

**Jim Christiansen MBA, CLU, ChFC, CFP®**  
Investment Representative

August 11, 2010

**SEC Headquarters**  
100 F Street, NE  
Washington, DC 20549

Dear Sirs:

This is not a form letter. I have spent several days preparing it. I hope someone will read it.

Regarding the proposed SEC changes to 12b-1 fees (File No. S7-15-10 Mutual Fund Distribution Fees):

C shares can be an ethical, cost effective platform for a win-win relationship between an advisor and his clients. They facilitate asset allocation across multiple asset classes and multiple mutual fund families at a lower cost to investors than fee based accounts. Broker dealers charge more for fee based accounts than for C shares. Hence an advisor must charge a fee that is higher than the 75 basis point charge on the C share in order to have the same income.

A shares are not an alternative to C shares. Since A shares have a front end sales charge that decreases as the investment in the fund family gets larger, regulators assume an advisor's motive is to get more commission if he uses multiple fund families in order to properly diversify an account. This creates a compliance nightmare that essentially makes it impossible to do asset allocation and regular rebalancing with A shares. How important is asset allocation? In the attached analysis, there is an example where a well diversified portfolio with annual expenses of 1.85% out-performed a portfolio with just one stock fund and one bond fund and annual expenses of 0.20% by 259 basis points.

The 0.25% trails of A shares and the SEC proposal of 0.25% trails on the replacement to C shares makes it cost prohibitive for advisors to rebalance and service accounts less than \$300,000. If an investor wants the services of an advisor, he will need to convert to a fee based account at a higher expense level. How important is an advisor relationship. The attached analysis cites a study showing that over the past 20 years the average investor without an advisor underperformed the market by 645 basis points. Why? He repeatedly got in at the top and got out at the bottom and continually chased the fund that just performed the best. If an advisor does nothing more than help an investor avoid these behaviors he adds value that is several times the fees in the C shares.

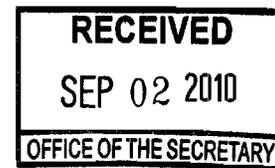
In this proposal the SEC is saying that since there is inadequate disclosure on C shares, they should be eliminated all together. The SEC is focusing on expenses only and ignoring the issues of asset allocation and investor behavior. It is also ignoring the increased cost to the investor who wants these services. They are presuming to know what is right for investors at the same time ignoring at least two major issues that are important to many investors. They are presuming to exercise their powers to reduce the choices and raise the costs for the very people they are supposed to be serving and protecting. Any changes to C shares should be limited to providing adequate disclosure. Otherwise, they should be kept intact.

Sincerely,

  
Jim Christiansen

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## **Comments on File No. S7-15-10 Mutual Fund Distribution Fees**

A regulatory body can see its role as insuring honest, clear disclosure, so investors can weigh their options and make an informed decision about which approach will be in their best interest. Or it might go beyond insuring clear disclosure, presume to know what is right for millions of investors, and eliminate some options that the investors find very desirable. On a matter such as investing, where there are many factors affecting results, the regulator may differ from the investors as to how important different factors might be. With millions of investors and several factors affecting investment performance, many investors are certain to have different priorities than the SEC. So eliminating a popular option may very well be adverse for many investors.

The SEC appears to assume that C shares are popular because they are deceptive. Another possibility is they are popular because they serve a useful purpose and fill a real need.

The SEC appears to assume that mutual fund expenses are the main factor affecting investment performance. Another possibility is that there are other factors that also affect performance and some of these have much larger impact on long-term performance than fund expenses. It is also possible that advisors who are paid by these fees perform a service that the client recognizes as being more important than the expenses they are being charged.

The SEC should accept the possibility that it is not all-knowing and focus its attention on insuring proper disclosure. It should trust each investor to act in his own best interest if he has ready access to the facts. If the SEC is concerned about lack of disclosure of C share expenses, it should mandate disclosures that it deems appropriate. If it is true that C shares are popular because investors are being duped and kept in the dark about expenses, the new disclosures will cause the C shares to fall in popularity. But if the popularity of C shares is because they fill a legitimate need and provide a cost-effective platform for an ongoing relationship between an advisor and his clients, the SEC will avoid hurting thousands of individual investors if it limits the changes to C shares to improving disclosure. First, do no harm.

### **Background and Analysis**

Prior to 1999 I primarily used A shares in one fund family (American Funds) in my practice.

In 1999 I read Asset Allocation by Roger C. Gibson. He uses long-term historical studies to show how allocating assets across multiple asset categories tends to increase returns and lower volatility. I decided to follow his advice and recommend to my clients that they use the following asset categories: large value, large growth, mid value, mid growth, small value, small growth, government bonds, corporate bonds, high yield bonds, international bonds, international stocks, real estate, and commodities.

American Funds did not have funds in many of these categories. So to use all the categories I had to work with more than one fund family. That immediately created a problem with A shares because of the break point issue. Since the initial sales charge goes down as the amount invested with a fund family goes up, regulators assume that the purpose using multiple fund families is to keep the charges and commissions higher. The compliance nightmare of using A shares and multiple fund families virtually eliminates them as an option if you are doing asset allocation as recommended by Gibson. Also, I recognized that I would be spending more time and money rebalancing these accounts, I so I was

willing to take less income when they were first sold, to have the income stream going forward to service them properly.

I saw two options for level income and freedom to use multiple fund families: C shares and fee based accounts. At the time, the suggested fee for the size accounts I was opening was 1.25% to 2.00%. The broker dealer took a higher amount from the fee than it did from the C share. That meant I could get the same income from C shares at a lower cost to my clients. Hence, I built my practice with asset allocation and rebalancing with C shares instead of fee based accounts. I concluded that using C shares was the lowest cost platform for me to provide the services I wanted to provide to my clients. (Of course if I had wanted to maximize my income I could have used the fee based accounts and charged the maximum that my firm allowed. Had I done this, the cost to my client would have been over two and a half times what they were being charged with the C shares.)

I attended some education sessions put on by the Frank Russell Company and also decided to adopt their approach of using multiple managers as well as multiple asset categories.

Is my approach ethical and fair to clients? I provide the same type of service as they receive in fee based accounts. They are charged a lower fee than most fee based accounts. I have never seen an advisor charge a fee of .75% on accounts of \$50,000 to \$250,000. I have seen them charge 2.00%, however. I have always used Morningstar reports on the recommended portfolio and pointed out the portfolio fees as shown on these reports. There was full disclosure at the time of decision. What is lacking is ongoing disclosure of fees being charged. I have no problem with such disclosures being instituted.

If C shares are eliminated, clients who want an advisor relationship will probably end up in fee based accounts and will very likely be charged higher fees than they are paying with C shares. So they will pay 50% to 100% more for the privilege of being reminded every month what their expenses are.

### **Factors Affecting Investor Performance**

I am sure there are a multitude of factors affecting investor performance. I can think of four that I believe are significant.

- Selecting the funds to invest in
- Fees and expenses
- Asset allocation
- Investor behavior

I believe these are listed in reverse order as to their long-term impact on investment results.

**Selecting the right fund** has the lowest impact because of the difficulty of doing it. If we had a crystal ball and could know in advance which fund would be the top performer, this might be the most important factor. But it seems to be true that past performance does not predict future performance. Eugene Fama has made a very strong, well researched case that markets are very efficient and it is extremely difficult to outperform the markets over time. In my opinion an investor who engages a financial advisor because he thinks the advisor will consistently select top performing funds is likely to be disappointed and will probably not receive value in this area for the added expense incurred.

**Fees and expenses** are clearly a drain on performance. So if having an advisor increases expenses and if he is unlikely to select market-beating funds, how does he justify his presence? I believe it is in the areas of asset allocation and investor behavior.

Roger Gibson's book that I mentioned earlier is full of examples of how **diversifying by asset class** improves performance. So I ran (and have included a copy) a Morning star report of funds we started using ten years ago to see how a 70/30 portfolio would have done. The average annual return was 4.34% after all expenses. The gross expenses were 1.85%. The lowest expense option I can think of that was available during this time is Vanguard index funds. So I ran a Morningstar report to see how a 70/30 portfolio using two Vanguard index funds would have done. The average annual return for ten years was 1.75%. The expenses were .20%. There have been time periods where the two funds did better. My point is that in the area of asset diversification there is a reasonable possibility that an advisor can provide a benefit that justifies the expense that he adds.

### **Investor Behavior Kills Returns**

Perhaps the factor that has the highest impact on investment performance is **investor behavior**. Dalbar reports that over the 20 years from 1989 to 2008 the average equity investor earned 1.9% on his portfolio. During the same period, the S&P 500 averaged 8.35% a year. (From a seminar presentation by Loring Ward that I attended a couple years ago.) What made the difference? They got in when the market was up and all was rosy and they got out when all was dark and scary and the market was down. They also had a tendency to chase the hot fund and invest in what did well lately. If an advisor does nothing more than help an investor stay the course and avoid the behaviors that create a 645 basis point performance gap, the 75 basis points from the C shares is money well spent.

### **Impact of the Proposal**

What is the impact of dropping the fee to 25 basis points? Let's look at the cost of annual account rebalancing. If there are four sells and four buys to do the rebalance, it costs me \$200 to do the transactions. We have about \$60 in assistant salary as well. So for someone who gets a 90% payout from his broker dealer it takes an account of \$115,555 to break even on this expense alone. This leaves nothing for rent, phones, office supplies, receptionist, utilities, advisor income, or profit. If we add in just 3 hours of advisor time for updates, reviews, miscellaneous planning discussions etc., the annual cost of servicing the account rises to \$710. It takes an account of \$315,555 to break even. (For an advisor with a 60% payout, it takes an account of \$473,333 to break even.) What happens to all the people with accounts less than \$315,555? Do none of them want an advisor relationship? Do the advisors have some moral obligation to service these accounts at a loss?

The alternative is to move to a fee based account or not have an advisor. And what are the cost implications to the client? For an IRA under \$750,000 I have to charge the client 1.2% to make the same as I would make on the C share at a cost of 0.75%. So by eliminating C shares the client will pay 60% more to receive essentially the same services and advice he is receiving now.

### **Problems with the SEC proposal**

The SEC is overweighting the importance of expenses and ignoring the importance of asset allocation and managing investor behavior. They are ignoring or discounting the value of an advisor.

The SEC proposal takes away a very popular option. It reduces investors' freedom to choose.

It will cost investors more to receive the same service they can now get with C shares.

The SEC is presuming to know what is best for the investing public and not factoring in many of the consequences.

### **Recommendations**

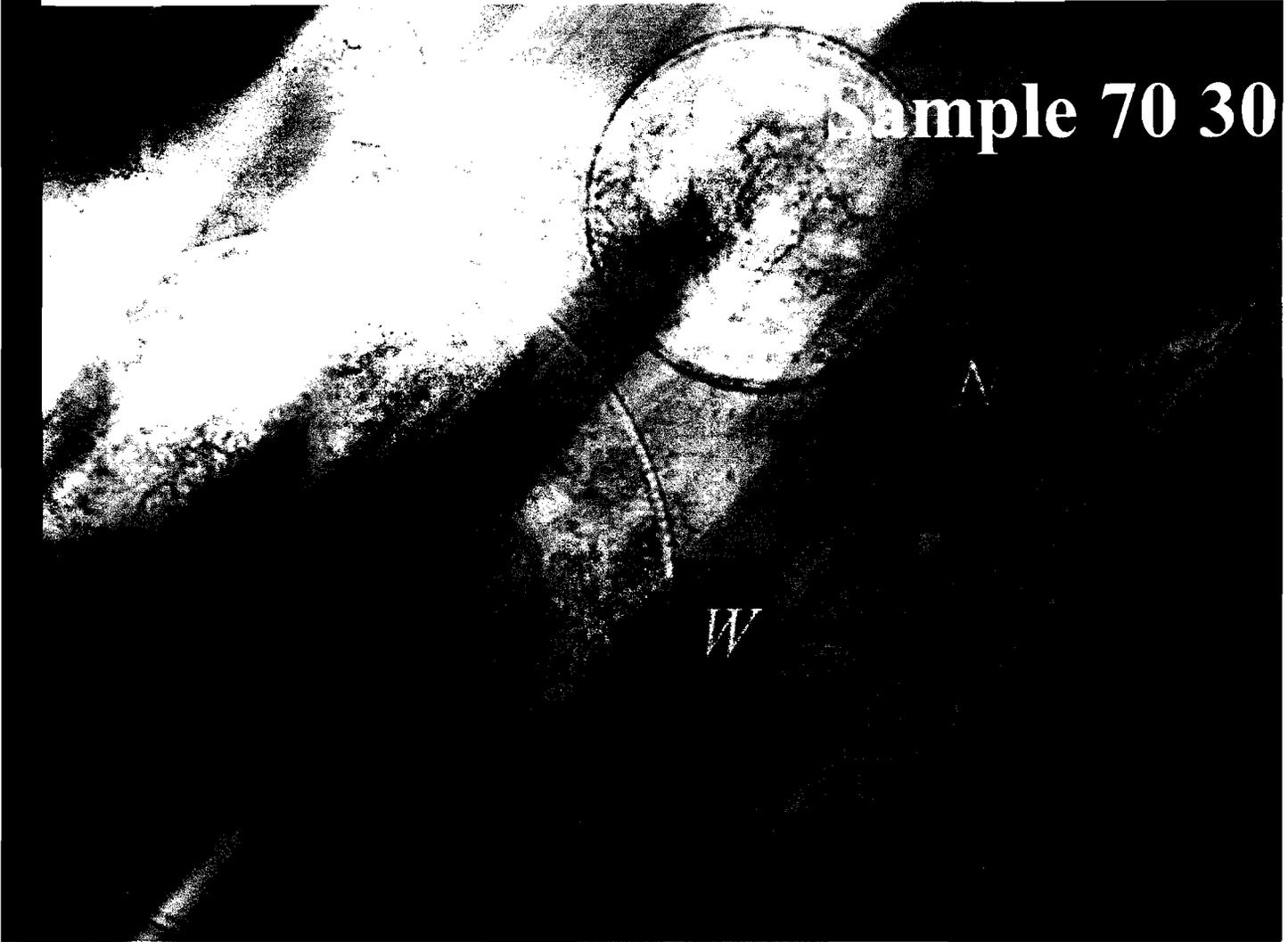
The SEC should assume the role of insuring honest and fair disclosure and not presume to dictate to the investing public what choices they should make.

C shares should provide clearer reporting of expenses, but should otherwise be left intact.

Jim Christiansen CFP, CLU, ChFC, MBA

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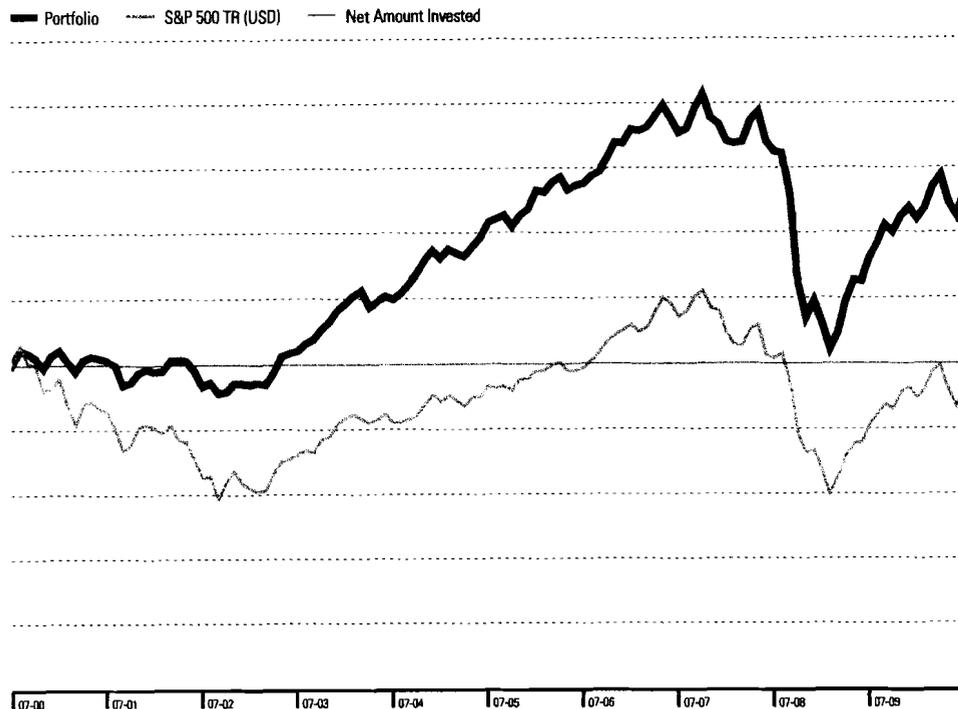
Prepared by:  
Jim Christiansen CFP, CLU, ChFC, MBA



# Hypothetical Portfolio Illustration

07-31-2000 to 07-31-2010

## Portfolio Summary



## Planning Assumptions

Currency	USD
Rebalance	None
Federal Income Tax Rate	0%
Capital Gain Tax Rate	0%
State Tax Rate	0%
Tax Paid	Out of Pocket

## Performance

Net Amount Invested	\$100,000
Final Market Value	\$152,907
Average Annualized Return	4.34%
Cumulative Return	52.91%

## Investment Detail

Period	Beginning Balance	New Investment	Distribution/Withdrawal	Total Reinvest	Charges & Fees	Taxes Due	Market Value	Total Return %
Totals	0	100,000	0	69,380	0	0	152,907	4.34
July-December 2000	0	100,000	0	6,456	0	0	103,068	3.07
January-December 2001	103,068	0	0	3,378	0	0	98,877	-4.07
January-December 2002	98,877	0	0	2,472	0	0	94,199	-4.73
January-December 2003	94,199	0	0	3,031	0	0	116,739	23.93
January-December 2004	116,739	0	0	6,878	0	0	134,863	15.53
January-December 2005	134,863	0	0	8,819	0	0	147,367	9.27
January-December 2006	147,367	0	0	10,376	0	0	167,716	13.81
January-December 2007	167,716	0	0	18,988	0	0	173,770	3.61
January-December 2008	173,770	0	0	4,934	0	0	119,075	-31.48
January-December 2009	119,075	0	0	2,744	0	0	147,731	24.07
January-July 2010	147,731	0	0	1,304	0	0	152,907	3.50

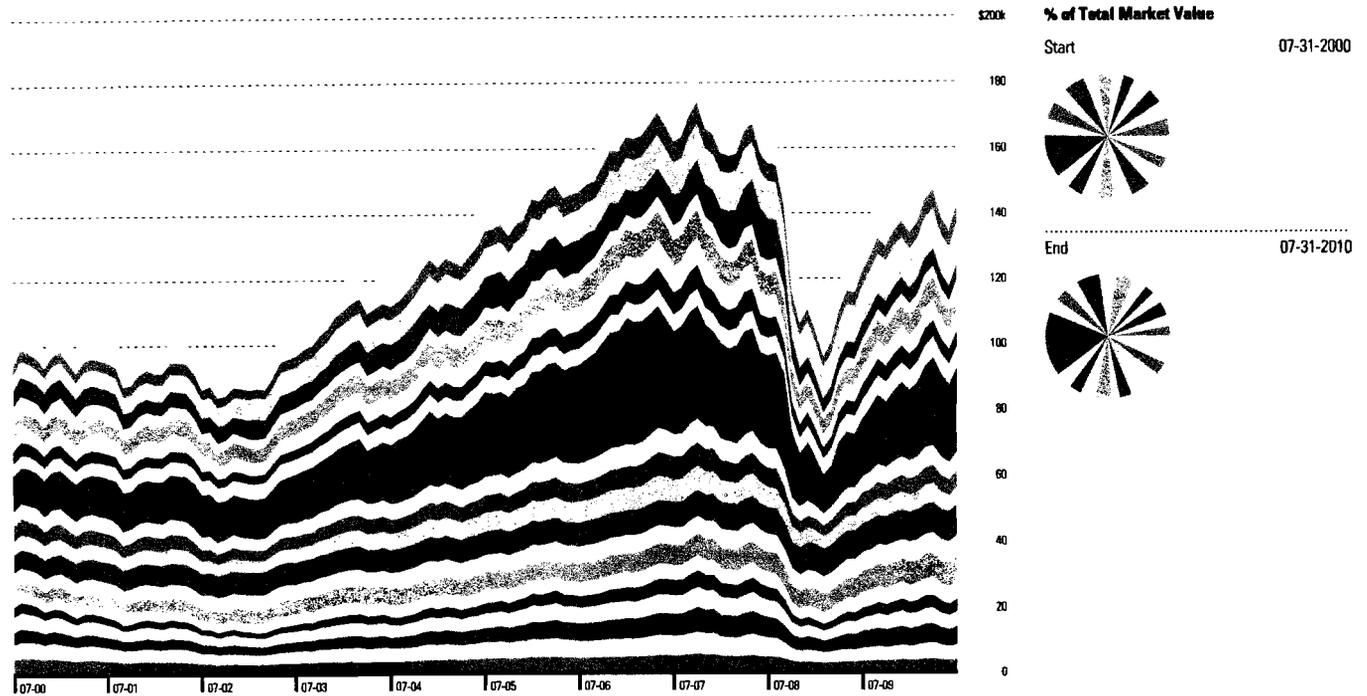
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# Hypothetical Portfolio Illustration Continued

07-31-2000 to 07-31-2010

## Security Summary



## Investment Assumptions

Investment Name	Holding Period		Initial Investment Amount	Subsequent Invest/Withdwl		Reinvest Distributions		Liqui-date	Re-balance %	Charges and Fees				Market Value End \$
	Start	End		Amount	Freq	Income	Cap Gains			Front Load	Annual Fee%	Deferred Load Amount%	Period Years	
• Allianz CCM Capital Appreciation C (USD)	07-00	07-10	4,667	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	3,788
Allianz CCM Mid Cap C (USD)	07-00	07-10	4,500	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	4,663
• American Funds EuroPacific Gr C (USD)	07-00	07-10	4,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	5,529
American Funds Growth Fund of Amer C (USD)	07-00	07-10	4,666	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	4,606
• American Funds SMALLCAP World C (USD)	07-00	07-10	3,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	3,645
Franklin High Income C (USD)	07-00	07-10	3,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	5,591
Franklin Strategic Income C (USD)	07-00	07-10	3,667	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	7,305
Franklin Total Return C (USD)	07-00	07-10	3,667	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	6,465
• Franklin US Government Secs C (USD)	07-00	07-10	5,500	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	9,216
Goldman Sachs Large Cap Value C (USD)	07-00	07-10	4,250	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	5,421
• Invesco Capital Development C (USD)	07-00	07-10	4,500	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	4,954
Invesco Van Kampen Growth and Income C (USD)	07-00	07-10	4,250	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	5,634
• Invesco Van Kampen Rel Est Secs C (USD)	07-00	07-10	11,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	25,619
MFS Research Bond C (USD)	07-00	07-10	3,666	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	6,521
• MFS Research International C (USD)	07-00	07-10	4,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	4,843
Mutual Beacon C (USD)	07-00	07-10	4,250	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	6,125
Mutual Shares C (USD)	07-00	07-10	4,250	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	6,267
Oppenheimer Capital Appreciation C (USD)	07-00	07-10	4,667	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	3,276
• Oppenheimer Commodity Strat Total Ret C (USD)	07-00	07-10	5,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	4,778
Oppenheimer International Bond C (USD)	07-00	07-10	5,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	12,805

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**Hypothetical Portfolio Illustration Continued**

07-31-2000 to 07-31-2010

**Investment Assumptions**

Investment Name	Holding Period		Initial Investment Amount	Subsequent Invest/Withdwl		Reinvest Distributions		Liqui-date	Re-balance %	Charges and Fees				Market Value End \$
	Start	End		Amount	Freq	Income	Cap Gains			Front Load	Annual Fee%	Deferred Load Amount%	Period Years	
* Oppenheimer Main St Small Cap C (USD)	07-00	07-10	3,000	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	5,135
PIMCO Real Return C (USD)	07-00	07-10	5,500	0	-	Y	Y	N	-	0.00%	0.00	1.00-0.00	1.0	10,720

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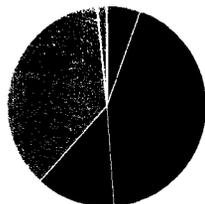


# Portfolio Snapshot

**Portfolio Value**  
\$152,907

**Benchmark**  
S&P 500 TR (USD)

## Analysis 07-31-2010

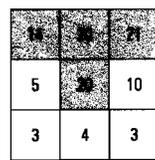


### Asset Allocation

- Cash
- US Stocks
- Non-US Stocks
- Bonds
- Other/Not Clsfd

	Portfolio Net %	Bmark Net %
Cash	5.53	0.00
US Stocks	43.36	100.00
Non-US Stocks	12.82	0.00
Bonds	36.73	0.00
Other/Not Clsfd	1.57	0.00

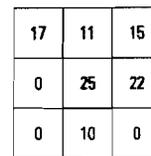
### Morningstar Equity Style Box %



Total Stock Holdings  
1,928

0-10 10-25 25-50 >50

### Morningstar Fixed Income Style Box %

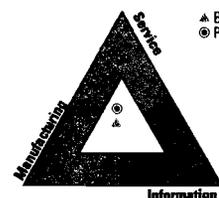


Total Bond Holdings  
15,720

0-10 10-25 25-50 >50

## Stock Analysis 07-31-2010

### Stock Sectors



▲ Benchmark  
● Portfolio

### World Regions

Greater Asia Americas Greater Europe



<25 25-50 50-75 >75%

Not Classified: 1.28%

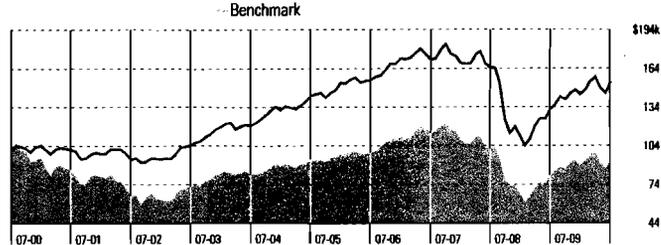
% of Stocks	Portfolio %	Bmark %
<b>Information</b>	<b>14.59</b>	<b>23.64</b>
Software	3.28	4.33
Hardware	5.12	11.10
Media	2.48	3.20
Telecom	3.71	5.01
<b>Service Economy</b>	<b>58.31</b>	<b>38.22</b>
Healthcare Svcs	8.01	10.67
Consumer Svcs	6.61	8.62
Business Svcs	3.46	3.51
Financial Svcs	40.23	16.42
<b>Mfg Economy</b>	<b>25.82</b>	<b>37.13</b>
Consumer Goods	10.35	11.38
Industrial Mtrls	8.12	11.19
Energy	5.45	10.87
Utilities	1.90	3.69
Not Classified	1.28	0.01

% of Stocks	Portfolio %	Bmark %
<b>Greater Europe</b>	<b>13.30</b>	<b>0.00</b>
United Kingdom	3.90	0.00
Europe-Developed	8.82	0.00
Europe-Emerging	0.23	0.00
Africa/Middle East	0.35	0.00
<b>Americas</b>	<b>79.80</b>	<b>100.00</b>
North America	78.89	100.00
Latin America	0.91	0.00
<b>Greater Asia</b>	<b>5.62</b>	<b>0.00</b>
Japan	1.99	0.00
Australasia	0.65	0.00
Asia-Developed	1.42	0.00
Asia-Emerging	1.56	0.00
Not Classified	1.28	0.00

## Performance 07-31-2010

### Investment Activity Graph

Final Mkt Val: \$152,907



Trailing Returns	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	-2.99	15.68	-3.63	1.31	4.34
Benchmark Return	-6.69	13.84	-6.77	-0.17	-0.76
+/- Benchmark Return	3.70	1.84	3.14	1.48	5.10

Best/Worst Time Periods	Best %	Worst %
3 Months	20.21 (Mar 09-May 09)	-30.77 (Sep 08-Nov 08)
1 Year	41.27 (Mar 09-Feb 10)	-37.73 (Mar 08-Feb 09)
3 Years	18.35 (Apr 03-Mar 06)	-11.88 (Mar 06-Feb 09)

Portfolio Yield (07-31-2010)	Yield %
Trailing 1 Yr	1.84

### Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

See Disclosure Page for Standardized Returns.

## Holdings 07-31-2010

### Top 5 holdings out of 22

- Invesco Van Kampen Rel Est Secs C (USD)
- Oppenheimer International Bond C (USD)
- PIMCO Real Return C (USD)
- Franklin US Government Secs C (USD)
- Franklin Strategic Income C (USD)

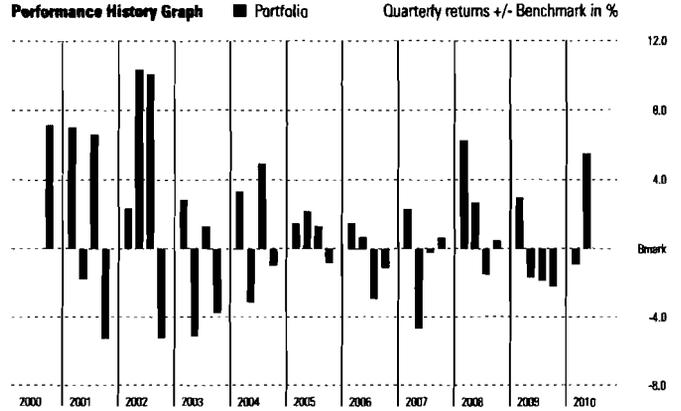
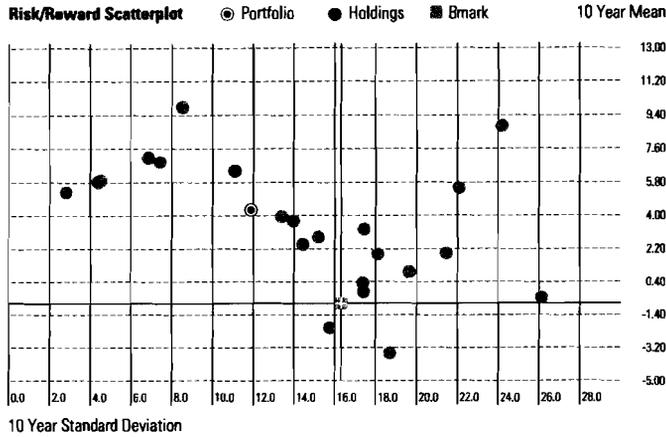
Symbol	Type	Holding Value \$	% Assets
ACRCX	MF	25,619	16.75
OIBCX	MF	12,805	8.37
PRTCX	MF	10,720	7.01
FRUGX	MF	9,216	6.03
FSGCX	MF	7,305	4.78

# Portfolio Snapshot

**Portfolio Value**  
\$152,907

**Benchmark**  
S&P 500 TR (USD)

## Risk Analysis 07-31-2010



Risk and Return Statistics	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	18.17	21.15	14.62	17.04	11.88	16.31
Mean	-3.63	-6.77	1.31	-0.17	4.34	-0.76
Sharpe Ratio	-0.17	-0.27	-0.01	-0.08	0.21	-0.12

MPT Statistics	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	1.71	0.87	3.72
Beta	0.83	0.82	0.65
R-Squared	92	90	79

## Fundamental Analysis 07-31-2010

Asset Allocation	Portfolio		
	Net %	Long %	Short %
Cash	5.53	8.95	3.42
US Stocks	43.36	43.40	0.04
Non-US Stocks	12.82	12.82	0.00
Bonds	36.73	36.91	0.18
Other/Not Clsfd	1.57	1.81	0.24
<b>Total</b>	<b>100.00</b>	<b>103.89</b>	<b>3.89</b>

Market Maturity	Geometric Avg Capitalization (\$Mil)	
	Portfolio	Benchmark
% of Stocks	10,775.73	42,910.61
Developed Markets	95.92	100.00
Emerging Markets	2.81	0.00
Not Available	1.28	0.00

Type Weightings	% of Stocks	
	Portfolio	Bmark
High Yield	1.17	0.00
Distressed	2.98	1.05
Hard Asset	30.59	11.59
Cyclical	21.47	34.37
Slow Growth	9.21	17.86
Classic Growth	6.29	17.50
Aggressive Growth	8.64	14.19
Speculative Growth	1.23	2.04
Not Available	18.43	1.41

Valuation Multiples	Credit Quality	
	Portfolio	Benchmark
Price/Earnings	17.84	15.21
Price/Book	1.87	2.02
Price/Sales	1.38	1.19
Price/Cash Flow	7.63	8.06
Profitability	45.46	8.32
% of Stocks	AA	9.84
Net Margin	A	8.65
ROE	BBB	10.19
ROA	B	7.65
Debt/Capital	Below B	4.35
	NR/NA	5.54

Fund Statistics	Interest Rate Risk	
	Portfolio	Benchmark
Potential Cap Gains Exposure	-11.42	7.71
Avg Net Expense Ratio	1.80	4.42
Avg Gross Expense Ratio	1.85	

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# Portfolio Snapshot

**Portfolio Value**  
152,907

**Benchmark**  
S&P 500 TR (USD)

## Standardized and Tax Adjusted Returns

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

## Annualized returns 06-30-2010

Standardized Returns (%)	7-day Yield	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %
Allianz CCM Capital Appreciation C (USD)	—	10.42	-3.36	-2.73	2.80	01-20-1997	NA	1.00	1.86	1.86
Allianz CCM Mid Cap C (USD)	—	15.25	-2.31	-0.54	4.19	01-13-1997	NA	1.00	1.86	1.86
American Funds EuroPacific Gr C (USD)	—	7.63	4.18	—	4.86	03-15-2001	NA	1.00	1.63	1.63
American Funds Growth Fund of Amer C (USD)	—	8.56	0.05	—	1.36	03-15-2001	NA	1.00	1.50	1.50
American Funds SMALLCAP World C (USD)	—	23.19	3.76	—	5.27	03-15-2001	NA	1.00	1.94	1.94
Franklin High Income C (USD)	—	20.02	5.57	6.14	6.08	05-16-1995	NA	1.00	1.29 <sup>1</sup>	1.30
Franklin Strategic Income C (USD)	—	14.22	5.72	6.92	5.90	05-01-1998	NA	1.00	1.30 <sup>2</sup>	1.31
Franklin Total Return C (USD)	—	12.17	4.42	—	5.19	03-01-2002	NA	1.00	1.31 <sup>3</sup>	1.46
Franklin US Government Secs C (USD)	—	6.16	4.96	5.23	5.52	05-01-1995	NA	1.00	1.25 <sup>4</sup>	1.26
Goldman Sachs Large Cap Value C (USD)	—	9.67	-2.01	1.98	1.54	12-15-1999	NA	1.00	1.94	1.94
Invesco Capital Development C (USD)	—	16.72	-1.07	0.07	3.55	08-04-1997	NA	1.00	2.20	2.20
Invesco Van Kampen Growth and Income C (USD)	—	13.39	-0.95	2.17	7.63	08-02-1993	NA	1.00	1.63 <sup>5</sup>	1.64
Invesco Van Kampen Rel Est Secs C (USD)	—	45.24	-0.45	8.68	9.14	06-09-1994	NA	1.00	2.32 <sup>6</sup>	2.38
MFS Research Bond C (USD)	—	13.61	4.38	—	5.35	12-29-2000	NA	1.00	1.68	1.68
MFS Research International C (USD)	—	5.46	1.71	0.68	4.89	01-02-1998	NA	1.00	2.84	2.04
Mutual Beacon C (USD)	—	12.70	-1.64	3.42	5.86	11-01-1996	NA	1.00	1.90	1.90
Mutual Shares C (USD)	—	14.03	-0.99	3.67	5.79	11-01-1996	NA	1.00	1.90	1.90
Oppenheimer Capital Appreciation C (USD)	—	5.97	-2.85	-4.23	6.00	12-01-1993	NA	1.00	1.95 <sup>7</sup>	2.01
Oppenheimer Commodity Strat Total Ret C (USD)	—	-7.83	-12.07	-1.77	-2.44	03-31-1997	NA	1.00	2.27 <sup>8</sup>	2.87
Oppenheimer International Bond C (USD)	—	5.88	6.17	9.41	8.61	06-15-1995	NA	1.00	1.72	1.72
Oppenheimer Main St Small Cap C (USD)	—	17.52	-0.17	4.30	7.67	08-02-1999	NA	1.00	2.68	2.08
PIMCO Real Return C (USD)	—	11.28	4.56	6.96	6.57	01-29-1997	NA	1.00	—	1.64
<b>BarCap US Agg Bond TR USD</b>	—	<b>9.50</b>	<b>5.54</b>	<b>6.47</b>	—	—	—	—	—	—
<b>MSCI EAFE NR USD</b>	—	<b>5.92</b>	<b>0.88</b>	<b>0.16</b>	—	—	—	—	—	—
<b>S&amp;P 500 TR</b>	—	<b>14.43</b>	<b>-0.79</b>	<b>-1.59</b>	—	—	—	—	—	—
<b>USTREAS T-Bill Auction Ave 3 Mon</b>	—	<b>0.12</b>	<b>2.68</b>	<b>2.58</b>	—	—	—	—	—	—

1. Contractual waiver that may expire at any time.
2. Non-contractual waiver that may expire at any time.
3. Contractual waiver; Expires 02-29-2011.
4. Non-contractual waiver that may expire at any time.
5. Contractual waiver; Expires 06-30-2012.
6. Contractual waiver; Expires 06-30-2012.
7. Non-contractual waiver that may expire at any time.
8. Contractual waiver that may expire at any time.

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**Annualized returns 06-30-2010**

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares			
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
Allianz CCM Capital Appreciation C (USD)	10.42	-3.94	-3.92	1.33	01-20-1997	6.77	-2.75	-2.56	2.04
Allianz CCM Mid Cap C (USD)	15.25	-3.15	-1.92	2.92	01-13-1997	9.91	-1.92	-0.92	3.20
American Funds EuroPacific Gr C (USD)	7.25	3.08	—	4.11	03-15-2001	4.99	3.39	—	4.01
American Funds Growth Fund of Amer C (USD)	8.50	-0.30	—	1.17	03-15-2001	5.57	0.09	—	1.19
American Funds SMALLCAP World C (USD)	23.17	2.89	—	4.78	03-15-2001	15.07	3.21	—	4.58
Franklin High Income C (USD)	16.89	2.88	3.12	2.84	05-16-1995	12.89	3.12	3.33	3.10
Franklin Strategic Income C (USD)	12.19	3.48	4.43	3.35	05-01-1998	9.19	3.54	4.39	3.42
Franklin Total Return C (USD)	10.57	2.66	—	3.41	03-01-2002	7.87	2.71	—	3.37
Franklin US Government Secs C (USD)	4.81	3.41	3.45	3.47	05-01-1995	3.97	3.31	3.40	3.45
Goldman Sachs Large Cap Value C (USD)	9.57	-2.79	1.51	1.09	12-15-1999	6.29	-1.80	1.62	1.24
Invesco Capital Development C (USD)	16.72	-2.40	-1.19	2.53	08-04-1997	10.87	-0.93	-0.18	2.90
Invesco Van Kampen Growth and Income C (USD)	13.17	-1.83	1.35	5.82	08-02-1993	8.72	-0.96	1.65	5.83
Invesco Van Kampen Rel Est Secs C (USD)	44.72	-2.04	7.30	7.51	06-09-1994	29.38	-0.38	7.42	7.49
MFS Research Bond C (USD)	12.09	2.79	—	3.64	12-29-2000	8.81	2.78	—	3.55
MFS Research International C (USD)	5.14	0.09	-0.30	3.98	01-02-1998	3.58	1.08	0.32	4.02
Mutual Beacon C (USD)	12.45	-2.82	2.19	4.04	11-01-1996	8.26	-1.42	2.63	4.37
Mutual Shares C (USD)	13.46	-1.90	2.66	4.22	11-01-1996	9.11	-1.04	2.81	4.34
Oppenheimer Capital Appreciation C (USD)	5.97	-2.92	-4.64	4.71	12-01-1993	3.88	-2.37	-3.60	4.68
Oppenheimer Commodity Strat Total Ret C (USD)	-7.83	-13.75	-3.84	-4.31	03-31-1997	-5.09	-10.13	-1.95	-2.55
Oppenheimer International Bond C (USD)	4.38	4.35	7.38	5.87	06-15-1995	3.83	4.23	6.97	5.69
Oppenheimer Main St Small Cap C (USD)	17.52	-1.09	3.44	6.86	08-02-1999	11.39	-0.22	3.54	6.61
PIMCO Real Return C (USD)	9.91	2.77	4.98	4.50	01-29-1997	7.28	2.82	4.83	4.40

**Portfolio Snapshot****Portfolio Value**  
\$152,907**Benchmark**  
S&P 500 TR (USD)**Annualized Security Returns****Total 22 holdings as of 07-31-2010**

	Symbol	Type	Holdings Date	% of Assets	Holding Value \$	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
Invesco Van Kampen Rel Est Secs C (USD)	ACRCX	MF	06-2010	16.75	25,619	—	46.32	-6.34	-0.02	8.82
Oppenheimer International Bond C (USD)	OIBCX	MF	03-2010	8.37	12,805	—	8.80	6.83	7.33	9.85
PIMCO Real Return C (USD)	PRTCX	MF	03-2010	7.01	10,720	—	11.21	7.22	5.01	6.90
Franklin US Government Secs C (USD)	FRUGX	MF	06-2010	6.03	9,216	—	7.10	6.96	5.29	5.29
Franklin Strategic Income C (USD)	FSGCX	MF	06-2010	4.78	7,305	—	13.47	6.83	6.17	7.13
MFS Research Bond C (USD)	MRBCX	MF	06-2010	4.26	6,521	—	12.33	6.73	4.79	5.93
Franklin Total Return C (USD)	FTLX	MF	06-2010	4.23	6,465	—	12.19	6.39	4.97	5.83
Mutual Shares C (USD)	TEMTX	MF	06-2010	4.10	6,267	—	13.28	-8.33	-0.39	3.96
Mutual Beacon C (USD)	TEMEX	MF	06-2010	4.01	6,125	—	13.15	-9.82	-1.07	3.72
Invesco Van Kampen Growth and Income C (USD)	ACGKX	MF	06-2010	3.68	5,634	—	12.93	-6.60	-0.21	2.86
Franklin High Income C (USD)	FCHIX	MF	06-2010	3.66	5,591	—	17.21	6.94	5.81	6.42
American Funds EuroPacific Gr C (USD)	AEPCX	MF	06-2010	3.62	5,529	—	7.85	-5.77	5.12	3.29
Goldman Sachs Large Cap Value C (USD)	GSVCX	MF	06-2010	3.55	5,421	—	10.77	-8.63	-1.29	2.46
Oppenheimer Main St Small Cap C (USD)	OPMCX	MF	03-2010	3.36	5,135	—	15.86	-6.20	-0.17	5.52
Invesco Capital Development C (USD)	ACDCX	MF	03-2010	3.24	4,954	—	14.26	-9.91	-0.90	0.97
MFS Research International C (USD)	MRICX	MF	06-2010	3.17	4,843	—	7.11	-9.57	2.64	1.93
Oppenheimer Commodity Strat Total Ret C (USD)	QRACX	MF	03-2010	3.12	4,778	—	-2.19	-18.86	-12.11	-0.45
Allianz CCM Mid Cap C (USD)	PFCMX	MF	07-2010	3.05	4,663	—	15.90	-8.90	-2.04	0.36
American Funds Growth Fund of Amer C (USD)	GFACX	MF	06-2010	3.01	4,606	—	9.30	-6.89	0.28	-0.13
Allianz CCM Capital Appreciation C (USD)	PFCCX	MF	07-2010	2.48	3,788	—	10.25	-9.96	-3.19	-2.07
American Funds SMALLCAP World C (USD)	SCWCX	MF	06-2010	2.38	3,645	—	22.46	-7.31	4.10	1.97
Oppenheimer Capital Appreciation C (USD)	OTFCX	MF	05-2010	2.14	3,276	—	5.65	-9.32	-2.55	-3.48

**Performance Disclosure**

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# Allianz CCM Capital Appreciation C (USD)

Overall Morningstar Rtg™  
★★★  
1,511 Large Growth

Incept 01-20-1997  
Type MF  
Total Assets \$51.70 mil  
Morningstar Cat Large Growth

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-12.40	0.36	-16.46	-22.68	-43.21
2009	-7.31	8.90	13.46	6.14	21.56
2010	4.47	-11.44	—	—	-2.16

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	9.25	—	-3.19	-2.07	3.21
Std Quarterly	10.42	—	-3.36	-2.73	2.80
Total Return	10.25	-9.97	-3.19	-2.07	3.21

+/- S&P 500 TR	-3.59	-3.19	-3.02	-1.31	—
+/- Russell 1000 Growt	-3.40	-5.72	-3.99	2.01	—

% Rank Cat	66	94	95	43
No. in Cat	1758	1511	1283	742

### 7-day Yield

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-498-5413 or visit [www.allianzinvestors.com](http://www.allianzinvestors.com).

### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.80

Fund Expenses	
Management Fees %	0.94
12b1 Expense %	1.00
Gross Expense Ratio %	1.86

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	1★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	Low	Low	Avg

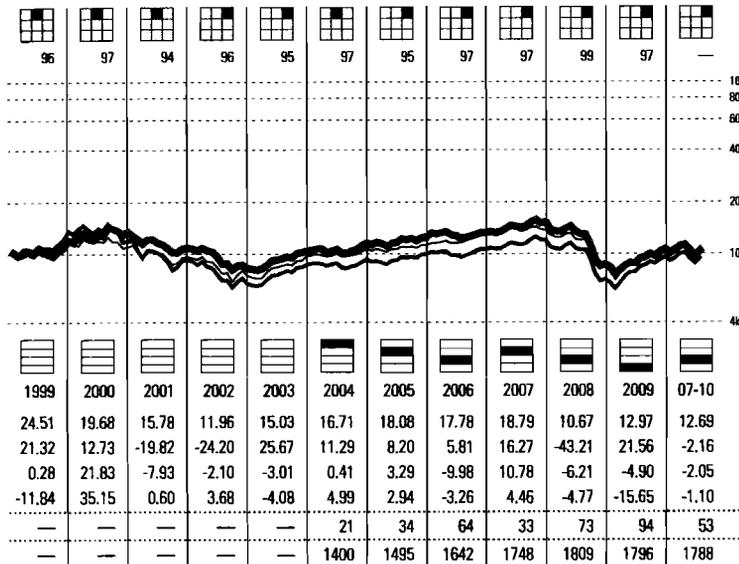
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.94	17.21	15.74
Mean	-9.97	-3.19	-2.07
Sharpe Ratio	-0.45	-0.25	-0.21

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index Morningstar US Growth TR USD
Alpha	-3.80	-5.72
Beta	0.94	0.90
R-Squared	90.68	96.46

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-40.34% Assets

### Operations

Family: Allianz Funds  
 Manager: William Bannick  
 Tenure: 17.8 Years  
 Objective: Growth



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 05-2010	Share Amount	78 Total Stocks 0 Total Fixed-Income 154% Turnover Ratio	% Net Assets
Cash	2.38	2.38	0.00				
US Stocks	97.62	97.62	0.00		107,580	Apple, Inc.	3.54
Non-US Stocks	0.00	0.00	0.00		930,130	Microsoft Corporation	2.80
Bonds	0.00	0.00	0.00		776,620	Cisco Systems, Inc.	2.17
Other/Not Clsfd	0.00	0.00	0.00		263,250	Johnson & Johnson	2.03
Total	100.00	100.00	0.00		34,420	Google, Inc.	2.00

Equity Style	Portfolio Statistics	Part Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	15.9	—	0.98
	P/C Ratio TTM	9.0	—	0.85
	P/B Ratio TTM	2.5	—	1.00
	Geo Avg Mkt Cap \$mil	28607	—	0.73

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short Int Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	—	—
Low	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	100.0 1.00
Greater Europe	0.0 —
Greater Asia	0.0 —

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>27.1</b>	<b>1.15</b>
Software	5.7	1.32
Hardware	14.9	1.35
Media	2.2	0.68
Telecommunication	4.3	0.86
<b>Service Economy</b>	<b>33.8</b>	<b>1.01</b>
Healthcare Services	10.1	0.95
Consumer Services	18.2	2.11
Business Services	3.4	0.98
Financial Services	8.0	0.49
<b>Manufacturing Economy</b>	<b>33.1</b>	<b>0.89</b>
Consumer Goods	14.0	1.23
Industrial Materials	13.4	1.20
Energy	5.7	0.52
Utilities	0.0	0.00

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# Allianz CCM Mid Cap C (USD)

**Overall Morningstar Rtg™**  
 ★★ ★  
 695 Mid-Cap Growth

**Incept** 01-13-1997  
**Type** MF  
**Total Assets** \$42.13 mil  
**Morningstar Cat** Mid-Cap Growth

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-13.07	8.08	-20.38	-26.58	-45.08
2009	-5.13	9.01	15.74	3.85	24.31
2010	7.36	-9.92	—	—	3.35

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	14.90	—	-2.04	0.36	4.67
Std Quarterly	15.25	—	-2.31	-0.54	4.19
Total Return	15.90	-8.91	-2.04	0.36	4.67

+/- S&P 500 TR	2.06	-2.13	-1.87	1.12	—
+/- Russell Mid Cap Gr	-4.27	-4.17	-3.61	1.04	—
% Rank Cat	74	80	88	50	—
No. in Cat	788	695	606	358	—
7-day Yield	—				

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-498-5413 or visit [www.allianzinvestors.com](http://www.allianzinvestors.com).

### Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	1.08

### Fund Expenses

Management Fees %	0.84
12b1 Expense %	1.00
<b>Gross Expense Ratio %</b>	<b>1.86</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	695 funds	606 funds	358 funds
Morningstar Rating™	2★	2★	3★
Morningstar Risk	Avg	Avg	Low
Morningstar Return	-Avg	-Avg	Avg

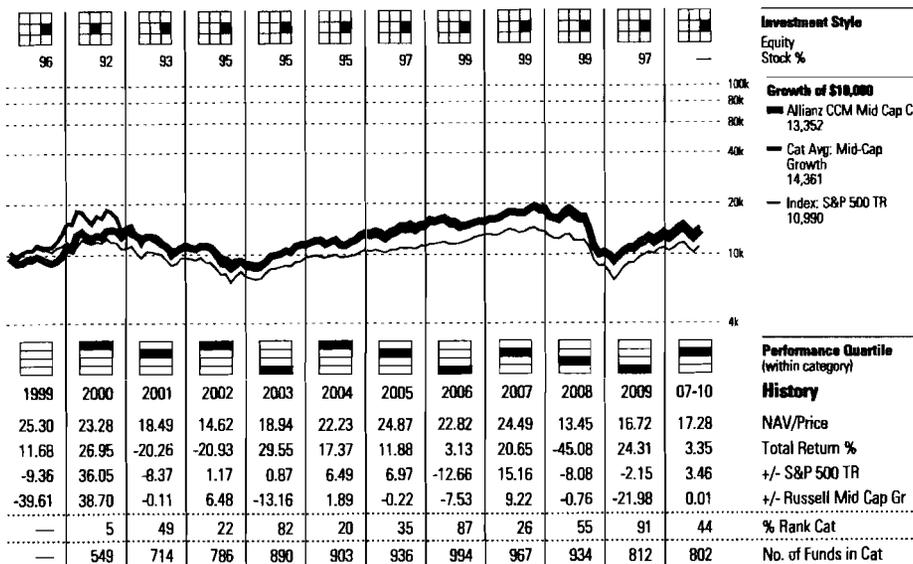
	3 Yr	5 Yr	10 Yr
Standard Deviation	23.98	19.59	17.36
Mean	-8.91	-2.04	0.36
Sharpe Ratio	-0.31	-0.14	-0.04

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index Morningstar Mid Growth TR USD
Alpha	-1.38	-4.16
Beta	1.03	0.93
R-Squared	83.08	97.18

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-35.59% Assets

### Operations

Family:	Allianz Funds
Manager:	William Bannick
Tenure:	17.8 Years
Objective:	Growth



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 05-2010	Share Amount	81 Total Stocks	0 Total Fixed-Income	148% Turnover Ratio	% Net Assets
Cash	2.38	2.38	0.00		330,900	AmerisourceBergen Corporation			1.57
US Stocks	97.62	97.62	0.00		181,520	Digital Realty Trust, Inc.			1.56
Non-US Stocks	0.00	0.00	0.00		272,610	NetApp, Inc.			1.52
Bonds	0.00	0.00	0.00		171,790	IHS, Inc. A			1.50
Other/Not Clsfd	0.00	0.00	0.00		322,850	Hill-Rom Holdings, Inc.			1.47
Total	100.00	100.00	0.00		316,760	Valspar Corporation			1.42

Equity Style	Portfolio Statistics	Part Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	19.1	—	0.94
	P/C Ratio TTM	8.5	—	0.80
	P/B Ratio TTM	2.1	—	0.87
	Geo Avg Mkt Cap \$mil	4253	—	0.77

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short Int Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	—	—
Low	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	100.0 1.00
Greater Europe	0.0 —
Greater Asia	0.0 —

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>23.3</b>	<b>0.99</b>
Software	6.7	1.56
Hardware	13.1	1.18
Media	1.0	0.32
Telecommunication	2.5	0.50
<b>Service Economy</b>	<b>41.4</b>	<b>1.06</b>
Healthcare Services	12.3	1.15
Consumer Services	16.0	1.86
Business Services	2.3	0.66
Financial Services	10.8	0.66
<b>Manufacturing Economy</b>	<b>35.2</b>	<b>0.95</b>
Consumer Goods	16.2	1.43
Industrial Materials	16.7	1.49
Energy	2.3	0.21
Utilities	0.0	0.00

# American Funds EuroPacific Gr C (USD)

**Overall Morningstar Rtg™**  
★★★★★  
651 Foreign Large Blend

**Incept** 03-15-2001  
**Type** MF  
**Total Assets** \$2,453.91 mil  
**Morningstar Cat** Foreign Large Blend

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-8.13	-2.52	-18.21	-19.46	-41.00
2009	-8.13	22.05	19.27	3.19	38.01
2010	0.56	-12.23	—	—	-3.68

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	6.85	—	5.13	—	5.79
Std Quarterly	7.63	—	4.18	—	4.86
Total Return	7.85	-5.77	5.13	3.29	5.79

+/- MSCI EAFE NR USD	1.59	4.51	3.03	1.78	—
+/- MSCI AC World Ex U	-1.82	2.22	0.71	0.13	—

% Rank Cat	42	12	13	16
No. in Cat	815	651	473	261

7-day Yield —

### Performance Disclosure

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### Fees and Expenses

#### Sales Charges

Front-End Load %	NA
Deferred Load %	1.08

#### Fund Expenses

Management Fees %	0.43
12b1 Expense %	1.00
Gross Expense Ratio %	1.63

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	4★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	+Avg	+Avg

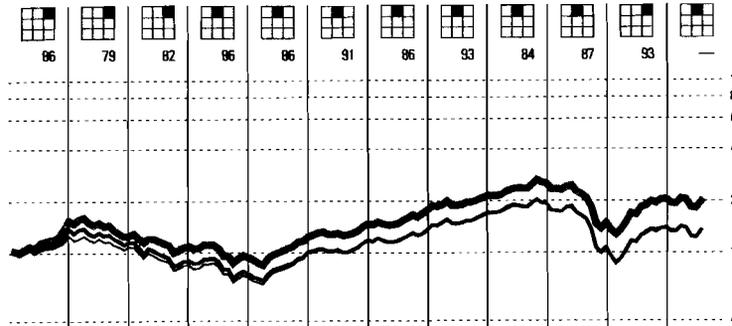
	3 Yr	5 Yr	10 Yr
Standard Deviation	24.53	20.13	17.42
Mean	-5.77	5.13	3.29
Sharpe Ratio	-0.16	0.22	0.13

MPT Statistics	Standard Index	Best Fit Index
	MSCI EAFE NR USD	MSCI AC World Ex USA NR USD
Alpha	4.08	1.09
Beta	0.94	0.90
R-Squared	96.34	97.39

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	4.76% Assets

### Operations

Family:	American Funds
Manager:	Stephen E. Bepler
Tenure:	26.3 Years
Objective:	Foreign Stock



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
1999	55.79	-18.46	-12.96	-14.36	31.80	18.73	20.08	20.90	18.00	-41.00	38.01	-3.68
2000	28.83	-4.29	8.48	1.58	-6.79	-1.52	6.54	-5.44	6.83	2.38	6.23	1.32
2001	25.16	-3.15	6.77	0.59	-9.03	-2.18	3.46	-5.75	1.35	4.53	-3.44	-0.65
2002	—	—	—	26	60	33	10	88	14	17	19	48
2003	—	—	—	482	504	551	608	657	743	778	823	831

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	275 Total Stocks	13 Total Fixed-Income	26% Turnover Ratio	% Net Assets	
Cash	6.19	6.19	0.00	—	—	—	—	—	—	
US Stocks	0.11	0.11	0.00	⊕	50 mil	America Movil S.A.B. de C.V. ADR L	—	—	2.61	
Non-US Stocks	93.30	93.30	0.00	—	41 mil	Anheuser-Busch InBev SA	—	—	2.14	
Bonds	0.37	0.37	0.00	⊖	30 mil	Bayer AG	—	—	2.07	
Other/Not Clsfd	0.02	0.02	0.00	⊕	35 mil	Novartis AG	—	—	1.93	
Total	100.00	100.00	0.00	—	22 mil	Novo Nordisk A/S	—	—	1.77	
Equity Style	Value	Blend	Factors	Port Avg	Rel Index	Rel Cat	—	—	—	
Large	—	—	—	17.2	—	1.53	⊖	10 mil	Roche Holding AG	1.68
Mid	—	—	—	7.5	—	1.23	⊖	56 mil	Telefonica, S.A.	1.36
Small	—	—	—	2.0	—	1.30	⊖	96 mil	Banco Santander SA	1.32
Geo Avg Mkt Cap \$mil	35737	—	1.30	⊖	24 mil	Nestle SA	—	—	1.24	
—	—	—	—	⊖	2 mil	Samsung Electronics Co Ltd	—	—	1.24	
—	—	—	—	⊖	50 mil	DAO Gazprom	—	—	1.20	
—	—	—	—	⊖	24 mil	Sap AG	—	—	1.20	
—	—	—	—	⊕	207 mil	Barclays PLC	—	—	1.16	
—	—	—	—	⊖	18 mil	Teva Pharmaceutical Industries, Ltd	—	—	1.14	
—	—	—	—	⊕	57 mil	Xstrata PLC	—	—	1.11	

Sector Weightings	Stocks %	Rel MSCI EAFE NR USD
<b>Information Economy</b>	<b>17.3</b>	—
Software	1.7	—
Hardware	4.8	—
Media	1.0	—
Telecommunication	9.8	—
<b>Service Economy</b>	<b>41.7</b>	—
Healthcare Services	12.0	—
Consumer Services	5.0	—
Business Services	2.1	—
Financial Services	22.7	—
<b>Manufacturing Economy</b>	<b>41.9</b>	—
Consumer Goods	17.2	—
Industrial Materials	13.4	—
Energy	7.6	—
Utilities	2.7	—

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# American Funds Growth Fund of Amer C (USD)

**Overall Morningstar Rtg™**  
**★★★**  
 1,511 Large Growth

**Incept** 03-15-2001  
**Type** MF  
**Total Assets** \$7,069.61 mil  
**Morningstar Cat** Large Growth

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-8.07	1.03	-15.20	-23.27	-39.56
2009	-4.15	16.52	13.13	5.66	33.51
2010	3.95	-11.83	—	—	-2.77

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	8.30	—	0.28	—	1.99
Std Quarterly	8.56	—	0.05	—	1.36
Total Return	9.30	-6.90	0.28	-0.13	1.99

+/- S&P 500 TR	-4.54	-0.12	0.45	0.63	—
+/- Russell 1000 Growt	-4.35	-2.65	-0.52	3.95	—

% Rank Cat	77	69	47	20
No. in Cat	1758	1511	1283	742

7-day Yield —

## Performance Disclosure

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## Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	<b>NA</b>
Deferred Load %	<b>1.00</b>

<b>Fund Expenses</b>	
Management Fees %	0.28
12b1 Expense %	1.00
Gross Expense Ratio %	<b>1.50</b>

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	4★
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	Avg	+Avg

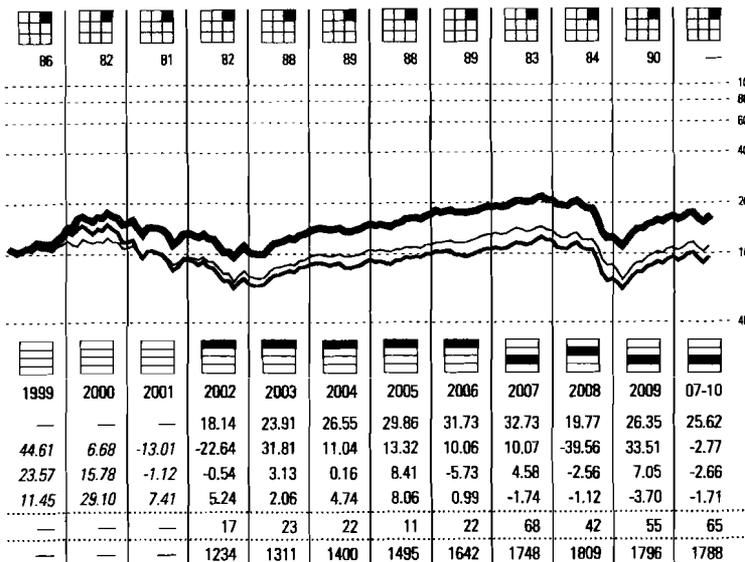
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.85	16.99	17.39
Mean	-6.90	0.28	-0.13
Sharpe Ratio	-0.29	-0.05	-0.06

MPT Statistics	Standard Index	Best Fit Index
	S&P 500 TR	Russell 1000 Growth TR USD
Alpha	-0.42	-2.97
Beta	0.96	0.97
R-Squared	94.60	98.32

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-1.38% Assets

## Operations

Family:	American Funds
Manager:	James E. Drasdo
Tenure:	24.8 Years
Objective:	Growth



## Portfolio Analysis 06-30-2010

Asset Allocation %	03-31-2010	Net %	Long %	Short %	Share Chg since 03-2010	Share Amount	263 Total Stocks	6 Total Fixed-Income	38% Turnover Ratio	% Net Assets
Cash	8.47	8.47	0.00	0.00						
US Stocks	75.16	75.16	0.00	0.00	⊕	185 mil	Oracle Corporation			2.95
Non-US Stocks	16.26	16.26	0.00	0.00	⊕	9 mil	Google, Inc.			2.88
Bonds	0.07	0.07	0.00	0.00	⊖	152 mil	Microsoft Corporation			2.60
Other/Not Clsfd	0.05	0.05	0.00	0.00	⊖	10 mil	Apple, Inc.			1.95
Total	100.00	100.00	0.00	0.00	⊖	45 mil	Barrick Gold Corporation			1.52

Equity Style	Portfolio Statistics	Port Avg	Ret Index	Rel Cat	Share Amount	Company	% Net Assets
Large	P/E Ratio TTM	15.4	—	0.94	1,760 mil	United States Treas Nts 3.5%	1.37
Mid	P/C Ratio TTM	9.3	—	0.88	48 mil	J.P. Morgan Chase & Co.	1.31
Small	P/B Ratio TTM	2.2	—	0.86	76 mil	Cisco Systems, Inc.	1.21
	Geo Avg Mkt Cap \$mil	36567	—	0.94	23 mil	Union Pacific Corporation	1.20
					52 mil	Suncor Energy, Inc.	1.14
					43 mil	Merck & Co Inc	1.12
					32 mil	Philip Morris International Inc	1.10
					40 mil	Medtronic, Inc.	1.08
					56 mil	Wells Fargo Company	1.06
					88 mil	Coming Inc.	1.06

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>29.3</b>	<b>1.24</b>
Software	7.8	1.80
Hardware	10.6	0.95
Media	3.9	1.24
Telecommunication	7.0	1.40

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Service Economy</b>	<b>38.0</b>	<b>0.97</b>
Healthcare Services	12.7	1.19
Consumer Services	8.4	0.98
Business Services	5.3	1.50
Financial Services	11.7	0.71

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Manufacturing Economy</b>	<b>32.6</b>	<b>0.88</b>
Consumer Goods	7.5	0.66
Industrial Materials	13.8	1.23
Energy	10.6	0.97
Utilities	0.8	0.21

Base Currency:	USD	Minimum Initial Purchase:	\$250
Ticker:	GFACX	Purchase Constraints:	
Min Auto Investment Plan:	\$0		
Minimum IRA Purchase:	\$250		

# American Funds SMALLCAP World C (USD)

Overall Morningstar Rating™  
★★★  
593 World Stock

Incept 03-15-2001 Type MF Total Assets \$761.76 mil Morningstar Cat World Stock

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-11.42	-3.25	-19.18	-27.48	-49.77
2009	-6.25	27.85	21.53	4.65	52.44
2010	6.62	-8.41	—	—	4.44

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	21.46	—	4.11	—	5.98
Std Quarterly	23.19	—	3.76	—	5.27
Total Return	22.46	-7.31	4.11	1.97	5.98
+/- MSCI EAFE NR USD	16.20	2.97	2.01	0.46	—
+/- MSCI World NR USD	12.63	1.14	3.17	1.92	—
% Rank Cat	5	50	21	37	—
No. in Cat	822	593	470	256	—
7-day Yield	—	—	—	—	—

## Performance Disclosure

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## Fees and Expenses

Sales Charges	NA
Front-End Load %	1.00
Deferred Load %	—
Fund Expenses	
Management Fees %	0.65
12b1 Expense %	1.00
Gross Expense Ratio %	1.94

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	+Avg	+Avg	+Avg
Morningstar Return	Avg	+Avg	Avg

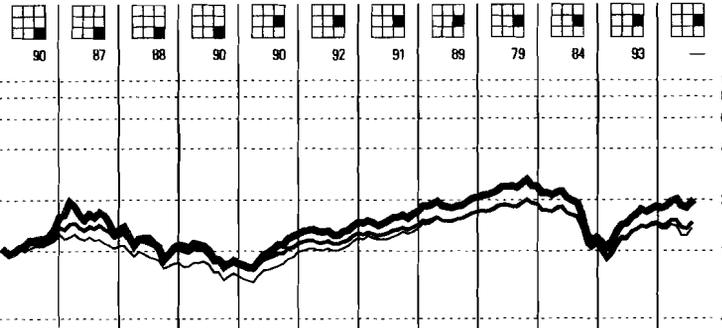
	3 Yr	5 Yr	10 Yr
Standard Deviation	26.95	22.17	21.44
Mean	-7.31	4.11	1.97
Sharpe Ratio	-0.18	0.18	0.08

MPT Statistics	Standard Index MSCI EAFE NR USD	Best Fit Index Morningstar Lifetime Moderate 2050
Alpha	3.68	-1.42
Beta	1.00	1.18
R-Squared	90.52	95.20

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	1.09% Assets

## Operations

Family:	American Funds
Manager:	Gordon Crawford
Tenure:	20.3 Years
Objective:	World Stock



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
60.42	-16.19	-18.20	-22.87	49.25	16.80	15.60	21.95	16.19	-49.77	52.44	4.44	
33.46	-2.02	3.24	-6.93	10.66	-3.45	2.06	-4.39	5.02	-6.39	20.66	9.44	
35.49	-3.01	-1.38	-2.98	16.14	2.08	6.11	1.88	7.15	-9.06	22.45	6.97	
—	—	—	—	—	—	20	27	24	87	9	5	
—	—	—	—	—	—	438	491	581	647	755	858	

## Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	531 Total Stocks	3 Total Fixed-Income	% Net Assets
Cash	7.65	7.65	0.00	—	—	56%	—	—
US Stocks	37.87	37.87	0.00	—	42 mil	—	—	1.11
Non-US Stocks	54.05	54.05	0.00	—	6 mil	—	—	1.05
Bonds	0.08	0.08	0.00	—	69 mil	—	—	1.03
Other/Not Clsfd	0.36	0.36	0.00	—	10 mil	—	—	0.92
Total	100.00	100.00	0.00	—	3 mil	—	—	0.92

Equity Style	Value	Blend	Growth	Large	Mid	Small	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	18.1	—	1.41	—	—	—	—	—	—	—
P/C Ratio TTM	10.0	—	1.37	—	—	—	—	—	—	—
P/B Ratio TTM	2.3	—	1.42	—	—	—	—	—	—	—
Geo Avg Mkt Cap \$mil	1695	—	0.08	—	—	—	—	—	—	—

Fixed-Income Style	Short	Int	Long	High	Med	Low	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Avg Eff Duration	—	—	—	—	—	—	—	—	—	—	—
Avg Eff Maturity	—	—	—	—	—	—	—	—	—	—	—
Avg Credit Quality	—	—	—	—	—	—	—	—	—	—	—
Avg Wtd Coupon	—	—	—	—	—	—	—	—	—	—	—
Avg Wtd Price	—	—	—	—	—	—	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel MSCI EAFE NR USD
Americas	48.2	—
Greater Europe	24.1	—
Greater Asia	27.6	—

Stocks %	Rel MSCI EAFE NR USD
Kingboard Chemical Holdings Ltd.	1.11
Container Corporation of India	1.05
XinAo Gas Holdings Ltd.	1.03
East West Bancorp, Inc.	0.92
MSC Industrial Direct Co., Inc.	0.92
Cochlear Limited	0.85
Modern Times Group MTG AB	0.79
Inverness Medical Innovations, Inc.	0.69
Heritage Oil PLC	0.64
Lululemon Athletica, Inc	0.64
Thoratec Laboratories Corporation	0.62
tw telecom inc.	0.59
Pacific Rubiales Energy Corp.	0.57
Niko Resources Ltd	0.57
Jain Irrigation Systems Ltd.	0.55

Sector Weightings	Stocks %	Rel MSCI EAFE NR USD
<b>Information Economy</b>	<b>15.5</b>	—
Software	3.6	—
Hardware	4.6	—
Media	3.9	—
Telecommunication	3.4	—
<b>Service Economy</b>	<b>46.7</b>	—
Healthcare Services	13.1	—
Consumer Services	8.7	—
Business Services	12.4	—
Financial Services	12.5	—
<b>Manufacturing Economy</b>	<b>37.8</b>	—
Consumer Goods	14.3	—
Industrial Materials	14.9	—
Energy	6.5	—
Utilities	2.1	—

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# Franklin High Income C (USD)

**Overall Morningstar Rtg™**  
 ★★  
 499 High Yield Bond

**Incept** 05-16-1995  
**Type** MF  
**Total Assets** \$427.35 mil  
**Morningstar Cat** High Yield Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-2.70	1.24	-8.61	-14.28	-22.83
2009	3.07	18.76	11.39	5.66	44.08
2010	2.73	0.09	—	—	6.09

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	16.21	—	5.82	6.42	6.26
Std Quarterly	20.02	—	5.57	6.14	6.08
Total Return	17.21	6.94	5.82	6.42	6.26

+/- BarCap US Agg Bond	8.30	-0.69	-0.14	-0.06	—
+/- BofAML US HY Maste	-7.05	-1.82	-1.68	-1.01	—

% Rank Cat	83	35	47	38
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No. in Cat	568	499	428	283
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7-day Yield	—
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### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

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### Fees and Expenses

<b>Sales Charges</b>	
<b>Front-End Load %</b>	<b>NA</b>
<b>Deferred Load %</b>	<b>1.08</b>

<b>Fund Expenses</b>	
Management Fees %	0.46
12b1 Expense %	0.65
<b>Gross Expense Ratio %</b>	<b>1.30</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	Avg	Avg	+Avg
Morningstar Return	Avg	Avg	Avg

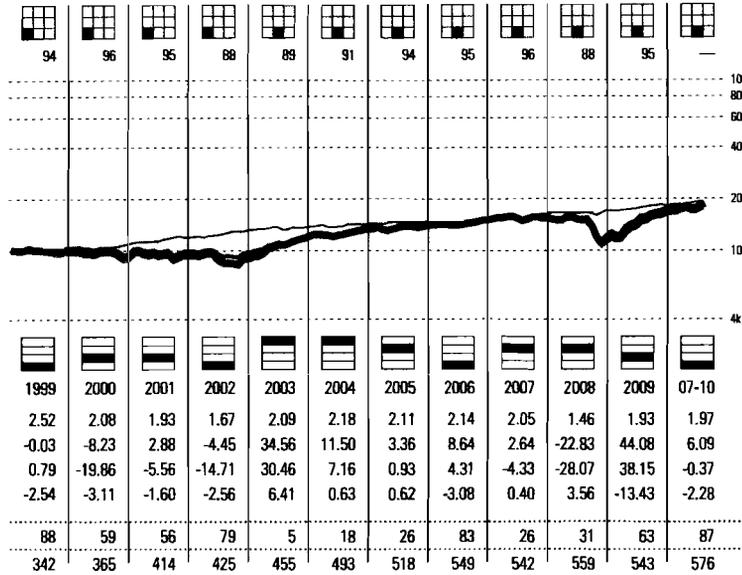
	3 Yr	5 Yr	10 Yr
Standard Deviation	15.44	12.19	11.07
Mean	6.94	5.82	6.42
Sharpe Ratio	0.44	0.31	0.39

MPT Statistics	Standard Index BarCap US Agg Bond	Best Fit Index BofAML US HY Master II TR USD
Alpha	-1.53	-0.98
Beta	1.32	0.88
R-Squared	12.37	97.69

12-Month Yield	7.11%
30-day SEC Yield	7.34%
Potential Cap Gains Exp	-27.67% Assets

### Operations

Family:	Franklin Templeton Investments
Manager:	Christopher Molumphy
Tenure:	19.6 Years
Objective:	Corporate Bond - High Yield



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 03-2010	Share Amount	3 Total Stocks	% Net Assets
Cash	5.15	5.15	0.00			216 Total Fixed-Income	
US Stocks	0.25	0.25	0.00		40 mil	41% Turnover Ratio	
Non-US Stocks	0.00	0.00	0.00	✖	45 mil	Harras Oper 11.25%	1.35
Bonds	93.93	93.93	0.00		35 mil	Cit Grp 7%	1.31
Other/Not Clsfd	0.68	0.68	0.00		35 mil	Hca 9.125%	1.18
Total	100.00	100.00	0.00	✖	29 mil	Ford Motor Credit Co 7.5%	1.15
				✖	29 mil	Cch li Lic / Cch li Cap 13.5%	1.10
				⊖	35 mil	Bk Of Amer Corporation FRN	1.09
				⊖	32 mil	Gmac 6.875%	1.05
				✖	40 mil	Mgm Resorts Intl 6.625%	1.02
				✖	35 mil	Intl Lease Fin Mtn Bn 5.65%	1.00
				⊕	30 mil	Michaels Stores 10%	1.00
					30 mil	Metropcs Wireless 9.25%	1.00
					30 mil	Sprint Nextel 8.375%	0.97
					30 mil	Digical Grp 144A 8.875%	0.94
					30 mil	Freescale Semicon 8.875%	0.89
					28 mil	Chesapeake Engy 6.25%	0.88

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	1.1	—	—
	P/C Ratio TTM	2.0	—	—
	P/B Ratio TTM	0.6	—	—
	Geo Avg Mkt Cap \$mil	950	—	—

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short Int Long	3.85	6.16	—	8.61	99.63
High Med Low					

Credit Analysis 03-31-2010	Bond %
AAA	0.00
AA	3.75
A	0.50
BBB	2.03
BB	25.57
B	43.58
Below B	25.60
NR/NA	-1.03

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	<b>99.9</b>	—
Software	0.0	—
Hardware	0.0	—
Media	99.9	—
Telecommunication	0.0	—
<b>Service Economy</b>	<b>0.0</b>	—
Healthcare Services	0.0	—
Consumer Services	0.0	—
Business Services	0.0	—
Financial Services	0.0	—
<b>Manufacturing Economy</b>	<b>0.1</b>	—
Consumer Goods	0.1	—
Industrial Materials	0.0	—
Energy	0.0	—
Utilities	0.0	—

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# Franklin Strategic Income C (USD)

Overall Morningstar Rig™  
 ★★★  
 194 Multisector Bond

Incept 05-01-1998  
 Type MF  
 Total Assets \$1,148.92 mil  
 Morningstar Cat Multisector Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	0.39	-0.31	-5.80	-5.81	-11.21
2009	2.50	9.60	8.18	2.78	24.90
2010	3.96	-0.31	—	—	6.37

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	12.47	—	6.17	7.14	6.09
Std Quarterly	14.22	—	5.72	6.92	5.90
Total Return	13.47	6.84	6.17	7.14	6.09

+/- BarCap US Agg Bond	4.56	-0.79	0.21	0.66	—
+/- BarCap US Universa	3.52	-0.66	0.18	0.52	—

% Rank Cat	80	39	40	33
No. in Cat	254	194	157	107

7-day Yield —

### Performance Disclosure

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### Fees and Expenses

Sales Charges	NA
Front-End Load %	1.00
Deferred Load %	—

Fund Expenses	
Management Fees %	0.46
12b1 Expense %	0.65
Gross Expense Ratio %	1.31

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	Avg	Avg	Avg

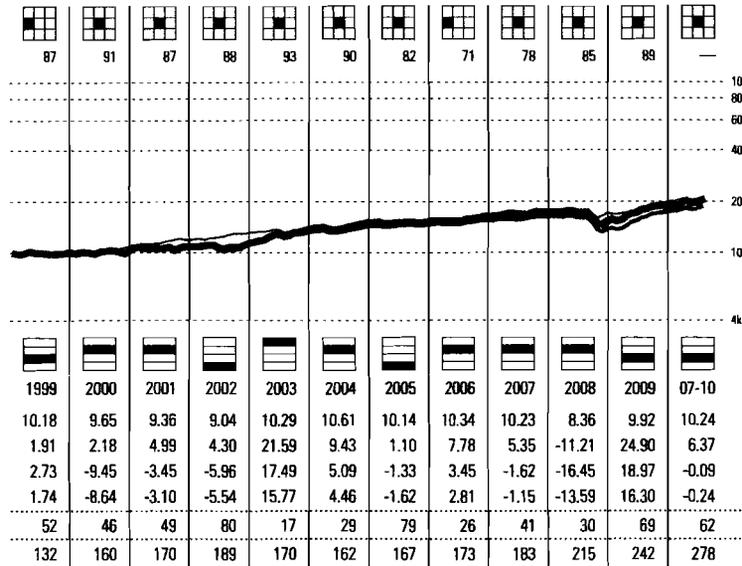
	3 Yr	5 Yr	10 Yr
Standard Deviation	9.04	7.17	6.85
Mean	6.84	6.17	7.14
Sharpe Ratio	0.65	0.51	0.67

MPT Statistics	Standard Index	Best Fit Index
Alpha	-0.89	1.47
Beta	1.08	0.50
R-Squared	23.87	91.97

12-Month Yield	5.00%
30-day SEC Yield	4.90%
Potential Cap Gains Exp	2.16% Assets

### Operations

Family: Franklin Templeton Investments  
 Manager: Christopher Molumphy  
 Tenure: 16.3 Years  
 Objective: Multisector Bond



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %
Cash	10.84	11.31	0.47
US Stocks	0.06	0.06	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	88.06	88.06	0.00
Other/Not Clsfd	1.03	1.03	0.00
Total	100.00	100.47	0.47

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Large	P/E Ratio TTM	1.1	—	0.10
Mid	P/C Ratio TTM	2.0	—	0.30
Small	P/B Ratio TTM	0.6	—	0.36
	Geo Avg Mkt Cap \$mil	950	—	0.05

Fixed-Income Style	Avg Eff Duration	3.79
	Avg Eff Maturity	—
	Avg Credit Quality	—
	Avg Wtd Coupon	6.57
	Avg Wtd Price	—

Credit Analysis 03-31-2010	Bond %
AAA	19.07
AA	4.77
A	13.36
BBB	17.77
BB	18.06
B	19.90
Below B	7.83
NR/NA	-0.76

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Share Amount	2 Total Stocks	% Net Assets
87,530 mil	666 Total Fixed-Income Turnover Ratio	56%
58 mil	Korea(Republic Of) 4%	1.63
60 mil	Russian Fedn 2.25%	1.48
142 mil	Australia(Cmnwlth) 5.75%	1.17
5 mil	Argentine Republic 0.389%	1.11
53,899 mil	Mexico(Utd Mex St) 10%	1.08
70,650	Korea(Republic Of) 4.75%	1.02
109 mil	Brazil(Fed Rep Of) 10%	0.80
101 mil	Poland(Rep Of) 4.75%	0.73
29 mil	Malaysia 3.833%	0.71
27 mil	Greenwich Cap Cmts 2005-Gg5 CMO	0.68
30 mil	California St Go Bds 7.55%	0.65
29 mil	California St Go Bds 5%	0.65
24 mil	Community Health Systems Inc	0.61
22,830	Rockwood Specialties Group Inc	0.55
	Brazil(Fed Rep Of) 6%	0.54

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	<b>100.0</b>	—
Software	0.0	—
Hardware	0.0	—
Media	100.0	—
Telecommunication	0.0	—
<b>Service Economy</b>	<b>0.0</b>	—
Healthcare Services	0.0	—
Consumer Services	0.0	—
Business Services	0.0	—
Financial Services	0.0	—
<b>Manufacturing Economy</b>	<b>0.0</b>	—
Consumer Goods	0.0	—
Industrial Materials	0.0	—
Energy	0.0	—
Utilities	0.0	—

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# Franklin Total Return C (USD)

Overall Morningstar Rating  
 ★★  
 991 Intermediate-Term Bond

Incept 03-01-2002  
 Type MF  
 Total Assets \$334.26 mil  
 Morningstar Cat Intermediate-Term Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	0.08	-0.95	-4.15	-0.91	-5.85
2009	1.27	5.68	5.99	1.33	14.95
2010	3.27	2.03	—	—	7.44

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	11.19	—	4.98	—	5.38
Std Quarterly	12.17	—	4.42	—	5.19
Total Return	12.19	6.40	4.98	5.83	5.38

+/- BarCap US Agg Bond	3.28	-1.23	-0.98	-0.65	—
+/- BarCap US Govt/Cre	-0.40	-2.61	-1.59	-1.64	—

% Rank Cat	38	62	60	53
No. in Cat	1137	991	862	520
7-day Yield	—			

### Performance Disclosure

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### Fees and Expenses

Sales Charges	NA
Front-End Load %	1.00
Deferred Load %	—
Fund Expenses	—
Management Fees %	0.33
12b1 Expense %	0.65
Gross Expense Ratio %	1.46

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	+Avg	+Avg	Avg
Morningstar Return	Avg	Avg	Avg

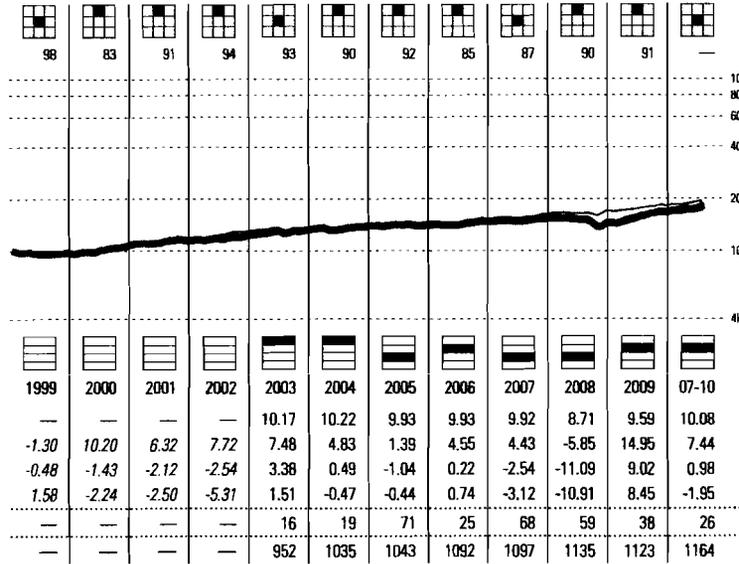
	3 Yr	5 Yr	10 Yr
Standard Deviation	5.97	4.94	4.38
Mean	6.40	4.98	5.83
Sharpe Ratio	0.87	0.47	0.74

MPT Statistics	Standard Index	Best Fit Index
Alpha	-1.44	0.68
Beta	1.06	0.66
R-Squared	52.51	79.75

12-Month Yield	3.86%
30-day SEC Yield	3.43%
Potential Cap Gains Exp	3.36% Assets

### Operations

Family: Franklin Templeton Investments  
 Manager: Roger Bayston  
 Tenure: 12.0 Years  
 Objective: Income



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 03-2010	Share Amount	2 Total Stocks	% Net Assets
Cash	5.21	10.13	4.92	—	68 mil	FNMA	2.56
US Stocks	0.02	0.02	0.00	★	67 mil	United States Treas Nts 1.75%	2.36
Non-US Stocks	0.00	0.00	0.00	—	77,250 mil	Korea(Republic Of) 4%	2.21
Bonds	94.71	94.71	0.00	—	44 mil	United States Treas Nts 2.75%	1.61
Other/Not Clsfd	0.06	0.49	0.43	—	35 mil	FNMA	1.30
Total	100.00	105.35	5.35	—	35 mil	United States Treas Nts 2.75%	1.28

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value	P/E Ratio TTM	1.1	—	—
Blend	P/C Ratio TTM	2.0	—	—
Growth	P/B Ratio TTM	0.6	—	—
Large	Geo Avg Mkt Cap \$mil	950	—	—
Mid	Avg Eff Duration	4.73	—	—
Small	Avg Eff Maturity	—	—	—
	Avg Credit Quality	—	—	—
	Avg Wtd Coupon	5.67	—	—
	Avg Wtd Price	—	—	—

Fixed-Income Style	Short	Int	Long
High	—	—	—
Med	—	—	—
Low	—	—	—

Credit Analysis 03-31-2010	Bond %
AAA	44.25
AA	11.11
A	12.97
BBB	17.03
BB	9.94
B	6.98
Below B	2.69
NR/NA	-4.97

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	100.0	—
Software	0.0	—
Hardware	0.0	—
Media	100.0	—
Telecommunication	0.0	—
<b>Service Economy</b>	0.0	—
Healthcare Services	0.0	—
Consumer Services	0.0	—
Business Services	0.0	—
Financial Services	0.0	—
<b>Manufacturing Economy</b>	0.0	—
Consumer Goods	0.0	—
Industrial Materials	0.0	—
Energy	0.0	—
Utilities	0.0	—

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# Franklin US Government Secs C (USD)

Overall Morningstar Rtg™  
 ★★ ★  
 325 Intermediate Government

Incept 05-01-1995  
 Type MF  
 Total Assets \$2,324.55 mil  
 Morningstar Cat Intermediate Government

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	2.37	-0.91	1.23	3.59	6.38
2009	1.97	-0.10	2.35	0.02	4.28
2010	1.79	2.84	—	—	5.75

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	6.10	—	5.29	5.30	5.55
Std Quarterly	6.16	—	4.96	5.23	5.52
Total Return	7.10	6.97	5.29	5.30	5.55

+/- BarCap US Agg Bond	-1.81	-0.66	-0.67	-1.18	—
+/- BarCap US Governme	0.43	-0.35	-0.48	-0.88	—

% Rank Cat	60	53	54	67
No. in Cat	349	325	306	227
7-day Yield	—			

### Performance Disclosure

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### Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	1.08

<b>Fund Expenses</b>	
Management Fees %	0.46
12b1 Expense %	0.65
Gross Expense Ratio %	1.26

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	Avg	Avg	-Avg

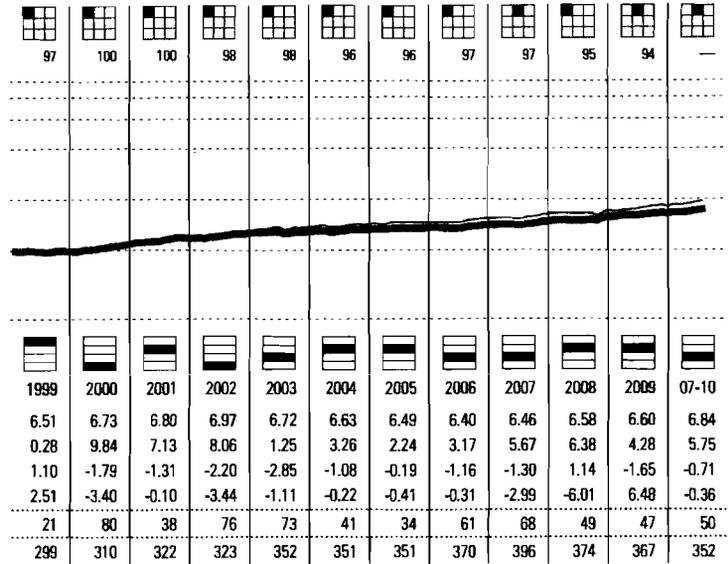
	3 Yr	5 Yr	10 Yr
Standard Deviation	3.16	2.90	2.81
Mean	6.97	5.29	5.30
Sharpe Ratio	1.79	0.86	0.96

MPT Statistics	Standard Index BarCap US Agg Bond	Best Fit Index BarCap US MBS TR USD
Alpha	1.49	-0.99
Beta	0.66	0.96
R-Squared	74.90	94.62

12-Month Yield	3.50%
30-day SEC Yield	3.20%
Potential Cap Gains Exp	1.62% Assets

### Operations

Family:	Franklin Templeton Investments
Manager:	Roger Bayston
Tenure:	16.9 Years
Objective:	Government Bond - Mortgage



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg 03-2010	Share Amount	0 Total Stocks	% Net Assets
Cash	1.77	1.77	0.00	—	13,368	35%	1.83
US Stocks	0.00	0.00	0.00	—	177 mil	GNMA 5%	1.47
Non-US Stocks	0.00	0.00	0.00	—	140 mil	GNMA 5%	1.37
Bonds	97.68	97.74	0.06	—	136 mil	GNMA 4.5%	1.34
Other/Not Clsfd	0.55	0.55	0.00	—	127 mil	GNMA 5.5%	1.19
Total	100.00	100.06	0.06	—	112 mil	GNMA 6%	1.05

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	% Net Assets
Value	P/E Ratio TTM	—	—	—	0.94
Blend	P/C Ratio TTM	—	—	—	0.83
Growth	P/B Ratio TTM	—	—	—	0.78
Large	Geo Avg Mkt Cap \$mil	—	—	—	0.78
Mid					0.77
Small					0.75

Fixed-Income Style	Short	Int	Long	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
High				3.80	—	—	5.33	107.66
Med								
Low								

Credit Analysis 03-31-2010	Bond %
AAA	98.22
AA	2.49
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	-0.71

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

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# Goldman Sachs Large Cap Value C (USD)

**Overall Morningstar Rtg™**  
 ★★ ★★  
 1,116 Large Value

**Incept** 12-15-1999  
**Type** MF  
**Total Assets** \$58.42 mil  
**Morningstar Cat** Large Value

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-8.07	1.06	-14.16	-21.96	-37.76
2009	-10.22	14.73	15.17	4.42	23.88
2010	6.71	-13.76	—	—	-1.56

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	9.77	—	-1.29	2.46	2.17
Std Quarterly	9.67	—	-2.01	1.98	1.54
Total Return	10.77	-8.64	-1.29	2.46	2.17
+/- S&P 500 TR	-3.07	-1.86	-1.12	3.22	—
+/- Russell 1000 Value	-4.62	0.32	-0.38	-0.46	—
% Rank Cat	74	54	61	56	—
No. in Cat	1267	1116	944	486	—
7-day Yield	—	—	—	—	—

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-526-7384 or visit [www.goldmansachsfunds.com](http://www.goldmansachsfunds.com).

### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.88
Fund Expenses	
Management Fees %	0.71
12b1 Expense %	1.00
Gross Expense Ratio %	1.94

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	1116 funds	944 funds	486 funds
Morningstar Rating™	3★	3★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	Avg	Avg	Avg

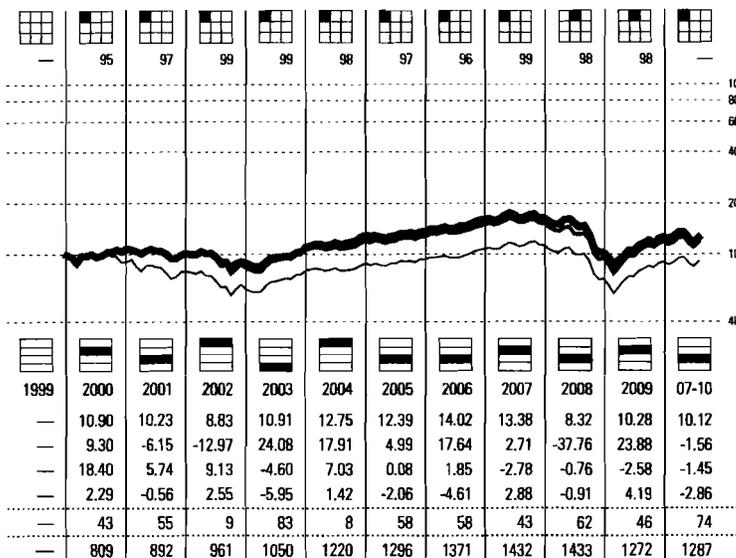
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.73	16.91	14.41
Mean	-8.64	-1.29	2.46
Sharpe Ratio	-0.38	-0.14	0.07

MPT Statistics	Standard Index	Best Fit Index
	S&P 500 TR	Morningstar Large Cap TR
Alpha	-2.38	-1.82
Beta	0.95	0.99
R-Squared	94.00	94.49

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-29.24% Assets

### Operations

Family: Goldman Sachs  
 Manager: Eileen Rominger  
 Tenure: 10.7 Years  
 Objective: Growth



### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	63 Total Stocks	0 Total Fixed-Income	83% Turnover Ratio	% Net Assets
Cash	-0.12	0.00	0.12	—	—	—	—	—	—
US Stocks	99.28	99.28	0.00	⊕	3 mil	J.P. Morgan Chase & Co.	—	—	4.73
Non-US Stocks	0.84	0.84	0.00	⊕	7 mil	Bank of America Corporation	—	—	4.33
Bonds	0.00	0.00	0.00	⊖	1 mil	Occidental Petroleum Corporation	—	—	3.60
Other/Not Clsfd	0.00	0.00	0.00	⊕	2 mil	Honeywell International, Inc.	—	—	2.98
Total	100.00	100.12	0.12	⊕	5 mil	General Electric Company	—	—	2.90

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	Share Amount	Company	% Net Assets
Value Blend Growth	P/E Ratio TTM	16.6	—	1.35	2 mil	Merck & Co Inc	2.85
Large	P/C Ratio TTM	8.7	—	1.28	1 mil	Baxter International Inc.	2.62
Mid	P/B Ratio TTM	1.9	—	1.25	1 mil	WellPoint, Inc.	2.26
Small	Geo Avg Mkt Cap \$mil	37663	—	0.92	785,385	Emery Corporation	2.09
					1 mil	Emerson Electric Co.	2.09
					2 mil	The Dow Chemical Company	2.09
					1 mil	Aflac, Inc.	2.05
					2 mil	Cisco Systems, Inc.	2.02
					974,280	Hess Corporation	2.00
					1 mil	Prudential Financial, Inc.	2.00

Fixed-Income Style	Short	Int	Long	Bond %	Sector Weightings	Stocks %	Rel S&P 500 TR
High				—	Information Economy	14.5	0.61
Med				—	Software	1.7	0.40
Low				—	Hardware	5.0	0.45
				—	Media	3.8	1.18
				—	Telecommunication	4.1	0.81
				—	Service Economy	43.1	1.10
				—	Healthcare Services	12.7	1.20
				—	Consumer Services	5.2	0.60
				—	Business Services	0.0	0.00
				—	Financial Services	25.2	1.53
				—	Manufacturing Economy	42.4	1.14
				—	Consumer Goods	7.7	0.68
				—	Industrial Materials	14.7	1.32
				—	Energy	16.0	1.47
				—	Utilities	4.0	1.08

Regional Exposure	Stocks %	Rel S&P 500 TR	Base Currency:	USD	Minimum Initial Purchase:	\$1,000
Americas	99.2	0.99	Ticker:	GSVCX	Purchase Constraints:	
Greater Europe	0.8	—	Min Auto Investment Plan:	\$250		
Greater Asia	0.0	—	Minimum IRA Purchase:	\$250		

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# Invesco Capital Development C (USD)

**Overall Morningstar Rtg™**  
 ★★  
 695 Mid-Cap Growth

**Incept** 08-04-1997  
**Type** MF  
**Total Assets** \$59.96 mil  
**Morningstar Cat** Mid-Cap Growth

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-14.97	2.69	-16.15	-28.29	-47.50
2009	-3.53	15.75	19.41	5.65	40.87
2010	6.35	-12.26	—	—	-0.84

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	13.26	—	-0.90	0.97	4.01
Std Quarterly	16.72	—	-1.07	0.07	3.55
Total Return	14.26	-9.92	-0.90	0.97	4.01
+/- S&P 500 TR	0.42	-3.14	-0.73	1.73	—
+/- Russell Mid Cap Gr	-5.91	-5.18	-2.47	1.65	—
% Rank Cat	82	87	77	43	—
No. in Cat	788	695	606	358	—
7-day Yield	—	—	—	—	—

### Performance Disclosure

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### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.80
Fund Expenses	
Management Fees %	0.68
12b1 Expense %	1.00
Gross Expense Ratio %	2.20

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	2★	3★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	-Avg	-Avg	Avg

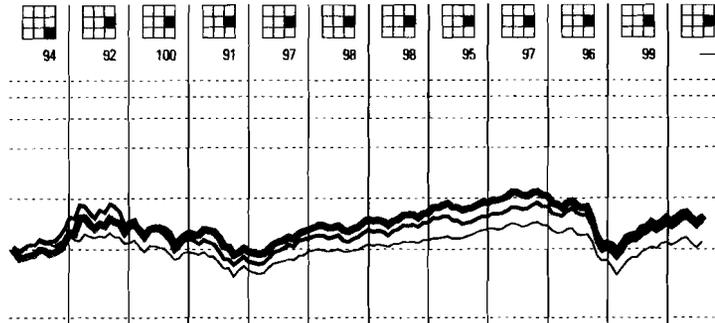
	3 Yr	5 Yr	10 Yr
Standard Deviation	24.87	20.59	19.62
Mean	-9.92	-0.90	0.97
Sharpe Ratio	-0.34	-0.06	0.02

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index Russell Mid Cap Growth TR
Alpha	-1.83	-5.83
Beta	1.11	0.96
R-Squared	89.39	97.98

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-24.64% Assets

### Operations

Family: Invesco  
 Manager: Paul Rasplicka  
 Tenure: 12.6 Years  
 Objective: Growth



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
18.72	17.50	15.89	12.36	16.18	17.11	16.07	16.58	16.17	8.49	11.96	11.86	
26.74	9.04	-9.20	-22.22	34.36	14.68	8.79	15.43	9.82	-47.50	40.87	-0.84	
5.70	18.14	2.69	-0.12	5.68	3.80	3.88	-0.36	4.33	-10.50	14.41	-0.73	
-24.55	20.79	10.95	5.19	-8.35	-0.80	-3.31	4.77	-1.61	-3.18	-5.42	-4.18	
—	—	20	29	54	39	61	10	75	74	47	88	
—	—	714	786	890	903	936	994	967	934	812	802	

**Investment Style**  
 Equity  
 Stock %

**Growth of \$10,000**  
 Invesco Capital Development C 15,213  
 Cat Avg: Mid-Cap Growth 14,361  
 Index: S&P 500 TR 10,890

**Performance Quartile (within category)**

**History**  
 NAV/Price  
 Total Return %  
 +/- S&P 500 TR  
 +/- Russell Mid Cap Gr  
 % Rank Cat  
 No. of Funds in Cat

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %
Cash	1.73	1.73	0.00
US Stocks	92.86	92.86	0.00
Non-US Stocks	5.41	5.41	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsid	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	21.0	—	1.03
Large	P/C Ratio TTM	10.5	—	1.00
Mid	P/B Ratio TTM	2.7	—	1.11
Small	Geo Avg Mkt Cap \$mil	5517	—	1.00

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Int	—	—	—	—	—
Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	—	—
Low	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	94.5
Greater Europe	4.4
Greater Asia	1.1

Share Chg since 12-2009	Share Amount	94 Total Stocks 0 Total Fixed-Income 94% Turnover Ratio	% Net Assets
—	400,251	Continental Resources, Inc.	1.74
—	327,634	Cognizant Technology Solutions Corp	1.70
—	872,151	Genworth Financial, Inc.	1.63
—	416,432	Check Point Software Technologies,	1.49
—	183,079	Affiliated Managers Group, Inc.	1.48
—	491,207	Autodesk, Inc.	1.47
—	506,383	Hanesbrands, Inc.	1.44
—	211,620	Alliance Data Systems Corporation	1.38
—	843,038	CB Richard Ellis Group, Inc.	1.36
—	143,348	Capella Education Company	1.36
—	344,142	Solera Holdings, Inc.	1.36
—	586,535	Macy's	1.30
—	413,094	Lincoln National Corp.	1.29
—	261,857	Cooper Industries PLC.	1.28
—	279,230	Darden Restaurants, Inc.	1.27

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>22.5</b>	<b>0.95</b>
Software	9.5	2.19
Hardware	11.1	1.00
Media	0.0	0.00
Telecommunication	2.0	0.40
<b>Service Economy</b>	<b>45.5</b>	<b>1.16</b>
Healthcare Services	12.8	1.20
Consumer Services	11.7	1.36
Business Services	8.7	2.47
Financial Services	12.3	0.75
<b>Manufacturing Economy</b>	<b>32.0</b>	<b>0.86</b>
Consumer Goods	10.1	0.89
Industrial Materials	12.1	1.08
Energy	9.8	0.91
Utilities	0.0	0.00

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Release date 07-31-2010

# Invesco Van Kampen Growth and Income C (USD)

**Overall Morningstar Rtg™**  
**★★★★**  
 1,116 Large Value

**Incept** 08-02-1993 **Type** MF **Total Assets** \$295.52 mil **Morningstar Cat** Large Value

### Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-9.74	-3.35	-3.52	-19.96	-32.64
2009	-13.48	13.97	21.36	3.06	23.34
2010	6.96	-14.49	—	—	-1.69

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	11.93	—	-0.21	2.86	8.05
Std Quarterly	13.39	—	-0.95	2.17	7.63
Total Return	12.93	-6.61	-0.21	2.86	8.05
+/- S&P 500 TR	-0.91	0.17	-0.04	3.62	—
+/- Russell 1000 Value	-2.46	2.35	0.70	-0.06	—
% Rank Cat	45	26	35	48	—
No. in Cat	1267	1116	944	486	—
7-day Yield	—				

### Performance Disclosure

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### Fees and Expenses

<b>Sales Charges</b>	
<b>Front-End Load %</b>	<b>NA</b>
<b>Deferred Load %</b>	<b>1.00</b>

<b>Fund Expenses</b>	
Management Fees %	0.36
12b1 Expense %	1.00
<b>Gross Expense Ratio %</b>	<b>1.64</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	+Avg	Avg	Avg

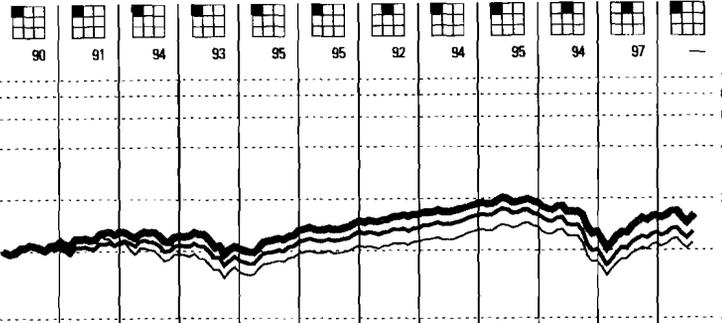
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.77	16.81	15.17
Mean	-6.61	-0.21	2.86
Sharpe Ratio	-0.28	-0.08	0.10

MPT Statistics	Standard Index	Best Fit Index
	S&P 500 TR	Russell 1000 Value TR USD
Alpha	-0.17	1.32
Beta	0.96	0.90
R-Squared	94.81	95.85

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-11.53% Assets

### Operations

Family: Invesco  
 Manager: Thomas Bastian  
 Tenure: 7.4 Years  
 Objective: Growth and Income



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
1999	17.63	18.59	16.89	14.19	17.94	20.07	20.40	21.92	21.08	14.02	17.14	16.79
2000	11.84	18.12	-6.76	-15.35	26.82	13.06	9.04	15.15	1.79	-32.64	23.34	-1.69
2001	-9.20	27.22	5.13	6.75	-1.86	2.18	4.13	-0.64	-3.70	4.36	-3.12	-1.58
2002	4.49	11.11	-1.17	0.17	-3.21	-3.43	1.99	-7.10	1.96	4.21	3.65	-2.99
2003	24	11	59	24	59	47	21	86	50	16	50	76
2004	638	809	892	961	1050	1220	1296	1371	1432	1433	1272	1287

**Investment Style**  
 Equity Stock %  
**Growth of \$10,000**  
 Invesco Van Kampen Growth and Income C 15,607  
 Cat Avg: Large Value 12,613  
 Index: S&P 500 TR 10,890

**Performance Quartile (within category)**  
**History**  
 NAV/Price  
 Total Return %  
 +/- S&P 500 TR  
 +/- Russell 1000 Value  
 % Rank Cat  
 No. of Funds in Cat

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	84 Total Stocks	0 Total Fixed-Income	51% Turnover Ratio	% Net Assets
Cash	3.87	3.87	0.00						
US Stocks	86.71	86.71	0.00		8 mil	J.P. Morgan Chase & Co.			5.03
Non-US Stocks	9.42	9.42	0.00	⊕	12 mil	General Electric Company			3.26
Bonds	0.00	0.00	0.00		9 mil	Marsh & McLennan Companies			3.05
Other/Not Clsfd	0.00	0.00	0.00		6 mil	Viacom, Inc. B			2.77
Total	100.00	100.00	0.00	⊕	10 mil	Bank of America Corporation			2.50

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value	P/E Ratio TTM	17.2	—	1.40
Blend	P/C Ratio TTM	8.3	—	1.21
Growth	P/B Ratio TTM	1.8	—	1.19
	Geo Avg Mkt Cap \$mil	45563	—	1.11

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Int	—	—	—	—	—
Long	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel S&P 500 TR
Americas	90.2	0.90
Greater Europe	8.5	—
Greater Asia	1.3	—

Stocks %	Rel S&P 500 TR	
2 mil	Anadarko Petroleum Corp.	2.35
6 mil	eBay, Inc.	2.32
2 mil	Occidental Petroleum Corporation	2.30
5 mil	Kraft Foods, Inc.	2.08
2 mil	PNC Financial Services Group	1.99
2 mil	Wal-Mart Stores, Inc.	1.99
4 mil	American Electric Power	1.98
3 mil	Hewlett-Packard Company	1.97
4 mil	Home Depot, Inc.	1.83
2 mil	Royal Dutch Shell PLC ADR A	1.79

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>17.6</b>	<b>0.75</b>
Software	0.6	0.14
Hardware	6.5	0.59
Media	7.5	2.34
Telecommunication	3.0	0.61
<b>Service Economy</b>	<b>45.9</b>	<b>1.17</b>
Healthcare Services	11.6	1.08
Consumer Services	9.9	1.15
Business Services	2.8	0.79
Financial Services	21.7	1.32
<b>Manufacturing Economy</b>	<b>36.4</b>	<b>0.98</b>
Consumer Goods	7.3	0.64
Industrial Materials	11.5	1.02
Energy	13.5	1.25
Utilities	4.2	1.13

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# Invesco Van Kampen Rel Est Secs C (USD)

Overall Morningstar Rtg™  
 ★★★  
 237 Real Estate

Incept 06-09-1994 Type MF Total Assets \$30.65 mil Morningstar Cat Real Estate

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	3.03	-7.88	3.67	-38.15	-39.13
2009	-30.00	29.93	30.22	7.77	27.63
2010	9.96	-5.23	—	—	13.89

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	45.32	—	-0.02	8.82	9.70
Std Quarterly	45.24	—	-0.45	8.68	9.14
Total Return	46.32	-6.35	-0.02	8.82	9.70
+/- S&P 500 TR	32.48	0.43	0.15	9.58	—
+/- DJ US Select REIT	-8.62	-1.44	-0.08	-0.97	—

% Rank Cat	81	81	60	61
No. in Cat	263	237	208	99
7-day Yield	—			

### Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-959-4246 or visit [www.invesco.com](http://www.invesco.com).

### Fees and Expenses

Sales Charges	NA
Front-End Load %	1.80
Deferred Load %	—
Fund Expenses	
Management Fees %	0.80
12b1 Expense %	1.00
Gross Expense Ratio %	2.38

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	-Avg	Avg	Avg

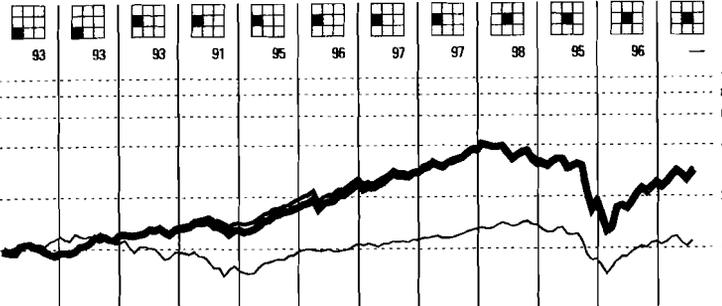
	3 Yr	5 Yr	10 Yr
Standard Deviation	38.69	31.31	24.18
Mean	-6.35	-0.02	8.82
Sharpe Ratio	0.00	0.08	0.37

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index DJ US Select REIT TR USD
Alpha	9.20	-2.74
Beta	1.58	0.92
R-Squared	74.28	98.65

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-7.28% Assets

### Operations

Family: Invesco  
 Manager: Mark Blackburn  
 Tenure: 0.2 Year  
 Objective: Specialty - Real Estate



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
10.84	13.49	14.21	13.64	18.09	23.17	24.78	31.30	18.99	11.24	14.20	16.12	
-3.89	27.53	7.80	-1.86	35.74	35.78	15.73	36.39	-17.77	-39.13	27.63	13.89	
-24.93	36.63	19.69	20.24	7.06	24.90	10.82	20.60	-23.26	-2.13	1.17	14.00	
-1.31	-3.51	-4.55	-5.44	-0.44	2.62	1.91	0.42	-0.22	0.07	-0.83	-1.80	
58	55	64	97	58	19	12	22	71	56	65	81	
125	138	152	168	206	252	279	306	372	265	262	268	

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %
Cash	3.30	3.31	0.00
US Stocks	91.60	91.60	0.00
Non-US Stocks	3.03	3.03	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	2.06	2.06	0.00
Total	100.00	100.00	0.00

Equity Style	Value	Blend	Growth
Large	—	—	—
Mid	—	—	—
Small	—	—	—

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	35.5	—	1.10
P/C Ratio TTM	—	—	—
P/B Ratio TTM	2.3	—	1.34
Geo Avg Mkt Cap \$mil	6310	—	1.03

Fixed-Income Style	Short	Int	Long
High	—	—	—
Med	—	—	—
Low	—	—	—

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Int	—	—	—	—	—
Long	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	100.0
Greater Europe	0.0
Greater Asia	0.0

Share Chg since 12-2009	Share Amount	49 Total Stocks	0 Total Fixed-Income	25% Turnover Ratio	% Net Assets
—	457,493	Simon Property Group, Inc.			10.81
—	870,987	Equity Residential			9.60
+	302,862	Vornado Realty LP Shs of Benef Int			6.45
—	215,408	Public Storage			5.58
—	235,201	Boston Properties, Inc.			5.00
—	184,452	AvalonBay Communities, Inc.			4.48
—	1 mil	Host Hotels & Resorts, Inc.			4.23
—	319,407	Starwood Hotels & Resorts Worldwide			4.19
—	387,517	Regency Centers Corporation			4.09
—	636,472	Senior Housing Prop Trust			3.97
—	373,872	HCP, Inc.			3.47
—	695,213	Brookfield Properties Corporation			3.01
—	271,932	Plum Creek Timber Company, Inc.			2.98
—	334,890	Healthcare Realty Trust Inc.			2.20
—	140,676	Equity Lifestyle Properties, Inc.			2.13

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>0.0</b>	<b>0.00</b>
Software	0.0	0.00
Hardware	0.0	0.00
Media	0.0	0.00
Telecommunication	0.0	0.00
<b>Service Economy</b>	<b>100.0</b>	<b>2.55</b>
Healthcare Services	1.2	0.12
Consumer Services	4.7	0.54
Business Services	0.0	0.00
Financial Services	94.1	5.72
<b>Manufacturing Economy</b>	<b>0.0</b>	<b>0.00</b>
Consumer Goods	0.0	0.00
Industrial Materials	0.0	0.00
Energy	0.0	0.00
Utilities	0.0	0.00

Base Currency: USD  
 Ticker: ACRCX  
 Min Auto Investment Plan: \$50  
 Minimum IRA Purchase: \$1,000  
 Minimum Initial Purchase: \$1,000  
 Purchase Constraints:

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# MFS Research Bond C (USD)

Overall Morningstar Rating  
 ★★  
 991 Intermediate-Term Bond

Incept 12-29-2000 Type MF Total Assets \$152.62 mil Morningstar Cat Intermediate-Term Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-0.01	-0.58	-3.34	-3.17	-6.96
2009	1.31	8.18	7.58	1.53	19.70
2010	2.49	2.39	—	—	6.43

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	11.33	—	4.80	—	5.46
Std Quarterly	13.61	—	4.38	—	5.35
Total Return	12.33	6.73	4.80	5.93	5.46
+/- BarCap US Agg Bond	3.42	-0.90	-1.16	-0.55	—
+/- BarCap US Govt/Cre	-0.26	-2.28	-1.77	-1.54	—
% Rank Cat	37	56	65	47	—
No. in Cat	1137	991	862	520	—
7-day Yield	—	—	—	—	—

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-225-2606 or visit www.mfs.com.

### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.00
Fund Expenses	
Management Fees %	0.50
12b1 Expense %	1.00
Gross Expense Ratio %	1.68

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	3★
Morningstar Risk	Avg	Avg	+Avg
Morningstar Return	Avg	Avg	Avg

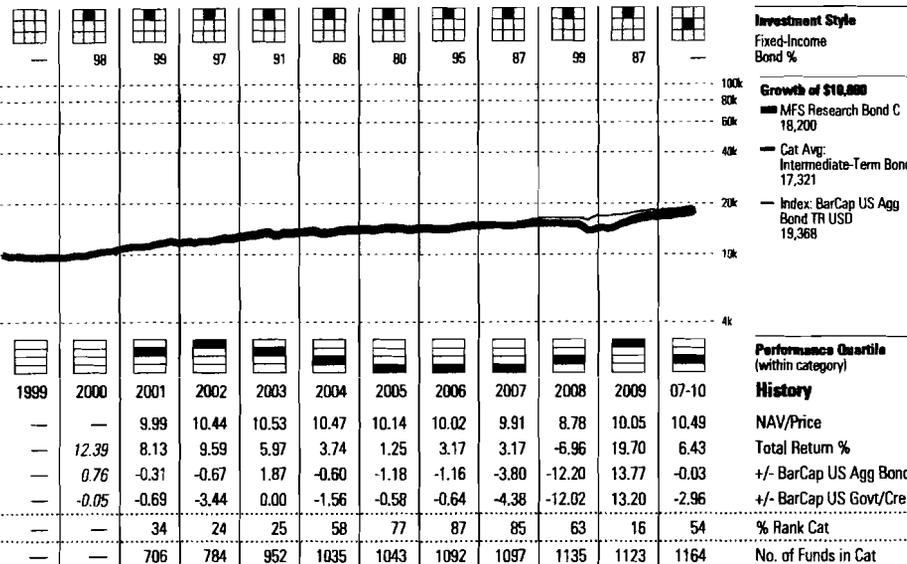
	3 Yr	5 Yr	10 Yr
Standard Deviation	5.68	4.73	4.51
Mean	6.73	4.80	5.93
Sharpe Ratio	0.96	0.45	0.74

MPT Statistics	Standard Index	Best Fit Index
	BarCap US Agg Bond	BarCap US Credit TR USD
Alpha	-0.10	1.26
Beta	0.90	0.62
R-Squared	41.15	77.04

12-Month Yield	3.58%
30-day SEC Yield	2.41%
Potential Cap Gains Exp	-0.93% Assets

### Operations

Family: MFS  
 Manager: Michael Roberge  
 Tenure: 10.1 Years  
 Objective: Corporate Bond - General



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 05-2010	Share Amount	0 Total Stocks	469 Total Fixed-Income	90% Turnover Ratio	% Net Assets
Cash	7.69	7.69	0.00	—	—	—	—	—	—
US Stocks	0.00	0.00	0.00	—	91 mil	United States Treas Nts 1.375%	—	—	3.84
Non-US Stocks	0.00	0.00	0.00	—	57 mil	United States Treas Nts 3.125%	—	—	2.53
Bonds	92.14	92.14	0.00	—	46 mil	United States Treas Nts 1.875%	—	—	1.95
Other/Not Clsfd	0.17	0.17	0.00	—	31 mil	United States Treas Bds 4.5%	—	—	1.44
Total	100.00	100.00	0.00	—	31 mil	Morgan Stanley Fdic Gtd Tlpp FRN	—	—	1.31

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large	P/C Ratio TTM	—	—	—
Mid	P/B Ratio TTM	—	—	—
Small	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Short	Int	Long	High	Med	Low
Avg Eff Duration	—	—	4.28	—	—	—
Avg Eff Maturity	—	—	6.72	—	—	—
Avg Credit Quality	—	—	—	—	—	—
Avg Wtd Coupon	—	—	5.24	—	—	—
Avg Wtd Price	—	—	105.80	—	—	—

Credit Analysis 06-30-2010	Bond %
AAA	32.93
AA	4.85
A	8.28
BBB	24.96
BB	6.77
B	0.69
Below B	0.49
NR/NA	21.03

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# MFS Research International C (USD)

Overall Morningstar Rtg™  
★★★★  
651 Foreign Large Blend

Incept 01-02-1998 Type MF Total Assets \$108.88 mil Morningstar Cat Foreign Large Blend

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-8.52	-1.25	-20.48	-20.67	-43.01
2009	-13.56	23.18	19.74	2.04	30.11
2010	0.30	-13.14	—	—	-4.42

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	6.11	—	2.64	1.93	5.63
Std Quarterly	5.46	—	1.71	0.68	4.89
Total Return	7.11	-9.58	2.64	1.93	5.63

+/- MSCI EAFE NR USD	0.85	0.70	0.54	0.42	—
+/- MSCI AC World Ex U	-2.56	-1.59	-1.78	-1.23	—

% Rank Cat	47	45	39	29	
No. in Cat	815	651	473	261	
7-day Yield	—				

### Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-225-2606 or visit [www.mfs.com](http://www.mfs.com).

### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.08

Fund Expenses	
Management Fees %	0.80
12b1 Expense %	1.00
Gross Expense Ratio %	2.04

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	4★
Morningstar Risk	Avg	Avg	-Avg
Morningstar Return	Avg	Avg	+Avg

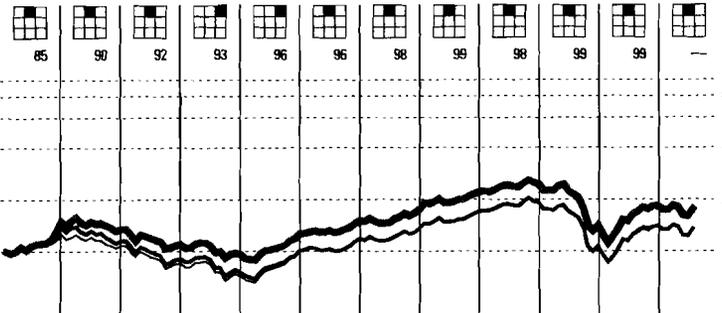
	3 Yr	5 Yr	10 Yr
Standard Deviation	26.49	21.68	18.09
Mean	-9.58	2.64	1.93
Sharpe Ratio	-0.29	0.11	0.06

MPT Statistics	Standard Index	Best Fit Index
	MSCI EAFE NR USD	MSCI World Ex US NR USD
Alpha	1.22	0.31
Beta	1.02	1.02
R-Squared	97.74	97.96

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-31.55% Assets

### Operations

Family:	MFS
Manager:	Jose Luis Garcia
Tenure:	5.3 Years
Objective:	Foreign Stock



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
16.25	14.21	11.56	10.10	13.31	15.21	16.15	18.33	18.43	10.18	13.13	12.55	
50.30	-9.69	-18.65	-12.63	31.78	19.63	15.48	26.38	12.12	-43.01	30.11	-4.42	
23.34	4.48	2.79	3.31	-6.81	-0.62	1.94	0.04	0.95	0.37	-1.67	0.58	
19.67	5.62	1.08	2.32	-9.05	-1.28	-1.14	-0.27	-4.53	2.52	-11.34	-1.39	
25	18	23	16	60	21	35	29	51	40	52	59	
340	396	439	482	504	551	608	657	743	778	823	831	

### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 05-2010	Share Amount	114 Total Stocks	0 Total Fixed-Income	% Net Assets
Cash	0.87	0.87	0.00			88%	Turnover Ratio	
US Stocks	1.38	1.38	0.00	⊕	3 mil	Nestle SA		3.24
Non-US Stocks	97.75	97.75	0.00	⊕	11 mil	HSBC Holdings PLC		2.54
Bonds	0.00	0.00	0.00	⊕	691,470	Roche Holding AG		2.36
Other/Not Clsfd	0.00	0.00	0.00	⊕	41 mil	Vodafone Group PLC		2.21
Total	100.00	100.00	0.00	⊕	3 mil	Royal Dutch Shell PLC		2.03

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value	P/E Ratio TTM	14.2	—	1.26
Mid	P/C Ratio TTM	7.2	—	1.17
Small	P/B Ratio TTM	1.5	—	1.01
	Geo Avg Mkt	23890	—	0.87
	Cap \$mil			

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Med	—	—	—	—	—
High	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel MSCI EAFE NR USD
Americas	5.9	—
Greater Europe	59.4	—
Greater Asia	34.7	—

Sector Weightings	Stocks %	Rel MSCI EAFE NR USD
<b>Information Economy</b>	<b>14.5</b>	—
Software	1.4	—
Hardware	2.0	—
Media	2.2	—
Telecommunication	8.9	—
<b>Service Economy</b>	<b>44.7</b>	—
Healthcare Services	9.8	—
Consumer Services	5.2	—
Business Services	5.4	—
Financial Services	24.3	—
<b>Manufacturing Economy</b>	<b>40.7</b>	—
Consumer Goods	14.1	—
Industrial Materials	12.5	—
Energy	9.3	—
Utilities	4.9	—

Base Currency:	USD	Minimum Initial Purchase:	\$1,000
Ticker:	MRICX	Purchase Constraints:	
Min Auto Investment Plan:	\$0		
Minimum IRA Purchase:	\$250		

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# Mutual Beacon C (USD)

**Overall Morningstar Rtg™**  
**★★★**  
 1,116 Large Value

**Incept** 11-01-1996  
**Type** MF  
**Total Assets** \$399.40 mil  
**Morningstar Cat** Large Value

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-9.30	-6.48	-7.73	-24.51	-40.92
2009	-8.48	16.07	15.73	4.54	28.51
2010	4.96	-10.46	—	—	-0.80

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	12.15	—	-1.07	3.72	6.24
Std Quarterly	12.70	—	-1.64	3.42	5.86
Total Return	13.15	-9.83	-1.07	3.72	6.24

+/- S&P 500 TR	-0.69	-3.05	-0.90	4.48	—
+/- Russell 1000 Value	-2.24	-0.87	-0.16	0.80	—
% Rank Cat	41	74	54	32	—
No. in Cat	1267	1116	944	486	—
7-day Yield	—				

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-632-2301 or visit [www.franklintempleton.com](http://www.franklintempleton.com).

### Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	1.00

<b>Fund Expenses</b>	
Management Fees %	0.60
12b1 Expense %	1.00
<b>Gross Expense Ratio %</b>	<b>1.90</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	1116 funds	944 funds	486 funds
Morningstar Rating™	3★	3★	4★
Morningstar Risk	-Avg	Avg	-Avg
Morningstar Return	-Avg	Avg	Avg

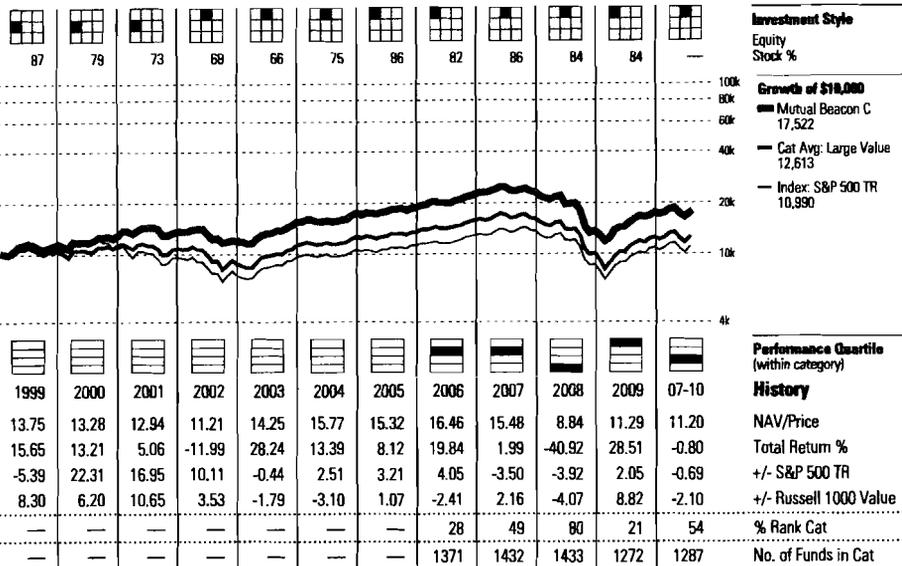
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.51	16.64	13.96
Mean	-9.83	-1.07	3.72
Sharpe Ratio	-0.45	-0.14	0.16

MPT Statistics	Standard Index	Best Fit Index
	S&P 500 TR	Morningstar Mid Cap TR USD
Alpha	-3.80	-7.03
Beta	0.93	0.78
R-Squared	91.91	94.76

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-14.67% Assets

### Operations

Family:	Franklin Templeton Investments
Manager:	Christian Correa
Tenure:	3.6 Years
Objective:	Growth and Income



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 03-2010	Share Amount	101 Total Stocks	10 Total Fixed-Income	54% Turnover Ratio	% Net Assets
Cash	6.36	6.36	0.00						
US Stocks	58.00	58.53	0.54		4 mil	CVS Caremark Corporation			3.08
Non-US Stocks	28.55	28.55	0.00		383,121	White Mountains Insurance Group Ltd			2.99
Bonds	2.89	2.89	0.00		9 mil	News Corporation A			2.53
Other/Not Clsfd	4.20	4.20	0.00		4 mil	Imperial Tobacco Group PLC			2.42
Total	100.00	100.54	0.54		5 mil	Altria Group Inc.			2.28

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	11.4	—	0.93
	P/C Ratio TTM	6.0	—	0.88
	P/B Ratio TTM	1.4	—	0.92
	Geo Avg Mkt Cap \$mil	16348	—	0.40

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short Int Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	5.75	—
Low	—	—	—	92.61	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	67.5
Greater Europe	29.2
Greater Asia	3.3

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>20.5</b>	<b>0.87</b>
Software	3.2	0.75
Hardware	2.5	0.23
Media	7.5	2.35
Telecommunication	7.3	1.46
<b>Service Economy</b>	<b>39.4</b>	<b>1.01</b>
Healthcare Services	11.4	1.07
Consumer Services	5.4	0.63
Business Services	3.1	0.89
Financial Services	19.4	1.18
<b>Manufacturing Economy</b>	<b>40.0</b>	<b>1.88</b>
Consumer Goods	26.1	2.29
Industrial Materials	4.6	0.41
Energy	5.5	0.51
Utilities	3.9	1.05

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# Mutual Shares C (USD)

**Overall Morningstar Rtg™**  
**★★★★**  
 1,116 Large Value

**Incept** 11-01-1996 **Type** MF **Total Assets** \$1,274.94 mil **Morningstar Cat** Large Value

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-9.41	-5.95	-7.04	-22.39	-38.53
2009	-10.20	16.81	15.70	4.57	26.92
2010	4.98	-9.43	—	—	0.42

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	12.28	—	-0.39	3.96	6.17
Std Quarterly	14.03	—	-0.99	3.67	5.79
Total Return	13.28	-8.34	-0.39	3.96	6.17

+/- S&P 500 TR	-0.56	-1.56	-0.22	4.72	—
+/- Russell 1000 Value	-2.11	0.62	0.52	1.04	—

% Rank Cat	39	49	38	28
No. in Cat	1267	1116	944	486

7-day Yield —

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-632-2301 or visit [www.franklintempleton.com](http://www.franklintempleton.com).

### Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	<b>NA</b>
Deferred Load %	<b>1.00</b>

<b>Fund Expenses</b>	
Management Fees %	0.58
12b1 Expense %	1.00
<b>Gross Expense Ratio %</b>	<b>1.90</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	4★
Morningstar Risk	-Avg	-Avg	Low
Morningstar Return	Avg	Avg	+Avg

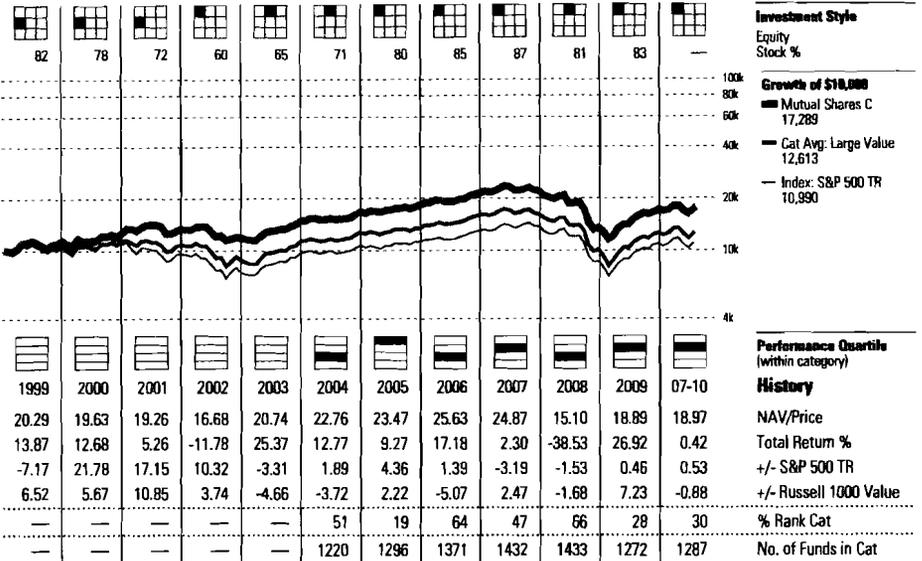
	3 Yr	5 Yr	10 Yr
Standard Deviation	19.44	15.82	13.38
Mean	-8.34	-0.39	3.96
Sharpe Ratio	-0.41	-0.11	0.17

MPT Statistics	Standard Index	Best Fit Index
	S&P 500 TR DJ US Total Full Cap TR USD	
Alpha	-2.67	-3.70
Beta	0.89	0.87
R-Squared	93.04	94.59

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-14.51% Assets

### Operations

Family:	Franklin Templeton Investments
Manager:	Peter Langerman
Tenure:	5.3 Years
Objective:	Growth and Income



### Portfolio Analysis 06-30-2010

Asset Allocation %	Net %	Long %	Short %
Cash	6.58	7.63	1.05
US Stocks	55.91	56.44	0.53
Non-US Stocks	30.47	30.47	—
Bonds	3.16	3.16	0.00
Other/Not Clsfd	3.88	3.88	0.00
<b>Total</b>	<b>100.00</b>	<b>101.59</b>	<b>—</b>

Equity Style	Value	Blend	Growth
Large	—	—	—
Mid	—	—	—
Small	—	—	—

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	12.5	—	1.01
P/C Ratio TTM	6.0	—	0.89
P/B Ratio TTM	1.4	—	0.96
Geo Avg Mkt Cap \$mil	22426	—	0.55

Fixed-Income Style	Short	Int	Long
High	—	—	—
Med	—	—	—
Low	—	—	—

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
—	—	—	—	5.24	88.76

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel S&P 500 TR
Americas	64.9	0.65
Greater Europe	32.4	—
Greater Asia	2.6	—

Share Amount	Share Chg since 03-2010	127 Total Stocks	11 Total Fixed-Income	48% Turnover Ratio	% Net Assets
12 mil	—	CVS Caremark Corporation	—	—	2.55
10 mil	—	British American Tobacco PLC	—	—	2.26
10 mil	—	Kraft Foods, Inc.	—	—	1.97
14 mil	—	Altria Group Inc.	—	—	1.96
5 mil	—	Nestle SA	—	—	1.87
9 mil	—	Imperial Tobacco Group PLC	—	—	1.85
11 mil	—	Microsoft Corporation	—	—	1.77
729,457	—	White Mountains Insurance Group Ltd	—	—	1.71
6 mil	—	Weyerhaeuser Company	—	—	1.57
7 mil	—	UnitedHealth Group, Inc.	—	—	1.52
6 mil	—	Eli Lilly & Company	—	—	1.48
14 mil	—	Bank of America Corporation	—	—	1.45
16 mil	—	News Corporation A	—	—	1.41
5 mil	—	Dr Pepper Snapple Group, Inc.	—	—	1.37
2 mil	—	Siemens AG	—	—	1.36

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>15.5</b>	<b>0.65</b>
Software	2.1	0.48
Hardware	3.4	0.31
Media	4.4	1.38
Telecommunication	5.6	1.11
<b>Service Economy</b>	<b>37.3</b>	<b>0.95</b>
Healthcare Services	9.9	0.92
Consumer Services	6.2	0.71
Business Services	2.7	0.77
Financial Services	18.6	1.13
<b>Manufacturing Economy</b>	<b>47.2</b>	<b>1.27</b>
Consumer Goods	29.1	2.55
Industrial Materials	5.8	0.52
Energy	8.1	0.74
Utilities	4.2	1.15

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# Oppenheimer Capital Appreciation C (USD)

Overall Morningstar Rtg™  
★★★  
1,511 Large Growth

Incept 12-01-1993 Type MF Total Assets \$422.49 mil Morningstar Cat Large Growth

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-11.88	3.08	-17.59	-28.24	-46.29
2009	-1.45	18.72	13.22	7.53	42.43
2010	3.40	-15.02	—	—	-7.23

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	4.65	—	-2.55	-3.48	6.32
Std Quarterly	5.97	—	-2.85	-4.23	6.00
Total Return	5.65	-9.33	-2.55	-3.48	6.32

+/- S&P 500 TR	-8.19	-2.55	-2.38	-2.72	—
+/- Russell 1000 Growth	-8.00	-5.08	-3.35	0.60	—
% Rank Cat	95	91	92	64	—
No. in Cat	1758	1511	1283	742	—
7-day Yield	—				

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.00

Fund Expenses	
Management Fees %	0.59
12b1 Expense %	1.00
Gross Expense Ratio %	2.01

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	1★	1★	2★
Morningstar Risk	+Avg	+Avg	Avg
Morningstar Return	-Avg	Low	-Avg

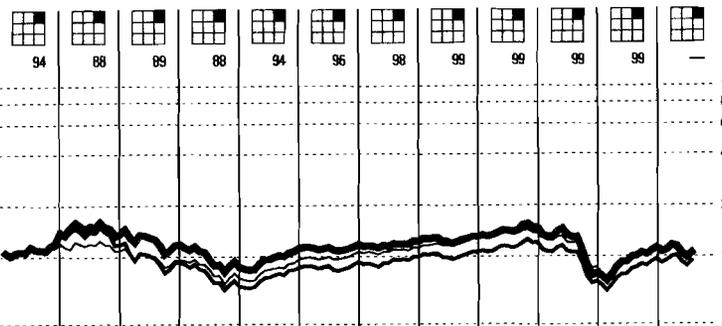
	3 Yr	5 Yr	10 Yr
Standard Deviation	24.36	19.58	18.69
Mean	-9.33	-2.55	-3.48
Sharpe Ratio	-0.32	-0.16	-0.23

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index Morningstar US Growth TR USD
Alpha	-1.45	-3.60
Beta	1.09	1.05
R-Squared	89.22	97.73

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-16.11% Assets

### Operations

Family:	OppenheimerFunds
Manager:	Julie M. Van Cleave
Tenure:	0.3 Year
Objective:	Growth



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
NAV	51.34	44.94	37.97	27.79	35.71	37.71	39.18	41.80	46.12	24.77	35.28	32.73
Total Return %	41.00	-2.05	-13.35	-26.81	28.50	5.60	3.90	6.69	12.92	-46.29	42.43	-7.23
+/- S&P 500 TR	19.96	7.05	-1.46	-4.71	-0.18	-5.28	-1.01	-9.10	7.43	-9.29	15.97	-7.12
+/- Russell 1000 Growth	7.84	20.37	7.07	1.07	-1.25	-0.70	-1.36	-2.38	1.11	-7.85	5.22	-6.17
% Rank Cat	34	11	15	45	43	71	72	55	49	89	20	98
No. of Funds in Cat	633	805	1064	1234	1311	1400	1495	1642	1748	1809	1796	1788

### Portfolio Analysis 02-28-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 11-2009	Share Amount	% Total Stocks	% Total Fixed-Income	% Net Assets
Cash	1.57	1.57	0.00	—	—	—	—	—
US Stocks	86.75	86.75	0.00	⊕	412,426	60%	—	3.79
Non-US Stocks	11.68	11.68	0.00	⊕	3 mil	—	—	3.05
Bonds	0.00	0.00	0.00	⊕	5 mil	—	—	2.96
Other/Not Clsfd	0.00	0.00	0.00	⊖	786,400	—	—	2.81
Total	100.00	100.00	0.00	⊕	1 mil	—	—	2.22

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	20.1	—	1.23
	P/C Ratio TTM	12.7	—	1.20
	P/B Ratio TTM	3.3	—	1.30
	Geo Avg Mkt Cap \$mil	33324	—	0.85

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short Int Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	—	—
Low	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks % Rel S&P 500 TR
Americas	91.7 0.92
Greater Europe	7.6 —
Greater Asia	0.7 —

Company	Share Amount	% Net Assets
Google, Inc.	412,426	3.79
Hewlett-Packard Company	3 mil	3.05
Qualcomm, Inc.	5 mil	2.96
Apple, Inc.	786,400	2.81
Visa, Inc.	1 mil	2.22
Express Scripts	1 mil	1.99
Oracle Corporation	5 mil	1.98
Baxter International Inc.	2 mil	1.95
Research in Motion, Ltd.	2 mil	1.90
Occidental Petroleum Corporation	1 mil	1.90
PepsiCo, Inc.	2 mil	1.83
MasterCard Incorporated A	443,260	1.74
Monsanto Company	1 mil	1.73
Adobe Systems Inc.	3 mil	1.68
Nestle SA	2 mil	1.67

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>33.7</b>	<b>1.43</b>
Software	6.3	1.45
Hardware	16.1	1.45
Media	2.6	0.82
Telecommunication	8.8	1.75
<b>Service Economy</b>	<b>38.2</b>	<b>0.97</b>
Healthcare Services	15.4	1.44
Consumer Services	7.7	0.90
Business Services	6.5	1.85
Financial Services	8.6	0.52
<b>Manufacturing Economy</b>	<b>28.0</b>	<b>0.76</b>
Consumer Goods	9.9	0.87
Industrial Materials	10.0	0.89
Energy	8.1	0.75
Utilities	0.0	0.00

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# Oppenheimer Commodity Strat Total Ret C (USD)

Overall Morningstar Rtg™  
★★  
34 Commodities Broad Basket

Incept 03-31-1997 Type MF Total Assets \$79.95 mil Morningstar Cat Commodities Broad Basket

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	8.31	30.57	-32.95	-52.37	-54.83
2009	-12.34	18.15	-2.19	7.37	8.77
2010	-0.90	-10.54	—	—	-6.57

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	-3.17	—	-12.12	-0.45	-2.04
Std Quarterly	-7.83	—	-12.07	-1.77	-2.44
Total Return	-2.19	-18.88	-12.12	-0.45	-2.04

+/- Morningstar Long-O	-8.46	-11.91	-11.23	-6.09	—
+/- DJ UBS Commodity T	—	—	—	—	—

% Rank Cat	83	97	96	75
No. in Cat	61	34	28	5

### 7-day Yield

### Performance Disclosure

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### Fees and Expenses

Sales Charges	NA
Front-End Load %	1.00
Deferred Load %	1.00

Fund Expenses	
Management Fees %	1.09
12b1 Expense %	1.00
Gross Expense Ratio %	2.07

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	2★	—
Morningstar Risk	+Avg	+Avg	—
Morningstar Return	Low	Low	—

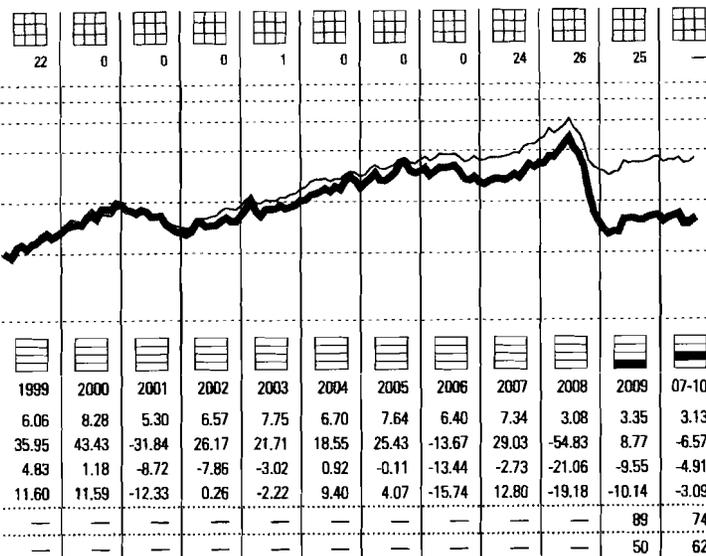
	3 Yr	5 Yr	10 Yr
Standard Deviation	34.41	29.72	26.12
Mean	-18.88	-12.12	-0.45
Sharpe Ratio	-0.46	-0.36	0.02

MPT Statistics	Standard Index	Best Fit Index
Morningstar Long-O	—	Morningstar Energy Commodity TR
Alpha	-14.86	-5.44
Beta	1.26	0.92
R-Squared	86.46	94.24

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-64.12% Assets

### Operations

Family:	OppenheimerFunds
Manager:	Kevin Baum
Tenure:	11.3 Years
Objective:	Growth and Income



### Investment Style

Equity Stock %

### Growth of \$10,000

Oppenheimer Commodity Strat Total Ret C 15,515  
Cat Avg: Commodities Broad Basket 16,240  
Index: Morningstar Long-Only Commodity TR 35,863

### Performance Quartile (within category)

### History

NAV/Price  
Total Return %  
+/- Morningstar Long-O  
+/- DJ UBS Commodity T  
% Rank Cat  
No. of Funds in Cat

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	1 Total Stocks 6 Total Fixed-Income 51% Turnover Ratio	% Net Assets
Cash	74.89	74.89	0.00	—	—	Oppenheimer Institutional Money Mar	50.31
US Stocks	0.00	0.00	0.00	⊕	760 mil	RAF FUND LTD.	22.78
Non-US Stocks	22.78	22.78	0.00	—	4 mil	United States Treas Nts 1.375%	0.67
Bonds	2.34	2.34	0.00	★	10 mil	United States Treas Nts 1%	0.66
Other/Not Clsfd	0.00	0.00	0.00	★	10 mil	United States Treas Nts 0.75%	0.66
Total	100.00	100.00	0.00	★	5 mil	United States Treas Nts 1.75%	0.34
				★	7 mil	Bk Utd Houston Tax Mtn Be 8%	0.01
				★	405,715	Nc Fin D Bond 1999-1 8.75%	0.00
				⊖	0	FHLBA	—
				⊖	0	FHLBA	—

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value	P/E Ratio TTM	—	—	—
Size	P/C Ratio TTM	—	—	—
Growth	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Int	—	—	—	—	—
Long	—	—	—	—	—
High	—	—	—	—	—
Med	—	—	—	1.16	100.19
Low	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %Rel Morningstar Long-O
Americas	—
Greater Europe	—
Greater Asia	—

### Sector Weightings

Sector	Stocks %	Rel Morningstar Long-O
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

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# Oppenheimer International Bond C (USD)

Overall Morningstar Rtg™  
★★★★  
182 World Bond

Incept 06-15-1995 Type MF Total Assets \$1,964.05 mil Morningstar Cat World Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	6.98	-3.35	-7.10	2.65	-1.41
2009	-4.67	8.80	8.99	-0.82	12.12
2010	1.30	-2.40	—	—	3.62

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	7.80	—	7.33	9.86	8.90
Std Quarterly	5.88	—	6.17	9.41	8.61
Total Return	8.80	6.83	7.33	9.86	8.90

+/- BarCap US Agg Bond	-0.11	-0.80	1.37	3.38	—
+/- Citi WGBI NonUSD U	4.60	-1.37	1.16	2.62	—

% Rank Cat	40	50	9	6	—
No. in Cat	262	182	153	105	—

7-day Yield	—				
-------------	---	--	--	--	--

### Performance Disclosure

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### Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	1.00

Fund Expenses	
Management Fees %	0.51
12b1 Expense %	1.00
Gross Expense Ratio %	1.72

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	4★	5★
Morningstar Risk	Avg	+Avg	+Avg
Morningstar Return	Avg	High	High

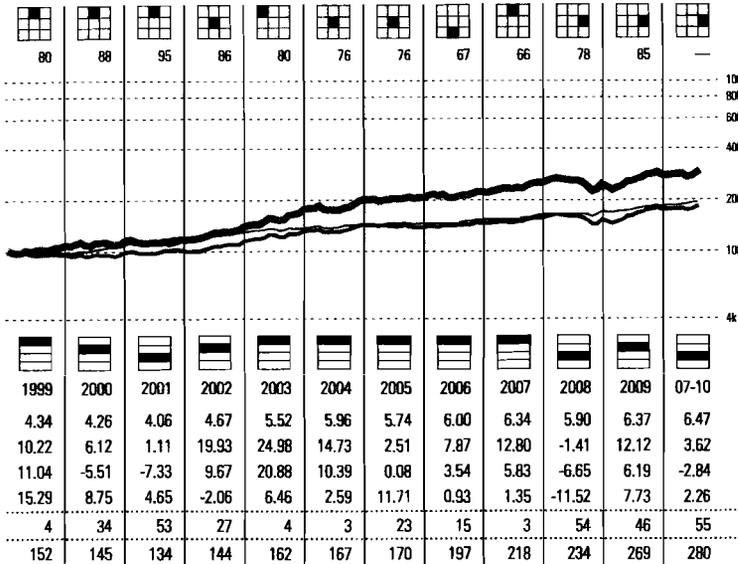
	3 Yr	5 Yr	10 Yr
Standard Deviation	10.83	9.18	8.53
Mean	6.83	7.33	9.86
Sharpe Ratio	0.56	0.54	0.85

MPT Statistics	Standard Index	Best Fit Index
	BarCap US Agg Bond	Citi WGBI NonUSD USD
Alpha	-5.85	-0.56
Beta	1.88	0.91
R-Squared	51.95	75.29

12-Month Yield	3.22%
30-day SEC Yield	3.34%
Potential Cap Gains Exp	2.60% Assets

### Operations

Family: OppenheimerFunds  
 Manager: Arthur P. Steinmetz  
 Tenure: 6.3 Years  
 Objective: Worldwide Bond



### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	1 Total Stocks 227 Total Fixed-Income 112%	% Net Assets
Cash	2.64	2.87	0.23				
US Stocks	0.00	0.00	0.00	★	70,566 mil	Japan(Govt Of) 0.5%	5.93
Non-US Stocks	-0.02	0.02	0.04	⊕	409 mil	Italy(Rep Of) 3.75%	4.59
Bonds	89.66	89.82	0.16	⊕	404 mil	Italy(Rep Of) 5%	4.48
Other/Not Clsfd	7.71	8.76	1.05	★	48,223 mil	Japan(Govt Of) 0.2%	4.06
Total	100.00	101.47	1.47	⊕	44,179 mil	Japan(Govt Of) 2.1%	3.70

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	Share Amount	% Net Assets
Value	P/E Ratio TTM	—	—	—	277 mil	Germany(Fed Rep) 3.5%
Blend	P/C Ratio TTM	—	—	—	714 mil	Brazil(Fed Rep Of) 10%
Growth	P/B Ratio TTM	—	—	—	364,730 mil	Korea(Republic Of) 4.18%
Large	Geo Avg Mkt Cap \$mil	—	—	—	27,731 mil	Japan(Govt Of) 2.1%
Mid					389 mil	Turkey(Rep Of) 16%
Small					190 mil	Austria(Rep Of) 4.15%

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price	Share Amount	% Net Assets
Short	5.70	—	—	—	—	166 mil	Wm Covered Bond Pr 4%
Int	—	—	—	—	—	145 mil	United Kingdom (Government Of) 2.25
Long	—	—	—	—	—	383 mil	Brazil(Fed Rep Of) 10%
High	—	—	—	—	—	1,179 mil	Sth Africa(Rep Of) 13.5%
Med	5.51	—	—	—	—		
Low	83.49	—	—	—	—		

Credit Analysis 03-31-2010	Bond %
AAA	17.39
AA	19.50
A	20.55
BBB	10.18
BB	12.89
B	2.54
Below B	0.27
NR/NA	16.69

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	0.0	—
Greater Europe	100.0	—
Greater Asia	0.0	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	<b>0.0</b>	—
Software	0.0	—
Hardware	0.0	—
Media	0.0	—
Telecommunication	0.0	—
<b>Service Economy</b>	<b>0.0</b>	—
Healthcare Services	0.0	—
Consumer Services	0.0	—
Business Services	0.0	—
Financial Services	0.0	—
<b>Manufacturing Economy</b>	<b>100.0</b>	—
Consumer Goods	100.0	—
Industrial Materials	0.0	—
Energy	0.0	—
Utilities	0.0	—

# Oppenheimer Main St Small Cap C (USD)

Overall Morningstar Rtg™  
★★★  
561 Small Blend

Incept 08-02-1999  
Type MF  
Total Assets \$345.61 mil  
Morningstar Cat Small Blend

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-10.81	1.29	-6.38	-27.56	-38.73
2009	-14.27	31.20	16.28	3.91	35.91
2010	8.39	-9.51	—	—	3.76

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	14.86	—	-0.17	5.52	8.16
Std Quarterly	17.52	—	-0.17	4.30	7.67
Total Return	15.86	-6.20	-0.17	5.52	8.16
+/- S&P 500 TR	2.02	0.58	0.00	6.28	—
+/- Russell 2000 TR US	-2.57	-1.88	-0.64	1.49	—
% Rank Cat	80	68	59	54	—
No. in Cat	644	561	472	249	—
7-day Yield	—	—	—	—	—

## Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-225-5677 or visit [www.oppenheimersfunds.com](http://www.oppenheimersfunds.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	1.00

### Fund Expenses

Management Fees %	0.62
12b1 Expense %	1.00
Gross Expense Ratio %	2.06

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	2★	3★
Morningstar Risk	+Avg	+Avg	+Avg
Morningstar Return	Avg	Avg	Avg

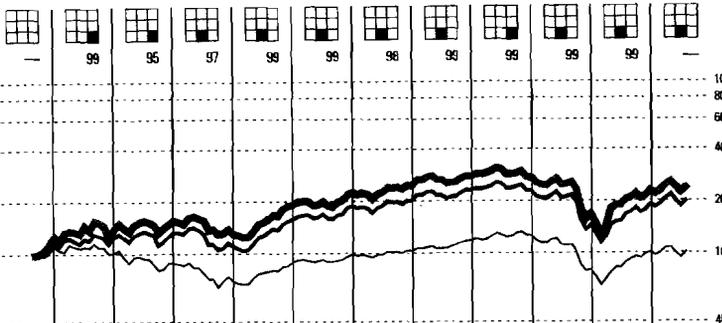
	3 Yr	5 Yr	10 Yr
Standard Deviation	29.71	24.11	22.08
Mean	-6.20	-0.17	5.52
Sharpe Ratio	-0.11	0.00	0.24

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index Morningstar Small Core TR USD
Alpha	4.48	-1.82
Beta	1.30	1.03
R-Squared	85.87	96.86

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-29.01% Assets

## Operations

Family:	OppenheimerFunds
Manager:	Raman Vardharaj
Tenure:	1.3 Years
Objective:	Small Company



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
Value	—	13.22	14.81	12.35	17.96	19.22	19.53	20.69	18.23	11.14	15.14	15.71
Blend	—	9.40	12.08	-16.61	45.43	18.36	9.19	13.82	-2.24	-38.73	35.91	3.76
Growth	—	18.50	23.97	5.49	16.75	7.48	4.28	-1.97	-7.73	-1.73	9.45	3.87
Large	—	12.42	9.59	3.87	-1.82	0.03	4.64	-4.55	-0.67	-4.94	8.74	-1.03
Mid	—	—	—	57	38	53	25	62	55	73	27	61
Small	—	—	—	382	446	521	563	608	645	670	649	664

## Portfolio Analysis 03-31-2010

### Asset Allocation %

Asset Allocation %	Net %	Long %	Short %
Cash	0.26	0.26	0.00
US Stocks	94.95	94.95	0.00
Non-US Stocks	4.72	4.72	0.00
Bonds	0.00	0.00	0.00
Other/Not Clstd	0.07	0.07	0.00
Total	100.00	100.00	0.00

### Equity Style

Value	Blend	Growth
Large	—	—
Mid	—	—
Small	—	—

### Portfolio Statistics

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.8	—	1.00
P/C Ratio TTM	6.7	—	0.85
P/B Ratio TTM	1.9	—	1.17
Geo Avg Mkt Cap \$mil	1248	—	0.82

### Fixed-Income Style

Short	Int	Long
High	—	—
Med	—	—
Low	—	—

### Fixed-Income Metrics

Fixed-Income Metrics	Value
Avg Eff Duration	—
Avg Eff Maturity	—
Avg Credit Quality	—
Avg Wtd Coupon	—
Avg Wtd Price	—

### Credit Analysis

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

### Regional Exposure

Regional Exposure	Stocks %	Rel S&P 500 TR
Americas	97.8	0.98
Greater Europe	1.2	—
Greater Asia	1.0	—

### Share Chg since 12-2009

Share Chg since 12-2009	Share Amount	601 Total Stocks 0 Total Fixed-Income 95% Turnover Ratio	% Net Assets
+	2 mil	Blue Coat Systems, Inc.	1.35
+	1 mil	BE Aerospace	1.05
+	1 mil	Holly Corporation	1.02
+	894,410	Bally Technologies, Inc.	0.96
+	963,850	MSCI, Inc.	0.92
-	584,120	Tractor Supply	0.89
-	3 mil	TIBCO Software, Inc.	0.87
-	630,849	Mid-America Apartment Communities	0.86
-	968,240	Old Dominion Freight Lines	0.85
-	546,817	Phillips-Van Heusen Corporation	0.83
-	1 mil	Hub Group, Inc. A	0.77
-	304,980	Capella Education Company	0.75
-	2 mil	Ameristar Casinos Inc.	0.74
-	910,750	MarkWest Energy Partners L.P.	0.74
-	3 mil	Health Management Associates, Inc.	0.73

### Sector Weightings

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>19.1</b>	<b>0.81</b>
Software	8.6	1.98
Hardware	5.4	0.49
Media	0.8	0.26
Telecommunication	4.4	0.87
<b>Service Economy</b>	<b>55.0</b>	<b>1.40</b>
Healthcare Services	13.3	1.25
Consumer Services	10.0	1.16
Business Services	12.0	3.41
Financial Services	19.8	1.20
<b>Manufacturing Economy</b>	<b>25.8</b>	<b>0.70</b>
Consumer Goods	8.8	0.77
Industrial Materials	10.9	0.97
Energy	3.7	0.34
Utilities	2.5	0.67

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# PIMCO Real Return C (USD)

Overall Morningstar Rtg™  
★★★★  
146 Inflation-Protected Bond

Incept 01-29-1997 Type MF Total Assets \$2,555.56 mil Morningstar Cat Inflation-Protected Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	5.30	-1.07	-5.99	-5.36	-7.31
2009	5.88	3.76	5.20	1.95	17.84
2010	1.03	3.61	—	—	4.88

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	10.21	—	5.02	6.90	6.54
Std Quarterly	11.28	—	4.56	6.96	6.57
Total Return	11.21	7.23	5.02	6.90	6.54

+/- BarCap US Agg Bond	2.30	-0.40	-0.94	0.42	—
+/- BarCap US Treasury	1.61	0.36	-0.43	-0.48	—

% Rank Cat	11	18	37	43
No. in Cat	158	146	116	16

## 7-day Yield

## Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-426-0107 or visit [www.pimco-funds.com](http://www.pimco-funds.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	1.00

### Fund Expenses

Management Fees %	0.65
12b1 Expense %	0.75
Gross Expense Ratio %	1.64

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	3★	4★
Morningstar Risk	+Avg	+Avg	+Avg
Morningstar Return	+Avg	Avg	+Avg

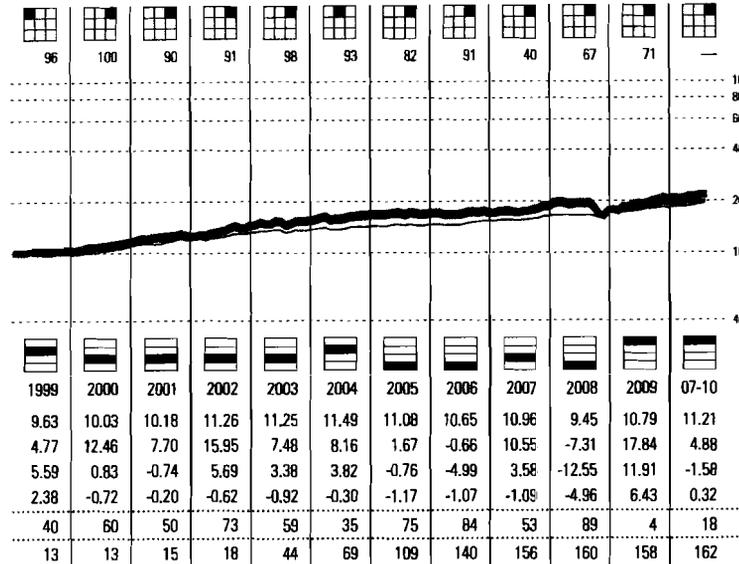
	3 Yr	5 Yr	10 Yr
Standard Deviation	10.32	8.47	7.42
Mean	7.23	5.02	6.90
Sharpe Ratio	0.62	0.31	0.60

MPT Statistics	Standard Index	Best Fit Index
	BarCap US Agg Bond	BarCap US Treasury US TIPS TR USD
Alpha	-3.93	-0.14
Beta	1.63	1.10
R-Squared	43.08	89.08

12-Month Yield	3.12%
30-day SEC Yield	2.55%
Potential Cap Gains Exp	-0.15% Assets

## Operations

Family:	PIMCO Funds
Manager:	Mihir Worah
Tenure:	2.7 Years
Objective:	Government Bond - General



## Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	0 Total Stocks 523 Total Fixed-Income 408% Turnover Ratio	% Net Assets
Cash	-7.52	37.04	44.56			United States Treas Bds	7.17
US Stocks	0.00	0.00	0.00	⊕	1,211 mil	United States Treas Bds	8.86
Non-US Stocks	0.00	0.00	0.00	⊕	996 mil	United States Treas Nts	6.83
Bonds	105.83	108.22	2.40	⊕	1,139 mil	United States Treas Bds	6.73
Other/Not Clsfd	1.69	3.62	1.93	⊖	938 mil	United States Treas Bds	5.62
Total	100.00	148.88	48.88	⊕	941 mil	United States Treas Nts	4.86

Equity Style	Value	Blend	Growth	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Large				P/E Ratio TTM	—	—	—
Mid				P/C Ratio TTM	—	—	—
Small				P/B Ratio TTM	—	—	—
				Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Short	Int	Long	Avg Eff Duration	6.68
High				Avg Eff Maturity	9.52
Med				Avg Credit Quality	—
Low				Avg Wtd Coupon	3.09
				Avg Wtd Price	—

CredR Analysis 03-31-2010	Bond %
AAA	90.00
AA	3.00
A	4.00
BBB	0.00
BB	1.00
B	1.00
Below B	1.00
NR/NA	0.00

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

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# Hypothetical Report Disclosure Statement

## General

This is an illustration of a simulated investment that assumes the portfolio holding(s) were purchased on the first day of the period indicated. Sales and tax charges, including those required in the event of transfers between assets, are taken into account at the rates shown and may be higher or lower than what an investor would have actually paid had the investments been purchased then or now. The performance data represents past performance and is not indicative of future results. Principal value and investment returns will fluctuate, and an investor's shares/units, when redeemed, may be worth more or less than the original investment.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

The investment returns do not reflect active trading and do not necessarily reflect the results that might have been achieved by active management of the account. The investment returns of other clients of the advisor may differ materially from the investment portrayed.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

## Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Charges and Fees section.

**When pre-inception data is presented in the report, the header at the top of the report will indicate this.**

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

The investment returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns may be reduced if additional fees are incurred.

Performance for closed-end and exchange-traded funds is calculated based on the fund's end of the day market prices as reported by the New York Stock Exchange. Separate account performance is based on the mean experience of an investor in the account.

This illustration may reflect the results of systematic investments and/or withdrawals. Systematic investment does not ensure a profit, nor does it protect the investor against a loss in a declining market. Also, systematic investing will

not keep an investor from losing money if shares are sold when the market is down.

## Investment Summary Graph

The investment summary graph plots the approximate market value of the security or portfolio over the investing horizon. It may also include the total investment assumed in the illustration and/or a benchmark. Total investment includes dollar inflows and outflows, including outflows representing noted taxes and annual fees paid out of pocket. If a benchmark index is included on a graph, it assumes a similar pattern of investment/withdrawal as that of the security or portfolio. Taxes and transaction costs are also applied to the benchmark index. Note that direct investment in an index is not possible. Indexes are unmanaged portfolios representing different asset classes, with varying levels of associated risk. The benchmark index included in the graph may or may not represent an appropriate or accurate comparison with the security or portfolio illustrated.

## Standardized Returns

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For HOLDRs, the standardized returns reflect performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Preceding this disclosure statement, standardized returns for each portfolio holding are shown.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses.

For VL subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. For VLs, additional fees specific to a VL policy such as transfer fees and cost of insurance fees, which are based on specific characteristics of an individual, are not included. If VL fees were included in the return calculations, the performance would be significantly lower. An investor should contact a financial advisor and ask for a personalized performance illustration, either hypothetical or historical, which reflects all applicable fees and charges including the cost of insurance. Please review the prospectus and SAI for more detailed information.

## Definitions of Report Terms

**Annual Fee Paid:** Your advisor was able to specify whether annual fees, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

**Average Annualized Return:** Average annualized money-weighted return (internal rate of return). In illustrations with time periods less than one year, this figure is not annualized.

**Capital Gains (Individual Report):** Percentage of the total market value of the holding that is attributable to the reinvestment of capital gains distributions.

**Charges & Fees (Investment Detail):** The sum of fees charged to the investor during the period, including front or deferred loads, VA charges, and annual fees.

**Cumulative Return:** The total money-weighted return of the investment over the entire time period of the illustration.

**Distribution/Withdrl:** The sum of distributions not reinvested, plus any cash withdrawals during the period.

**Income (Individual Report):** The percentage of the total market value of the holding that is attributable to the reinvestment of income or dividend distributions.

**Liquidate:** Indicates whether the advisor chose that the holding be liquidated on the end date.

**Median (Comparison Report):** The total money-weighted return (internal rate of return) of the median security in the illustration for the calendar year indicated.

**New investment:** Any new cash invested during the period.

**Principal (Individual Reports):** The percentage of the total market value of the holding that is attributable to new investment.

**Rebalance (Planning Assumptions):** Indicates whether rebalancing is used, and its frequency. "No" indicates no rebalancing. Options for rebalancing frequency are monthly, quarterly, semi-annually, and annually.

**Rebalance (Investment Assumptions):** Percentage of total asset allocation to be maintained in this holding through rebalancing.

**Security Return (Comparison Report):** The total money-weighted return (internal rate of return) for the holding in the calendar year indicated, taking into account cash flows, charges, and fees.

**Subsequent Invest/Withdwl:** The amount, type, and frequency of subsequent investments or withdrawals from the holding. Withdrawals are represented by a negative number. Systematic investments and withdrawals may be made monthly, quarterly, semi-annually, or annually. If "Custom", a custom schedule of investments or withdrawals was used.

**Taxes Due:** The total amount of taxes due from the investor, determined by applying specified tax rates to distributions and sale of shares during each calendar year.

**Taxes Paid:** Your advisor was able to specify whether taxes, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

**Net Amount Invested:** The total out-of-pocket expense for the investor. Includes new investment, annual fees paid to advisor, and taxes due. This figure is net of withdrawals, including liquidation.

**Total Reinvest:** The sum of distributions reinvested during the period.

**Total Return %:** The total money-weighted return (internal rate of return) on

investments for the period.

## Portfolio Snapshot Report Disclosure Statement

### General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an unscheduled portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges are not taken into account.

With "scheduled" portfolios, users input the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units, when redeemed, will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself a FINRA-member firm.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

### Items to Note Regarding Certain Underlying Securities

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution. Although the money market seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units.

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. If the variable annuity subaccount is invested in a money-market fund, it seeks to preserve a stable per share value (i.e. \$1.00 per share), but it is possible to lose money by investment in the fund.

Variable life insurance is a cash-value life insurance that has a variable cashvalue and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. If the variable life subaccount is invested in a money-market fund, it seeks to preserve a stable per share value (i.e. \$1.00 per share), but it is possible to lose money by investment in the fund.

#### **Pre-inception Returns**

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page. When pre-inception data is presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

#### **Scheduled Portfolio Trailing Returns**

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holdings and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

#### **Scheduled Portfolio Returns-Based Performance Data**

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squareds, standard deviations, Sharpe ratios and best/worst time-period data are internal rates of return.

#### **Important VA Disclosure for Scheduled Portfolios**

For variable annuity products, policy level charges (other than front-end loads, if input by the advisor) are not factored into returns. When withdrawals and liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that currently is in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

#### **Scheduled Portfolio Investment Activity Graph**

The historic portfolio values that are graphed are those used to track the portfolio when calculating returns.

#### **Unscheduled Portfolio Returns**

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. Due to it not being in existence during the historical period being reported), the remaining portfolio holdings are re-weighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if they were, the returns stated would be reduced. The returns stated assume the reinvestment of dividends and capital gains. Mutual fund returns include all ongoing fund expenses. VA/VL returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual ongoing fund level expenses.

#### **Unscheduled Portfolio Investment Activity Graph**

The historic performance data graphed is extrapolated from the ending portfolio value based on monthly returns.

#### **Benchmark Returns**

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

#### **Standardized Returns**

For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Following this disclosure statement, standardized returns for each portfolio holding are shown.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

#### **Non-Standardized Returns**

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

For money-market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money-market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administrative fees and underlying fund-level expenses for various time periods. Non-Standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the subaccount returns would be significantly reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

#### **Investment Advisory Fees**

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

#### **Asset Allocation**

The weighting of the portfolio in various asset classes, including "Other" is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks. "Not classified" represents the portion of the portfolio that Morningstar could not classify at all, due to missing data.

In the graph and table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These new portfolio statistics help investors look "under the hood" of a portfolio. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

#### **Investment Style**

The Morningstar Style Box combines the various funds' investment strategies. For the equity style box, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For the fixed-income style box, the vertical axis shows the average credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long). Style box data is presented only for the long positions in the portfolio.

#### **Stock Sectors**

This section provides a comparison of exposure to various industry sectors between the long stock positions in the portfolio and a benchmark.

#### **Stock Regions**

This section provides the allocation of the portfolio's long stock positions to the world regions, in comparison with a benchmark.

#### **Risk and Return**

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return for the period shown.

Sharpe ratio uses a portfolio's standard deviation and total return to determine

reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

R-squared reflects the percentage of a portfolio's movements that is explained by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

#### Portfolio Yield

The dividend yield produced for the most recent 12 months is presented.

#### Fundamental Analysis

The below referenced data elements are a weighted average of the long equity holdings in the portfolio.

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a subaccounts portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Earnings ratio is calculated by dividing the market value of the equity assets by the trailing 12 month earnings. The 12 month earnings value comes from multiplying the number of shares and the adjusted trailing 12 months' earnings per share for each equity asset and summing the results.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in the underlying fund's portfolio. The P/S ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' revenues per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's long common stocks that are domiciled in developed and emerging markets.

The data elements listed below are a weighted average of the long fixed income holdings in the portfolio.

The average credit quality is derived by taking the weighted average of the credit rating for each bond in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category. This is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security. Credit quality breakdowns are shown for corporate-bond holdings and depicts the quality of bonds in the underlying portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poors or Moodys). This figure is not provided for financial companies.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bond's interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The data elements listed below are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees. Please note for mutual funds, variable annuities/life, ETFs and closed-end funds we use the gross prospectus ratio as provided in the prospectus. Separate accounts and stocks are excluded from the average expense ratio.

Potential capital gains exposure is the percentage of a holding's total assets that represent capital appreciation.

## Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is to be used as supplemental sales literature, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar.

#### Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Performance section.

**When pre-inception data are presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.**

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of

that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Total return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Standardized Total Return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges and all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized returns never include pre-inception history.

Morningstar % Rank within Morningstar Category does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year.

### Growth of 10,000

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

**If pre-inception data is included in the analysis, it will be graphed.**

### Risk and Return

The Morningstar Rating is calculated for funds with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Please note that some Morningstar proprietary calculations, including the Morningstar Rating, may be calculated based on adjusted historical returns (pre-inception returns). If the extended performance rating is in effect, the "stars" are represented as unshaded stars. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance, placing more emphasis on downward

variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. This investment's independent Morningstar Rating metric is then compared against the open-end mutual fund universe's actual performance breakpoints to determine its extended performance rating. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the actual performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

**If pre-inception returns are included in this analysis, the risk and return profile data calculated on the basis of these returns will appear in italics.**

### Risk Measures

The risk measures below are calculated for funds with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the fund's returns.

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of a fund's movements that is explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad

market index and a "Best fit" index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

**Risk measures calculated using pre-inception data, if included in the analysis, will be presented in italics.**

### Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

### Style Analysis

The Morningstar Style Box reveals a fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

### Equity Portfolio Statistics

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests.

### Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average credit quality is calculated by taking the weighted average of the credit rating for each bond in the portfolio.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

### Operations

Purchase constraints denote if a mutual fund has any of the following qualities: Qualified Access (A), Institutional (T), Closed to New Investments, (C) or Closed to All Investments (L). Because these qualities can all act as restrictions and/or requirements for investment, they are grouped together.

Potential capital gains exposure is the percentage of a mutual fund's total assets that represents capital appreciation.

### Fees and Expenses

Prospectus Gross Expense Ratio reflects the annual percentage of a fund's

assets paid out in expenses. Expenses include management, 12B-1, transfer agent and all other asset-based fees associated with the fund's daily operations and distribution, with the exception of brokerage commissions. It does not reflect expenses that have been reimbursed by the investment advisor, reductions from brokerage service arrangements or other expense offset arrangements.

Prospectus Net Expense Ratio reflects actual expenses paid by the fund as well as any voluntary waivers, reductions from brokerage service arrangements and any other expense offset arrangements.

## Investment Risks

**International/Emerging Market Equities:** Investing in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

**Sector Strategies:** Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

**Non-Diversified Strategies:** Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

**Small Cap Equities:** Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

**Mid Cap Equities:** Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

**High-Yield Bonds:** Portfolios that invest in lower-rated debt securities (commonly referred as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

**Tax-Free Municipal Bonds:** The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

**Bonds:** Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio decline. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

**HOLDERS:** The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

**Hedge Funds:** The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international

investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

**Bank Loan/Senior Debt:** Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

**Short Positions:** When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

**Long-Short:** Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

**Liquidity Risk:** Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

**Market Price Risk:** The market price of ETFs, HOLDERS, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV which will affect an investor's value.

**Market Risk:** The market prices of ETF's and HOLDERS can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

**Target-Date Funds:** Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date of when investors expect to begin withdrawing their money. Target-date fund's investment objective/strategy typically becomes more conservative over time primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at anytime, including at the fund's target date.

## Benchmark Disclosure

### BarCap US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which include reinvestment of dividends.

### BarCap US Government TR USD

Tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations.

**BarCap US Govt/Credit 5-10 Yr TR USD**

Represents a combination of the Government and Corporate Bond indices for bonds with maturities between 5 and 10 years. Includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, and Government index) indices. The returns we publish for the index are total returns, which include reinvestment of dividends.

**BarCap US Treasury US TIPS TR USD**

BarCap U.S. Treasury TIPS is an unmanaged market index made up of U.S. Treasury Inflation Linked Index securities. The rules to be included in the index are as follows: all bonds must have cash flows linked to an inflation index, the minimum amounts outstanding will be 100 million U.S. dollars, all bonds must be sovereign issues and be denominated in the relevant national currency, and all bonds must have more than one year to maturity.

**BarCap US Universal TR USD**

BarCap U.S. Universal Bond Index: The U.S. Universal Index mirrors the increasingly popular "Core Plus" choice set used by many U.S.-dollar investors. It is the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS High Yield Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index.

**BofAML US HY Master II TR USD**

The US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. "Yankee" bonds are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long-term debt rating. 144a issues are not included in the index until they are exchanged for registered securities. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million.

**Citi WGBI NonUSD USD**

A market-capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, and United Kingdom. Country eligibility is determined based upon market capitalization and investability criteria. The index includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US\$25 million. Government securities typically exclude floating or variable rate bonds.

**DJ UBS Commodity TR USD**

The DJ UBS Commodity Index is composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying physical commodity. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position. The DJ UBS Commodity Index is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

**DJ US Select REIT TR USD**

This index consists of U.S. publicly traded Real Estate Investment Trusts. It is a subset of the Wilshire Real Estate Securities Index.

**Morningstar Long-Only Commodity TR**

Description unavailable.

**MSCI AC World Ex USA NR USD**

The MSCI AC World ex USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 48 developed and emerging market country indices. The returns we publish for the index are total returns, which include reinvestment of dividends.

**MSCI EAFE NR USD**

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

**MSCI World NR USD**

Includes all 23 MSCI developed market countries.

**Russell 1000 Growth TR USD**

Tracks the companies within the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value TR USD**

Tracks the companies within the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 TR USD**

Consists of the 2000 smallest companies in the Russell 3000 Index.

**Russell Mid Cap Growth TR USD**

Tracks the companies within the Russell Midcap Index with higher price-to-book ratios and higher forecasted growth values.

**S&P 500 TR**

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends.

**USTREAS T-Bill Auction Ave 3 Mon**

Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

**Prepared by:**  
Jim Christiansen CFP, CLU, ChFC, MBA

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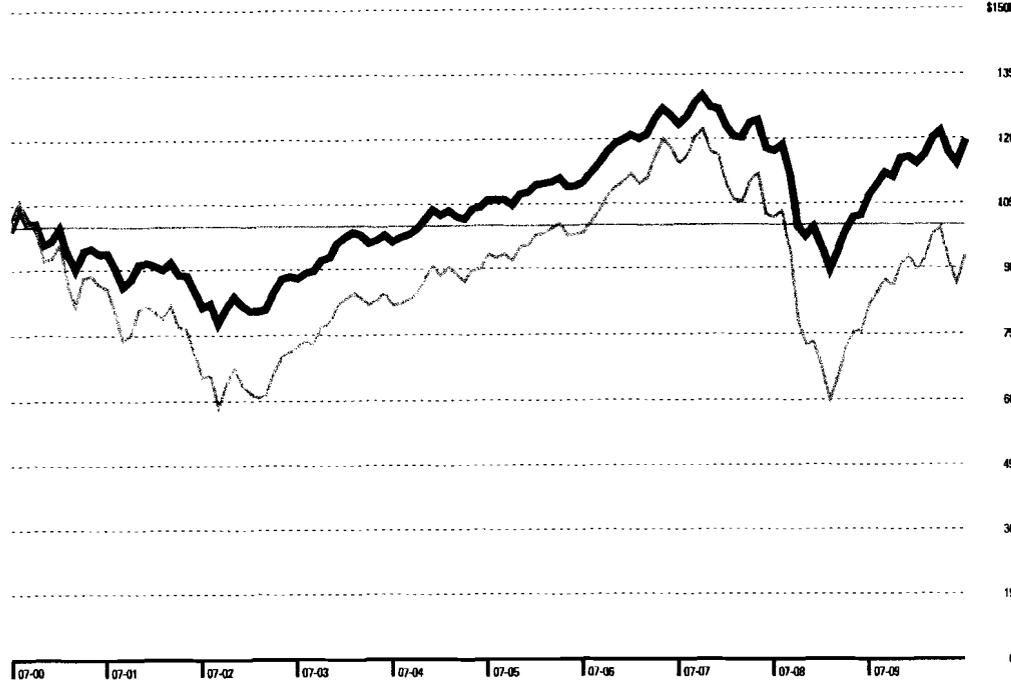
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# Hypothetical Portfolio Illustration

07-31-2000 to 07-31-2010

## Portfolio Summary

Portfolio
  S&P 500 TR (USD)
  Net Amount Invested



## Planning Assumptions

Currency	USD
Rebalance	None
Federal Income Tax Rate	0%
Capital Gain Tax Rate	0%
State Tax Rate	0%
Tax Paid	Out of Pocket

## Performance

Net Amount Invested	\$100,000
Final Market Value	\$118,993
Average Annualized Return	1.75%
Cumulative Return	18.99%

## Investment Detail

Period	Beginning Balance	New Investment	Distribution/Withdrawal	Total Reinvest	Charges & Fees	Taxes Due	Market Value	Total Return %
Totals	0	100,000	0	30,883	0	0	118,993	1.75
July-December 2000	0	100,000	0	1,227	0	0	96,774	-3.23
January-December 2001	96,774	0	0	2,764	0	0	91,656	-5.29
January-December 2002	91,656	0	0	2,770	0	0	81,866	-10.68
January-December 2003	81,866	0	0	2,536	0	0	96,022	17.29
January-December 2004	96,022	0	0	2,891	0	0	103,806	8.11
January-December 2005	103,806	0	0	2,948	0	0	107,798	3.85
January-December 2006	107,798	0	0	3,289	0	0	119,937	11.26
January-December 2007	119,937	0	0	3,693	0	0	127,062	5.94
January-December 2008	127,062	0	0	3,728	0	0	99,497	-21.69
January-December 2009	99,497	0	0	3,352	0	0	115,856	16.44
January-July 2010	115,856	0	0	1,685	0	0	118,993	2.71

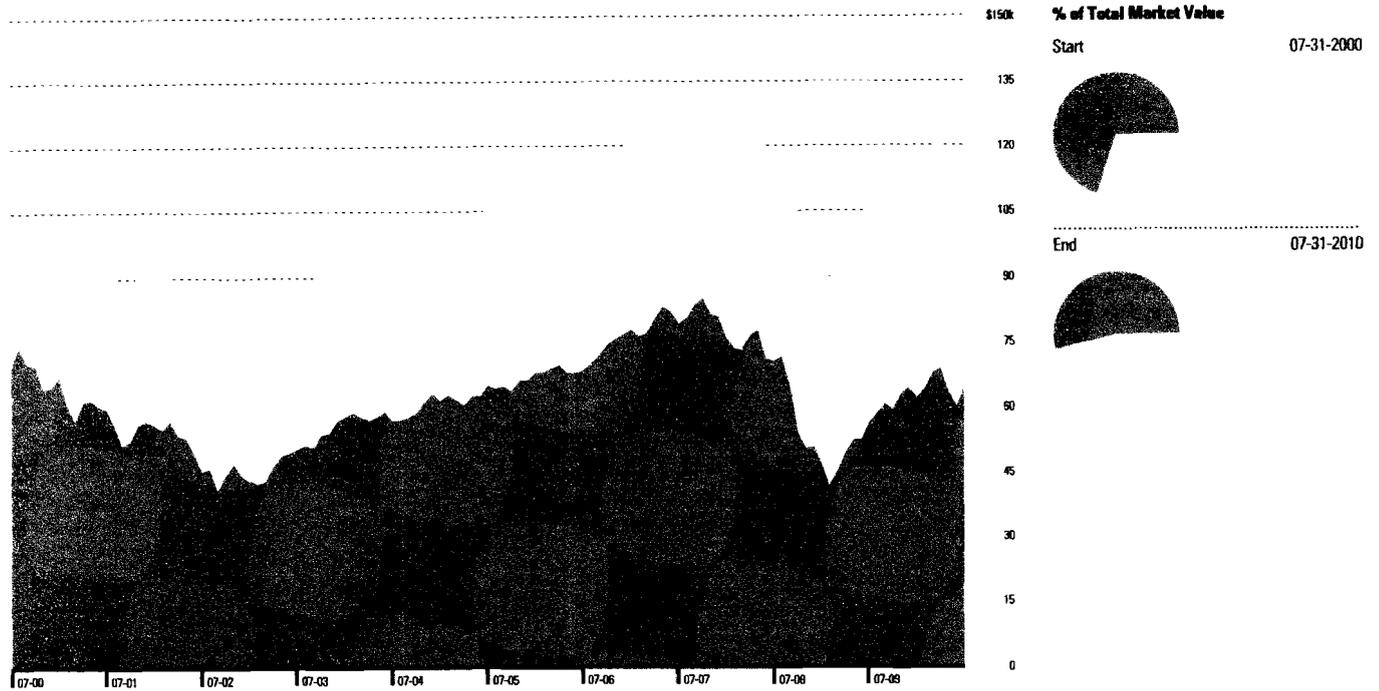
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# Hypothetical Portfolio Illustration Continued

07-31-2000 to 07-31-2010

## Security Summary



## Investment Assumptions

Investment Name	Holding Period		Initial Investment Amount	Subsequent Invest/Withdrawl		Reinvest Distributions		Liqui-date	Re-balance %	Charges and Fees			Market Value End \$	
	Start	End		Amount	Freq	Income	Cap Gains			Front Load	Annual Fee%	Deferred Load Amount%		Period Years
* Vanguard 500 Index Investor (USD)	07-00	07-10	70,000	0	-	Y	Y	N	-	0.00%	0.00	0.00-0.00	—	64,229
Vanguard Total Bond Market Index (USD)	07-00	07-10	30,000	0	-	Y	Y	N	-	0.00%	0.00	0.00-0.00	—	54,765

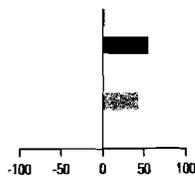
# Portfolio Snapshot

**Portfolio Value**  
\$118,993

**Benchmark**  
S&P 500 TR (USD)

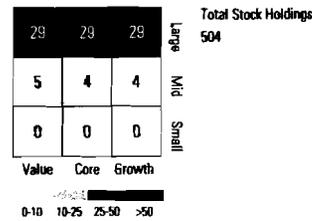
## Analysis 07-31-2010

### Asset Allocation

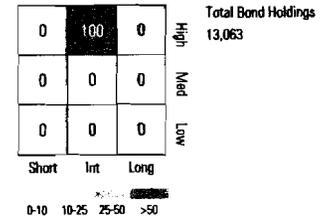


	Portfolio Net %	Bmark Net %
Cash	2.93	0.00
US Stocks	53.92	100.00
Non-US Stocks	0.00	0.00
Bonds	43.02	0.00
Other/Not Clsfd	0.13	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Morningstar Equity Style Box %

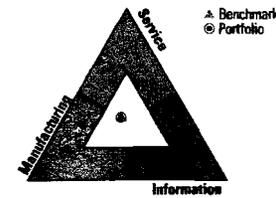


### Morningstar Fixed Income Style Box %

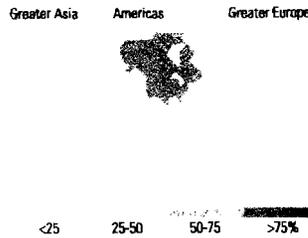


## Stock Analysis 07-31-2010

### Stock Sectors

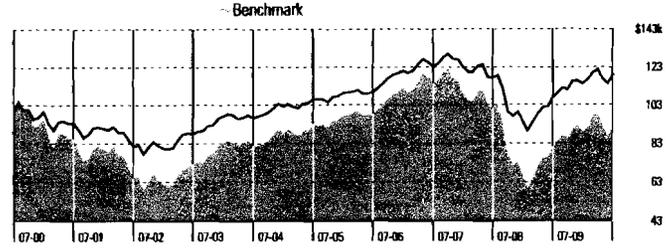


### World Regions



## Performance 07-31-2010

### Investment Activity Graph



% of Stocks	Portfolio %	Bmark %	% of Stocks	Portfolio %	Bmark %
<b>Information</b>	<b>23.17</b>	<b>23.64</b>	<b>Greater Europe</b>	<b>0.00</b>	<b>0.00</b>
Software	4.36	4.33	United Kingdom	0.00	0.00
Hardware	10.87	11.10	Europe-Developed	0.00	0.00
Media	2.73	3.20	Europe-Emerging	0.00	0.00
Telecom	5.21	5.01	Africa/Middle East	0.00	0.00
<b>Service Economy</b>	<b>48.40</b>	<b>39.22</b>	<b>Americas</b>	<b>100.00</b>	<b>100.00</b>
Healthcare Svcs	11.44	10.67	North America	100.00	100.00
Consumer Svcs	8.90	8.62	Latin America	0.00	0.00
Business Svcs	3.56	3.51	<b>Greater Asia</b>	<b>0.00</b>	<b>0.00</b>
Financial Svcs	16.50	16.42	Japan	0.00	0.00
<b>Mfg Economy</b>	<b>36.42</b>	<b>37.13</b>	Australasia	0.00	0.00
Consumer Goods	10.95	11.38	Asia-Developed	0.00	0.00
Industrial Mtrls	11.14	11.19	Asia-Emerging	0.00	0.00
Energy	10.95	10.87	Not Classified	0.00	0.00
Utilities	3.38	3.69			
Not Classified	0.01	0.01			

### Trailing Returns

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	-2.30	11.38	-1.20	2.30	1.75
Benchmark Return	-6.69	13.84	-6.77	-0.17	-0.76
+/- Benchmark Return	4.39	-2.46	5.57	2.47	2.51

### Best/Worst Time Periods

	Best %	Worst %
3 Months	13.45 (Mar 09-May 09)	-17.91 (Sep 08-Nov 08)
1 Year	29.72 (Mar 09-Feb 10)	-25.62 (Mar 08-Feb 09)
3 Years	10.88 (Oct 02-Sep 05)	-6.52 (Mar 06-Feb 09)

### Portfolio Yield (07-31-2010)

Trailing 1 Yr	Yield %
	2.74

### Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

See Disclosure Page for Standardized Returns.

## Holdings 07-31-2010

### Top 2 holdings out of 2

Vanguard 500 Index Investor (USD)  
Vanguard Total Bond Market Index (USD)

Symbol	Type	Holding Value \$	% Assets
VFINX	MF	64,229	53.98
VBMFX	MF	54,765	46.02

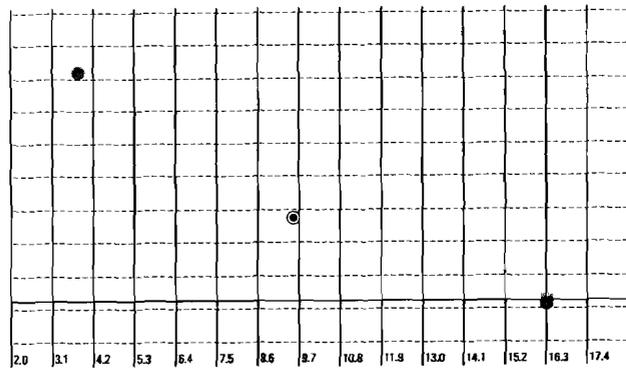
# Portfolio Snapshot

**Portfolio Value**  
\$118,993

**Benchmark**  
S&P 500 TR (USD)

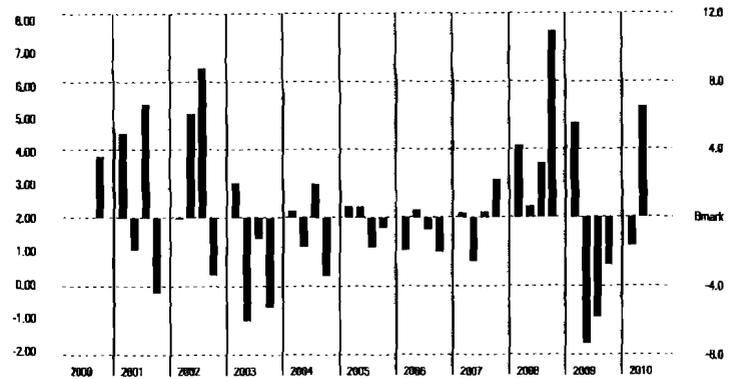
## Risk Analysis 07-31-2010

**Risk/Reward Scatterplot** ● Portfolio ● Holdings ■ Bmark 10 Year Mean



10 Year Standard Deviation

**Performance History Graph** ■ Portfolio Quarterly returns +/- Benchmark in %



## Risk and Return Statistics

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	12.29	21.15	9.97	17.04	9.55	16.31
Mean	-1.20	-6.77	2.30	-0.17	1.75	-0.76
Sharpe Ratio	-0.13	-0.27	0.02	-0.08	-0.03	-0.12

## MPT Statistics

	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	1.79	0.93	0.80
Beta	0.57	0.58	0.58
R-Squared	97	97	97

## Fundamental Analysis 07-31-2010

### Asset Allocation

	Portfolio Net %	Portfolio Long %	Portfolio Short %
Cash	2.93	2.93	0.00
US Stocks	53.92	53.92	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	43.02	43.02	0.00
Other/Not Clsfd	0.13	0.13	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

### Type Weightings

% of Stocks	Portfolio	Bmark
High Yield	1.95	0.00
Distressed	2.13	1.05
Hard Asset	12.16	11.59
Cyclical	33.32	34.37
Slow Growth	16.53	17.86
Classic Growth	15.48	17.50
Aggressive Growth	15.62	14.19
Speculative Growth	2.45	2.04
Not Available	0.37	1.41

### Market Maturity

	Portfolio	Bmark
% of Stocks	100.00	100.00
Developed Markets	0.00	0.00
Emerging Markets	0.00	0.00
Not Available	0.00	0.00

### Geometric Avg Capitalization (\$Mil)

Portfolio	46,012.97
Benchmark	42,910.61

### Valuation Multiples

	Portfolio	Bmark
Price/Earnings	17.50	15.21
Price/Book	2.23	2.02
Price/Sales	1.30	1.19
Price/Cash Flow	9.15	8.06

### Credit Quality

	% of Bonds
AAA	76.83
AA	4.13
A	10.16
BBB	8.85
BB	0.00
B	0.00
Below B	0.03
NR/NA	0.00

### Profitability

% of Stocks	Portfolio 2010-07	Bmark 2010-07
Net Margin	10.83	12.05
ROE	18.50	20.25
ROA	7.14	8.01
Debt/Capital	35.67	36.68

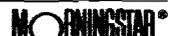
### Interest Rate Risk

	Portfolio
Maturity	6.60
Duration (total portfolio)	4.49
Avg Credit Quality	—

### Fund Statistics

Potential Cap Gains Exposure	10.81
Avg Net Expense Ratio	0.20
Avg Gross Expense Ratio	0.20

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# Portfolio Snapshot

**Portfolio Value**  
118,993

**Benchmark**  
S&P 500 TR (USD)

## Standardized and Tax Adjusted Returns

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

## Annualized returns 06-30-2010

Standardized Returns (%)	7-day Yield	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %
Vanguard 500 Index Investor (USD)	—	14.33	-0.87	-1.67	10.10	08-31-1976	NA	NA	0.18	0.18
Vanguard Total Bond Market Index (USD)	—	9.28	5.48	6.20	6.91	12-11-1986	NA	NA	0.22	0.22
<b>BarCap US Agg Bond TR USD</b>	—	<b>9.50</b>	<b>5.54</b>	<b>6.47</b>	—	—	—	—	—	—
<b>MSCI EAFE NR USD</b>	—	<b>5.92</b>	<b>0.88</b>	<b>0.16</b>	—	—	—	—	—	—
<b>S&amp;P 500 TR</b>	—	<b>14.43</b>	<b>-0.79</b>	<b>-1.59</b>	—	—	—	—	—	—
<b>USTREAS T-Bill Auction Ave 3 Mon</b>	—	<b>0.12</b>	<b>2.68</b>	<b>2.58</b>	—	—	—	—	—	—

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception	
Vanguard 500 Index Investor (USD)	13.99	-1.17	-2.03	8.43	08-31-1976	9.83	-0.71	-1.49	8.11	
Vanguard Total Bond Market Index (USD)	7.88	3.81	4.33	4.53	12-11-1986	6.00	3.68	4.18	4.48	

**Portfolio Snapshot****Portfolio Value**  
\$118,993**Benchmark**  
S&P 500 TR (USD)**Annualized Security Returns****Total 2 holdings as of 07-31-2010**

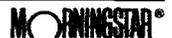
	Symbol	Type	Holdings Date	% of Assets	Holding Value \$	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
Vanguard 500 Index Investor (USD)	VFINX	MF	03-2010	53.98	64,229	—	13.72	-6.81	-0.25	-0.86
Vanguard Total Bond Market Index (USD)	VBMFX	MF	03-2010	46.02	54,765	—	8.75	7.57	5.88	6.20

**Performance Disclosure**

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**See Disclosure Page for Standardized Returns.**

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# Vanguard 500 Index Investor (USD)

Overall Morningstar Rtg™  
 ★★ ★  
 1,792 Large Blend

Incept 08-31-1976 Type MF Total Assets \$46,968.44 mil Morningstar Cat Large Blend

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-9.47	-2.75	-8.36	-21.94	-37.02
2009	-11.00	15.97	15.59	6.03	26.49
2010	5.35	-11.45	—	—	-0.18

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	13.72	—	-0.25	-0.86	10.30
Std Quarterly	14.33	—	-0.87	-1.67	10.10
Total Return	13.72	-6.82	-0.25	-0.86	10.30

+/- S&P 500 TR	-0.12	-0.04	-0.08	-0.10	—
+/- Russell 1000 TR US	-0.79	-0.31	-0.27	-0.47	—

% Rank Cat	27	46	49	58	—
No. in Cat	2045	1792	1471	760	—

7-day Yield	—
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### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit [www.vanguard.com](http://www.vanguard.com).

### Fees and Expenses

Sales Charges	NA
Front-End Load %	NA
Deferred Load %	NA
<b>Fund Expenses</b>	
Management Fees %	0.15
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.18</b>

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
	1792 funds	1471 funds	760 funds
Morningstar Rating™	3★	3★	3★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	Avg	Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	21.14	17.03	16.30
Mean	-6.82	-0.25	-0.86
Sharpe Ratio	-0.28	-0.08	-0.12

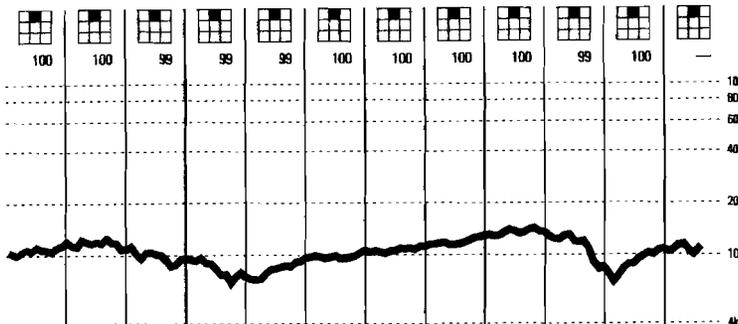
  

MPT Statistics	Standard Index S&P 500 TR	Best Fit Index S&P 500 TR
Alpha	-0.04	-0.04
Beta	1.00	1.00
R-Squared	100.00	100.00

12-Month Yield	2.05%
30-day SEC Yield	1.81%
Potential Cap Gains Exp	15.17% Assets

### Operations

Family:	Vanguard
Manager:	Michael Buek
Tenure:	5.3 Years
Objective:	Growth and Income



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	07-10
NAV	135.33	121.86	105.89	81.15	102.67	111.64	114.92	130.59	135.15	83.09	102.67	101.55
Total Return %	21.07	-9.06	-12.02	-22.15	28.50	10.74	4.77	15.64	5.39	-37.02	26.49	-0.18
+/- S&P 500 TR	0.03	0.04	-0.13	-0.05	-0.18	-0.14	-0.14	-0.15	-0.10	-0.02	0.03	-0.07
+/- Russell 1000 TR US	0.16	-1.27	0.43	-0.50	-1.39	-0.66	-1.50	0.18	-0.38	0.58	-1.94	-0.29
% Rank Cat	37	53	37	41	28	36	60	24	51	38	54	33
No. of Funds in Cat	989	1089	1345	1468	1526	1611	1743	1980	2030	2066	2027	2112

### Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %
Cash	0.11	0.11	0.00
US Stocks	99.89	99.89	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Large	P/E Ratio TTM	17.5	—	1.29
Mid	P/C Ratio TTM	9.1	—	1.11
Small	P/B Ratio TTM	2.2	—	1.19
	Geo Avg Mkt Cap \$mil	46013	—	0.98

Fixed-Income Style	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
Short	—	—	—	—	—
Int	—	—	—	—	—
Long	—	—	—	—	—

Credit Analysis	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel S&P 500 TR
Americas	100.0	1.00
Greater Europe	0.0	—
Greater Asia	0.0	—

Share Amount	504 Total Stocks	% Net Assets
44 mil	0 Total Fixed-Income	2.99
71 mil	12% Turnover Ratio	2.11
8 mil	ExxonMobil Corporation	2.01
99 mil	Microsoft Corporation	1.84
27 mil	Apple, Inc.	1.74
25 mil	General Electric Company	1.70
93 mil	Procter & Gamble Company	1.69
37 mil	Johnson & Johnson	1.68
12 mil	Bank of America Corporation	1.58
48 mil	J.P. Morgan Chase & Co.	1.52
55 mil	International Business Machines Cor	1.44
19 mil	Wells Fargo Company	1.44
53 mil	AT&T, Inc.	1.41
75 mil	Chevron Corporation	1.31
2 mil	Cisco Systems, Inc.	1.30
	Pfizer Inc.	
	Google, Inc.	

Sector Weightings	Stocks %	Rel S&P 500 TR
<b>Information Economy</b>	<b>23.2</b>	<b>0.98</b>
Software	4.4	1.01
Hardware	10.9	0.98
Media	2.7	0.86
Telecommunication	5.2	1.04
<b>Service Economy</b>	<b>40.4</b>	<b>1.03</b>
Healthcare Services	11.4	1.07
Consumer Services	8.9	1.03
Business Services	3.6	1.01
Financial Services	16.5	1.00
<b>Manufacturing Economy</b>	<b>36.4</b>	<b>0.98</b>
Consumer Goods	10.9	0.96
Industrial Materials	11.1	1.00
Energy	11.0	1.01
Utilities	3.4	0.92

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# Vanguard Total Bond Market Index (USD)

Overall Morningstar Rtg™  
★★★★  
991 Intermediate-Term Bond

Incept 12-11-1986 Type MF Total Assets \$21,662.98 mil Morningstar Cat Intermediate-Term Bond

## Performance 07-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	2.18	-1.09	-0.41	4.37	5.05
2009	0.35	1.75	3.67	0.07	5.93
2010	1.69	3.58	—	—	6.32

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	8.75	—	5.88	6.20	6.93
Std Quarterly	9.28	—	5.48	6.20	6.91
Total Return	8.75	7.57	5.88	6.20	6.93

+/- BarCap US Agg Bond	-0.16	-0.06	-0.08	-0.28	—
+/- BarCap US Govt/Cre	-3.84	-1.44	-0.69	-1.27	—

% Rank Cat	80	37	30	34	—
No. in Cat	1137	991	862	520	—

## 7-day Yield

## Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit [www.vanguard.com](http://www.vanguard.com).

## Fees and Expenses

Sales Charges	
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses	
Management Fees %	0.18
12b1 Expense %	NA
Gross Expense Ratio %	0.22

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	Avg	+Avg	Avg

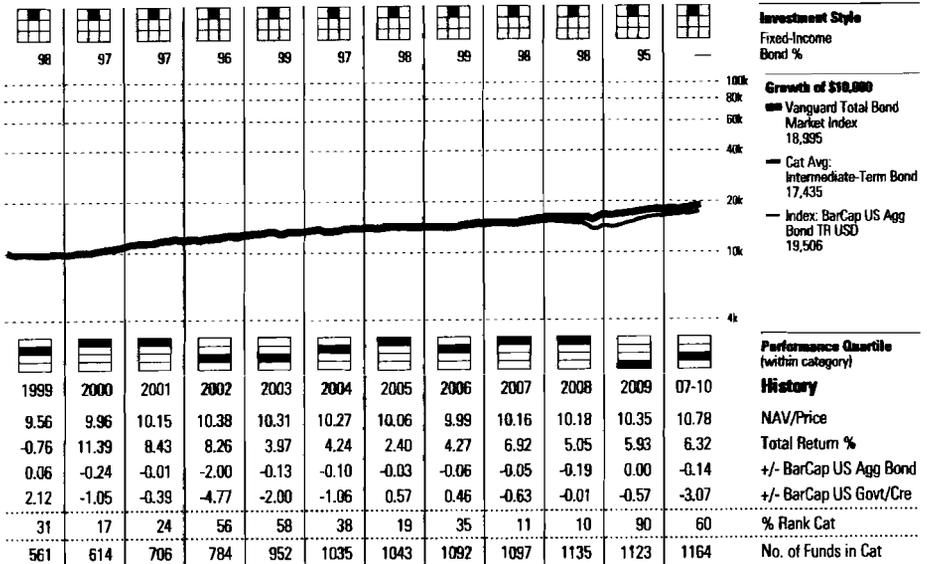
	3 Yr	5 Yr	10 Yr
Standard Deviation	4.17	3.71	3.79
Mean	7.57	5.88	6.20
Sharpe Ratio	1.50	0.84	0.95

MPT Statistics	Standard Index	Best Fit Index
Alpha	-0.06	-0.06
Beta	1.00	1.00
R-Squared	98.49	98.49

12-Month Yield	3.55%
30-day SEC Yield	2.76%
Potential Cap Gains Exp	5.68% Assets

## Operations

Family:	Vanguard
Manager:	Kenneth Volpert
Tenure:	17.7 Years
Objective:	Income



## Portfolio Analysis 03-31-2010

Asset Allocation %	Net %	Long %	Short %	Share Chg since 12-2009	Share Amount	0 Total Stocks	% Net Assets
Cash	6.24	6.24	0.00			13,063	80%
US Stocks	0.00	0.00	0.00	⊕	3,322 mil	CMT Market Liquidity Rate	4.17
Non-US Stocks	0.00	0.00	0.00		759 mil	United States Treas Nts 5.125%	1.01
Bonds	93.48	93.48	0.00	⊕	692 mil	United States Treas Nts 1.375%	0.87
Other/Not Clsfd	0.27	0.27	0.00	⊕	643 mil	GNMA	0.84
Total	100.00	100.00	0.00		589 mil	United States Treas Nts 2.75%	0.76

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value	P/E Ratio TTM	—	—	—
Mid	P/C Ratio TTM	—	—	—
Small	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Avg Eff Duration	4.49
High	Avg Eff Maturity	6.60
Mid	Avg Credit Quality	—
Low	Avg Wtd Coupon	4.85
	Avg Wtd Price	105.82

Credit Analysis 03-31-2010	Bond %
AAA	76.83
AA	4.13
A	10.16
BBB	8.85
BB	0.00
B	0.00
Below B	0.03
NR/NA	0.00

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

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# Hypothetical Report Disclosure Statement

## General

This is an illustration of a simulated investment that assumes the portfolio holding(s) were purchased on the first day of the period indicated. Sales and tax charges, including those required in the event of transfers between assets, are taken into account at the rates shown and may be higher or lower than what an investor would have actually paid had the investments been purchased then or now. The performance data represents past performance and is not indicative of future results. Principal value and investment returns will fluctuate, and an investor's shares/units, when redeemed, may be worth more or less than the original investment.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

The investment returns do not reflect active trading and do not necessarily reflect the results that might have been achieved by active management of the account. The investment returns of other clients of the advisor may differ materially from the investment portrayed.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

## Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Charges and Fees section.

**When pre-inception data is presented in the report, the header at the top of the report will indicate this.**

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

The investment returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns may be reduced if additional fees are incurred.

Performance for closed-end and exchange-traded funds is calculated based on the fund's end of the day market prices as reported by the New York Stock Exchange. Separate account performance is based on the mean experience of an investor in the account.

This illustration may reflect the results of systematic investments and/or withdrawals. Systematic investment does not ensure a profit, nor does it protect the investor against a loss in a declining market. Also, systematic investing will

not keep an investor from losing money if shares are sold when the market is down.

## Investment Summary Graph

The investment summary graph plots the approximate market value of the security or portfolio over the investing horizon. It may also include the total investment assumed in the illustration and/or a benchmark. Total investment includes dollar inflows and outflows, including outflows representing noted taxes and annual fees paid out of pocket. If a benchmark index is included on a graph, it assumes a similar pattern of investment/withdrawal as that of the security or portfolio. Taxes and transaction costs are also applied to the benchmark index. Note that direct investment in an index is not possible. Indexes are unmanaged portfolios representing different asset classes, with varying levels of associated risk. The benchmark index included in the graph may or may not represent an appropriate or accurate comparison with the security or portfolio illustrated.

## Standardized Returns

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For HOLDRs, the standardized returns reflect performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Preceding this disclosure statement, standardized returns for each portfolio holding are shown.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses.

For VL subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. For VLs, additional fees specific to a VL policy such as transfer fees and cost of insurance fees, which are based on specific characteristics of an individual, are not included. If VL fees were included in the return calculations, the performance would be significantly lower. An investor should contact a financial advisor and ask for a personalized performance illustration, either hypothetical or historical, which reflects all applicable fees and charges including the cost of insurance. Please review the prospectus and SAI for more detailed information.

## Definitions of Report Terms

**Annual Fee Paid:** Your advisor was able to specify whether annual fees, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

**Average Annualized Return:** Average annualized money-weighted return (internal rate of return). In illustrations with time periods less than one year, this figure is not annualized.

**Capital Gains (Individual Report):** Percentage of the total market value of the holding that is attributable to the reinvestment of capital gains distributions.

**Charges & Fees (Investment Detail):** The sum of fees charged to the investor during the period, including front or deferred loads, VA charges, and annual fees.

**Cumulative Return:** The total money-weighted return of the investment over the entire time period of the illustration.

**Distribution/Withdrawl:** The sum of distributions not reinvested, plus any cash withdrawals during the period.

**Income (Individual Report):** The percentage of the total market value of the holding that is attributable to the reinvestment of income or dividend distributions.

**Liquidate:** Indicates whether the advisor chose that the holding be liquidated on the end date.

**Median (Comparison Report):** The total money-weighted return (internal rate of return) of the median security in the illustration for the calendar year indicated.

**New investment:** Any new cash invested during the period.

**Principal (Individual Reports):** The percentage of the total market value of the holding that is attributable to new investment.

**Rebalance (Planning Assumptions):** Indicates whether rebalancing is used, and its frequency. "No" indicates no rebalancing. Options for rebalancing frequency are monthly, quarterly, semi-annually, and annually.

**Rebalance (Investment Assumptions):** Percentage of total asset allocation to be maintained in this holding through rebalancing.

**Security Return (Comparison Report):** The total money-weighted return (internal rate of return) for the holding in the calendar year indicated, taking into account cash flows, charges, and fees.

**Subsequent Invest/Withdrawl:** The amount, type, and frequency of subsequent investments or withdrawals from the holding. Withdrawals are represented by a negative number. Systematic investments and withdrawals may be made monthly, quarterly, semi-annually, or annually. If "Custom", a custom schedule of investments or withdrawals was used.

**Taxes Due:** The total amount of taxes due from the investor, determined by applying specified tax rates to distributions and sale of shares during each calendar year.

**Taxes Paid:** Your advisor was able to specify whether taxes, if any, should be assumed paid out of pocket or from selling shares of securities held in the illustration.

**Net Amount Invested:** The total out-of-pocket expense for the investor. Includes new investment, annual fees paid to advisor, and taxes due. This figure is net of withdrawals, including liquidation.

**Total Reinvest:** The sum of distributions reinvested during the period.

**Total Return %:** The total money-weighted return (internal rate of return) on

investments for the period.

## Portfolio Snapshot Report Disclosure Statement

### General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an unscheduled portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges are not taken into account.

With "scheduled" portfolios, users input the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units, when redeemed, will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself a FINRA-member firm.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by any financial institution. Investing in securities involves investment risks including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

### Items to Note Regarding Certain Underlying Securities

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution. Although the money market seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units.

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. If the variable annuity subaccount is invested in a money-market fund, it seeks to preserve a stable per share value (i.e. \$1.00 per share), but it is possible to lose money by investment in the fund.

Variable life insurance is a cash-value life insurance that has a variable cashvalue and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. If the variable life subaccount is invested in a money-market fund, it seeks to preserve a stable per share value (i.e. \$1.00 per share), but it is possible to lose money by investment in the fund.

#### **Pre-inception Returns**

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page. When pre-inception data is presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

#### **Scheduled Portfolio Trailing Returns**

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holdings and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

#### **Scheduled Portfolio Returns-Based Performance Data**

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squareds, standard deviations, Sharpe ratios and best/worst time-period data are internal rates of return.

#### **Important VA Disclosure for Scheduled Portfolios**

For variable annuity products, policy level charges (other than front-end loads, if input by the advisor) are not factored into returns. When withdrawals and liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that currently is in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

#### **Scheduled Portfolio Investment Activity Graph**

The historic portfolio values that are graphed are those used to track the portfolio when calculating returns.

#### **Unscheduled Portfolio Returns**

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. Due to it not being in existence during the historical period being reported), the remaining portfolio holdings are re-weighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if they were, the returns stated would be reduced. The returns stated assume the reinvestment of dividends and capital gains. Mutual fund returns include all ongoing fund expenses. VA/VL returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual ongoing fund level expenses.

#### **Unscheduled Portfolio Investment Activity Graph**

The historic performance data graphed is extrapolated from the ending portfolio value based on monthly returns.

#### **Benchmark Returns**

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

#### **Standardized Returns**

For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Following this disclosure statement, standardized returns for each portfolio holding are shown.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

#### **Non-Standardized Returns**

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

For money-market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money-market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administrative fees and underlying fund-level expenses for various time periods. Non-Standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the subaccount returns would be significantly reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

#### **Investment Advisory Fees**

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

#### **Asset Allocation**

The weighting of the portfolio in various asset classes, including "Other" is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks. "Not classified" represents the portion of the portfolio that Morningstar could not classify at all, due to missing data.

In the graph and table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These new portfolio statistics help investors look "under the hood" of a portfolio. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

#### **Investment Style**

The Morningstar Style Box combines the various funds' investment strategies. For the equity style box, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For the fixed-income style box, the vertical axis shows the average credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long). Style box data is presented only for the long positions in the portfolio.

#### **Stock Sectors**

This section provides a comparison of exposure to various industry sectors between the long stock positions in the portfolio and a benchmark.

#### **Stock Regions**

This section provides the allocation of the portfolio's long stock positions to the world regions, in comparison with a benchmark.

#### **Risk and Return**

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return for the period shown.

Sharpe ratio uses a portfolio's standard deviation and total return to determine

reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

R-squared reflects the percentage of a portfolio's movements that is explained by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

#### Portfolio Yield

The dividend yield produced for the most recent 12 months is presented.

#### Fundamental Analysis

The below referenced data elements are a weighted average of the long equity holdings in the portfolio.

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a subaccounts portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Earnings ratio is calculated by dividing the market value of the equity assets by the trailing 12 month earnings. The 12 month earnings value comes from multiplying the number of shares and the adjusted trailing 12 months' earnings per share for each equity asset and summing the results.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in the underlying fund's portfolio. The P/S ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' revenues per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's long common stocks that are domiciled in developed and emerging markets.

The data elements listed below are a weighted average of the long fixed income holdings in the portfolio.

The average credit quality is derived by taking the weighted average of the credit rating for each bond in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category. This is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security. Credit quality breakdowns are shown for corporate-bond holdings and depicts the quality of bonds in the underlying portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poors or Moodys). This figure is not provided for financial companies.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bond's interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The data elements listed below are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees. Please note for mutual funds, variable annuities/life, ETFs and closed-end funds we use the gross prospectus ratio as provided in the prospectus. Separate accounts and stocks are excluded from the average expense ratio.

Potential capital gains exposure is the percentage of a holding's total assets that represent capital appreciation.

## Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is to be used as supplemental sales literature, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar.

#### Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Performance section.

**When pre-inception data are presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.**

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of

that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Total return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Standardized Total Return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges and all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized returns never include pre-inception history.

Morningstar % Rank within Morningstar Category does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year.

### Growth of 10,000

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

**If pre-inception data is included in the analysis, it will be graphed.**

### Risk and Return

The Morningstar Rating is calculated for funds with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Please note that some Morningstar proprietary calculations, including the Morningstar Rating, may be calculated based on adjusted historical returns (pre-inception returns). If the extended performance rating is in effect, the "stars" are represented as unshaded stars. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance, placing more emphasis on downward

variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. This investment's independent Morningstar Rating metric is then compared against the open-end mutual fund universe's actual performance breakpoints to determine its extended performance rating. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the actual performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

**If pre-inception returns are included in this analysis, the risk and return profile data calculated on the basis of these returns will appear in italics.**

### Risk Measures

The risk measures below are calculated for funds with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the fund's returns.

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of a fund's movements that is explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad

market index and a "Best fit" index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

**Risk measures calculated using pre-inception data, if included in the analysis, will be presented in italics.**

### Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

### Style Analysis

The Morningstar Style Box reveals a fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

### Equity Portfolio Statistics

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests.

### Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average credit quality is calculated by taking the weighted average of the credit rating for each bond in the portfolio.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

### Operations

Purchase constraints denote if a mutual fund has any of the following qualities: Qualified Access (A), Institutional (T), Closed to New Investments, (C) or Closed to All Investments (L). Because these qualities can all act as restrictions and/or requirements for investment, they are grouped together.

Potential capital gains exposure is the percentage of a mutual fund's total assets that represents capital appreciation.

### Fees and Expenses

Prospectus Gross Expense Ratio reflects the annual percentage of a fund's

assets paid out in expenses. Expenses include management, 12B-1, transfer agent and all other asset-based fees associated with the fund's daily operations and distribution, with the exception of brokerage commissions. It does not reflect expenses that have been reimbursed by the investment advisor, reductions from brokerage service arrangements or other expense offset arrangements.

Prospectus Net Expense Ratio reflects actual expenses paid by the fund as well as any voluntary waivers, reductions from brokerage service arrangements and any other expense offset arrangements.

## Investment Risks

**International/Emerging Market Equities:** Investing in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

**Sector Strategies:** Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

**Non-Diversified Strategies:** Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

**Small Cap Equities:** Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

**Mid Cap Equities:** Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

**High-Yield Bonds:** Portfolios that invest in lower-rated debt securities (commonly referred as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

**Tax-Free Municipal Bonds:** The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

**Bonds:** Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio decline. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

**HOLDRs:** The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

**Hedge Funds:** The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international

investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

**Bank Loan/Senior Debt:** Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

**Short Positions:** When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

**Long-Short:** Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

**Liquidity Risk:** Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

**Market Price Risk:** The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV which will affect an investor's value.

**Market Risk:** The market prices of ETF's and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

**Target-Date Funds:** Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date of when investors expect to begin withdrawing their money. Target-date fund's investment objective/strategy typically becomes more conservative over time primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at anytime, including at the fund's target date.

## Benchmark Disclosure

### BarCap US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which include reinvestment of dividends.

### BarCap US Govt/Credit 5-10 Yr TR USD

Represents a combination of the Government and Corporate Bond indices for bonds with maturities between 5 and 10 years. Includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, and Government index) indices. The returns we publish for the index are total returns, which include reinvestment of dividends.

**MSCI EAFE NR USD**

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

**Russell 1000 TR USD**

Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose.

**S&P 500 TR**

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends.

**USTREAS T-Bill Auction Ave 3 Mon**

Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.