

QUARTERLY CONSIDERATIONS

GENERAL

- ▲ ***Glad its Over?*** – 2011 challenged U.S. equity investors as the S&P 500 Index returned 2% and the Russell 2000 Index fell 4%. The average international equity fund dropped 14% as Eurozone debt issues took center stage. Treasuries and corporate bonds rallied as investors sought safety and yield.
- ▲ ***A Wild Ride*** – The S&P 500 Index closed up or down 2% on 35 days in 2011, up from 22 days in 2010. In contrast, the Index didn't post a single move of more than 2% in 2005 and just two in 2006.
- ▲ ***New Research*** – Bond issuance denominated in local currency within emerging economies has expanded rapidly over the past decade. **Please visit the Research section of our website for our most recent White Paper, *Emerging Market Bonds, An Asset Class Primer*.**
- ▲ ***For Your Reading Pleasure*** – We are proud to announce our fourth book, ***Nonprofit Asset Management: Effective Investment Strategies and Oversight***. It will be available on-line and in bookstores beginning February 1st, 2012. Profits from book sales will be donated to charity.

PLAN SPONSORS

- ▲ ***Boost Retirement Readiness*** – Nearly twice as many 401(k) participants reached an overall contribution rate greater than 11% when the automatic default rate was increased from 3% to 6%, according to a recent Principal study.
- ▲ ***Match Maker*** – **Half of companies that suspended their matching contribution since early 2008 have fully restored it.** Nearly 14% of 401(k) and profit sharing plans still have suspended or reduced matching contributions, according to a recent PSCA survey.
- ▲ ***Risk Management*** – 80% of corporate pension plan sponsors with assets less than \$5 billion employ a Liability Driven Investing (LDI) de-risking strategy, according to a recent aiCIO survey. Only 15% have no plans to implement LDI.

NON-PROFIT ORGANIZATIONS

- ▲ ***Size Matters*** – In FY 2011, large endowments (over \$1 billion) invested 58%, on average, in alternatives. On the other hand, the smallest endowments (less than \$25 million) invested just 9% in alternatives, according to a recent NACUBO survey.
- ▲ ***Join Us*** – **Please join us on March 21st, 2012 for an informative Workshop, *Alternative Investments for Nonprofits*.** Whether your endowment is large or small, we will present five facts every investment committee must know regarding alternative investments. Look for your formal invite soon.

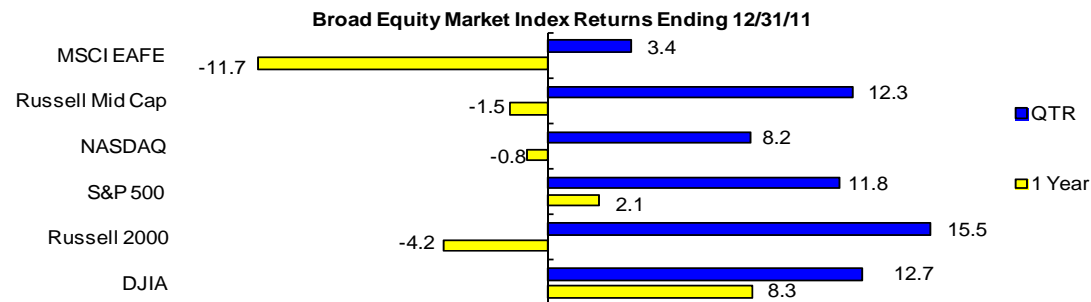
THE WEALTH OFFICE™

- ▲ ***Tax Man Cometh*** – **The IRS recently reported it audited 12.5% of wealthy taxpayers in fiscal 2011** (assets in excess of \$1 million). This figure is up from 8% in 2010, and 6% in 2009.
- ▲ ***Change of Plans*** – **2012 is setting up to be a very confusing year from a tax and estate planning perspective.** With many changes scheduled to take place at the end of the year and with a pending presidential election sure to further cloud the landscape, The Wealth Office™ can help keep you abreast of the latest implications with respect to your personal investment strategy.
- ▲ ***Crystal Ball Default*** – Meredith Whitney's year-end 2010 famous prediction of 'hundreds of billions of dollars' of municipal bond defaults in 2011 has turned out to be wildly inaccurate. Instead, total muni defaults for 2011 are estimated to be about \$1 billion, or 25% of the \$4.3 billion that defaulted in 2010. Ms. Whitney broke an important rule of forecasting – give a precise prediction and vague timeframe or give a vague prediction and precise timeframe, but never give a precise prediction and a precise timeframe. **The Wealth Office™ points out municipal bonds were one of the best performing asset classes of 2011.**

QUARTERLY CONSIDERATIONS

ECONOMY

- ▲ The Federal Reserve continues to keep interest rates on hold at the 0% to 0.25% range, and confirmed their intention to maintain low rates into 2013. In a coordinated action, the Fed partnered with other major central banks during the quarter to ease tensions in the credit markets as European financial institutions were facing difficulty securing U.S. dollar-based funding. The next FOMC meeting is scheduled for January 24th-25th, 2012.
- ▲ **U.S. GDP advanced 1.8% in the prior quarter.** The advance reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, federal government spending and exports that were partly offset by negative contributions from state and local government spending and private inventory investment. Most analysts expect positive growth to continue in the first half of 2012. The fourth quarter GDP advance estimate is due out on January 27th, 2012.
- ▲ **The unemployment rate, which has been above 9% for most of the year, trended down each month of the quarter to end December at 8.5%.** However, it will take 6 million more jobs to get the U.S. back to employment levels in December 2007, when the recession began. With millions of Americans still out of work, President Obama appears bound to face voters with the highest unemployment rate of any president running for re-election since World War II. Unemployment stood at 7.8% when President Obama took office.
- ▲ **Home prices continued to drift lower, although the pace of sales has started to slowly pick up.** Despite the lowest mortgage rates in history, Americans have been reluctant to purchase a home as high unemployment and weak job growth have deterred many would-be buyers. Meanwhile, prices could potentially fall further once banks resume millions of foreclosures, which have been delayed because of a yearlong investigation into lending practices. Foreclosures and short sales are selling at an average discount of 20%.
- ▲ On the political front, events in Washington will be closely watched. **As the U.S. enters an election year, a growing fiscal deficit and expiring tax cuts are expected to fuel significant debate.** Coloring these discussions will be several unpredictable factors: The state of the economy and who wins control of the House, the Senate and the White House.



U.S. EQUITY MARKETS

- ▲ U.S. equity markets moved higher during the final quarter of the year even as macroeconomic concerns, primarily surrounding Europe's sovereign debt, continued to dominate the minds of investors. **Market volatility was heightened and correlations among stocks remained at historically high levels.** Peaking stock correlations, which began in 2008, continued to spike throughout much of 2011 amid a flurry of macro/headline news.
- ▲ The **S&P 500 Index** ended the quarter up 12% at 1,258. The S&P 500 finished the year with a gain of 2%, registering record price swings and correlations along the way. The Index tumbled as much as 19% from April to its low for the year of 1,099 on October 3rd as Congress and President Obama struggled over U.S. deficit cuts and concern grew that the Eurozone debt crisis was threatening the global economic recovery.
- ▲ The **NASDAQ Composite** ended up 8% at 2,605 for the fourth quarter – but still managed to post its first annual loss in three years. The **DJIA** finished the quarter up 13% at 12,218. Investors' preference for high-quality, dividend-paying stocks for much of 2011 led to the DJIA's 8% annual gain.
- ▲ **Analysts have reined in their consensus estimates slightly for the quarter,** mainly due to concerns about the impact of slower Eurozone growth on domestic corporate performance, though the negative revisions have slowed. As 2012 gets underway, many corporate executives have raised expectations for profit growth, but they are less than firm on commitments to invest in their business or pursue merger and acquisition activities.
- ▲ Across market capitalizations, **small- and mid-cap issues generally outperformed larger companies.** Meanwhile, value stocks outperformed their growth counterparts. The financial characteristics of stocks that fared best were more economically sensitive. Defensively-oriented sectors lagged.

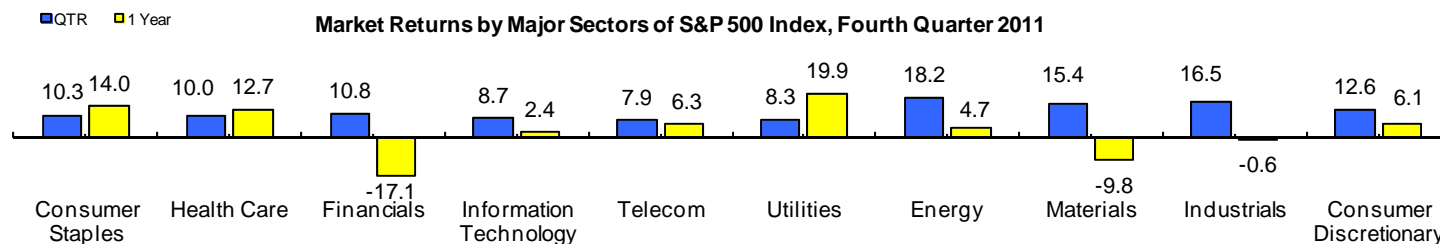
QUARTERLY CONSIDERATIONS

U.S. EQUITY MARKETS (continued)

- ▲ The **HFRI Fund Weighted Composite Index increased 1%**, while the **HFRI Fund of Funds Composite Index declined marginally in the fourth quarter**. Both indices fell approximately 5% for the year. Tactical Trading managers were whipsawed by the markets and lagged during the fourth quarter. Event Driven and Equity Hedge led quarterly results thanks to strong performances in October. Eurekahedge noted that total asset flows for the year were \$67 billion, taking the industry to over \$1.7 trillion.
- ▲ The Alerian MLP Index experienced a volatile year but ended up producing strong results while outperforming most asset classes. **For the quarter MLPs advanced 16%**, bringing the one-year results to a gain of 14%. The Index finished the year at an all-time high, following the second largest fourth quarter gain since the Index was created. Large cap and General Partner MLPs outperformed. Natural Gas Storage and thinly traded MLPs lagged.

U.S. EQUITY SECTORS

- ▲ **The materials sector soared** on significant strength from chemicals and metals & mining stocks. **Industrial-related stocks also rallied** led by construction and transportation stocks. Airlines underperformed as American Airlines and its parent AMR Corp. filed for bankruptcy amid rising labor costs, high fuel prices and dampened travel demand. Once the largest carrier, American is now third behind United Airlines and Delta Air Lines, both of which used Chapter 11 to cut costs and later found merger partners.
- ▲ **The financial services sector posted double-digit gains** on strong performances from REITs and regional banks. However, larger institutions continued to be weighed down by investor worries about banks' potential exposure to European sovereign debt. In corporate news, MF Global filed one of the nation's largest bankruptcy cases after suffering big losses on European debt holdings, making it the first U.S. casualty of the Eurozone debt crisis. Meanwhile, millions of dollars of customer funds have reportedly gone missing.
- ▲ **The energy-related sector moved sharply higher** during the quarter amid heightened tensions between Iran and the West. Iran is threatening to disrupt shipments through the Strait of Hormuz, which is among the world's key shipping routes for oil tankers. The price of crude, which surged more than 20%, was also bolstered by positive U.S. economic data and declining inventories.
- ▲ **Results in the consumer discretionary sector were mixed**. Amazon.com sold off sharply following a disappointing earnings report and forecast, which was caused by significant spending as the online retailer continues to invest heavily into its growing cloud business, as well as launching new electronics products such as its Kindle Fire tablet. Meanwhile, several luxury goods makers posted strong gains as consumers stepped up their purchases of high-end items, especially in Asia.
- ▲ **The traditionally defensive areas such as the utilities and telecommunications services sectors were among the weakest performers** as investors gravitated towards riskier assets and away from safety and yield. In the telecom space, AT&T's proposed purchase of Deutsche Telekom's T-Mobile USA collapsed in the face of opposition from the U.S. Justice Department.



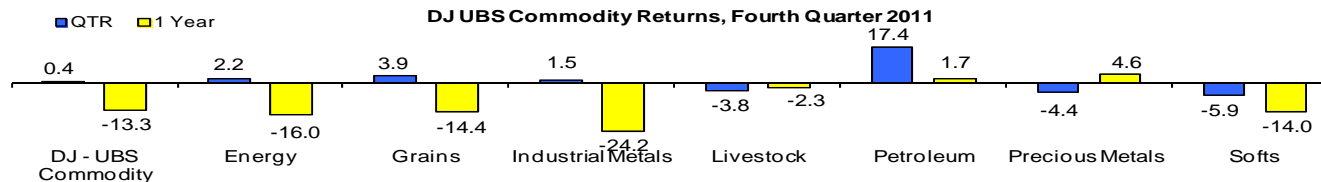
REAL ESTATE

- ▲ **Domestic REITs were one of the strongest performing asset classes for the fourth quarter and 2011**. The NAREIT Equity REIT Index gained 15% during the quarter and 8% for 2011. Strength was due to continued improvement in fundamentals, access to capital and attractive yields. Continuing to benefit from the housing market struggles, self storage outperformed during the quarter. Apartment REITs also advanced due to renewed pricing power and lower vacancy rates. Lodging/resorts was the worst performing sub-sector in 2011 due to its higher sensitivity to broader economic concerns. However, the sector bounced back during the fourth quarter amid rebounding occupancy rates.
- ▲ During the fourth quarter, **International REITs exhibited mixed results** with Europe being the only declining region. Sovereign concerns caused Italy and Spain to significantly lag, but combined the countries represent less than 1% of the universe. Asia stabilized and was modestly positive after weakness throughout much of the year. Australia and China had strong quarterly returns that corresponded with monetary easing.

QUARTERLY CONSIDERATIONS

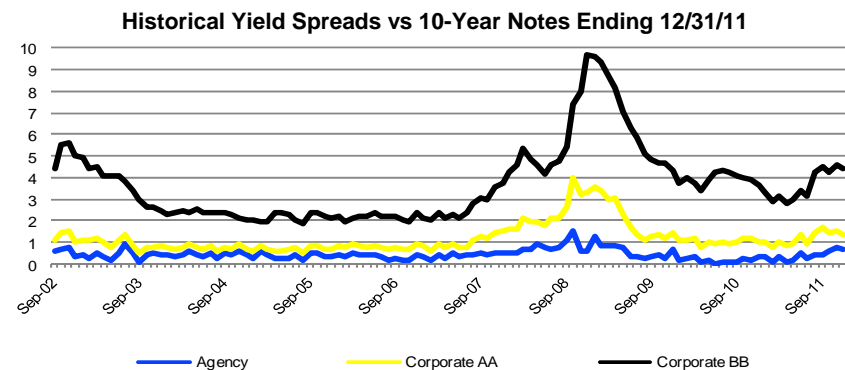
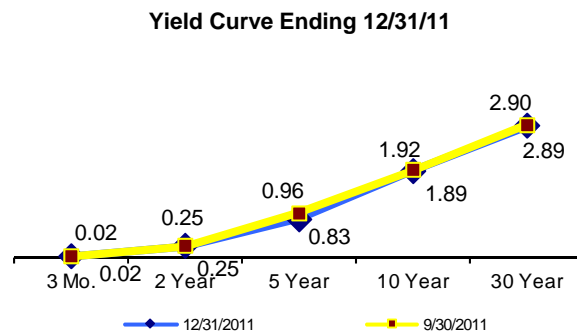
COMMODITIES

- ▲ The Dow Jones-UBS Commodity Index ended up 0.3% after December's weakness cut into strong results during October. Precious metals were the top performers for the year, but strength in the U.S. dollar and liquidity needs amongst investors led to quarterly declines. Following weakness in the previous quarter, the energy sector outperformed thanks to double digit returns in October. Weakness in coffee and orange juice caused soft commodities to be the worst performer during the quarter. For the year, industrial metals was the worst performer, falling 24% on macroeconomic concerns.



FIXED INCOME MARKETS

- ▲ The yield curve ended the quarter relatively unchanged as rates continued to be supported by the Fed's accommodative policy and implementation of "Operation Twist". The 2-year remained at 0.25% and the 30-year fell 1 basis point to 2.89%. The 5-year was the exception and outperformed the overall curve by declining 13 basis points to 0.83%. Overall, **Treasuries returned 0.9%** for the quarter. **TIPS gained 2.7%** during the quarter as real yields declined, increasing the 10-year breakeven to 2.0% from 1.7%.

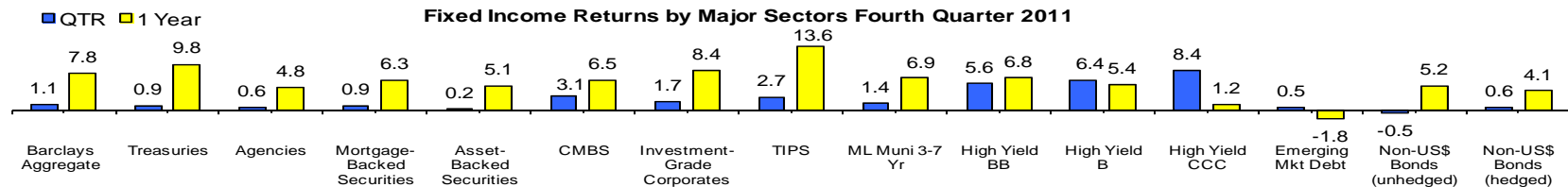


- ▲ **Investment grade corporates outperformed duration matched Treasuries**, returning 1.7%, as credit spreads tightened over the quarter. Overall, fundamentals remained strong as corporate profits and cash levels remained at historically high levels. Among investment grades, financial-backed issuers underperformed utility-backed and industrial-related corporates due to their disproportionate exposures to sovereign Europe debt. **High yield issues also outperformed Treasuries**, returning 6.4%, with lower quality, CCC-rated issues performing the best.
- ▲ **Mortgage-backed securities moved higher** despite concerns that government programs aimed at stimulating the housing market will lead to increased refinancing activity and expectations for faster prepayments going forward. **Commercial mortgage-backed securities (CMBS) were the best performing structured product**, outperforming Treasuries by 2.2%, as spreads rallied late in the quarter. CMBS also saw an improvement in the new issuance market and stable delinquency rates. **Asset-backed securities (ABS) produced positive returns**, but trailed Treasuries, as the sector saw spreads widen. Within ABS, credit cards were the largest detractor followed by auto.
- ▲ **Municipal bonds posted solid results**. December opened with significant amounts of muni supply coming to market, more new assets flowing into muni bond mutual funds, and reinvestment cash waiting to be deployed. This caused muni yields to grind lower, hitting new all-time lows at multiple points on the yield curve. Over the quarter, retail investors slowed muni investment due to "rate shock" given low absolute yields. However, crossover buyers and banks have been a strong source of demand taking advantage of the high muni to Treasury ratios. 2011 closed the year with a low default rate and many of the weaker states outperformed as investors saw many states pass balanced budgets.

QUARTERLY CONSIDERATIONS

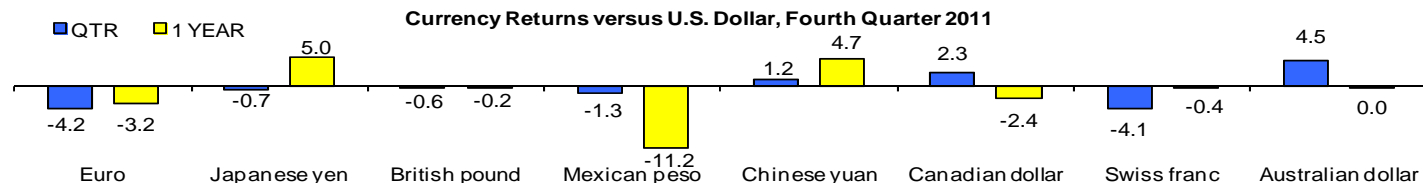
FIXED INCOME MARKETS (continued)

- ▲ The European debt crisis remained at center stage as politicians continued to work on a credible solution. Overall, foreign bonds provided mixed results as investors recovered from the third quarter. **The dollar appreciated against most developed currencies and resulted in hedged portfolios, returning 0.6%, outperforming their unhedged counterparts, which returned -0.5%.** Within Europe, Germany continued to benefit from their perceived “safe haven” status and returned 1.9% as yields declined. Portugal, Ireland, Italy, and Spain produced negative returns ranging from -1.0% and -4.0%, while Greece was the largest detractor with a return of -37.4%. Emerging market debt (EMD) generated positive returns as investors continue to be drawn to the relatively high yield. Overall, EMD held up well in the volatile macro environment although concerns still loom surrounding the details of China’s slowdown. Similar to developed currencies, most emerging market currencies fell against the dollar causing hedged portfolios to outperform.



INTERNATIONAL DEVELOPED MARKETS

- ▲ International developed markets rose during the quarter, with the **MSCI EAFE Index** advancing 3%. Sectors such as healthcare, consumer staples and energy were among the top performers, while financials, utilities and information technology underperformed.
- ▲ International growth stocks outperformed international value stocks with the **MSCI EAFE Growth Index** ending up 4% and the **MSCI EAFE Value Index** rising 3%. Across market capitalizations, international large caps fared better than international small caps, with the **MSCI EAFE Small Cap Index** declining nearly 1%.
- ▲ **The U.S. dollar appreciated sharply against the Euro, but declined against several commodity-related currencies such as the Canadian and Australian dollars.** As the debt crisis in Europe remains unresolved with no comprehensive solution forthcoming, the Euro has seen further weakness against the U.S. dollar and most major currencies. Lingering concerns about the possibility of further QE in the U.S. helped lift the Japanese yen to record highs against the U.S. dollar, before forcing government intervention. The safe-haven Swiss franc moved sharply lower against most currencies amid increased expectations that deflationary pressures would spur the central bank to intervene again.



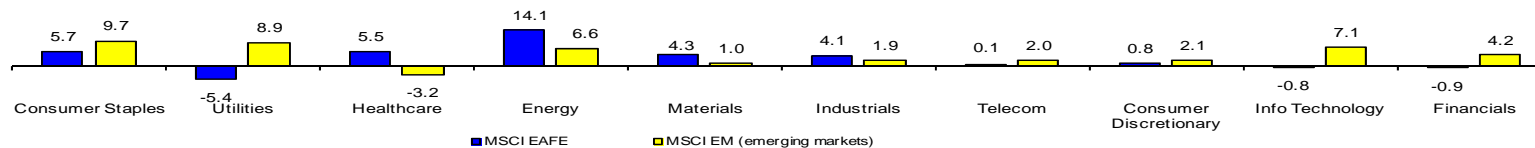
- ▲ For the quarter, the **MSCI Canada Index** ended up 5% as the central bank left rates on hold at 1% amid the deepening sovereign debt crisis in Europe. The central bank has left rates unchanged since September 2010. In the summer of 2010, Canada became the first G-7 nation to raise rates since the financial crisis began. The Canadian dollar strengthened against the U.S. dollar as reports on U.S. employment and manufacturing indicated Canada’s biggest trading partner’s economy is recovering. An improving trend in U.S. data is positive for the Canadian dollar because it means better demand for the country’s exports.
- ▲ The **MSCI Europe Index** gained 6%. The ECB cut rates to a record low of 1% and announced several steps to bolster the financial system amid the ongoing debt crisis. **Spain ended down 2%** as yields on the country’s debt touched record highs. **Italy rose 1%** as the debt crisis forced PM Silvio Berlusconi’s resignation. He was succeeded by Mario Monti, who quickly formed a new government to address the debt problems of the world’s eighth-largest economy. **France advanced 3%** despite ongoing concerns the country will lose its AAA rating. On the political front, President Nicolas Sarkozy will seek reelection as voters head to the polls in the April 2012 presidential election.

QUARTERLY CONSIDERATIONS

INTERNATIONAL DEVELOPED MARKETS (continued)

- ▲ The **MSCI United Kingdom Index** rose 9% as the Bank of England kept rates on hold at 0.5%, where it has remained since March 2009. In October, the central bank voted to expand its bond-buying program for the first time in almost two years as government budget cuts, combined with Europe's debt crisis, pose an increasing threat to Britain's economic recovery. GDP rose a tepid 0.5% due to stagnant household expenditures as consumers hit hard by rising prices and anemic wage growth tightened their belts.
- ▲ The **MSCI Japan Index** lost 4% as the Bank of Japan downgraded its assessment of the Japanese economy as sliding exports and expensive energy imports led to the largest trade deficit on record. Imports increased largely due to the higher demand for fossil fuels as much of the nation's nuclear power plants have been idling since the tsunami and earthquake on March 11th. Exports declined due to slowing overseas economies and the strong currency. The Japanese yen, which had risen to a post-World War II high against the U.S. dollar during the quarter, moved lower after government officials intervened in currency markets for the third time this year.
- ▲ The **MSCI Pacific ex-Japan Index** gained 6%. **Hong Kong advanced 6%** as the economy remains relatively strong, with a low unemployment rate, robust retail sales and strong GDP growth. **Australia rose 8%** as the Reserve Bank of Australia cut interest rates to 4.25% in two 25 basis point moves amid worries about slowing Asian growth and turbulence in Europe. **Singapore declined 1%** as reduced demand and supply chain disruptions hurt manufacturing, one of the key drivers of growth of Singapore's economy.

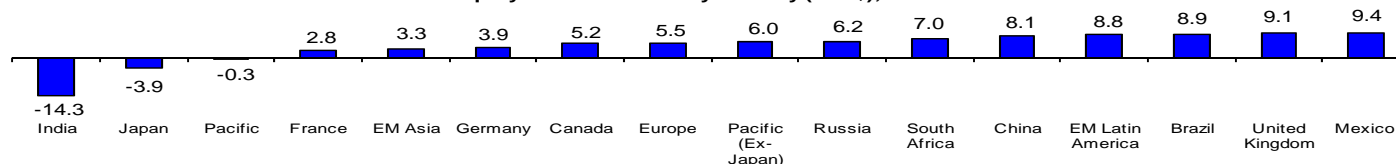
International Equity Market Returns by Major Sectors, Fourth Quarter 2011



INTERNATIONAL EMERGING MARKETS

- ▲ The **MSCI EM Index** advanced 4% during the fourth quarter. Consumer staples, information technology and utilities were among the top performing sectors, while healthcare, industrials and materials underperformed.
- ▲ The **MSCI EM Latin America Index** rose 9%. **Brazil advanced 9%** as the central bank cut rates by a total of 100 basis points to 11%. Brazilian policymakers have been walking a fine line since August, when the central bank surprised markets by lowering rates despite high inflation. Brazil's inflation rate is hovering slightly above the 6.5% upper limit. **Mexico gained 9%** as GDP grew a better-than-expected 4.5%. On the political front, Mexico's upcoming July 2012 presidential elections will be closely watched. Of particular importance in the U.S., is how the trade and security policies of President Felipe Calderon's successor will affect illegal immigration and the robust trade relationship with Mexico.
- ▲ The **MSCI EM Asia Index** gained 3%. **India plunged 14%** as GDP grew 6.9% in the most recent quarter, the lowest level of growth since the second quarter of 2009. Government officials stated inflation and exposure to Europe's economic woes are leading causes for India's lower expansion rate. **South Korea rose 6%** amid a strong showing from IT giant Samsung Electronics after the company overtook Apple as the world's largest smartphone vendor. **China advanced 8%** as the People's Bank of China lowered the reserve ratio requirement by 50 basis points. It was the first cut in the ratio since 2008, and a change in course after the ratio was raised steadily throughout much of 2011.
- ▲ The **EMEA (Eastern Europe, Middle East and Africa) Index** advanced 3%. Within Eastern Europe, **Russia rose 6%** despite heightened political tensions. Widespread protests erupted ahead of the March 2012 presidential elections in opposition to Prime Minister Vladimir Putin's likely return to the presidency. The former two-term president (2000-2008) became prime minister in 2008 under his protégé President Medvedev because the Russian constitution does not allow three consecutive terms. In the Middle East, **Turkey fell 16%** amid high inflation and uncertainty regarding future monetary policy. **South Africa gained 7%** on higher commodity prices.

Non-U.S. Equity Market Returns by Country (U.S.\$), Fourth Quarter 2011



QUARTERLY CONSIDERATIONS

Financial Markets Performance Ending December 31, 2011

Returns for Periods Exceeding One-Year are Annualized.

U.S. Equity	QTR	YTD	1YR	2YR	3YR	4YR	5YR	10YR
S&P 500 Composite Index	11.8	2.1	2.1	8.4	14.1	-1.6	-0.3	2.9
Dow Jones Industrial Average	12.7	8.3	8.3	11.2	14.9	0.8	2.4	4.6
Russell 1000 Growth	10.6	2.6	2.6	9.5	18.0	0.3	2.5	2.6
Russell 1000 Value	13.1	0.4	0.4	7.7	11.5	-3.2	-2.6	3.9
Russell Mid Cap	12.3	-1.5	-1.5	11.1	20.2	0.4	1.4	7.0
Russell 2000	15.5	-4.2	-4.2	10.3	15.6	0.6	0.2	5.6
Russell 2000 Growth	15.0	-2.9	-2.9	12.0	19.0	0.9	2.1	4.5
Russell 2000 Value	16.0	-5.5	-5.5	8.5	12.4	0.2	-1.9	6.4
NASDAQ	8.2	-0.8	-0.8	8.3	19.4	0.6	2.5	3.7
Russell 3000	12.1	1.0	1.0	8.7	14.9	-1.3	-0.0	3.5
NAREIT Equity REIT	15.2	8.3	8.3	17.7	21.0	2.5	-1.4	10.2
Fixed Income & Cash Equivalents	QTR	YTD	1YR	2YR	3YR	4YR	5YR	10YR
Barclays Cap US Aggregate	1.1	7.8	7.8	7.2	6.8	6.4	6.5	5.8
Citigroup High Yield Market	6.4	5.5	5.5	9.8	23.3	8.5	7.2	8.7
Barclays Capital US TIPS	2.7	13.6	13.6	9.9	10.4	7.1	8.0	7.6
Merrill Lynch Muni 3-7 Years	1.4	6.9	6.9	5.1	5.8	5.8	5.7	5.0
Citigroup Hedged Non-U.S. Dollar Bond	0.6	4.1	4.1	3.3	3.0	4.2	4.3	4.4
Citigroup Unhedged Non-U.S. Dollar Bond	-0.5	5.2	5.2	5.2	4.9	6.2	7.2	8.4
Citigroup Treasury Bill-3 Month	0.0	0.1	0.1	0.1	0.1	0.5	1.4	1.9
Ryan Labs 3 Yr GIC	0.5	2.4	2.4	3.0	3.5	3.8	4.0	4.1
International Equity	QTR	YTD	1YR	2YR	3YR	4YR	5YR	10YR
MSCI EAFE	3.4	-11.7	-11.7	-2.3	8.2	-7.9	-4.3	5.1
MSCI EAFE Value	2.8	-11.6	-11.6	-4.2	7.4	-8.6	-5.8	5.5
MSCI EAFE Growth	3.9	-11.8	-11.8	-0.4	8.9	-7.2	-2.8	4.6
MSCI EAFE Small Cap	-0.5	-15.7	-15.7	1.6	15.0	-5.2	-3.8	9.4
MSCI Emerging Markets	4.4	-18.2	-18.2	-1.2	20.4	-4.9	2.7	14.2
S&P Developed World Property x U.S.	0.1	-14.7	-14.7	0.4	12.9	-8.8	-7.4	9.2
Miscellaneous	QTR	YTD	1YR	2YR	3YR	4YR	5YR	10YR
Consumer Price Index	-0.1	3.0	3.0	2.2	2.4	1.8	2.2	2.5
DJ UBS Commodity Index	0.3	-13.3	-13.3	0.6	6.4	-6.2	-2.1	6.6
HFRI Fund Weighted Composite Index	1.3	-4.8	-4.8	2.4	8.0	0.5	2.3	5.9
HFRI Fund of Funds Composite Index	-0.3	-5.5	-5.5	-0.1	3.6	-3.3	-0.7	3.3
Alerian MLP	16.3	13.9	13.9	24.4	39.7	14.6	14.2	15.7

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

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.

Russell 3000 is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. As such, it represents nearly 98% of the investable U.S. equity market.

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.

Barclays Capital US Treasury Inflation Protected Securities Index measures bonds with fixed rate coupon payments that adjust for inflation as measured by the Consumer Price Index. All bonds must be publicly traded, investment grade and have a minimum maturity of one year and a minimum amount outstanding of \$250 million of face value. It currently is comprised of only US Treasury issued 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.

HFRI Fund Weighted Composite Index - Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies. The minimum investment in a Fund of Funds may be lower than an investment in an individual hedge fund or managed account. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers. PLEASE NOTE: The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index.

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.