



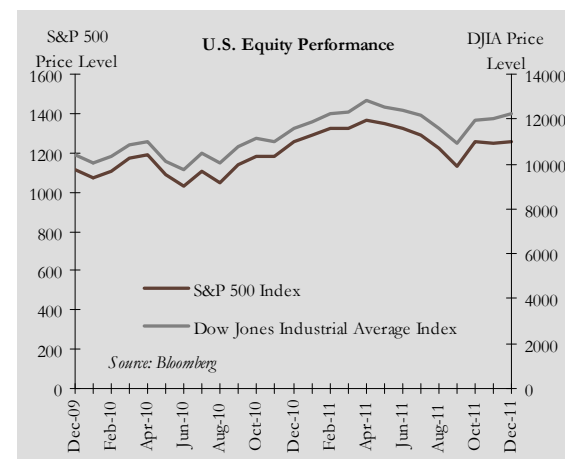
## The Economy

- In November, US home builders broke ground on the most homes since April 2010, led by a surge in multifamily units. Housing starts increased 9.3% to a 685,000 annual rate, according to Commerce Department data. Work on multifamily units surged 25% in November to an annual rate of 238,000, the highest level since September 2008. Apartments and other multifamily dwellings are in high demand as home foreclosures turn former homeowners into renters.
- The US economy's underlying momentum appeared to be improving steadily as the index of US leading indicators climbed 0.5% in November following a 0.9% October increase, according to a Conference Board report. The gauge measures the outlook for the next three to six months and is indicating continued modest growth.
- Revised Commerce Department figures showed the US economy grew less than previously estimated in the third quarter due to a smaller gain in consumer spending. Gross domestic product climbed at a 1.8% annual rate from July through September, down from 2.0%. Consumer spending posted a modest rise in November, marking the fifth consecutive month of gains.
- The US employment picture brightened in December, as companies continued to add to payrolls, helping bring unemployment to a three year low. Employers added 200,000 workers in December, marking the sixth consecutive month of gains of 100,000 or greater. The unemployment rate fell to 8.5%, the lowest since February 2009.

## Global Equities

### US Equities

- December proved to be another volatile month for US stocks as prices moved in tandem with investor sentiment changes. Concern over Europe's debt crisis overshadowed optimism regarding the US economic recovery. Daily share swings in the S&P 500 of 1% or more occurred in more than 40% of the month's trading days, highlighted by a 3% surge on December 20<sup>th</sup> due to an unexpectedly strong report on the US housing market.
- Investment returns also varied sharply among S&P 500 economic sectors. The Telecommunication sector rose 3.7%, led by AT&T after the company abandoned its \$39 billion purchase of T-Mobile. Utility stocks, historically a defensive refuge for investors during turbulent times, gained a surprising 3%. Conversely, companies tied closely to manufacturing activity lost ground; the Materials sector slipped 2.4%.
- Smaller capitalization stocks closed December with slight gains as the Russell 2000 rose 0.7%. Companies in the REIT (+4.3%) and Financial Services (+2.4%) sectors moved higher, while Energy (-3.7%) companies came under pressure after oil prices dropped nearly 2%. The Russell 2000 Value index (+1.6%) outpaced the Russell Growth (-2.0%), as seven of the ten value sectors posted gains. The economically sensitive Energy (-3.7%) and Materials & Processing (-1.8%) sectors weighed on the growth index.



### International Equities

- International stock markets climbed in December after a successful Spanish government debt offering and better than forecasted global economic data helped ease fears surrounding the European debt crisis. The broad-based MSCI World index rose 0.5% in local currency, but had a slight loss of .02% in US dollar (USD) terms.
- Spanish equities rose after the government's auction of short-term debt raised more than anticipated at a lower interest rate. Also, the Spanish government announced additional austerity measures in a plan to slash its budget deficit. The IBEX 35 index of Spain's most liquid stocks jumped 1.5%, while the broader Stoxx Europe 600 index gained 1.9%, both in local currency.
- Emerging-market stocks fell as investors avoided riskier assets despite encouraging data showing the US economic recovery was gaining momentum. The MSCI Emerging Markets index declined 0.01% in local currency (-1.2% USD). South Korea's Kospi index dropped 1.2% while China's Shanghai SE Composite index declined 5.7%.

### **Global Fixed Income**

- US Treasuries advanced in December for the second consecutive month as investors sought the safe haven of US government securities in the wake of Europe's ongoing debt crisis. Treasuries returned 1.0%, following a gain of 0.7% in November, according to Bank of America Merrill Lynch data.
- The 10-year and 30-year Treasury yields declined as the Federal Reserve continued its program of buying longer dated Treasury bonds to replace shorter dated bonds. The 10-year note yield fell 19 basis points (bps) to 1.88% and the 30-year bond yield dropped 16 bps to 2.90%.
- Both US investment grade and high yield corporate bond prices rebounded from November's sell off, sending yields lower as fixed-income investors were attracted to higher yielding bonds. Yields on the BarCap US Corporate Investment Grade index slid 21 bps to 3.74%, back to early November levels. The BarCap US Corporate High Yield index gained 2.7%, following a decline of 2.2% in November pushing yields 51 bps lower to 8.36%.
- At a summit on December 9<sup>th</sup>, European leaders negotiated a plan to design a new budget discipline rulebook for the 17-member euro area but left the specific definition of these new rules for the first quarter of 2012.
- Despite the continued efforts to contain the debt crisis, bond investors demanded higher yields on Italian bonds, providing evidence that the crisis had spread beyond Greece. Italian 10-year bond yields touched 5.76% on December 7<sup>th</sup> and then increased significantly to close December at 7.11%. In contrast, German 10-year yields fell below 2% as investors sought the region's safest government debt securities. Germany's 10-year yields fell to 1.83% by month's end from 2.28% on November 30.

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## Indices Report (periods ending December 31, 2011)

<u>Index Name</u>	<u>One Month</u>	<u>Three Months</u>	<u>Six Months</u>	<u>YTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
<b><u>Domestic Equity</u></b>								
S&P 500	1.02%	11.81%	(3.69)%	2.12%	2.12%	14.10%	(0.25)%	2.92%
Russell 1000	0.84%	11.85%	(4.57)%	1.51%	1.51%	14.81%	(0.02)%	3.35%
Russell 1000 Growth	(0.32)%	10.60%	(3.93)%	2.63%	2.63%	18.02%	2.50%	2.60%
Russell 1000 Value	2.02%	13.11%	(5.22)%	0.39%	0.39%	11.55%	(2.63)%	3.89%
Russell Mid Cap	(0.12)%	12.31%	(8.92)%	(1.56)%	(1.56)%	20.17%	1.41%	6.99%
Russell 2000	0.66%	15.48%	(9.76)%	(4.17)%	(4.17)%	15.63%	0.15%	5.62%
Russell 2000 Growth	(0.22)%	14.99%	(10.60)%	(2.92)%	(2.92)%	19.00%	2.08%	4.48%
Russell 2000 Value	1.57%	15.97%	(8.93)%	(5.50)%	(5.50)%	12.36%	(1.87)%	6.40%
Russell 2500	0.23%	14.52%	(9.79)%	(2.51)%	(2.51)%	18.40%	1.24%	6.57%
Russell 2500 Growth	(1.20)%	13.51%	(10.73)%	(1.59)%	(1.59)%	21.56%	2.88%	5.23%
Russell 2500 Value	1.57%	15.44%	(8.91)%	(3.36)%	(3.36)%	15.49%	(0.58)%	7.17%
HFRI Equity Hedge	(0.66)%	2.23%	(8.92)%	(8.03)%	(8.03)%	8.16%	0.51%	4.59%
<b><u>International Equity</u></b>								
MSCI EAFE	(0.94)%	3.37%	(16.22)%	(11.75)%	(11.75)%	8.15%	(4.27)%	5.12%
MSCI World	(0.02)%	7.72%	(10.07)%	(5.01)%	(5.01)%	11.76%	(1.81)%	4.16%
MSCI World Ex US Net	(1.09)%	3.52%	(16.15)%	(12.18)%	(12.18)%	8.54%	(4.09)%	5.17%
MSCI EAFE Growth	(1.29)%	3.94%	(15.75)%	(11.82)%	(11.82)%	8.85%	(2.81)%	4.62%
MSCI EAFE Value	(0.57)%	2.83%	(16.67)%	(11.64)%	(11.64)%	7.39%	(5.77)%	5.53%
MSCI Emerging Markets	(1.20)%	4.45%	(19.01)%	(18.17)%	(18.17)%	20.41%	2.70%	14.20%
<b><u>Global Fixed Income</u></b>								
Barclays Capital Aggregate	1.10%	1.12%	4.99%	7.86%	7.86%	6.78%	6.51%	5.78%
BofA ML 3 Mos. T-Bills	0.00%	0.00%	0.01%	0.11%	0.11%	0.15%	1.49%	1.96%
Barclays Capital Muni 5 Yr	1.32%	1.46%	3.45%	6.95%	6.95%	5.90%	5.72%	4.88%
BofA ML High Yield Index Master II	2.48%	6.19%	(0.52)%	4.39%	4.39%	23.73%	7.33%	8.59%
Barclays Capital U.S. Government	0.89%	0.84%	6.74%	9.01%	9.01%	4.01%	6.56%	5.59%
Barclays Capital U.S. Credit Index	1.94%	1.69%	4.78%	8.35%	8.35%	10.89%	6.80%	6.35%
HFRI FOF Conservative	(0.17)%	0.09%	(3.83)%	(3.54)%	(3.54)%	3.58%	(0.85)%	2.78%
Citi World Govt Bond	0.86%	(0.13)%	2.25%	6.35%	6.35%	4.68%	7.13%	7.77%
Barclays Capital Global Aggregate	0.67%	0.22%	1.19%	5.63%	5.63%	6.04%	6.46%	7.16%
<b><u>Real Estate</u></b>								
NCREIF Property*	N/A	3.30%	7.37%	10.98%	16.10%	(1.45)%	3.40%	7.81%
NAREIT Equity	4.67%	15.22%	(1.74)%	8.28%	8.28%	21.04%	(1.42)%	10.20%
<b><u>Commodities</u></b>								
Goldman Sachs Commodity Total Return	(2.11)%	8.96%	(3.78)%	(1.18)%	(1.18)%	6.93%	(2.79)%	5.64%

\* For comparison purposes, prior calendar quarter end returns are used.

### **Bank of America Merrill Lynch (BofA ML) U.S. Treasury Master Index**

The BofA ML Treasury Master Index includes approximately 160 issues in the form of publicly placed, coupon-bearing US Treasury debt. Issues must carry a term to maturity of at least one year, and par amounts outstanding must be no less than \$10 million at the start and at the close of the performance measurement period. Flower bonds are excluded. Sub-indexes are calculated for a variety of maturities, including: 1-2.99 years; 3-4.99 years; and 5-6.99 years.

### **Barclays Capital Aggregate**

The Barclays Capital Aggregate index covers the U.S. investment grade fixed rate bond market, including government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

### **Barclays Capital Global Aggregate Index**

The Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities.

### **Barclays Capital Muni 10 Yr**

The Barclays Capital Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, and Fitch. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and pre-refunded bonds.

### **Barclays Capital Muni 5 Yr**

The Barclays Capital Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, and Fitch. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

### **Barclays Capital US Corporate High Yield Bond Index**

The Barclays Capital Corporate High Yield Bond Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

### **Barclays Capital US Corporate High Yield Index**

The Barclays US Corporate High Yield Index covers the universe of USD-denominated, fixed rate, non-investment grade debt, taxable corporate debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index was created in 1986, with the index history backfilled to January 1, 1983.

### **Barclays Capital US Corporate Investment Grade Bond Index**

The Barclays Capital US Corporate Investment Grade Bond Index must have at least one year to final maturity regardless of call features. Must have at least \$250 million par amount outstanding. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. Must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule.

**Barclays Capital US Credit Index**

This index is the U.S. Credit component of the US Government/Credit Index. It consists of publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The U.S. Credit Index is the same as the former U.S. Corporate Investment Grade Index, which has been renamed the U.S. Credit Index.

**Barclays Capital US Government Index**

This index is the U.S. Government component of the US Government/Credit Index. It consists of securities issued by the US Government (i.e., securities in the Treasury and Agency Indices). This includes public obligations of the U.S. Treasury with a remaining maturity of one year or more and publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt.

**BofA ML 1-3 Yr Treasuries**

The BofA ML 1-3 Year Treasury Index is an unmanaged index consisting of all public U.S. Treasury obligations having maturities from 1 to 2.99 years and reflects total return. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

**BofA ML 3 Month T-Bill Index**

The BofA ML 3 Month T-bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury bill that matures closest to, but not beyond 3 months from the rebalancing date.

**BofA ML EMU Direct Government Index**

The BofA ML EMU Direct Government Index measures the performance of euro-denominated government debt of Euro-zone nations.

**BofA ML Global Government Index**

The Global Government Index tracks the performance of public debt of investment grade sovereign issuers issued and denominated in their own domestic market and currency. Qualifying countries and their respective minimum issue size requirements include: Australia (AUD 1 billion); Canada (CAD 1 billion); Denmark (DKK 5 billion); Euro-Sovereigns (EUR 1 billion); Japan (JPY 200 billion); New Zealand (NZD 1 billion); Sweden (SEK 5 billion); Switzerland (CHF 500 million); the UK (GBP 500 million); and the US (USD 1 billion). In addition, individual qualifying bonds must have at least one year remaining term to maturity and a fixed coupon schedule. Qualifying countries must maintain an investment grade foreign currency long term sovereign debt rating (based on a composite of Moody's and S&P). Government bills and inflation-linked securities are excluded from the index. Zero coupon bonds are excluded; however, any portion of a qualifying note or bond that has been stripped for purposes of creating a zero coupon security remains included in the amount outstanding of the underlying coupon note or bond. The index is rebalanced on the last calendar day of the month. The inception date of the index is December 31, 1985, with daily data available beginning September 30, 1993.

**BofA ML High-Yield Index Master II**

The BofA ML High-Yield Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

**BofA ML Japan Sovereign Index**

The BofA ML Japan Sovereign Index measures the performance of yen-denominated government debt of Japan.

**Bovespa Stock Index**

The Bovespa Index is a total return index weighted by traded volume and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

### **CITI World Government Bond Index**

The WGBI is a market-capitalization-weighted benchmark that tracks the performance of the 19 government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

### **Conference Board Consumer Confidence Index**

The Conference Board Consumer Confidence Index (1985=100), is an average of responses from the Consumer Confidence Survey which is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board and asks respondents to offer their appraisal of current business conditions and expectations regarding business conditions six months hence.

### **Conference Board US Leading Index**

The conference Board US Leading Index is an index of 10 economic indicators tracked by the Conference Board that foreshadows the direction of the economy over the next six to nine months.

### **Consumer Price Index**

Consumer Price Index is one of the most widely recognized price measures for tracking the price of a market basket of goods and services purchased by individuals. The weights of the components are based on consumer spending patterns. For example, an item that makes up 20% of the average household budget would have the same weight in the CPI. The food and beverage components has a relative importance of about 16% in the CPI, so a 1% rise in food prices would contribute 0.16 points to the change in the overall CPI. The CPI covers both goods and services. Here it differs from the Producer Price Index which covers just goods. The other difference between the two indexes is that the CPI covers cost facing consumers, while PPI covers purchases and/or wholesalers.

### **Dow Jones Industrial Average**

The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

### **Dow Jones Stoxx 600 Index**

The Dow Jones Stoxx Index is a broad based capitalization-weighted index of European stocks designed to provide a broad yet liquid representation of companies in the European region. The equities use free float shares in the index calculation.

### **Dow Jones Wilshire 5000 Composite Index**

Dow Jones Wilshire 5000 Composite Index, more simply the Dow Jones Wilshire 5000, is a market capitalization-weighted index of the market value of all stocks actively traded in the USA.

### **FTSE 100 Index**

The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized United Kingdom companies on the London Stock Exchange. The initials stand for 'Financial Times Stock Exchange.

### **Goldman Sachs Commodity Total Return Index**

The GSCI Total Return Index measures a fully collateralized commodity futures investment that is rolled forward from the 5th to the 9th business day of each month. Currently the GSCI includes 24 commodity nearby futures contracts. The GSCI Total Return Index is significantly different than the return from buying physical commodities. The index current components and weights are Energy: 66.69%, Agriculture: 16.52%, Industrial Metals: 6.59%, Livestock: 7.53%, Precious Metals: 2.68%. By design, the GSCI reflects a passive portfolio of long positions in futures. However, unlike a passive equity portfolio, a passive futures portfolio requires regular transactions, for the simple reason that futures expire. Thus, the futures portfolio represented by the GSCI is, in this way, comparable to a bond portfolio of a specific duration.

### **HFRI Equity Hedge Index**

The HFRI Monthly Indices (HFRI) is equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. Equity Hedge (EH): Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short.

### **HFRI Fund of Funds (FOF) Conservative Index**

The HFRI Monthly Indices (HFRI) is equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. Offs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

### **Institute for Supply and Management**

The Institute for Supply and Management is a national association of purchasing managers.

### **JP Morgan EMBI + Index**

The JPMorgan EMBI (Emerging Markets Bond Index) tracks total returns for United States Dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities in the form of Brady bonds.

### **JPM Emerging Markets EMBI + Index**

The EMBI Global tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans and Eurobonds. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote d'Ivoire, Croatia, Dominican Republic, Ecuador, Egypt, El Salvador, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Tunisia, Turkey, Ukraine, Uruguay, and Venezuela.

### **JPMorgan EMBI+ Sovereign Spread Index**

JPMorgan Emerging Markets Bond Indices Plus tracks total returns for external-currency-denominated debt instruments of the emerging markets: Brady bonds, Eurobonds, and US dollar-denominated external debt instruments. The Sovereign Spread Index is EMB

### **MSCI AC (All Country) Asia Index**

The MSCI AC (All Country) Asia Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia.

### ***MSCI Barra***

MSCI Barra is a leading provider of investment decision support tools to investment institutions worldwide.

### **MSCI EAFE® Index**

The MSCI EAFE Index (Europe, Australasia, Far East) is an unmanaged free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. There are 1,100 members designed to represent the performance of developed stock markets outside of the United States and Canada. It assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

### **MSCI Emerging Markets Index**

The MSCI Emerging Markets Index is an unmanaged float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

### **MSCI Europe Index**

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

### **MSCI Portugal Index**

The MSCI Portugal Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Portugal.

### **MSCI World Index (USD)**

The MSCI World Index is an unmanaged free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of June 2006 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

### **MSCI World Index ex U.S. Net**

The MSCI World Index ex U.S. is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of April 2002, the MSCI World Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom, but not the United States.

### **MSCI Greece Index**

The MSCI Greece Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of listed securities in the equity markets in Greece.

**MSCI Ireland Index**

The MSCI Ireland Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of listed securities in the equity markets in Ireland.

**MSCI-EAFE Growth Index**

The MSCI-EAFE Growth Index is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index. The index is generally considered to be representative of the international growth stock market activity and often used as a benchmark for international growth equity portfolios.

**MSCI-EAFE Value Index**

The MSCI-EAFE Value Index is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index? The index is generally considered to be representative of the international value stock market activity and often used as a benchmark for international value equity portfolios.

**NAREIT Equity**

All of the data is based upon the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted. Newly issued shares by existing REITs are added to the total shares outstanding figure in the month that the shares are issued. Only common shares issued by the REIT are included in the index. The total return calculation is based upon the weighting at the beginning of the period. Only those REITs listed for the entire period are used in the total return calculation. Dividends are included in the month based upon their payment date. There is no smoothing of income. Liquidating dividends, whether full or partial, are treated as income.

**Ncreif Property Index**

Ncreif Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

**Nikkei 225 Index**

The Nikkei-225 Stock Average is a price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

**Price Return**

The price return is the rate of return on an investment portfolio, where the return measure only takes into account the capital appreciation of the portfolio but the income generated by the assets in the portfolio, in the form of interest and dividend, are ignored. This in contrast with the total return, which does take into account the income generated in the portfolio.

**Russell 1000 Index**

The Russell 1000 Index consists of the largest 1000 companies in the Russell 3000 Index. This index represents the universe of large capitalization stocks from which most active money managers typically select. The index was developed with a base value of 130.00 as of December 31, 1986.

**Russell 1000® Growth Index**

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The index was developed with a base value of 200 as of August 31, 1992.

**Russell 1000® Value Index**

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth rates. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The index was developed with a base value of 200 as of August 31, 1992.

**Russell 2000® Growth Index**

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth rates. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

**Russell 2000® Index**

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**Russell 2000® Value Index**

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

**Russell 2500 Index**

Measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 17% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximate \$885 million.

**Russell 2500® Growth**

The Russell 2500 Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2500® Value**

The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 3000 Index**

Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of the latest reconstitution, the average market capitalization was approximately \$4.6 billion; the median market capitalization was approximately \$732 million. The index had a total market capitalization range of approximately \$487 billion to \$147 million.

**Russell Midcap® Index**

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities in the Russell 1000 Index based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

**S&P 500**

Standard and Poor's 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to measure performance of the broad domestic stock market through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-1943 base period.

**S&P 500 Financials Index**

Standard and Poor's 500 Financials Index is a capitalization-weighted index that represents the financial companies that are members of the S&P 500 index.

**S&P 500 Information Technology Index**

Standard and Poor's 500 Information Technology Index is a capitalization-weighted index that represents the technology companies that are members of the S&P 500 index.

**S&P Equal Weight Index**

S&P Equal Weight Index (S&P EWI) is the equally-weighted version of the widely regarded S&P 500. The index has the same constituents as the capitalization weighted S&P 500, but each company in the S&P EWI is allocated a fixed weight of 0.20%, rebalanced quarterly.

**Shanghai Composite Index**

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

**Standard & Poor's 500 Consumer Discretionary Sector Index**

Standard & Poor's 500 Consumer Discretionary Sector Index is a capitalization-weighted index that encompasses those industries that tend to be the most sensitive to economic cycles. It includes automotive, household durable goods, textiles & apparel, leisure equipment, hotels, restaurants, other leisure facilities, media production & services and consumer retailing.

**STOXX Europe 600 Index**

The STOXX Europe 600 Index is a broad based capitalization-weighted index of European stocks designed to provide a broad yet liquid representation of companies in the European region.

**U.S. Treasuries**

Treasury securities are government debt issued by the United States Department of the Treasury through the Bureau of the Public Debt. They are the debt financing instruments of the U.S. Federal government, and they are often referred to simply as Treasuries.

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