CMBS market benefited** from improved technical factors from news of government support for legacy CMBS.
- ▲ **TIPS posted mixed results** with real yields on short-maturities falling, while rising on intermediate- to- long-maturities. The TIPS market now expects low, but positive inflation across the entire breakeven curve. The five-year breakeven ended the quarter around 1.4%.
- ▲ **Munis posted gains** as demand outpaced supply and attractive valuations softened concerns over weak fundamentals. **Liquidity conditions improved driven by Build America Bonds (BAB)**, a new type of taxable debt municipalities can issue to finance capital projects and obtain a 35% interest subsidy from the federal government. Demand for longer BAB bonds has effectively diverted supply away from the tax-exempt market. This supply alleviation coupled with strong mutual fund inflows led to **longer maturity and lower quality bonds outperforming.**
- ▲ **Risk appetite returned globally**, supported by improvements in macro economic data, while concerns over the burgeoning fiscal policy led to a **broad decline in the U.S. dollar.** Developed market sovereign debt was flat in local terms, but over 5% in U.S. dollar terms. Emerging market debt rebounded sharply amid favorable domestic policy responses as well as improving global activity outlooks. Lower quality issuers fared best.

Fixed Income Returns by Major Sectors, Second Quarter 2009



International Developed Markets

- ▲ **International developed markets advanced** in the second quarter, with the **MSCI EAFE Index** rising 26%. Sectors such as financials, materials and industrials were among the top performers, while healthcare, telecommunications services and utilities underperformed.
- ▲ **International value stocks outperformed international growth** stocks with the **MSCI EAFE Value Index** ending up 30% and the **MSCI EAFE Growth Index** advancing 22%. Across market capitalizations, **international small caps outperformed international large caps.**
- ▲ During the quarter, the U.S. dollar held relatively steady against the Chinese yuan, while **declining against the Euro, Japanese yen, British pound, Mexican peso, Australian dollar, Canadian dollar and Swiss franc.**



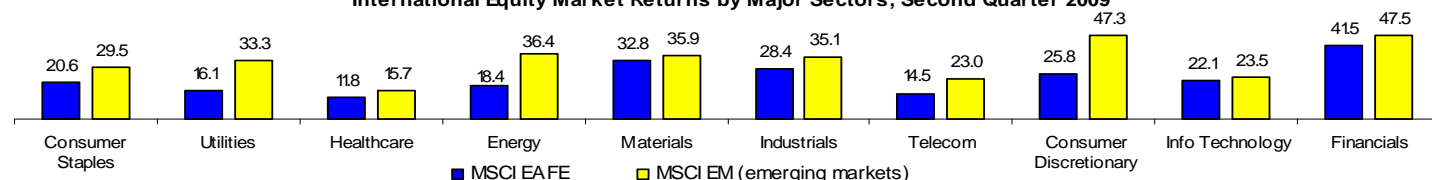
QUARTERLY CONSIDERATIONS



International Developed Markets (continued)

- ▲ The **MSCI Canada Index ended up 31%** as the Bank of Canada (BOC) cut interest rates by 25 basis points to 0.25% and said that the Canadian recession will be deeper than anticipated. According to the BOC, **interest rates can be expected to remain at the 0.25%** level until the middle of 2010 as the central bank attempts to get the economy moving. Meanwhile, there were pockets of positive economic news as shipments of factory-made goods rose and home sales gained the most in more than five years.
- ▲ The **MSCI Europe Index advanced 26%**. **Spain rallied 37%** despite a rapidly deteriorating labor market. In May, Spain's unemployment hit 18.7%, nearly twice the rate for the 16-nation Eurozone. **Germany rose 25%** as exports rose slightly and business confidence improved. However, Germany's GDP growth contracted by a larger-than-expected 3.8%, the biggest decline since records began in 1970. **France gained 23%** as data showed that both consumer confidence and business sentiment improved. The **European Central Bank trimmed rates** by a total of 50 basis points to a new low of 1.0%.
- ▲ For the quarter, the **MSCI United Kingdom Index gained 27%** as the Bank of England left interest rates unchanged at a historic low of 0.5%. **GDP growth in the U.K. fell 2.4%, the largest decline since 1958.** However, data released late in the quarter showed signs of economic improvement as manufacturing output increased, the decline in the construction sector slowed, housing prices stabilized and consumer confidence reached its best level in 14 months.
- ▲ The **MSCI Japan Index rose 23%** as the government's announcement of another stimulus plan helped stem the negative momentum surrounding Prime Minister Aso. **GDP growth contracted by 4% or a 15.2% annualized decline, making this the deepest recession in over 50 years.** The Liberal Democratic Party (LDP) continues to lose momentum and Prime Minister Aso's popularity remains in the single-digits as he has been unable to effectively respond to the financial crisis and materially lift Japan out of recession.
- ▲ The **MSCI Pacific ex-Japan Index advanced 32%**. **Australia gained 28%** as the economy has been helped by the pickup in commodity demand from China and by pre-emptive and aggressive policy stimulus. **Singapore soared 46%** on improving economic data. **New Zealand advanced 24%**. The Reserve Bank of New Zealand cut interest rates by 50 basis points to 2.5%, and in an unusual move said it did not expect to raise rates for at least a year. **Hong Kong rose 36%** as monetary authorities announced a new fiscal stimulus package equivalent to about 1% of GDP.

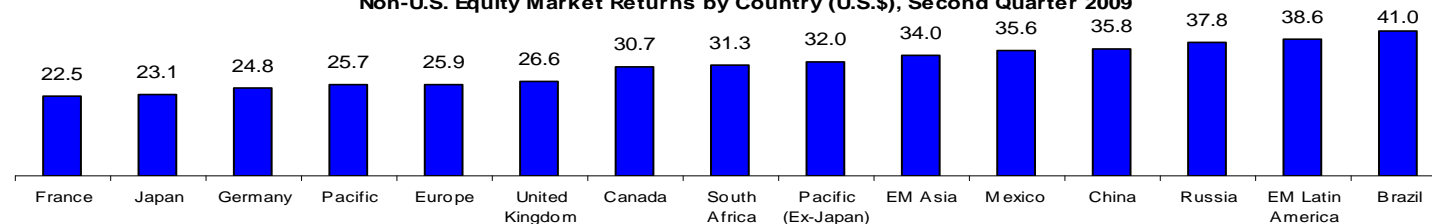
International Equity Market Returns by Major Sectors, Second Quarter 2009



International Emerging Markets

- ▲ The **MSCI EM Index advanced 35%** on hopes that the worst of the global recession had passed. Financials, consumer discretionary and energy were among the top performing sectors while, telecommunications services, healthcare and information technology underperformed.
- ▲ The **MSCI EM Latin America Index gained 39%**. **Mexico rose 36%** despite a sharp drop in the country's travel & tourism industry. Tourism, which is Mexico's biggest moneymaker after oil and remittances from abroad, has suffered markedly due to the swine flu outbreak. **Chile advanced 35%** as the copper producing nation benefited from rising demand for the metal in anticipation that stimulus spending would lead to a global infrastructure boom. **Brazil's stock market rallied 41%** on strength in commodity prices. **Colombia soared 53%** as the government sought a \$10.4 billion flexible credit line from the IMF as a precautionary step towards dealing with the global financial crisis.
- ▲ The **MSCI EM Asia Index ended up 34%**. **India rallied 60%** on the heels of the victory of the Congress Party, which ran on a platform of instituting long awaited economic reforms. **South Korea rose 25%** as MSCI announced they would maintain the country's status as an emerging market, primarily due to continued difficulties in accessing its market. South Korea has been seeking developed markets status. **China advanced 36%**. Amid heightened concerns that China may scale back the purchase of U.S. debt, Treasury Secretary Geithner visited Beijing in an attempt to reassure the government that their massive U.S. Treasury holdings are safe. **Taiwan gained 25%** as cross-strait relations with China improved.
- ▲ The **EMEA (Eastern Europe, Middle East and Africa) Index rose 33%**. **Russia advanced 38%** amid soaring energy prices. However, late in the quarter data revealed the Russian economy contracted the most in 15 years after industrial production plunged and the government's stimulus spending failed to prop up the economy. **South Africa rose 31%** as the rand rallied over 20% against the U.S. dollar. In the Middle East, **Turkey gained 57%** as it appeared a loan agreement had finally been reached with the IMF after more than a year of negotiations. **Israel advanced 16%** on news that MSCI would reclassify the country from emerging markets to developed markets status effective May 2010.

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



QUARTERLY CONSIDERATIONS



Financial Markets Performance Ending June 30, 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	15.9	3.2	-26.2	-19.9	-8.2	-4.3	-2.2	-2.2
Dow Jones Industrial Average	12.0	-2.0	-23.1	-18.3	-6.4	-2.3	-1.7	-0.4
Russell 1000 Growth	16.3	11.5	-24.5	-15.7	-5.5	-2.7	-1.8	-4.2
Russell 1000 Value	16.7	-2.9	-29.0	-24.1	-11.1	-5.8	-2.1	-0.2
Russell Mid Cap	20.8	10.0	-30.4	-21.4	-9.3	-4.0	-0.1	3.2
Russell 2000	20.7	2.6	-25.0	-20.7	-9.9	-4.3	-1.7	2.4
Russell 2000 Growth	23.4	11.4	-24.9	-18.1	-7.8	-2.7	-1.3	-0.9
Russell 2000 Value	18.0	-5.2	-25.2	-23.5	-12.1	-6.1	-2.3	5.0
NASDAQ	20.1	16.4	-20.0	-16.0	-5.5	-2.8	-2.2	-3.7
Dow Jones Wilshire 5000	16.8	4.5	-26.4	-19.8	-8.1	-3.9	-1.6	-1.3
NAREIT Equity REIT	28.9	-12.2	-43.3	-30.0	-18.0	-10.0	-2.7	5.5
<u>Fixed Income & Cash Equivalents</u>								
Barclays Cap US Aggregate	1.8	1.9	6.1	6.6	6.4	4.6	5.0	6.0
Citigroup High Yield Market	22.6	28.7	-3.2	-2.7	1.8	2.4	4.0	4.6
Citigroup Inflation-Linked Securities	0.4	4.7	-1.3	6.6	5.7	3.8	4.9	7.2
Merrill Lynch Muni 3-7 Years	0.9	2.9	7.7	6.7	5.8	4.5	4.5	5.1
Citigroup Hedged Non-U.S. Dollar Bond	0.2	0.2	8.5	6.6	5.7	4.3	5.3	5.3
Citigroup Unhedged Non-U.S. Dollar Bond	5.4	-0.6	3.5	10.9	7.9	5.9	6.2	6.5
Citigroup Treasury Bill-3 Month	0.1	0.1	0.8	2.0	3.0	3.3	3.0	3.1
Ryan Labs 3 Yr GIC	1.1	2.3	4.7	4.7	4.5	4.2	4.0	4.8
<u>International Equity</u>								
MSCI EAFE	25.9	8.4	-31.0	-21.2	-7.5	0.1	2.8	1.6
S&P Large/Mid Value World x U.S.	27.7	9.3	-29.6	-20.9	-6.7	1.2	4.0	3.5
S&P Large/Mid Growth World x U.S.	24.9	11.7	-31.7	-19.4	-6.9	0.5	3.3	1.0
S&P Small Cap World x U.S.	32.2	18.1	-31.3	-23.4	-8.2	0.4	4.1	5.3
MSCI Emerging Markets	34.8	36.2	-27.8	-13.0	3.3	10.6	15.1	9.0
S&P Global World Property x U.S.	38.6	16.2	-30.7	-27.5	-10.9	-2.0	3.5	6.2
<u>Miscellaneous</u>								
Consumer Price Index	1.4	2.5	-1.4	1.8	2.1	2.7	2.7	2.7
DJ UBS Commodity Index	11.7	4.6	-47.1	-13.5	-8.3	-2.3	-0.2	7.2
HFN Fund of Funds- Multi Strategy Avg	4.1	4.3	-15.5	-7.9	-1.3	1.5	2.4	5.9
Alerian MLP	19.3	32.7	-12.4	-11.6	3.5	3.5	9.0	14.2

QUARTERLY CONSIDERATIONS



All indices are unmanaged. Investors can't actually invest directly into an index. Past performance is not indicative of future results.

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, which represents approximately 25% of the total market cap of 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/Citigroup PMI Value World x U.S. and S&P/Citigroup PMI 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/Citigroup PMI World x U.S. Index.

S&P/Citigroup EMI 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.

Consumer Price Index is the United States Consumer Price Index.

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.