



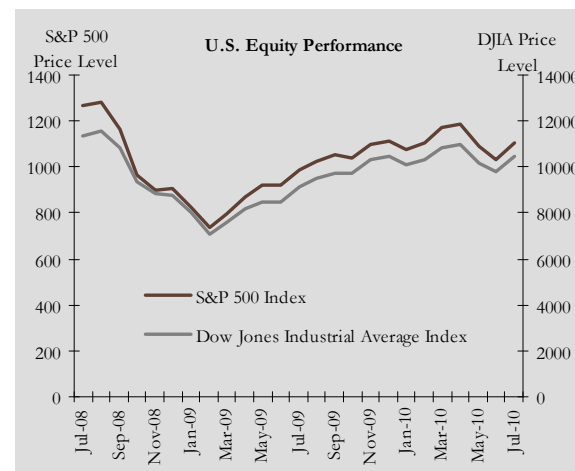
## The Economy

- The US labor market showed moderate signs of improvement in July, but the pace of recovery remained below expectations. Labor Department figures indicated that the private sector added 71,000 jobs, the seventh consecutive month of gains, but below the 90,000 increase economists had estimated. The government shed 202,000 jobs during the month, partially attributable to the Census Bureau laying off temporary workers. Ultimately, there was a decrease of 131,000 jobs in the overall economy. This raised concerns at the Federal Reserve (Fed) that the pace of the economic recovery was likely to be more modest than originally anticipated. The unemployment rate held at 9.5% for the month.
- Citing the slow pace of recovery in employment and the continued depressed levels of investment in residential and commercial real estate, the Fed downgraded their assessment of the US economy. The Fed maintained their target range for benchmark interest rates at 0 to 0.25% but, in a policy shift from the June meeting, decided to reinvest principal payments from mortgage-related securities into longer-term Treasuries.
- As the nation's unemployment rate lingers at a 26-year high, consumers are showing signs of caution with their purchases. Consumer spending, which accounts for nearly 70% of total US economic activity, was flat in June after a modest 0.1% rise in May. Wages and salaries fell 0.1% during the month, the first drop since September, while the savings rate increased to 6.4%, the highest level in a year.
- The decline in wages dampened US consumers' outlook for the next six months, as the Conference Board's sentiment index fell to its lowest level in five months. The report showed that the percentage of Americans who expect their incomes to rise over the next six months dropped to 10%, the lowest level since April 2009.

## Global Equities

### US Equities

- Rebounding from a 2-month slide, US equities rallied in July as investors cheered robust 2<sup>nd</sup> quarter earnings and positive corporate outlooks for the second half of the year. The S&P 500 Index gained 7.0%, its best monthly return in a year. Of the 453 companies in the S&P 500 that have reported second quarter results, 77% generated earnings higher than estimates (according to data compiled by Bloomberg).
- All 10 S&P 500 sectors showed positive gains during the month of July. Cyclical sectors that typically benefit during the early stages of an economic upswing were the top performers, led by strong returns in the materials (+12.2%) and industrials sectors (+10.3%).
- Small cap stocks recovered from the May – June swoon, as the Russell 2000 Index soared nearly 7.0%, its third best July ever. The energy and materials sectors were the top small cap performers, both gaining more than 8.0%. REITs posted a gain of 7.6% and lead the way year to date at 12.6%. Value stocks broadened their lead over growth stocks this year, as the Russell 2000 Value Index rose 7.1% (+ 5.4% YTD) vs. a gain of 6.6% (+4.2% YTD) for the Russell 2000 Growth Index.



Source: Bloomberg

**International Equities**

- After hitting a one-year low early in the month, investors sent stocks in the MSCI World Index of 24 developed countries up 8.9% by month end after roughly 65% of companies within the index topped second quarter earnings estimates. As of August 12<sup>th</sup>, 90% of the 1,304 companies reported average year-over-year (YoY) earnings growth of 47% according to Bloomberg data.
- The European Union released the results of its stress test of 91 European banks, showing that all but six banks held adequate reserves to maintain sufficient capital in the event of a recession and sovereign debt crisis. European stocks rallied on the news, causing the Stoxx Europe 600 Index to soar 11.8% (USD) for the month.
- Chinese stocks rose on expectations that the Chinese government would ease measures to curb real estate prices and allow more lending to offset a slowdown in economic growth. The Shanghai Composite Index gained 10.5% (USD) in July, posting its highest monthly return in a year. Thus far, 48% of the 471 companies of the MSCI Emerging Market Index have reported average YoY earnings growth of 33.4%.

**Global Fixed Income**

- US Treasuries rose in July on signs that the economic recovery was losing momentum, sending the yield on the two-year Treasury to a record low. The yield slumped to 0.55% by the end of the month, a decline of 6 basis points (bps) from June. Ten-year yields closed marginally lower, down 3 bps to 2.91%.
- US corporate bond spreads (both investment grade and high-yield bonds) tightened in July as improving credit fundamentals helped drive yields lower. The yield on the Barclays Capital US Corporate Investment Grade Bond Index declined from 4.2% at the end of June to 3.9%, while the yield on the Barclays Capital US Corporate High Yield Bond Index declined by nearly 50 bps to 8.7% by month end.
- The International Monetary Fund said in July that emerging market economies will expand 3 times faster than industrialized nations with less than half the government debt. This led emerging market bonds to their largest monthly rally since September 2009, cutting yields to a record low. The JP Morgan Emerging Markets EMBI+ Index gained 4.4%, reducing the average yield to a 12-year low of 5.9%.

## Indices Report (periods ending July 31, 2010)

Index Name	Returns							
	<i>One Month</i>	<i>Three Months</i>	<i>Six Months</i>	<i>YTD</i>	<i>One Year</i>	<i>Three Years</i>	<i>Five Years</i>	<i>Ten Years</i>
<b><u>Domestic Equity</u></b>								
S&P 500	7.01%	(6.69)%	3.62%	(0.11)%	13.83%	(6.79)%	(0.17)%	(0.76)%
Russell 1000	6.95%	(7.02)%	3.84%	0.10%	14.49%	(6.52)%	0.02%	(0.39)%
Russell 1000 Growth	7.13%	(6.50)%	3.46%	(1.05)%	13.65%	(4.25)%	0.81%	(4.08)%
Russell 1000 Value	6.77%	(7.52)%	4.24%	1.31%	15.40%	(8.96)%	(0.91)%	2.92%
Russell Mid Cap	7.19%	(6.90)%	8.61%	4.98%	23.22%	(4.85)%	1.59%	5.08%
Russell 2000	6.87%	(8.90)%	8.78%	4.78%	18.42%	(4.32)%	0.47%	4.03%
Russell 2000 Growth	6.61%	(7.12)%	9.02%	4.15%	16.72%	(3.84)%	1.07%	(0.20)%
Russell 2000 Value	7.14%	(10.48)%	8.57%	5.39%	20.12%	(4.98)%	(0.24)%	7.87%
Russell 2500	7.04%	(8.01)%	8.87%	5.22%	21.76%	(4.00)%	1.20%	5.13%
Russell 2500 Growth	6.67%	(7.01)%	9.23%	4.73%	20.20%	(3.72)%	1.84%	0.44%
Russell 2500 Value	7.36%	(8.84)%	8.58%	5.68%	23.22%	(4.64)%	0.29%	8.11%
HFRI Equity Hedge	2.88%	(3.00)%	2.17%	0.88%	8.64%	(2.00)%	3.75%	4.65%
<b><u>International Equity</u></b>								
MSCI EAFE	9.49%	(3.90)%	(0.29)%	(4.67)%	6.72%	(9.83)%	2.58%	1.93%
MSCI World	8.13%	(5.44)%	2.00%	(2.19)%	10.41%	(7.90)%	1.49%	0.53%
MSCI World Ex US Net	9.24%	(4.22)%	0.33%	(4.38)%	6.87%	(9.58)%	2.63%	1.94%
MSCI EAFE Growth	8.33%	(3.47)%	1.24%	(3.03)%	8.68%	(8.72)%	3.06%	0.16%
MSCI EAFE Value	10.70%	(4.35)%	(1.83)%	(6.34)%	4.69%	(11.01)%	2.03%	3.63%
MSCI Emerging Markets	8.40%	(1.80)%	7.84%	1.84%	20.23%	(1.28)%	13.35%	11.82%
<b><u>Global Fixed Income</u></b>								
Barclays Capital Aggregate	1.07%	3.52%	4.86%	6.46%	8.91%	7.64%	5.96%	6.49%
BoFA ML 3 Mos. T-Bills	0.02%	0.05%	0.06%	0.07%	0.16%	1.45%	2.73%	2.65%
Barclays Capital Muni 5 Yr	1.50%	2.52%	3.36%	3.99%	6.49%	6.98%	5.28%	5.25%
BoFA ML High Yield Index Master II	3.46%	1.12%	6.76%	8.38%	24.28%	8.76%	7.50%	7.43%
Barclays Capital U.S. Government	0.68%	3.97%	4.60%	6.11%	6.68%	7.32%	5.77%	6.18%
Barclays Capital U.S. Credit Index	1.92%	3.52%	6.00%	7.64%	12.60%	7.97%	5.92%	7.01%
HFRI FOF Conservative	0.28%	(2.19)%	0.16%	0.51%	4.15%	(3.76)%	1.37%	3.13%
Citi World Govt Bond	3.64%	4.32%	2.43%	2.56%	4.92%	8.06%	6.10%	7.08%
Barclays Capital Global Aggregate	3.40%	3.34%	2.65%	3.07%	6.23%	7.27%	5.91%	6.87%
<b><u>Real Estate</u></b>								
NCREIF Property*	N/A	3.31%	4.10%	4.10%	(1.48)%	(4.71)%	3.78%	7.15%
NAREIT Equity*	9.52%	(1.75)%	21.94%	15.59%	52.57%	(3.63)%	0.63%	9.93%
<b><u>Commodities</u></b>								
Goldman Sachs Commodity Total Return	5.63%	(7.92)%	1.83%	(6.21)%	(0.55)%	(12.43)%	(8.11)%	2.26%

\*Returns are as of June 30, 2010

## **Domestic Equity**

### **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.

### **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.

### **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.

### **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.

### **Russell 1000**

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 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.

**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® 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® 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.

**The 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.

**The 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.

**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...

### **International Equity**

#### **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 World Index**

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.**

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-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.

#### **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.

#### **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.

**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.

**Shanghai SE 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.

**Global Fixed Income****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.

**The 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 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.

**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.

**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.

**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.

**The 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.

### **Barclays Capital Corporate High Yield**

The Lehman Brothers 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 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.

### **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.

### **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.

### **JPM Emerging Markets Bond Index Global**

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.

### **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.

### **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.

## **Real Estate**

### **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.

### **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.

### **The 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.

## **Commodities**

### **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.

## **Other Indices**

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

The Barclays Capital Corporate High Yield Corporate 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.

### **BofA ML U.S. Treasury Master Index**

The BofA ML U.S. 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.

### **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 Japan Sovereign Index**

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

### **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 re-balanced 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.

### **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.

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

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

### ***STOXX Europe 600 (Price) Index***

The STOXX Europe 600 (Price) 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 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.

### ***The 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.

### ***The 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 Barra***

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

***The 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.

***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.

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