

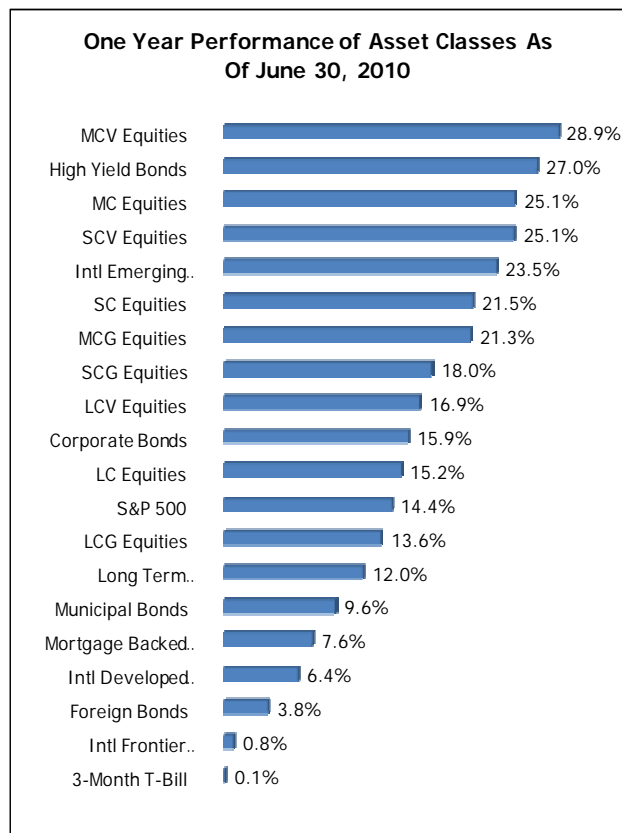
*This market review was written by the Institutional Consulting Group at Wells Fargo Advisors and provided to you courtesy of CapTrust Financial Advisors.*

### Capital Markets Summary

The domestic equity markets looked to extend their gains from the first quarter with earnings season getting off to a good start and economic reports continuing to indicate a positive growth environment for the U.S. economy. But by mid-quarter the investing environment had changed significantly. Mixed economic reports created volatility and often the market’s reaction to the report wasn’t necessarily correlated or in proportion to its relative meaning as a measure of the health of the economy. Overall, second quarter market activity was driven by fear. Perhaps the most troubling of all news this quarter was the dramatic decline in the Consumer Confidence numbers released in June. The weakness in consumer confidence portrays a domestic economy that is still struggling with high unemployment, decreasing wages, a weak housing market, and fear that the global economy isn’t improving. Real or perceived, it didn’t matter. If investment managers had their fingers on the risk averse trigger last quarter, they pulled it this quarter. Institutional investors were selective buyers on down days, often deferring to the sidelines and the safety of cash, or sold positions into rallies. Volume on up days was below average. Volume on down days was above average. That resulted in the market averages posting lower highs on rallies followed by lower lows on sell-offs. Every major equity index suffered a loss for the quarter with only the Dow Jones Transportation, S&P MidCap and S&P Small Cap indices hanging on to gains for the year.

The economy continues to grow, although at a slow pace. Core CPI numbers released in June show the reading fell by 0.2% in May. For the trailing 12 months, core CPI, has risen just 0.9%. This is well below the 2.0% average annual increase over the past 10 years. Inflation is not an immediate concern.

The Conference Board’s Leading Economic indicators rose 0.4% in May. That indicator has now risen in 14 of the past 16 months. Durable goods orders are increasing and manufacturing activity has increased as inventories are rebuilt. Consumer debt is down and there is plenty of cash, estimated near \$7.5 trillion, which could be put back into the post-stimulus economy.



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### Capital Markets Summary

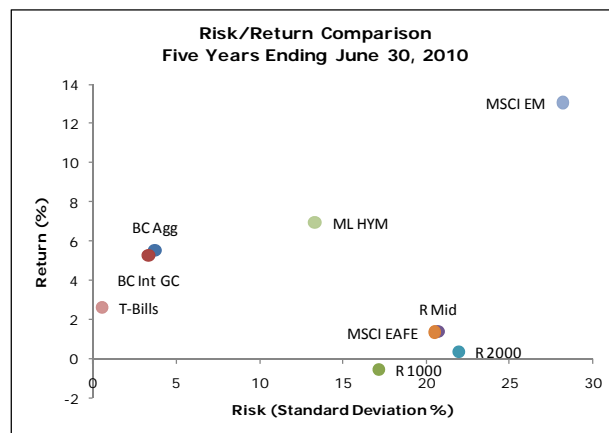
Earnings season held few true surprises as earnings continue to improve with more companies showing top-line growth, helped by operating earnings that increased dramatically from first-quarter 2009 levels. Investor reaction to news of improving earnings was somewhat subdued due to previously lowered estimates. Earnings for S&P 500 companies' ex-Financials increased almost 44% from their year ago numbers. Including Financials the improvement was almost 60%. Improved earnings growth did encouraged some corporations

and small businesses to begin adding to payrolls as productivity numbers accelerated to an annualized rate of 5.6%. This is well above the 2.5% - 3.0% long-term average. Although the private sector added only 83,000 jobs in June (below analysts' new job estimates of 110,000), the positive creation of jobs may signal the end of "less bad" numbers and the beginning of employment growth. Official unemployment declined to 9.5% during the quarter.

Internationally, both Europe and Asia added to fears of a global economic meltdown. As mentioned last quarter, Greece is the face of European financial uncertainty, but the problems for Europe extend well beyond Greece. The European Central Bank (ECB) and International Monetary Fund (IMF) are challenged to find an amicable way out of this situation. They were able to successfully negotiate for a 750 billion Euro (approximately \$1 Trillion USD) loan guarantee to aid financially strained Euro countries .

Different than TARP funds or the Stimulus Plan exercised by the U.S., the EU and IMF proposed these funds be used as a method of stabilizing interest rates and has proven so far to be effective at calming debt fears and reducing interest rates (yields) on government issued debt for countries like Greece and Spain. Despite this effort the dollar gained strength against the Euro this quarter, and U.S. Treasury instruments have seen renewed buying as a result of credit risks in Europe. On the one hand, this will help the Fed justify a low interest rate environment, but with the U.S. economy showing signs of a strengthening recovery, pressure will be on the Fed to control inflation in the U.S.

China continues to tighten controls on its economic expansion and is rumored to be contemplating an interest rate hike to stem inflation. China's consumer price inflation rose to 2.8% YTD in April. That is the highest level in 18 months. It remains to be seen how China will use its economic clout or how it will treat its Asian neighbors. As the major player in that economy any tightening of fiscal policy will have (maybe severe) ramifications to countries dependent on exports to China.



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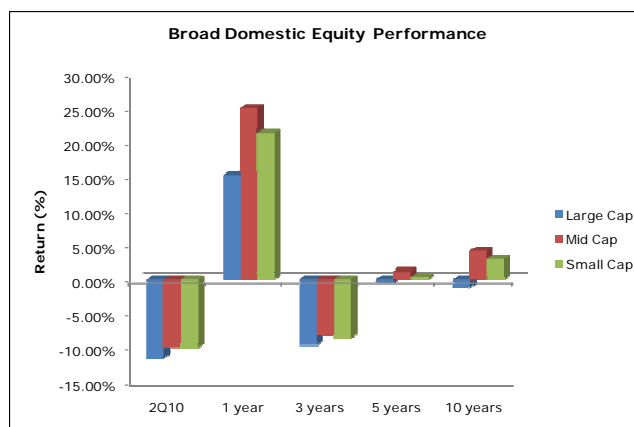
### Capital Markets Summary

On the fixed income front it came as no surprise that the Fed reaffirmed their current interest rate policy. The influx of stimulus money into the economy is expected to take approximately 12 months to produce meaningful economic benefit and should begin to show its value this coming quarter. Language from the Fed continues to support low interest rates for an “extended period of time”, but may soon evidence a change in attitude regarding interest rates should employment and GDP numbers continue to improve.

Fear, generated by global uncertainty, made some investors consider U.S. Treasury instruments a “safe haven” investment this quarter putting further downward pressure on bond yields. The benchmark 10-year note closed under 3.0% completing its best first half performance in 15 years. Bond returns exceeded gains in the equity markets by the widest margin in nine years. Institutional investors continued to favor high quality short-term debt instruments.

### Domestic Equity

The U.S. stock market as measured by the Dow Jones Industrial Average (DJIA) sunk lower in the second quarter as the market entered the Fourth of July holiday at its low for the year. Heading into the last week of April, the market had risen nearly 80% from its February 2009 lows and enjoyed its eighth consecutive week of gains. However, as the market climbed investors became increasingly concerned about a potential correction (a 10% or more move to the downside). These concerns would turn out to be well-founded as the market tumbled nearly 16% for the rest of the quarter. As events here and abroad played out through the end of the quarter, investors fled the equity markets for the relative safety of Treasuries.



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## Domestic Equity

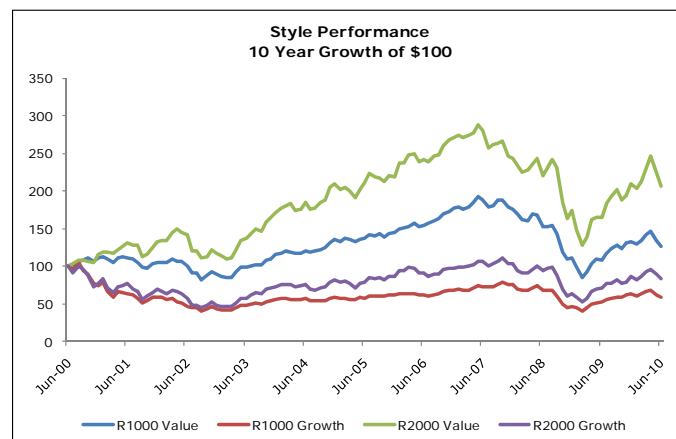
Much of the market movement to the downside over the past two months could be attributed to one of six major factors that at various times weighed heavily on the market. The acronym SCARED could be used to describe these factors.

The “S” stands for spill, since the Gulf oil spill dominated the media headlines. The five major players British Petroleum (BP), Transocean (RIG), Anadarko Petroleum (APC), Haliburton (HAL), and Cameron International (CAM) gave up more than \$40 billion in market value after the spill on April 20th. BP was the biggest of the five as it saw its market cap cut in half. BP entered the quarter as a top 10 holding in more than 40 mutual funds. Its downfall also erased \$1.4 billion in value from more than 40 state pension plans. The country’s largest public pension, Calpers, lost more than any other state pension as it held 58.2 million shares of BP on April 20th and saw the value of its holdings fall from nearly \$600 million to just over \$300 million.

The “C” stands for the market crash that occurred on May 6. The market (DJIA) fell more than 1000 points late in the trading day but was able to recover most of the loss and closed the day down 347 points.

The closing decline was still the worst daily loss for the year up until that point and shook investor confidence in not just the market direction, but also in the very mechanisms that are used to trade the market. Subsequent finger-pointing over what caused the “flash crash” further dampened investor sentiment.

The “A” stands for Asian concerns, as Chinese economic growth appeared to be decelerating heading into the second half of the year. Strikes in the Chinese auto sector, and increasing questions over property speculation and the sustainability of its stimulus measures have cooled investor expectations for companies doing business in the country. In addition to China, increasing tensions between North and South Korea heightened the risk of U.S. companies doing business on the Korean peninsula.



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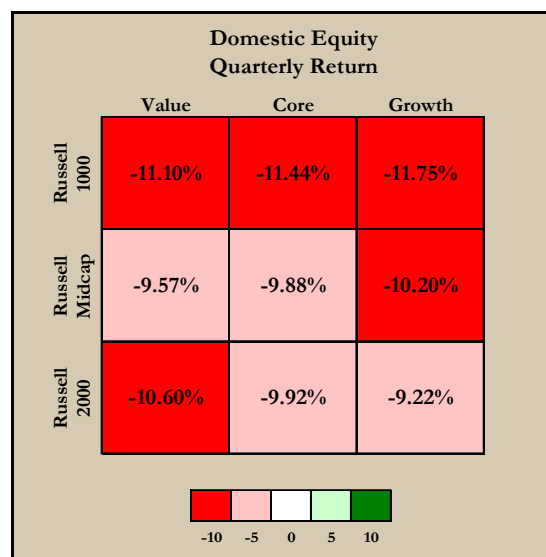
### Domestic Equity

The “R” stands for reform. After Congress swept through health care reform, it turned its attention to the financial sector. Though not signed formerly into law as of this writing, the Dodd-Frank Act of 2010 is largely complete and is expected to be signed into law in July. The proposed changes include setting up a new consumer protection regulator, granting the government the power to break up failing firms, and limiting certain derivative trading at banks. The uncertainty that accompanied what would exactly be included in the bill on its final passage heightened uncertainty in the financial sector.

The “E” stands for European debt crisis. The euro sank to a multi-year low against the U.S. dollar as concerns over the sovereign debt of Portugal, Italy, Ireland, Greece, and Spain increased. This pressured domestic markets as U.S. multinational firms faced lower profits abroad. It also led to increased competition for American exporters as U.S. goods became more expensive relative to its European counterparts.

Finally, the “D” refers to possibility of a “double-dip recession” in the United States where after the recent run-up in economic activity is not sustained and the country “dips” back into recession. With the expiration of the homebuyer’s credit, housing sales weakened later in the quarter despite 30-year fixed mortgage rates being near 50 year lows. A weakening labor market also weighed on the market as did G20 leaders setting up the ambitious goal to cut their deficits in half by the year 2013.

In individual stocks, the second quarter saw 15 IPOs launch which is the most since the fourth quarter of 2007. The IPOs raised a combined \$899 million led by California-based electric car maker Tesla Motors (TSLA). Tesla, which raised \$202 million, became the first U.S. auto maker to go public in more than a half century. Mergers and acquisitions (M&As) were down 4% from the second quarter of 2009, as seventy-nine M&As raised \$4.3 billion for the quarter. Much of the M&A headlines surrounded the airline industry. The start of May saw United Airlines and Continental agreeing to a \$3.2 billion stock swap merger, which would create the world’s largest airline if it can clear antitrust hurdles in the coming months. For the second quarter, the largest M&A was Google’s acquisition of AdMob, a developer in online mobile advertising.



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**International Markets**

Following four consecutive quarters of gains, international equities fell in the second quarter as the MSCI EAFE Index lost 13.97%. The bulk of the damage was inflicted in the month of May which saw an 11.37% decline in the value of foreign stocks.

The Greek debt crisis continued to loom over Europe during the quarter. Spanish and Greek government debt both experienced downgrades by major credit rating agencies, the latter falling to “junk” status. The MSCI Greece Index suffered a 40.42% loss for the quarter while the MSCI Spain index finished the three months down 20.44%. Concern over European debt issues has led to a slump in the value of the euro versus the U.S. dollar. The euro slid to a 4-year low in early June before recovering some of the losses later in the month. The euro ended the second quarter down 8.3% against the dollar.

Austerity proved to be another hot issue in the second quarter with workers staging protests against the austerity measures in countries such as Greece, Spain, Italy, Germany, and Belgium, among others.

The first month of the quarter was marked with a natural disaster and an unnatural one. In April, the eruption of the Eyjafjallajökull volcano in Iceland caused significant disruptions in air travel in Europe as airspace had to be shut down due to ash clouds. A few days later, an even more disruptive event took place – the Deepwater Horizon oil spill in the Gulf of Mexico. The disaster began on April 20 when an offshore oil rig operated by Transocean under contract from BP exploded causing an oil spill of unprecedented size. BP shed 49.4% of its market value while Transocean performed nearly as poorly, down 46.36% in the second quarter.



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## International Markets

Emerging market stocks had a difficult quarter as well, with the MSCI Emerging Markets Index finishing down 9.14%. All MSCI regional emerging indices were in negative numbers for the quarter with the MSCI Europe Index down a hefty 15.13%, Latin America falling 11.94% and Asia losing only 5.12%. Despite negative returns for 2010 to date (-6.04%), the MSCI Emerging Markets Index can still boast double digit annualized returns for the trailing 5 and 10 year periods at 10.19% and 7.50%, respectively.

Late on June 30, Brazil's government controlled Banco do Brasil, the largest bank in Latin America as measured by assets, raised 9.8 billion reals (\$5.4 billion) in a stock offering issued to fund plans for expansion overseas. The day following this offering, Banco do Brasil shares rose 6.13%.

In early June it was reported that Chinese exports rose 48.5% in May versus 12 months ago while China's trade surplus increased from \$1.7 billion in April to \$19.5 billion in May. At the time, these indicators added fuel to the argument that China's currency is artificially undervalued and should be allowed to appreciate. Weeks later, China announced that they would be allowing for more flexibility for the yuan to appreciate against the dollar. As of the end of the quarter, the value of the yuan had risen 0.67% since the June 19th announcement of China's central bank.

## Fixed Income

Fixed income markets were nearly universally higher during the second quarter of 2010 as equity investors bailed on falling markets and again sought the relative safety of bonds. Most of the major bond indices enjoyed steady growth throughout the quarter. The Barclays Capital U.S. Aggregate was up 3.49% due to monthly gains of 1.04% in April, 0.84% in May, and 1.57% in June. The Barclays Capital US Government/Credit index gained 3.88% in the quarter, while the Barclays Capital US Municipal index was up 2.04%. Treasuries were also up, with the Barclays Capital 1-3 Year Treasury index gaining 1.19% in the quarter and the Barclays Capital 7-10 Year Treasury index advancing 7.75%. Due to the continuing low interest rate environment, cash only gained 0.04% in the quarter as represented by the Citigroup 3-Month T-Bill index.

Treasury prices headed much higher during the quarter, driving down yields to near all-time lows. Investors were skittish over the falling equity markets, as well as the instability in foreign currency markets. As a result, the yields on new Treasury auctions were near historic lows. Forty-two billion dollars worth of 2-Year notes issued in May yielded only 0.769%. Bidders for Treasury debt continued to fall slightly, with less than 3 bids for each dollar issued. The Treasury market also continued to see decreased interest from foreign banks that may be chasing higher yielding debt elsewhere given the relative strength of the dollar internationally.

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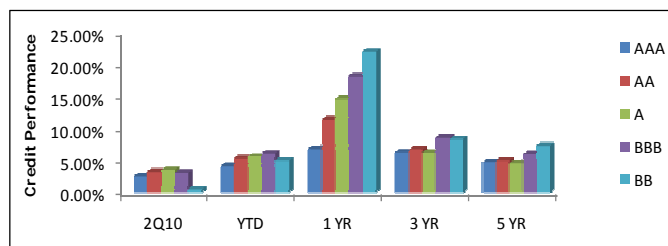
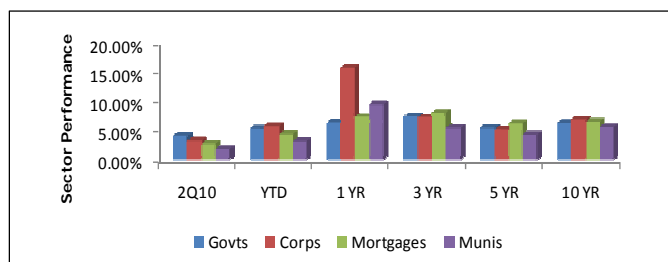
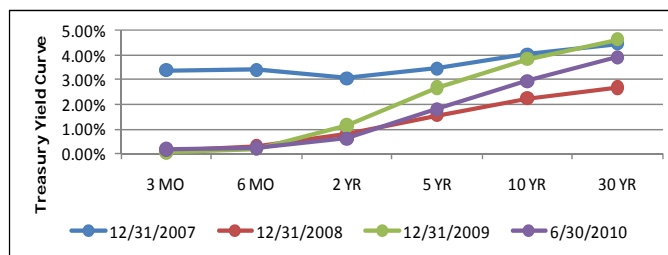
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**Fixed Income**

The Fed also signaled during the quarter that it has stopped purchasing distressed debt from the marketplace and has now switched to selling its holdings and potentially realizing gains in the process. Various loan guarantee programs are coming to a close. For instance, the Fed’s loan program that guaranteed short-term corporate paper has now closed, with the Fed reflecting a \$0 balance in the program which at one time held more than \$300 billion. On June 30th, TALF (or the Term Asset-backed Lending Facility) also closed to new business, forcing credit card, installment loan, and other asset-backed debt to be sold in the marketplace rather than to the government. Similarly, while the more than \$1 trillion that the Fed owns in mortgage-backed debt won’t fully mature for another fifteen to thirty years, its holdings will still be reduced in coming months, as homeowners sell their homes or take advantage of historically low interest rates and refinance their mortgages. The Fed can also simply re-sell the debt to investors once the market for mortgage-backed bonds fully recovers.

In the corporate space, while returns in the quarter were strong for investment-grade issues, the level of new corporate bond sales has fallen sharply in contrast to previous years. In the first half of 2010, corporate offerings fell nearly 40% versus the same period in 2009, representing more than \$1 trillion less in corporate debt. One potential explanation is that firms have been stockpiling cash during the recession which would typically be used for capacity expansion. But given weak consumer demand, corporations are hesitant to build out capacity and thus have a reduced need for corporate loans.



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**Fixed Income**

The one area of the bond market that was lower was in the high yield space, as the Barclays Capital U.S. Corporate High Yield index fell eleven basis points in the second quarter. This reflects the flight-to-quality that was seen across the board this quarter, as investors sold their higher risk assets and sought comfort in the relative safety of investment-grade corporate bonds and Treasury debt. As a result, the yield spread between high yield bonds and treasury notes reached recent highs.

In the municipal space, new bond sales picked up in the second quarter compared to previous time periods. New York City sold \$900 million worth of new municipal bonds, an increase over what they had originally planned. Investors were pleased at the fiscal progress the city has made and were willing to finance a greater amount than originally anticipated. The city of Chicago also sold \$1.2 billion worth of bonds with the proceeds going towards the first phase of O’Hare Airport’s modernization project. It will enable the airport to boost capacity which is already near its maximum.

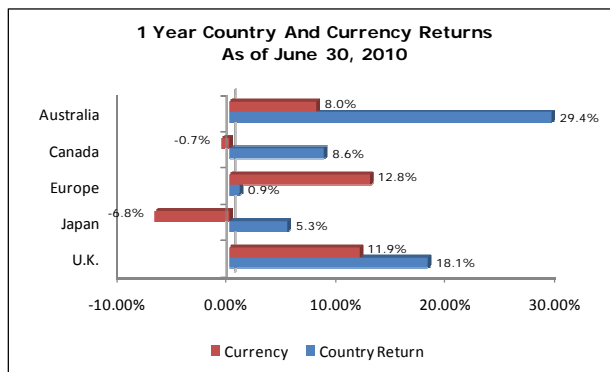
**Commodities**

Crude oil continued to trade in a volatile range between \$72 - \$80. The current problems in the Gulf have had little noticeable impact on the price of crude, or gasoline at the pumps. The national average per gallon price for gasoline has declined this quarter due largely to a decrease in demand.

Gold prices increased to a record high of \$1,258.80 per ounce this quarter (June 18) as some investors sought a refuge from financial assets. Copper was down in relationship to a decrease in construction activity.

**Currency**

The Chinese government announced a surprising decision to de-peg the Yuan from the U.S. Dollar. Although somewhat symbolic, it does indicate a willingness on the part of the Chinese government to open dialogue regarding its place in the global economy. The EURO continued to lose value to the Dollar and finished the first half of the year down 14.05% (versus the Dollar).








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# CAPITAL MARKETS REVIEW – JUNE 30, 2010

## CAPITAL MARKET INDEX RETURNS

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BEST	Russell 2000 Value	Russell 2000 Value	MSCI EAFE	MSCI EAFE	Russell 1000 Value	DJ Wilshire REIT	Russell 1000 Value	Russell 1000 Growth	Russell 2000 Growth	DJ Wilshire REIT	Russell 2000 Value	Barclay Agg Bond	Russell 2000 Growth	DJ Wilshire REIT	DJ Wilshire REIT	DJ Wilshire REIT	Russell 1000 Growth	Barclay Agg Bond	Russell 1000 Growth	Barclay Agg Bond
	41.70%	29.15%	32.94%	8.06%	38.35%	37.04%	35.18%	38.71%	43.09%	31.04%	13.96%	10.27%	48.53%	33.14%	14.00%	36.13%	11.81%	5.24%	37.21%	5.33%
	Russell 1000 Growth	DJ Wilshire REIT	Russell 2000 Value	Russell 1000 Growth	S&P 500	Russell 1000 Growth	S&P 500	S&P 500	Russell 2000 Growth	DJ Wilshire REIT	DJ Wilshire REIT	DJ Wilshire REIT	Russell 2000 Value	Russell 2000 Value	MSCI EAFE	MSCI EAFE	MSCI EAFE	Russell 1000 Value	Russell 2000 Growth	DJ Wilshire REIT
	41.16%	15.13%	23.84%	2.66%	37.53%	23.12%	33.35%	28.57%	33.16%	22.83%	12.36%	3.60%	46.02%	22.25%	13.54%	26.34%	11.17%	-28.92%	34.47%	5.28%
	DJ Wilshire REIT	Russell 1000 Value	Russell 1000 Value	DJ Wilshire REIT	Russell 1000 Growth	S&P 500	Russell 2000 Value	MSCI EAFE	MSCI EAFE	Barclay Agg Bond	Barclay Agg Bond	Russell 2000 Value	MSCI EAFE	MSCI EAFE	Russell 1000 Value	Russell 2000 Value	Russell 2000 Value	Russell 1000 Value	MSCI EAFE	MSCI EAFE
	23.84%	13.81%	18.12%	2.66%	37.19%	22.94%	31.78%	20.33%	27.30%	11.63%	8.44%	-11.42%	39.16%	20.25%	7.05%	23.48%	7.05%	-36.85%	31.78%	-1.64%
	Russell 2000 Growth	Russell 2000 Growth	DJ Wilshire REIT	S&P 500	Russell 2000 Growth	Russell 1000 Value	Russell 1000 Growth	Russell 1000 Value	S&P 500	Russell 1000 Value	Russell 1000 Value	Russell 1000 Value	Russell 1000 Value	DJ Wilshire REIT	Russell 1000 Value	Russell 1000 Value	Barclay Agg Bond	S&P 500	DJ Wilshire REIT	Russell 2000 Growth
	21.18%	7.77%	15.14%	1.31%	31.04%	21.64%	30.49%	15.63%	21.04%	7.01%	-5.59%	-15.52%	36.06%	16.49%	5.26%	22.25%	6.97%	-37.00%	28.46%	-2.31%
	S&P 500	S&P 500	Russell 2000 Growth	Russell 2000 Value	Russell 2000 Value	Russell 2000 Value	DJ Wilshire REIT	Barclay Agg Bond	Russell 1000 Value	S&P 500	Russell 2000 Growth	MSCI EAFE	MSCI EAFE	Russell 1000 Value	Russell 2000 Growth	S&P 500	S&P 500	S&P 500	Russell 1000 Growth	S&P 500
	30.48%	7.62%	13.37%	-1.55%	21.37%	19.67%	8.67%	7.35%	-9.10%	-9.22%	-15.94%	30.03%	14.31%	4.91%	15.79%	5.49%	-38.44%	26.46%	5.00%	-5.12%
Russell 1000 Value	Barclay Agg Bond	S&P 500	Russell 1000 Value	Barclay Agg Bond	Russell 2000 Growth	Russell 2000 Growth	Russell 2000 Growth	DJ Wilshire REIT	MSCI EAFE	S&P 500	S&P 500	Russell 1000 Growth	S&P 500	Russell 2000 Value	Russell 2000 Growth	Russell 1000 Value	Russell 2000 Growth	Russell 2000 Value	S&P 500	
24.61%	7.40%	10.06%	-1.99%	18.48%	11.26%	12.95%	1.23%	-2.57%	-13.96%	-11.88%	-22.09%	29.76%	10.87%	4.71%	13.55%	-0.17%	-38.54%	20.58%	-6.65%	
Barclay Agg Bond	Russell 1000 Growth	Barclay Agg Bond	Russell 2000 Growth	DJ Wilshire REIT	MSCI EAFE	Barclay Agg Bond	Russell 2000 Value	Barclay Agg Bond	Russell 1000 Growth	Russell 1000 Growth	Russell 1000 Growth	Russell 1000 Growth	S&P 500	Russell 1000 Growth	Russell 1000 Growth	Russell 1000 Growth	Russell 2000 Value	DJ Wilshire REIT	Russell 1000 Growth	
16.00%	5.00%	9.75%	-2.44%	12.24%	6.36%	9.68%	-6.46%	-0.83%	-22.42%	-20.42%	-27.89%	28.67%	6.30%	4.15%	9.07%	-9.78%	-39.20%	19.69%	-7.65%	
MSCI EAFE	MSCI EAFE	Russell 1000 Growth	Barclay Agg Bond	MSCI EAFE	Barclay Agg Bond	MSCI EAFE	DJ Wilshire REIT	Russell 2000 Value	Russell 2000 Growth	MSCI EAFE	Russell 2000 Growth	Russell 2000 Growth	Barclay Agg Bond	Barclay Agg Bond	Barclay Agg Bond	Barclay Agg Bond	DJ Wilshire REIT	MSCI EAFE	Barclay Agg Bond	
12.49%	-11.85%	2.90%	-2.92%	11.55%	3.61%	2.06%	-17.00%	-1.49%	-22.43%	-22.00%	-30.27%	4.11%	4.34%	2.43%	4.33%	-17.56%	-45.09%	5.93%	-13.23%	

-  **Russell 1000 Value** contains those Russell 1000 (larger capitalization) securities with a less-than-average growth orientation. Securities in this index generally have lower price-to-book and price-to-earnings ratios, higher dividend yields, and lower forecasted growth rates.
-  **Russell 1000 Growth** contains those Russell 1000 (larger capitalization) securities with a greater-than-average growth orientation. Securities in this index generally have higher price-to-book and price-to-earnings ratios, lower dividend yields, and higher forecasted growth rates.
-  **Russell 2000 Value** contains those Russell 2000 (smaller capitalization) securities with a less-than-average growth orientation. Securities in this index generally have lower price-to-book and price-to-earnings ratios than those in the Russell 2000 Growth Index.
-  **Russell 2000 Growth** contains those Russell 2000 (smaller capitalization) securities with a greater-than-average growth orientation. Securities in this index generally have higher price-to-book and price-to-earnings ratios than those in the Russell 2000 Value Index.
-  **MSCI EAFE** is the Morgan Stanley Capital International Europe, Australia, Far East Index designed to measure the performance of developed stock markets in these areas.
-  **Barclays Agg Bond** is the Lehman Brothers Aggregate Bond Index. This index includes U.S. government, corporate and mortgage-backed securities rated investment grade or higher with maturities up to 30 years.
-  **S&P 500** is a representative sample of 500 leading companies in leading industries of the U.S. economy.
-  **DJ Wilshire REIT** is intended as a broad measure of the performance of publicly traded real estate equity. The index is comprised of companies whose charter is the equity ownership and operation of commercial real estate.

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Data Sources: Morningstar

Data provided by sources believed to be reliable but no guarantee is made as to its accuracy. Past performance is no guarantee of future performance.

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**ASSET CLASS SUITABILITY:** Stocks of small companies are typically more volatile than stocks of larger companies. They often involve higher risks because they may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions. High-yield, non-investment grade bonds are only suitable for aggressive investors willing to take greater risks, which could result in loss of principal and interest payments. Global/International investing involves risks not typically associated with US investing, including currency fluctuations, political instability, uncertain economic conditions and different accounting standards.

**PAST PERFORMANCE:** Past performance is not an indication of future results.

**ASSET CLASS PERFORMANCE REPRESENTATIONS:** Long Term Treasuries = BC Treasury Long; Municipals = BC Municipal; Foreign Bonds = Salomon World BIG – IB; US Govt/Credit = BC Govt/Credit; Mtge Backed Securities = ML Mortgage Master; Corporate Bonds = Salomon Corporate; 90 Day T-Bills = Salomon; Japanese Stocks = Salomon Japan BMI; High Yield Bonds = ML High Yield Master; Small Cap US Value = RU 2000 Value; MidCap US Stocks = RU Midcap; Large Cap US Value = RU 1000 Value; European Stocks = Salomon Europe BMI; Small Cap US Stocks = RU 2000; Lg Cap US Growth = RU 1000 Growth; Latin American Stocks = Salomon Latin America BMI; Sm Cap US Growth = RU 2000 Growth

**BROAD EQUITY MARKET & SECTOR PERFORMANCE REPRESENTATIONS:** Large-Cap = S&P 500 or Russell 1000; Mid-Cap = RU Midcap; Small-Cap = RU 2000; International = MSCI EAFE

**DATA SOURCES:** Information found in this document was derived from the following sources: Zephyr Associates StyleAdvisor, Informa M-Watch, Investor Force, Barclays Capital, MSCI Barra, and Standard & Poor's.

**Dow Jones Industrial Average** - This index is comprised of 30 "blue-chip" US stocks selected for their history of successful growth and wide interest among investors. The DJIA represents about 20% of the total market value of all US stocks and about 25% of the NYSE market capitalization. It is a price-weighted arithmetic average, with the divisor adjusted to reflect stock splits and the occasional stock switches in the index.

**NASDAQ Composite** - A cap-weighted index comprised of all common stocks that are listed on the NASDAQ Stock Market (National Association of Securities Dealers Automated Quotation system).

**S&P 500** - A broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. This index does not contain the 500 largest companies nor the most expensive stocks traded in the U.S. While many of the stocks are among the largest, this index also includes many relatively small companies. This index consists of approximately 380 industrial, 40 utility, 10 transportation and 70 financial companies listed on U.S. market exchanges. It is a capitalization-weighted index (stock price times number of shares outstanding), calculated on a total return basis with dividends reinvested.

**S&P 500/Citigroup Growth** - The S&P/Citigroup Growth tracks the performance of those stocks in the S&P 500 with lower book-to-price ratios. A cap-weighted index, it is rebalanced semi-annually, based on its price-to-book ratios and market capitalizations at the close of trading one month prior. The index is adjusted each month to reflect changes in the S&P 500. This index is more heavily weighted in the consumer non-cyclical, health care, and technology sectors than the S&P 500.

**S&P 500/Citigroup Value** - The S&P Citigroup/Value tracks the performance of those stocks in the S&P 500 with higher book-to-price ratios. A cap-weighted index, it is rebalanced semi-annually on January 1 and July 1, based on its book-to-price ratios and market capitalizations at the close of trading one month prior. The index is adjusted each month to reflect changes in the S&P 500. This index tends to be more heavily concentrated in the energy and financial sectors than the S&P 500.

**Russell 1000** - The 1000 largest companies in the Russell 3000 index, based on market capitalization.

**Russell 1000 Growth** - A segment of the Russell 1000 with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Russell 1000 Value index.

**Russell 1000 Value** - Represents a segment of the Russell 1000 with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Russell 1000 Growth Index.

**Russell Mid Cap** - The index consisting of the bottom 800 securities in the Russell 1000 as ranked by total market capitalization, and it represents over 35% of the Russell 1000 total market cap.

**Russell 2000** - The 2000 smallest companies in the Russell 3000 index.

**Russell 2000 Growth** - A segment of the Russell 2000 with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Russell 2000 Value index.

**Russell 2000 Value** - A segment of the Russell 2000 with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Russell 2000 Growth index.

**Russell 2500** - The index consisting of the bottom 500 stocks in the Russell 1000(as ranked by market capitalization) and all of the stocks in the Russell 2000. This index is intended to be used as a measure of small to medium/small stock performance, and it represents over 22% of the Russell 3000 total market cap.

**MSCI EAFE** - A market capitalization-weighted index representing all of the MSCI developed markets outside North America. It comprises 20 of the 22 countries in the MSCI World. These 20 countries include the 14 European countries in the MSCI Europe and the 6 Pacific countries in the MSCI Pacific. This index is created by aggregating the 20 different country indexes, all of which are created separately.

**MSCI World** - This market capitalization-weighted index represents all 22 of the MSCI developed markets in the world. It is created by aggregating the 22 different country indexes, all of which are created separately.

**MSCI Emerging Markets Free (EMF)** - A market capitalization-weighted index representing 26 of the emerging markets in the world. Several factors are used to designate whether a country is considered to be emerging vs. developed, the most common of which is Gross Domestic Product Per Capita. The "Free" aspect indicates that this index includes only securities that are allowed to be purchased by global investors. This index is created by aggregating the 26 different country indexes, all of which are created separately.

**Barclays Capital Government/Credit** - This index includes all bonds that are in the Barclays Capital Government Bond and the Barclays Capital Credit Bond indices.

**Barclays Capital Government Intermediate** - All bonds covered by the Barclays Capital Government Bond index with maturities of 1 and 10 years.

**Barclays Capital Aggregate Bond** - This index is made up of the Barclays Capital Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. All issues in the index are rated investment grade or higher, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

**Barclays Capital Government Long Term** - All bonds covered by the Barclays Capital Government Bond index with maturities of 10 years or greater.

**Barclays Capital Municipal Bond** - This market cap weighted index includes investment grade tax-exempt bonds and is classified into four main sectors: General Obligation, Revenue, Insured, and Pre-refunded. To be included in this index, the original transaction size of a bond must have been greater than \$50 million.

**Merrill Lynch Convertibles** - The convertible securities used in this index span all corporate sectors and must have a par amount outstanding of \$25 million or more. The maturity must be at least one year. The coupon range must be equal to or greater than zero and all quality of bonds are included. Excluded from this index are preferred equity redemption stocks. When the component bonds of this index convert into common stock, the converted securities are dropped from the index.

**Merrill Lynch High Yield Master** - Market-cap weighted index providing a broad-based measure of bonds in the US domestic bond market rated below investment grade but not in default. Includes only issues with a credit rating of BB1 or below as rated by Moody's and/or S&P, at least \$100 million in face value outstanding and a remaining term to final maturity equal to or greater than one year.

**Dow Jones Wilshire REIT Index** - A measurement of equity REITs and Real Estate Operating Companies. No special-purpose or health care REITs are included. It is a market capitalization-weighted index for which returns are calculated monthly using buy and hold methodology; it is rebalanced monthly.

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

**50/50 Blend (S&P 500/BCIGC)** - A blended benchmark consisting of 50% S&P 500 and 50% Barclays Capital Government/Credit Intermediate indices.