

**YEAR IN REVIEW**

Civil unrest, geopolitical and bipartisan brinkmanship, as well as slowing global growth defined the investment landscape in 2011. These factors, in concert with fiscal and monetary intervention, shaped financial market returns. The European sovereign debt crisis intensified as Europe’s leaders proved unable to develop a concrete plan to resolve problems that some feared would threaten the existence of the European Union. Widespread protests in the Middle East during what came to be known as the Arab Spring eventually led to regime changes in Tunisia, Egypt, and Libya, and spurred the ongoing violence in Syria and other countries. Regime changes were not isolated to the Middle East; the governments of the European countries that received bailouts (Ireland, Portugal, and Greece) experienced leadership changes over the course of the year, while other nations considered most at risk of financial contagion (Italy and Spain) also experienced shifts. Domestically, an escalating and contentious divide between political parties led to a series of stalemates

and last-minute compromises that brought the United States dangerously close to defaulting on its debt obligations and resulted in a credit rating downgrade by Standard and Poor’s. Frustration with elected officials and increasing inequality in the U.S. gave rise to the Occupy Wall Street movement, which spread nationally and globally.

In response to the weakening global economy and forced austerity measures, central banks around the world took action to maintain market liquidity and enact pro-growth policies. In September, the Federal Reserve, which had concluded its second program of quantitative easing in June, announced Operation Twist. The program would use a combination of proceeds from maturities and sales of short-term holdings to invest in longer-dated Treasuries in an effort to influence long-term interest rates and spur long-term investment. The European Central Bank (ECB) loosened collateral rules, allowing lower-rated sovereign debt to be posted in exchange for loans. In an attempt to

| Market Returns (%)          | 1-Year | 2-Year | 3-Year | 5-Year | 7-Year | 10-Year | 2010 | 2009  | 2008  | 2007  | 2006 |
|-----------------------------|--------|--------|--------|--------|--------|---------|------|-------|-------|-------|------|
| U.S. Equities               | 2.1    | 8.4    | 14.1   | -0.3   | 2.6    | 2.9     | 15.1 | 26.5  | -37.0 | 5.5   | 15.8 |
| Developed Non-U.S. Equities | -12.1  | -2.7   | 7.7    | -4.7   | 1.7    | 4.7     | 7.8  | 31.8  | -43.4 | 11.2  | 26.3 |
| Emerging Markets Equities   | -18.4  | -1.5   | 20.1   | 2.4    | 10.4   | 13.9    | 18.9 | 78.5  | -53.3 | 39.4  | 32.2 |
| Global Equities             | -7.4   | 2.2    | 12.0   | -1.9   | 2.8    | 4.2     | 12.7 | 34.6  | -42.2 | 11.7  | 21.0 |
| U.S. Core Bond              | 7.8    | 7.2    | 6.8    | 6.5    | 5.6    | 5.8     | 6.5  | 5.9   | 5.2   | 7.0   | 4.3  |
| U.S. Long Treasuries        | 29.9   | 19.2   | 7.4    | 11.0   | 9.0    | 8.9     | 9.4  | -12.9 | 24.0  | 9.8   | 1.8  |
| High Yield                  | 5.0    | 10.0   | 24.1   | 7.5    | 7.4    | 8.9     | 15.1 | 58.2  | -26.2 | 1.9   | 11.9 |
| Non-U.S. Bonds              | 5.2    | 5.7    | 5.2    | 7.2    | 4.7    | 8.4     | 5.2  | 4.4   | 10.1  | 11.5  | 7.0  |
| U.S. TIPS                   | 13.6   | 9.9    | 10.4   | 7.9    | 6.1    | 7.6     | 6.3  | 11.4  | -2.4  | 11.6  | 0.5  |
| Commodities                 | -13.3  | 0.6    | 6.4    | -2.1   | 1.6    | 6.6     | 16.8 | 18.9  | -35.6 | 16.2  | 2.1  |
| Global REITs                | -8.1   | 5.0    | 15.9   | -8.4   | 0.2    | 1.3     | 20.0 | 41.3  | -48.9 | -18.8 | 23.0 |
| Hedge Funds                 | -4.8   | 4.9    | 8.0    | 2.3    | 4.7    | 5.9     | 10.2 | 20.0  | -19.0 | 10.0  | 12.9 |
| Private Equity (9/30/11)    | 18.0   | 16.2   | 7.6    | 8.5    | 12.5   | 9.3     | 14.5 | -7.8  | -6.3  | 28.9  | 17.5 |
| Cash                        | 0.1    | 0.1    | 0.1    | 1.4    | 2.1    | 1.9     | 0.1  | 0.2   | 1.8   | 4.7   | 4.8  |
| 70% S&P 500/30% BC Agg.     | 4.1    | 8.4    | 12.3   | 2.1    | 3.8    | 4.1     | 12.9 | 20.4  | -26.0 | 6.1   | 12.3 |
| Diversified Mix*            | -0.6   | 5.6    | 11.0   | 1.2    | 4.4    | 5.3     | 12.3 | 22.7  | -28.1 | 7.8   | 15.1 |
| U.S. Inflation**            | 3.2    | 2.3    | 2.5    | 2.3    | 2.5    | 2.5     | 1.5  | 2.7   | 0.1   | 4.1   | 2.5  |

\*Based on broad market indices; see page 10 for description of indices and the Diversified Asset Mix.

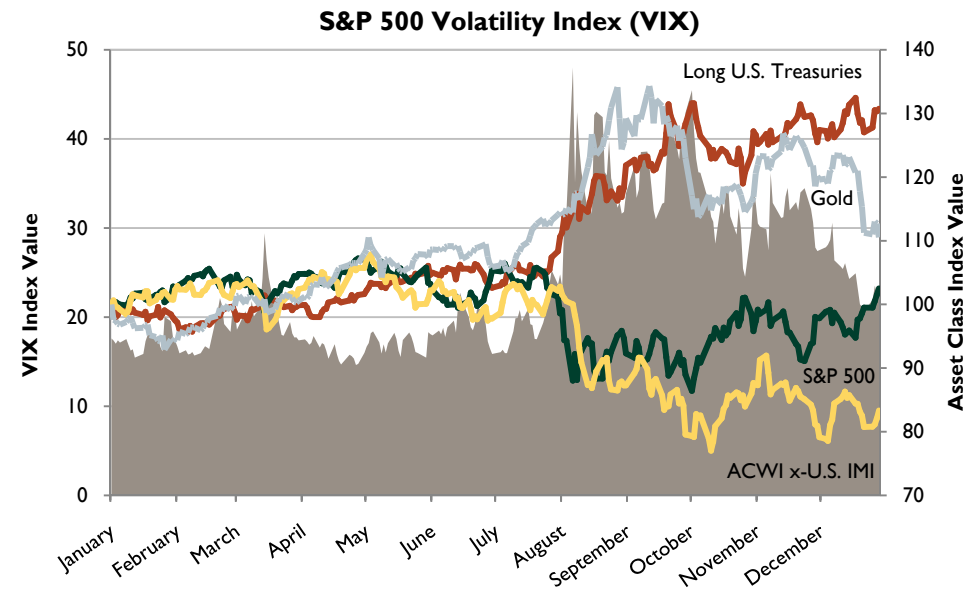
\*\* IA SBBI U.S. Inflation; see page 10 for description of indices.

lower borrowing costs and improve liquidity, the ECB also actively purchased sovereign debt issued by Ireland, Portugal, Spain, and Italy. Other central banks shifted monetary policy from tightening—in response to inflation concerns at the outset of the year—to easing, following concerns over a slowdown in economic growth. Such policy shifts occurred across the globe, in both emerging markets (Brazil, the Czech Republic, and Indonesia) and developed markets (Norway, Sweden, Australia, and Switzerland). Central banks also intervened in the currency markets during the year with a notable coordination of G-7 countries to support the Japanese yen following the March earthquake and tsunami. These efforts were followed by two separate interventions by the Bank of Japan and the Swiss National Bank to stem the appreciation resulting from their status as safe haven currencies. Lastly, major central banks injected liquidity into the markets via coordinated swap lines as European banks found it increasingly difficult to borrow in the interbank lending market or through U.S. money market funds—typically a rich source of funding.

With the exception of a spike in March that was linked to Japan's natural disasters and subsequent nuclear crisis, market volatility, as measured by the CBOE Volatility Index (VIX), remained below the long-term average of approximately 20 through much of the first half of the year. While volatility remained moderate through the summer, the heated debate in Congress over raising the U.S. debt ceiling led to heightened fears of a potential default. As the summer wore on, the vitriolic political climate prompted Standard and Poor's to downgrade the country's credit rating from AAA to AA+ during the first week of August, and the VIX spiked again in that month. Amidst the sovereign debt crisis, rising uncertainty in the Middle East, fiscal and monetary tightening in the emerging markets, and signs of a slowdown in economic growth, higher volatility persisted throughout the remainder of 2011.

Following the U.S. sovereign credit rating downgrade in August, investors fled riskier assets for perceived safety. The chart to the right overlays the indexed returns of various asset classes and market volatility (shaded portion). Safe havens such as longer-dated U.S. Treasury bonds (red line in the chart) and gold (light blue line) began to outperform risky

asset classes such as the S&P 500 (dark green line) and ACWI ex-U.S. IMI (yellow line) toward the end of the summer.



Longer-dated U.S. Treasuries, which also benefited from demand associated with Operation Twist, were the year's top performers across asset classes, besting domestic and international stocks by 28% and 47%, respectively. Despite the downgrade and the political divide, long U.S. Treasuries remained the preferred investment during risk-off periods. During the fourth quarter, ECB liquidity injections helped dampen volatility, and equity markets gained ground with the S&P 500 pushing into positive territory for the year (+2.1%) despite the turbulence. Non-U.S. equities, however, experienced less of a recovery, as the MSCI EAFE and EM Indexes closed 2011 with losses of 12.1% and 18.4%, respectively.

The traditional allocation of 70% equities and 30% fixed income (as measured by a 70% S&P 500/ 30% Barclays Capital Aggregate blended index) appreciated 4.1% for the calendar year. A broader diversified portfolio mix incorporating private investments, real assets, hedge funds, and non-U.S. equities, materially underperformed the traditional asset mix over that period. The weakness in non-U.S. equities—both

developed and emerging—was the primary cause of the underperformance of the diversified portfolio relative to the 70/30 mix. Global REITs, commodities, and hedge funds also detracted from results relative to the traditional portfolio, while exposure to TIPS and private equity benefited the diversified portfolio. Though market conditions in the near-term have punished globally oriented investors, we believe the diversified portfolio mix has the potential for a significant return advantage over the traditional portfolio for longer-term time periods.

Since 2008, flexible capital fund results versus the broad market have been generally disappointing. Flexible capital funds have trailed the S&P 500 Index in each of the three years since the financial crisis. In 2011, hedge funds failed to protect capital, declining 5.1%, while the Index returned 2.1%. Hedge funds have historically captured more than half the upside in the S&P 500, while protecting capital in down periods. However, the amount of upside capture has decreased significantly as many hedge funds have more cautiously increased market exposure after drawdowns. In some cases, funds have been forced out of positions prematurely due to macro-driven actions in the market. Many funds have added tail risk hedges and have been more conservative in their investment approaches. With no apparent resolution to macroeconomic concerns, funds will likely maintain a relatively conservative approach. Return pressure for flexible capital funds is expected to increase due to changing industry dynamics, including increased government regulation in the United States and abroad, basis risk associated with imperfect hedges, increased hedging costs, and a greater reliance on market hedges/ETFs. We continue to recommend the utilization of flexible capital strategies as they provide diversification and the potential to benefit from market dislocations through the latitude of the wider opportunity set. In addition, we still believe a properly constructed flexible capital allocation can provide downside protection for the total portfolio.

*Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses. Past performance is not an indication of future results. This report is intended for informational purposes only; it does not constitute an offer, nor does it invite anyone to make an offer to buy or sell securities. Information herein has been obtained from third-party sources that are believed to be reliable; however, the accuracy of the data is not guaranteed and may not have been independently verified. Content is current as of the date indicated and is subject to change without notice. It does not take into account the specific investment objectives, financial situations, or needs of individual or institutional investors. All commentary contained within is the opinion of Prime Buchholz and intended solely for our clients. Unless otherwise noted, Bloomberg was the source for data used in this report.*

## OUTLOOK

Macroeconomic and political events held the market's attention for much of 2011, often casting market fundamentals aside and creating dramatic fluctuations in asset values during the year. Looking ahead to 2012, this trend is unlikely to change. There is potential for significant government turnover, with several Middle Eastern countries facing transition. Meanwhile, the European sovereign debt crisis continues to drive market volatility and another debt ceiling debate looms on the horizon in the United States. Currency market intervention efforts appear to be on the rise and many countries face slowing economic growth. Consequently, investors remain focused on short-term dislocations, and there is greater demand for yield and a continued aversion to illiquidity. As a result, there may be significant opportunities for investors with longer-term investment horizons. We encourage investors to capitalize, where possible, on what appear to be relatively attractive entry points in select asset classes, such as private equity and real assets.

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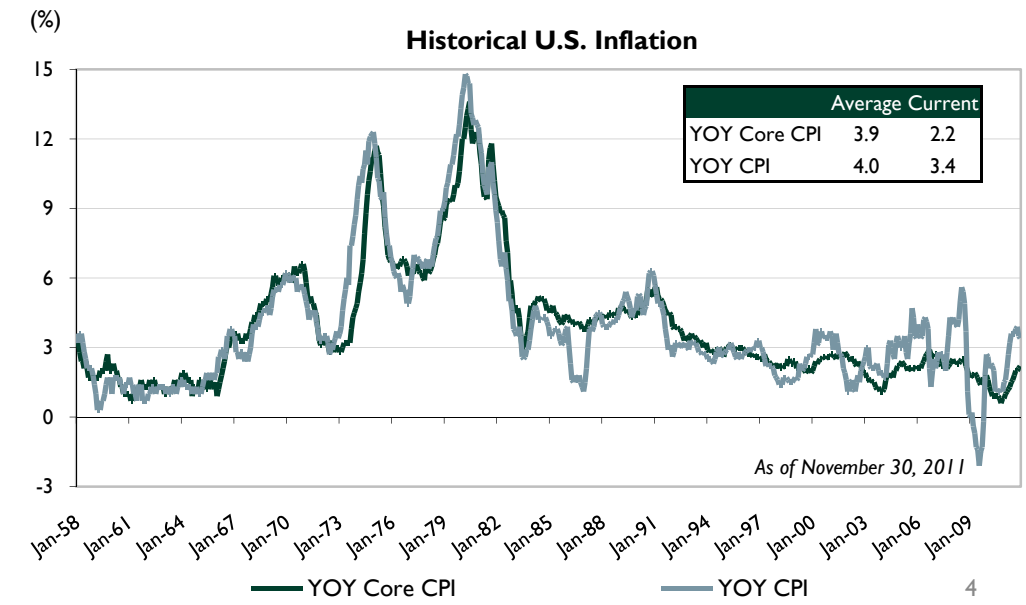
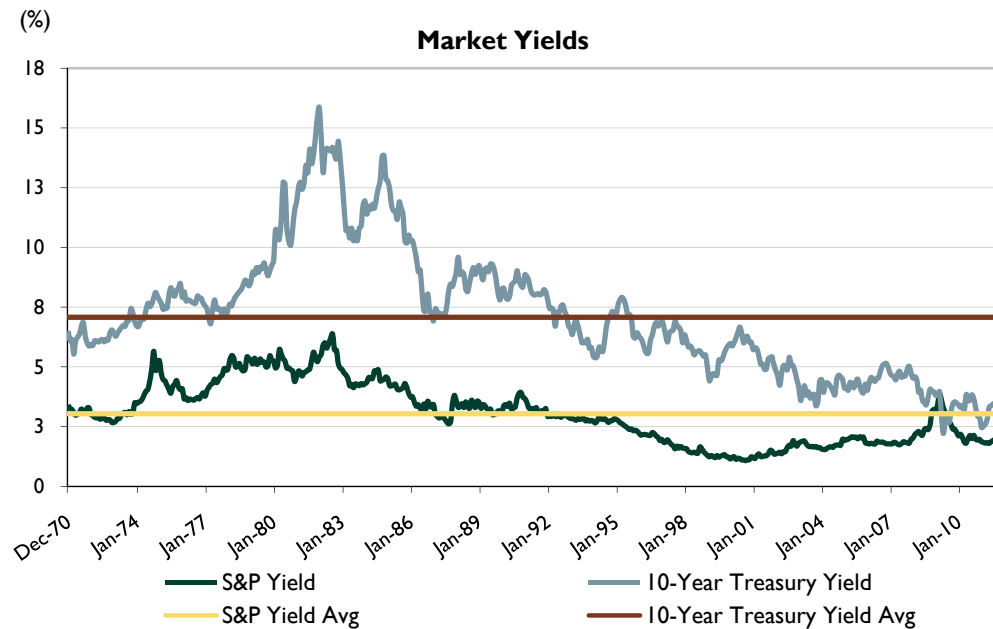
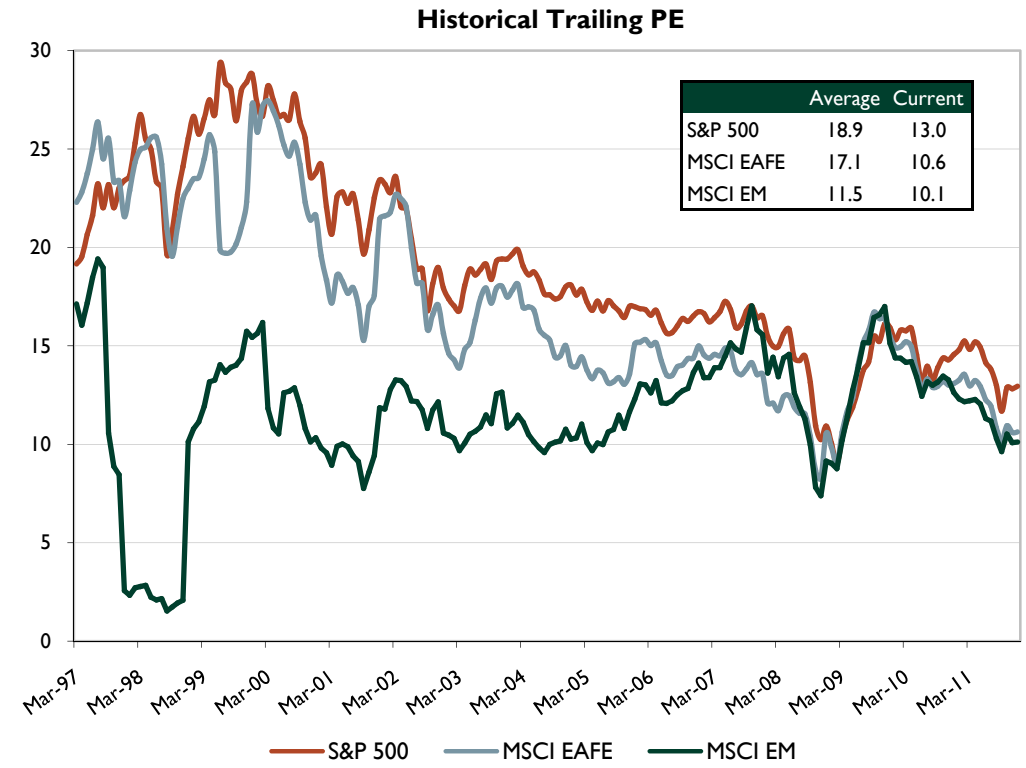
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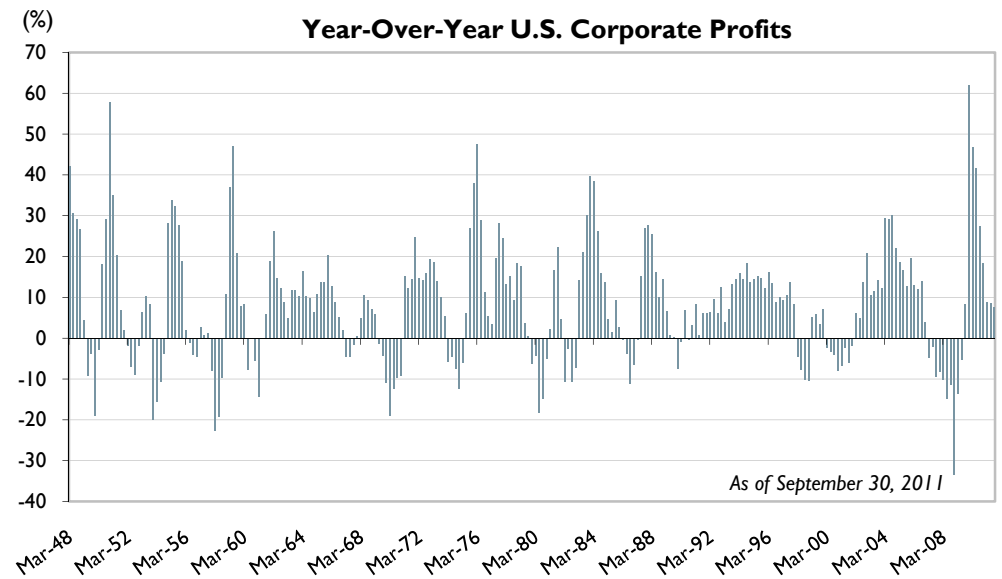
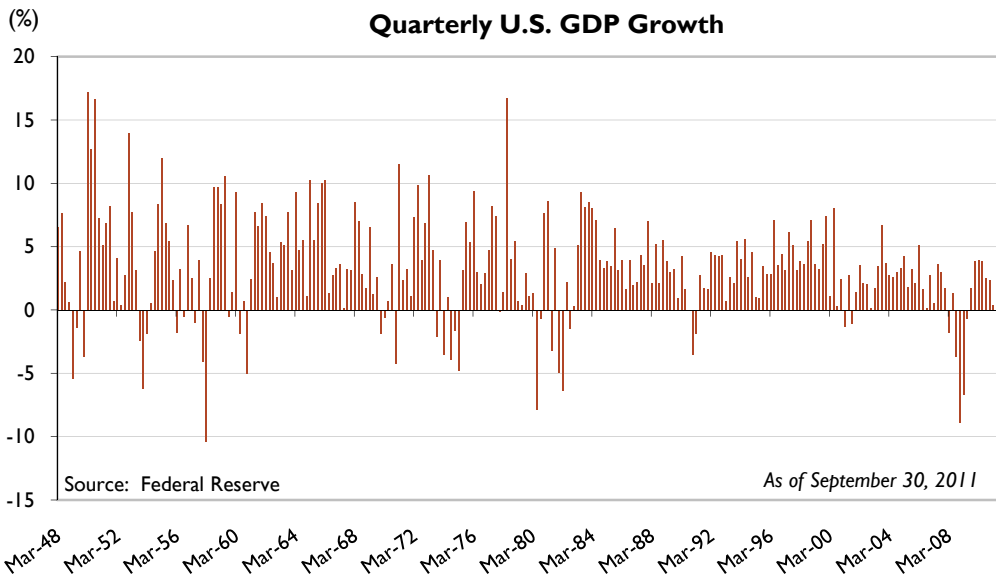
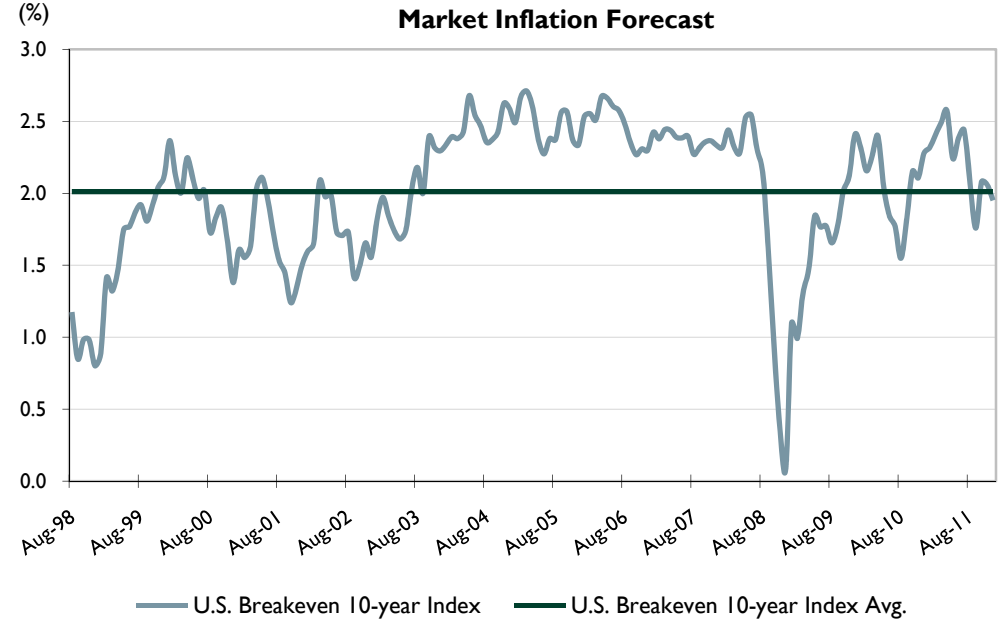
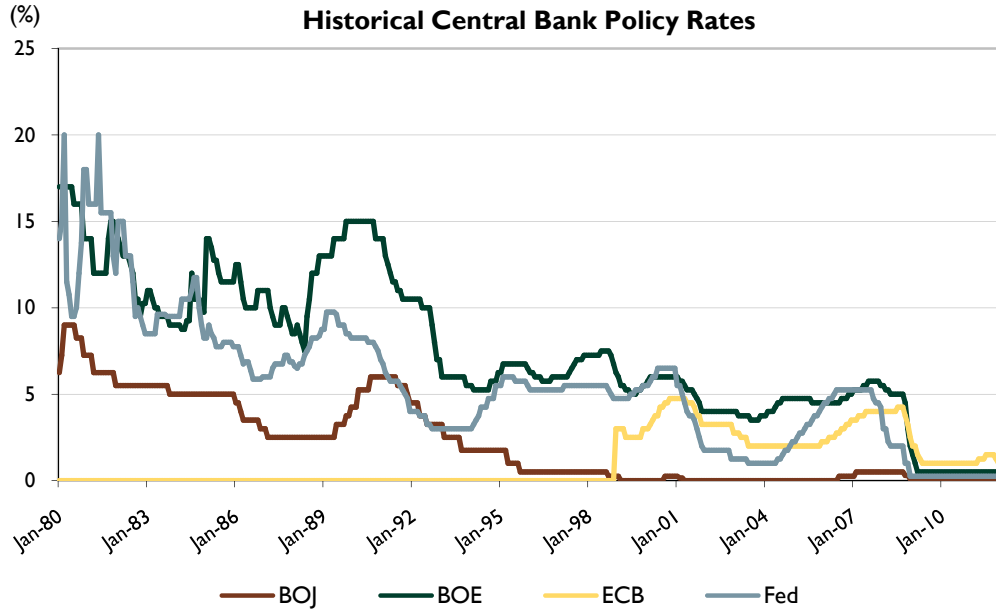
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| Key Valuation Metrics Summary                 | Current Period | 1 Year Ago | LT Average* |
|---|----------------|------------|-------------|
| <b>Equities – Trailing P/E (x)</b>            |                |            |             |
| S&P 500                                       | 13.0           | 14.6       | 18.9        |
| MSCI EAFE                                     | 10.6           | 13.1       | 17.1        |
| MSCI EM                                       | 10.1           | 12.6       | 11.5        |
| <b>Credit – OAS (bps)</b>                     |                |            |             |
| BC Aggregate                                  | 87             | 56         | 56          |
| BC High Yield                                 | 699            | 526        | 527         |
| BC IG Corporate                               | 234            | 156        | 132         |
| <b>Deflation Hedging – Nominal Yields (%)</b> |                |            |             |
| 10-Year U.S. Treasury                         | 1.9            | 3.3        | 6.7         |
| 30-Year U.S. Treasury                         | 2.9            | 4.3        | 7.1         |
| <b>Inflation Hedging</b>                      |                |            |             |
| 10-Year U.S. TIPS Yields (%)                  | -0.1           | 1.0        | 2.4         |
| S&P Energy Equity Trailing P/E (x)            | 11.1           | 14.2       | 17.4        |
| S&P REITs Dividend Yield (%)                  | 3.2            | 3.5        | 4.7         |
| <b>Non-U.S. Bonds</b>                         |                |            |             |
| BC Global Treasury ex-U.S. Yield (%)          | 2.2            | 2.2        | 5.0         |
| BC EMD (USD) Treasury Spread (bps)            | 3.8            | 2.5        | 4.0         |

\* Based on longest monthly history available in Bloomberg or Barclays Capital Live



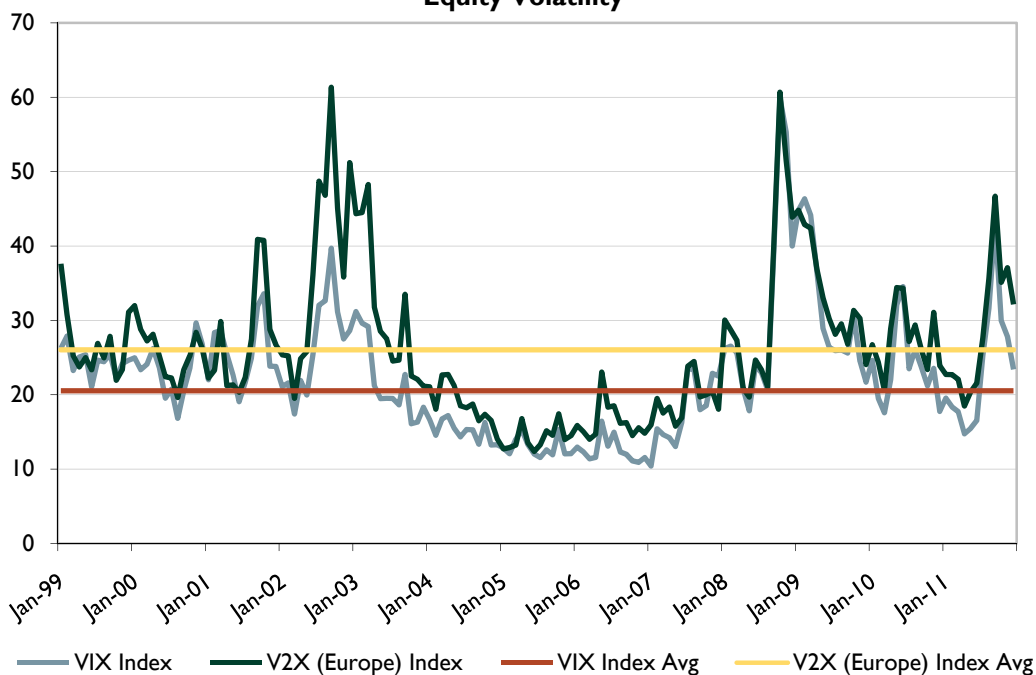


Equity Market Returns (%)

|                             | MTD  | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |     |
|-----------------------------|------|------|-------|--------|--------|--------|--------|---------|-----|
| S&P 500                     | 1.0  | 11.8 | 2.1   | 2.1    | 8.4    | 14.1   | -0.2   | 2.9     |     |
| Russell 3000                | 0.8  | 12.1 | 1.0   | 1.0    | 8.7    | 14.9   | 0.0    | 3.5     |     |
| Russell 2000                | 0.7  | 15.5 | -4.2  | -4.2   | 10.3   | 15.6   | 0.2    | 5.6     |     |
| Russell 1000                | 0.8  | 11.8 | 1.5   | 1.5    | 8.6    | 14.8   | 0.0    | 3.3     |     |
| MSCI ACWI (USD)             | -0.2 | 7.2  | -7.4  | -7.4   | 2.2    | 12.0   | -1.9   | 4.2     |     |
| MSCI ACWI (Local)           | 0.5  | 7.4  | -6.5  | -6.5   | 1.7    | 10.2   | -2.8   | 2.4     |     |
| MSCI ACWI ex-U.S. (USD)     | -1.1 | 3.7  | -13.7 | -13.7  | -2.1   | 10.7   | -2.9   | 6.3     |     |
| MSCI ACWI ex-U.S. (Local)   | 0.2  | 4.1  | -12.2 | -12.2  | -2.8   | 7.6    | -4.4   | 2.6     |     |
| MSCI EAFE (USD)             | -1.0 | 3.3  | -12.1 | -12.1  | -2.7   | 7.7    | -4.7   | 4.7     |     |
| MSCI EAFE (Local)           | 0.5  | 4.1  | -12.2 | -12.2  | -4.1   | 4.7    | -6.6   | 0.7     |     |
| MSCI EM (USD)               | -1.2 | 4.4  | -18.4 | -18.4  | -1.5   | 20.1   | 2.4    | 13.9    |     |
| MSCI EM (Local)             | 0.0  | 4.8  | -12.7 | -12.7  | -0.2   | 17.4   | 3.1    | 12.3    |     |
| London – FTSE 100*          | 1.3  | 9.6  | -1.5  | -1.5   | 5.5    | 12.5   | 2.0    | 4.7     | GBP |
| Japan – Nikkei 225*         | 0.4  | -2.7 | -15.6 | -15.6  | -8.8   | 0.3    | -11.8  | -0.9    | JPY |
| Hong Kong – Hang Seng*      | 2.6  | 5.1  | -17.4 | -17.4  | -5.3   | 12.0   | 1.6    | 8.5     | HKD |
| China – Shanghai Composite* | -5.7 | -6.7 | -20.2 | -20.2  | -16.6  | 8.3    | -2.5   | 4.6     | CNY |

\*Returns in local currency

Equity Volatility



MSCI ACWI USD Returns by Sector (%)

| MSCI ACWI Sectors      | MTD  | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |
|------------------------|------|------|-------|--------|--------|--------|--------|---------|
| Consumer Discretionary | -0.5 | 6.7  | -4.9  | -4.9   | 9.3    | 20.0   | -0.4   | 4.4     |
| Consumer Staples       | 1.5  | 8.0  | 8.6   | 8.6    | 11.8   | 16.1   | 7.4    | 9.3     |
| Energy                 | -1.2 | 15.0 | -2.6  | -2.6   | 4.6    | 13.6   | 2.7    | 11.1    |
| Financials             | 0.3  | 4.3  | -19.0 | -19.0  | -6.9   | 6.0    | -12.0  | 0.5     |
| Health Care            | 3.2  | 7.9  | 9.6   | 9.6    | 6.6    | 11.0   | 2.6    | 3.8     |
| Industrials            | 0.3  | 9.9  | -9.8  | -9.8   | 5.9    | 13.3   | -0.8   | 5.5     |
| Information Technology | -1.0 | 6.9  | -4.2  | -4.2   | 3.5    | 19.3   | 1.4    | 1.8     |
| Materials              | -4.3 | 4.9  | -21.2 | -21.2  | -2.0   | 18.0   | 1.9    | 11.9    |
| Telecom                | -0.1 | 4.0  | 0.7   | 0.7    | 6.5    | 10.0   | 2.6    | 4.9     |
| Utilities              | -0.3 | 2.4  | -3.5  | -3.5   | -1.3   | 2.6    | -1.4   | 8.1     |

International USD Returns by Region (%)

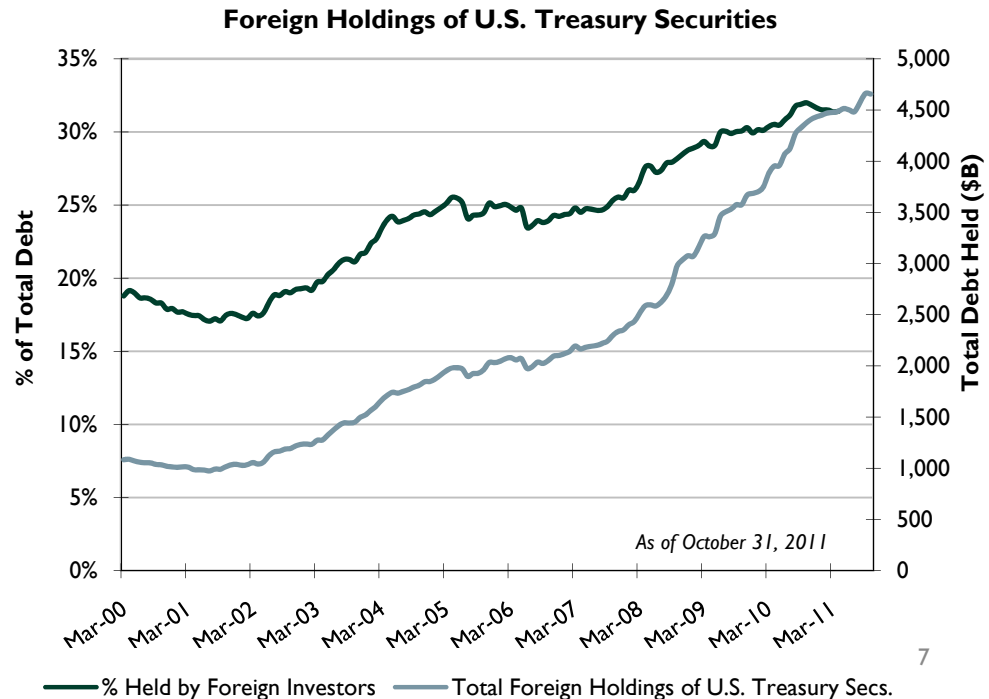
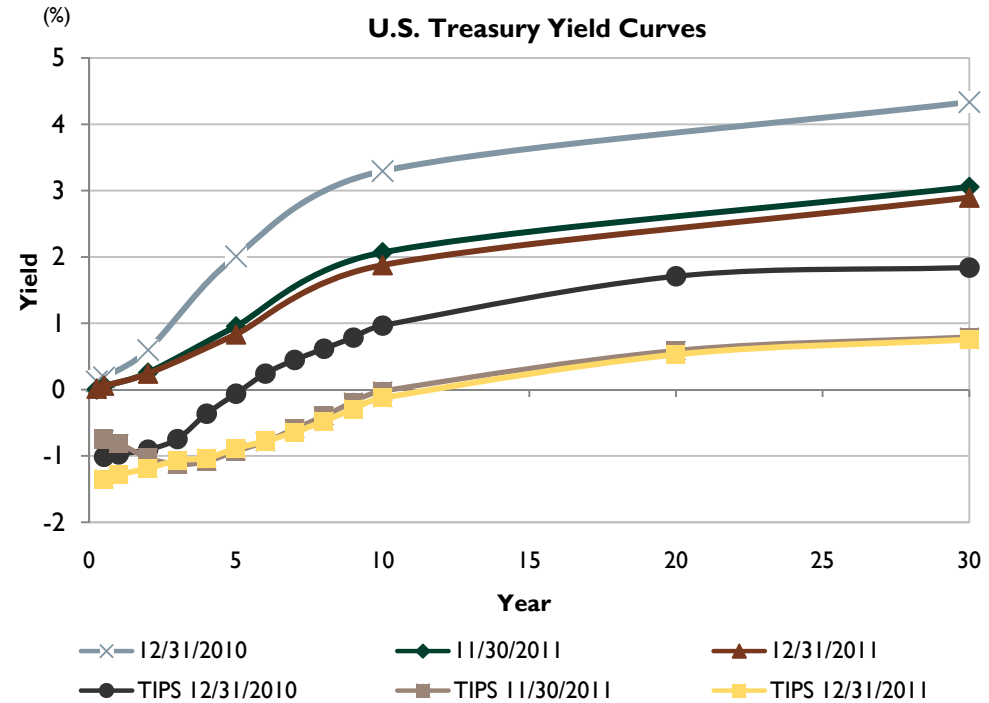
|                          | MTD   | QTD   | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |
|--------------------------|-------|-------|-------|--------|--------|--------|--------|---------|
| MSCI ACWI                | -0.2  | 7.2   | -7.4  | -7.4   | 2.2    | 12.0   | -1.9   | 4.2     |
| <b>Developed Markets</b> |       |       |       |        |        |        |        |         |
| MSCI EAFE                | -1.0  | 3.3   | -12.1 | -12.1  | -2.7   | 7.7    | -4.7   | 4.7     |
| MSCI Europe ex-U.K.      | -2.4  | 3.4   | -15.3 | -15.3  | -7.2   | 4.5    | -6.2   | 4.1     |
| MSCI U.K.                | 0.1   | 9.1   | -2.6  | -2.6   | 6.0    | 15.0   | -3.2   | 4.8     |
| MSCI Japan               | 0.8   | -3.9  | -14.3 | -14.3  | -1.1   | 1.7    | -6.6   | 3.0     |
| MSCI Asia ex-Japan       | -0.9  | 6.0   | -12.8 | -12.8  | 2.0    | 20.8   | 2.7    | 11.6    |
| <b>Emerging Markets</b>  |       |       |       |        |        |        |        |         |
| MSCI EM                  | -1.2  | 4.4   | -18.4 | -18.4  | -1.5   | 20.1   | 2.4    | 13.9    |
| <b>MSCI EMEA</b>         | -6.5  | 2.9   | -20.4 | -20.4  | -0.8   | 18.2   | -1.3   | 14.1    |
| MSCI Russia              | -10.6 | 6.2   | -19.6 | -19.6  | -2.1   | 25.1   | -8.6   | 13.8    |
| <b>MSCI EM Asia</b>      | 0.7   | 3.3   | -17.4 | -17.4  | -1.8   | 19.5   | 2.5    | 12.1    |
| MSCI China               | 2.5   | 8.1   | -18.4 | -18.4  | -14.6  | 11.5   | 2.5    | 15.1    |
| MSCI India               | -6.0  | -14.3 | -37.2 | -37.2  | -24.0  | 15.5   | -1.2   | 16.2    |
| <b>MSCI EM LatAm</b>     | -1.6  | 8.7   | -19.4 | -19.4  | -3.9   | 23.5   | 6.6    | 18.7    |
| MSCI Brazil              | -2.0  | 8.8   | -21.9 | -21.9  | -8.8   | 23.9   | 8.3    | 21.2    |

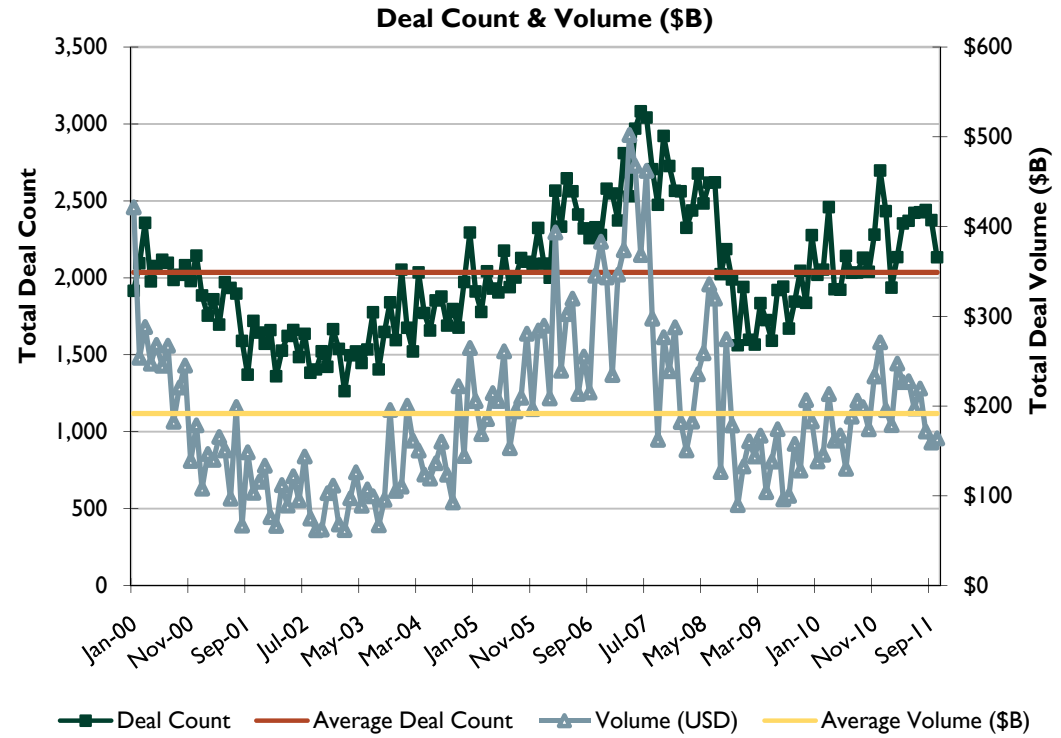
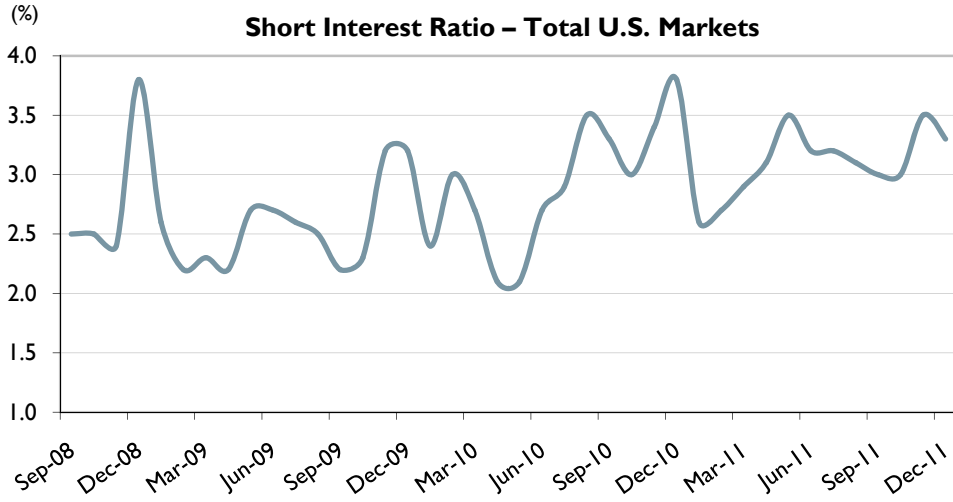
| Bond Market Returns (%)           |      |      |       |        |        |        |        |         |       |
|-----------------------------------|------|------|-------|--------|--------|--------|--------|---------|-------|
|                                   | MTD  | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year | Curr. |
| BC 1-3 Month Treasury             | 0.0  | 0.0  | 0.1   | 0.1    | 0.1    | 0.1    | 1.4    | 1.9     | USD   |
| BC 1-3 Year Treasury              | 0.0  | 0.2  | 1.6   | 1.6    | 2.0    | 1.6    | 3.7    | 3.3     | USD   |
| BC Long Treasury                  | 3.1  | 1.9  | 29.9  | 29.9   | 19.2   | 7.4    | 11.0   | 8.9     | USD   |
| BC Intermediate Treasury          | 0.6  | 0.7  | 6.6   | 6.6    | 5.9    | 3.4    | 6.0    | 4.8     | USD   |
| BC Emerging Markets               | 1.0  | 3.9  | 5.8   | 5.8    | 8.3    | 16.8   | 7.1    | 11.2    | USD   |
| BC EM Local Currency Gov          | -1.2 | 1.4  | 0.3   | 0.3    | 6.3    | 9.8    | --     | --      | *     |
| BC Global Treas (Unhedged)        | 0.8  | 0.0  | 6.3   | 6.3    | 6.1    | 5.0    | 7.1    | 7.8     | USD   |
| BC Global Treas (Hedged)          | 1.6  | 0.7  | 5.5   | 5.5    | 4.6    | 3.4    | 5.0    | 4.8     | USD   |
| BC Global Treas x-U.S. (Unhedged) | 0.8  | -0.3 | 5.2   | 5.2    | 5.7    | 5.2    | 7.2    | 8.4     | USD   |
| BC Global Treas x-U.S. (Hedged)   | 1.9  | 0.6  | 4.2   | 4.2    | 3.5    | 3.1    | 4.4    | 4.5     | USD   |
| BC Municipal Bond                 | 1.9  | 2.1  | 10.7  | 10.7   | 6.5    | 8.6    | 5.2    | 5.4     | USD   |
| BC Aggregate                      | 1.1  | 1.1  | 7.8   | 7.8    | 7.2    | 6.8    | 6.5    | 5.8     | USD   |
| BC Eurozone Government            | 4.0  | -0.5 | 3.4   | 3.4    | 2.3    | 3.0    | 4.0    | 4.6     | EUR   |
| - Austria                         | 4.2  | -0.4 | 6.1   | 6.1    | 6.5    | 5.8    | 5.6    | 5.5     | EUR   |
| - Belgium                         | 6.3  | -0.7 | 4.1   | 4.1    | 3.1    | 3.7    | 4.4    | 4.9     | EUR   |
| - Finland                         | 2.5  | 1.0  | 6.8   | 6.8    | 6.4    | 5.9    | 6.0    | 5.4     | EUR   |
| - France                          | 2.2  | -1.5 | 4.5   | 4.5    | 4.9    | 4.2    | 5.2    | 5.1     | EUR   |
| - Germany                         | 3.0  | 1.8  | 9.7   | 9.7    | 8.0    | 5.9    | 6.3    | 5.7     | EUR   |
| - Ireland                         | 6.4  | -1.7 | 12.8  | 12.8   | -1.5   | 0.1    | 1.5    | 3.8     | EUR   |
| - Italy                           | 5.0  | -2.9 | -5.4  | -5.4   | -3.1   | 0.5    | 1.8    | 3.5     | EUR   |
| - Netherlands                     | 3.0  | 1.5  | 8.9   | 8.9    | 7.6    | 6.3    | 6.3    | 5.6     | EUR   |
| - Portugal                        | 6.7  | -4.0 | -22.1 | -22.1  | -15.4  | -9.2   | -3.5   | 0.7     | EUR   |
| - Spain                           | 7.1  | 1.8  | 7.3   | 7.3    | 1.3    | 2.1    | 3.4    | 4.4     | EUR   |
| BC Sterling Gilt                  | 1.7  | 5.3  | 16.6  | 16.6   | 12.0   | 7.4    | 8.0    | 6.6     | GBP   |
| BC Japan Treasury                 | 0.6  | 0.5  | 2.2   | 2.2    | 2.3    | 1.8    | 2.3    | 1.6     | JPY   |
| BC G4 Treasury                    | 0.7  | -0.5 | 6.4   | 6.4    | 5.0    | 4.1    | 6.2    | 7.0     | USD   |
| BC Canada                         | 1.2  | 3.9  | 6.8   | 6.8    | 9.4    | 11.5   | 9.0    | 11.1    | CHF   |
| BC Majors                         | 1.0  | 0.1  | 7.0   | 7.0    | 6.79   | 5.1    | 7.6    | 7.8     | USD   |

\* Local currencies

| Currency Rates (per U.S. Dollar) (% change) |      |      |       |        |        |        |        |                   |
|---|------|------|-------|--------|--------|--------|--------|-------------------|
|   | MTD  | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | Current Spot Rate |
| U.S. Dollar Spot (DXY)*                     | 2.3  | 2.1  | 1.5   | 1.5    | 1.5    | -0.5   | -0.8   | 80.1780           |
| Canadian Dollar                             | -0.3 | 2.9  | -2.3  | -2.3   | 1.5    | 6.1    | 2.7    | 1.0210            |
| Japanese Yen                                | 0.9  | 0.1  | 5.5   | 5.5    | 10.0   | 5.7    | 9.1    | 76.9100           |
| British Pound                               | -1.3 | -0.5 | -0.7  | -0.7   | -2.1   | 2.0    | -4.6   | 0.6450            |
| Euro  | -3.5 | -3.1 | -3.1  | -3.1   | -4.8   | -2.4   | -0.3   | 0.7710            |
| Australian Dollar                           | -0.8 | 5.6  | -0.3  | -0.3   | 6.6    | 13.2   | 5.3    | 0.9800            |
| Brazilian Real                              | -3.1 | 0.7  | -11.1 | -11.1  | -3.4   | 7.4    | 2.8    | 1.8668            |
| Chinese Yuan/Renminbi                       | 1.4  | 1.4  | 4.9   | 4.9    | 4.1    | 2.7    | 4.4    | 6.2949            |
| GBP/Euro                                    | 2.8  | 3.1  | 2.9   | 2.9    | 3.2    | 4.7    | -4.2   | 0.8330            |
| Yen/Euro                                    | 4.7  | 3.5  | 8.9   | 8.9    | 15.6   | 8.3    | 9.5    | 99.6600           |

\*Index measures value of USD relative to basket of foreign currencies

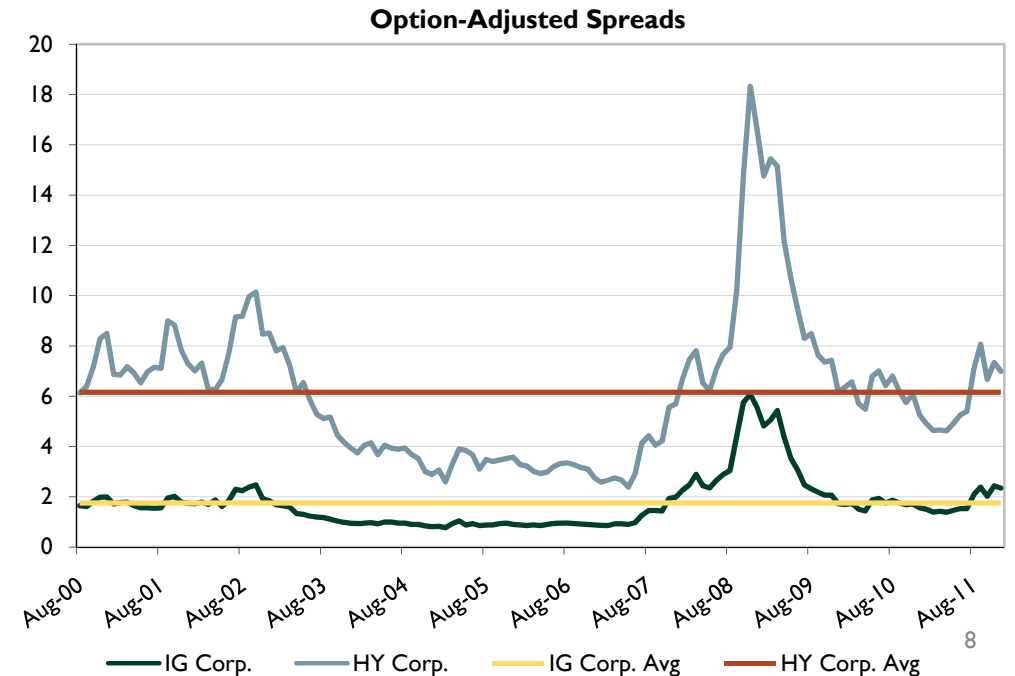




| <b>Credit Market Returns (%)</b> |     |     |     |        |        |        |        |         |
|----------------------------------|-----|-----|-----|--------|--------|--------|--------|---------|
|                                  | MTD | QTD | YTD | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |
| BC U.S. Corporate                | 2.1 | 1.9 | 8.2 | 8.2    | 8.6    | 11.9   | 6.8    | 6.4     |
| S&P Leveraged Loan 100           | 0.7 | 3.7 | 0.6 | 0.6    | 5.1    | 18.9   | 4.2    | 4.7     |
| BC High Yield                    | 2.7 | 6.5 | 5.0 | 5.0    | 10.0   | 24.1   | 7.5    | 8.9     |
| BC MBS                           | 0.7 | 0.9 | 6.2 | 6.2    | 5.8    | 5.8    | 6.5    | 5.7     |
| BC CMBS                          | 1.3 | 3.1 | 6.0 | 6.0    | 13.0   | 17.9   | 6.6    | 6.3     |
| BC ABS                           | 0.1 | 0.2 | 5.1 | 5.1    | 5.5    | 11.6   | 4.4    | 4.4     |

| <b>HFRI Index Returns (%)</b> |      |      |      |        |        |        |        |         |
|-------------------------------|------|------|------|--------|--------|--------|--------|---------|
|                               | MTD  | QTD  | YTD  | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |
| Fund Weighted                 | -0.2 | 1.3  | -4.8 | -4.8   | 4.9    | 8.0    | 2.3    | 5.9     |
| FI-Convertible Arb.           | 0.2  | 0.9  | -4.7 | -4.7   | 8.0    | 20.0   | 3.8    | 4.9     |
| Distressed Restructuring      | 0.0  | 1.8  | -2.4 | -2.4   | 9.4    | 11.9   | 2.0    | 8.4     |
| Equity Hedge (L/S)            | -0.7 | 2.2  | -8.0 | -8.0   | 1.6    | 8.2    | 0.5    | 4.6     |
| Eq. Market Neutral            | 1.2  | 2.8  | -1.3 | -1.3   | 1.5    | 1.0    | 0.4    | 2.3     |
| Event Driven                  | 0.0  | 2.3  | -2.7 | -2.7   | 8.9    | 10.8   | 2.6    | 6.8     |
| Macro/CTA                     | 0.2  | -1.2 | -3.6 | -3.6   | 4.2    | 2.8    | 4.8    | 7.2     |
| Merger Arbitrage              | 0.1  | 1.6  | 1.6  | 1.6    | 6.3    | 5.9    | 3.8    | 4.9     |
| Relative Value Arb.           | 0.5  | 1.2  | 0.5  | 0.5    | 12.0   | 12.1   | 4.7    | 6.2     |

NOTE: Returns are based on monthly HFRI Index data. HFRX Indexes are used when HFRI data is not available.

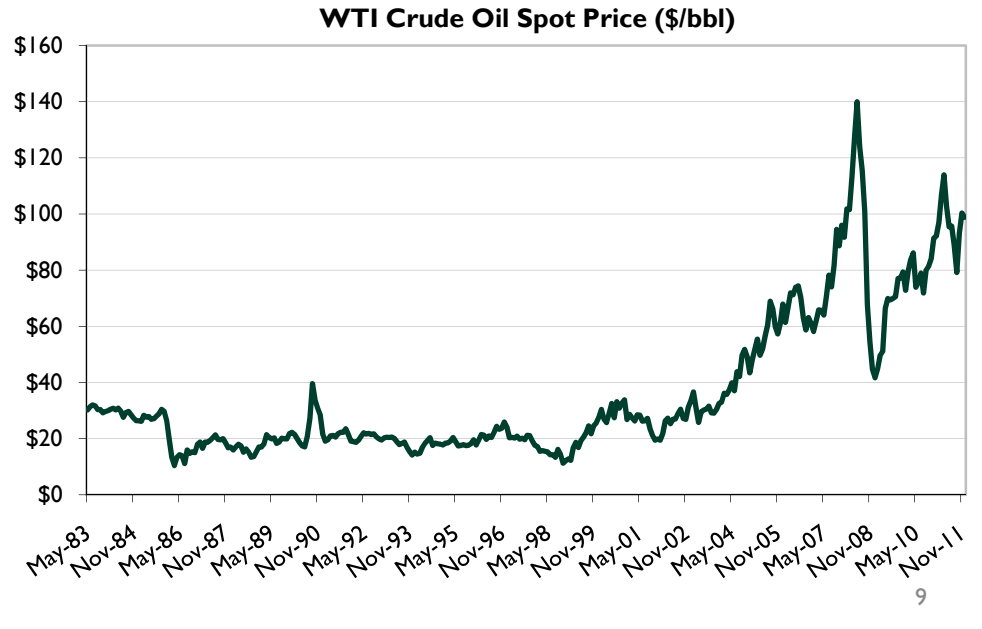
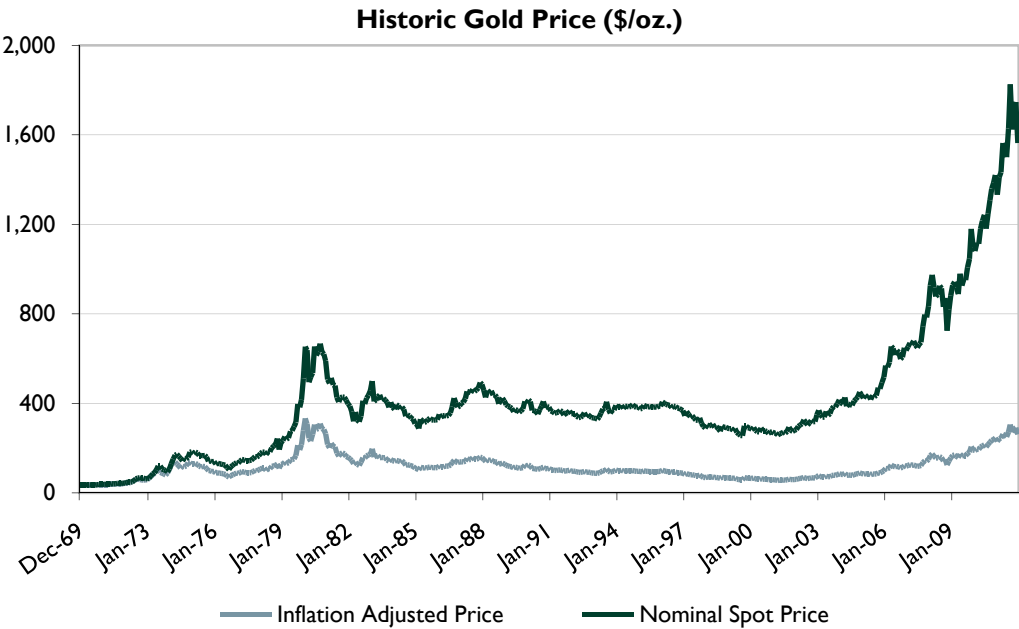
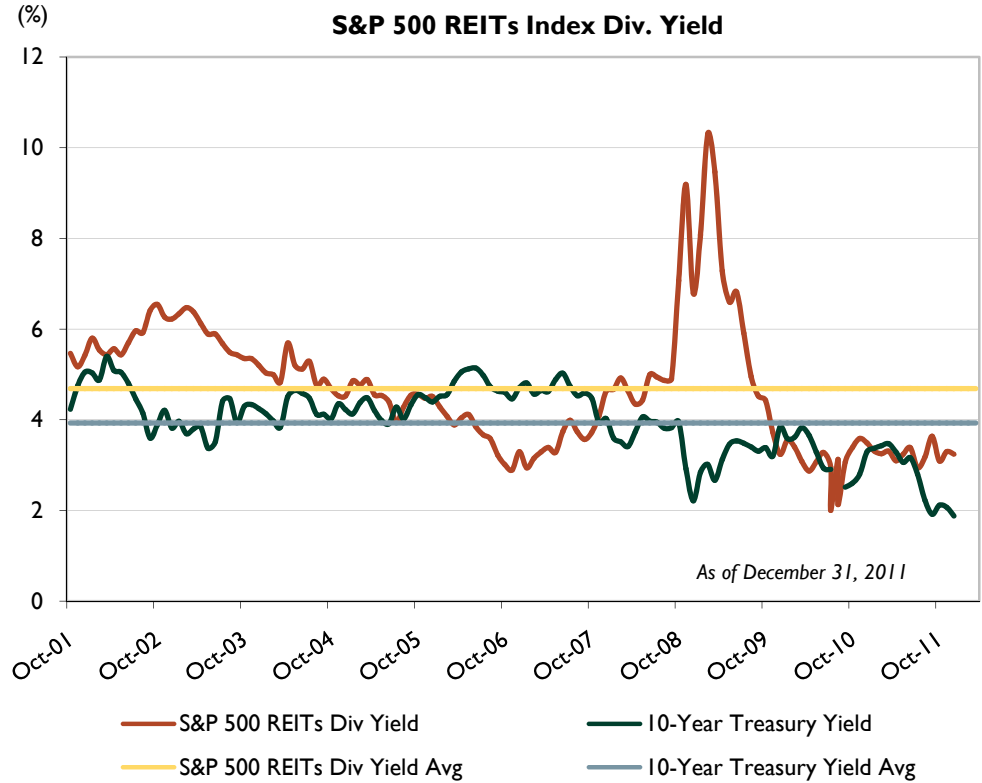


**Real Asset Returns (%)**

|                         | MTD   | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |               |
|-------------------------|-------|------|-------|--------|--------|--------|--------|---------|---------------|
| FTSE EPRA/NAREIT Global | 0.9   | 7.4  | -5.8  | -5.8   | 6.5    | 16.2   | -5.3   | 9.6     |               |
| EPRA/NAREIT U.S.        | 4.6   | 15.1 | 7.8   | 7.8    | 17.5   | 21.1   | -2.2   | 9.9     |               |
| EPRA/NAREIT Europe      | -4.2  | -2.6 | -12.3 | -12.3  | -2.2   | 10.4   | -13.1  | 9.3     |               |
| EPRA/NAREIT Asia        | -1.4  | 1.5  | -20.1 | -20.1  | -3.6   | 10.4   | -5.7   | 9.1     |               |
| S&P GSSI Nat. Resources | -4.5  | 14.2 | -7.4  | -7.4   | 7.1    | 16.5   | 4.0    | 11.0    |               |
| S&P GSCI                | -2.1  | 9.0  | -1.2  | -1.2   | 3.8    | 6.9    | -2.8   | 5.6     |               |
| DJ-UBS Commodity        | -3.7  | 0.3  | -13.3 | -13.3  | 0.6    | 6.4    | -2.1   | 6.6     |               |
| Barclays Capital TIPS   | 0.0   | 2.7  | 13.6  | 13.6   | 9.9    | 10.4   | 7.9    | 7.6     |               |
|                         | MTD   | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year | Current Price |
| Gold \$/oz.             | -10.5 | -3.7 | 10.1  | 10.1   | 19.4   | 21.0   | 19.7   |         | \$1,563.70    |
| WTI Crude Oil \$/bbl    | -1.6  | 24.2 | 4.8   | 4.8    | 6.4    | 12.1   | 8.6    |         | \$98.83       |
| Brent Crude Oil \$/bbl  | -2.4  | 8.3  | 12.9  | 12.9   | 10.8   | 14.7   | 18.9   |         | \$107.38      |

**DJ UBS Commodity Returns (%)**

|                   | Weights | MTD   | QTD  | YTD   | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year |
|-------------------|---------|-------|------|-------|--------|--------|--------|--------|---------|
| DJ UBS Commodity  | ---     | -3.7  | 0.3  | -13.3 | -13.3  | 0.6    | 6.4    | -2.1   | 6.6     |
| Agriculture       | 28.8%   | 4.0   | 1.4  | -14.4 | -14.4  | 8.9    | 10.5   | 4.9    | 5.7     |
| Energy            | 33.9%   | -5.6  | 2.1  | -16.0 | -16.0  | -13.3  | -10.7  | -14.7  | -0.9    |
| Industrial Metals | 14.9%   | -4.3  | 1.5  | -24.2 | -24.2  | -6.2   | 16.6   | -5.9   | 12.1    |
| Precious Metals   | 16.1%   | -11.4 | -4.4 | 4.6   | 4.6    | 22.2   | 24.5   | 18.4   | 18.5    |
| Livestock         | 6.3%    | -4.0  | -3.8 | -2.3  | -2.3   | 3.3    | -3.2   | -10.3  | -5.2    |



**Diversified Asset Mix** is comprised of the following: 30% S&P 500, 20% MSCI World ex-U.S., 15% HFRI Fund Weighted Composite, 15% BC Aggregate, 7% FTSE EPRA/NAREIT Global Index, 5% BC TIPS Index, 5% Venture Economics All PE Index, and 3% DJ UBS Commodity Index. Private Equity: Index results are reported one quarter in arrears; mid quarter or monthly valuations are not available; off quarterly month performance is reflected at 0.0% with the third month of a quarter capturing the full return; reflected performance is based on historical returns found on the Venture Export website supplied by Thomson Reuters. Performance greater than one year is annualized.

**Mergers and Acquisitions (M&A)** is general term used to refer to the consolidation of companies. A merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by another in which no new company is formed. “Deal count” and “volume” each quantify the mergers and acquisitions activity occurring within a given time period. Deal count represents the actual number of deals that were completed each month, while “volume” represents the total dollar value of the deals that were completed during the month. The premium is the difference between the actual cost for acquiring a target firm versus the estimate made of its value before the acquisition.

**Short Interest Ratio** is an indicator that is derived by dividing the short interest by the average daily volume for a stock. This indicator is used by both fundamental and technical traders to identify the prevailing sentiment the market has for a specific stock.

**U.S. Corporate Profits** is a statistic reported quarterly by the Bureau of Economic Analysis (BEA) that summarizes the net income of corporations in the National Income and Product Accounts (NIPA). Corporate profits are an economic indicator that calculates net income using several different measures: profits from current production; book profits, and after-tax profits.

## INDEX DESCRIPTIONS

**Barclays Capital Aggregate Index** comprises government securities, mortgage-backed securities, asset-backed securities, and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the Index are over one year.

**Barclays Capital Global Treasury ex-U.S.** Index includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

**Barclays U.S. TIPS Index** is a rules-based, market value-weighted Index that tracks inflation protected securities issued by the U.S. Treasury.

**Chicago Board Options Exchange Volatility Index (VIX)** measures traders' expectations of volatility in the stock market by tracking bid/ask quotes on the Standard & Poor's 500 Stock Index.

**DJ-UBS Commodity Index** is composed of futures contracts on physical commodities. It 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).

**FTSE EPRA/NAREIT Developed Index** is designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure, and development of income-producing real estate. The Index series includes a range of regional and country indices.

**HFRX Equity Market Neutral Index** is designed to reflect the performance of Equity Market Neutral strategies which employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities and select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain net equity market exposure no greater than 10% long or short.

**HFRX Global Hedge Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of eight strategies: convertible arbitrage, distressed securities, equity, equity market neutral, event-driven, macro, merger arbitrage, and relative value arbitrage.

**HFRX Relative Value Arbitrage Index** is designed to represent investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

**Ibbotson Associates (IA) SBB I U.S. Inflation** is an inflationary indicator based on the Consumer Price Index.

**MSCI ACWI (All Country World Index) Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of a mix of developed and emerging market country indices.

**MSCI China Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Chinese companies listed on the Hong Kong exchange, which are frequently referred to as H shares.

**MSCI EAFE Net Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

**MSCI EM (Emerging Markets) Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

**Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market.

**Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Midcap® Index** measures the performance of the mid cap segment of the U.S. equity universe. The Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current Index membership.

**S&P 500 Index** is a gauge of the U.S. equities market and includes 500 leading companies in leading industries of the U.S. economy.

**U.S. Dollar Index** indicates the general international value of the U.S. dollar (USD) by averaging the exchange rates between the USD and six major world currencies.