

Client Presentation

The returns and other characteristics of the allocation mixes contained in this presentation are based on model/back-tested simulations to demonstrate broad economic principles. They were achieved with the benefit of hindsight and do not represent actual investment performance. There are limitations inherent in model performance; it does not reflect trading in actual accounts and may not reflect the impact that economic and market factors may have had on an advisor's decision making if the advisor were managing actual client money. Model performance is hypothetical and is for illustrative purposes only. Model performance shown includes reinvestment of dividends and other earnings but does not reflect the deduction of investment advisory fees or other expenses. Clients' investment returns would be reduced by the advisory fees and other expenses they would incur in the management of their accounts.

Past performance is not a guarantee of future results, and there is always the risk that an investor may lose money. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

2. Market Efficiency

- I. Peter Lynch
- II. Warren E. Buffett
- III. Efficient Markets Hypothesis
- IV. US Large Cap Returns
- V. The Failure of Active Management
- VI. Active Manager Survival
- VII. No Insight In Past Performance
- VIII. Percent of US Equity Funds Outperformed by Benchmarks
- IX. Percent of US Bond Funds Outperformed by Benchmarks



Peter Lynch

“All the time and effort that people devote to picking the right fund, the hot hand, the great manager, have in most cases led to no advantage.”



Warren E. Buffett

Chairman and CEO, Berkshire Hathaway, Inc.

“Most investors, both institutional and individual, will find that the best way to own common stocks is through an index fund that charges minimal fees.”

Efficient Markets Hypothesis

Eugene F. Fama, University of Chicago

The Hypothesis States:

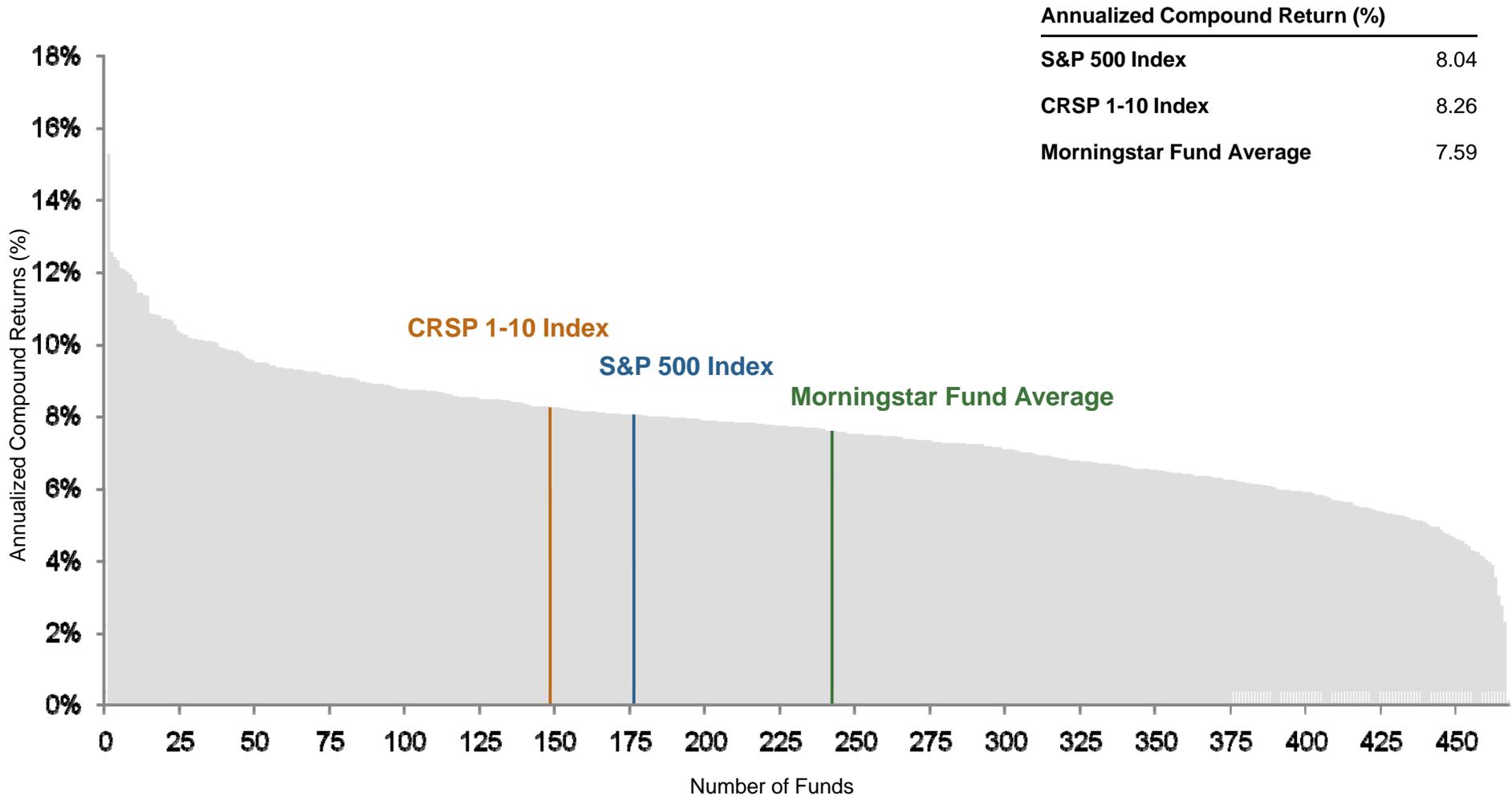
- Current prices incorporate all available information and expectations.
- Current prices are the best approximation of intrinsic value.
- Price changes are due to unforeseen events.
- “Mispricings” do occur but not in predictable patterns that can lead to consistent outperformance.

Implications

- Active management strategies cannot consistently add value through security selection and market timing.
- Passive investment strategies reward investors with capital market returns.

US Large Cap Returns

1995-2009



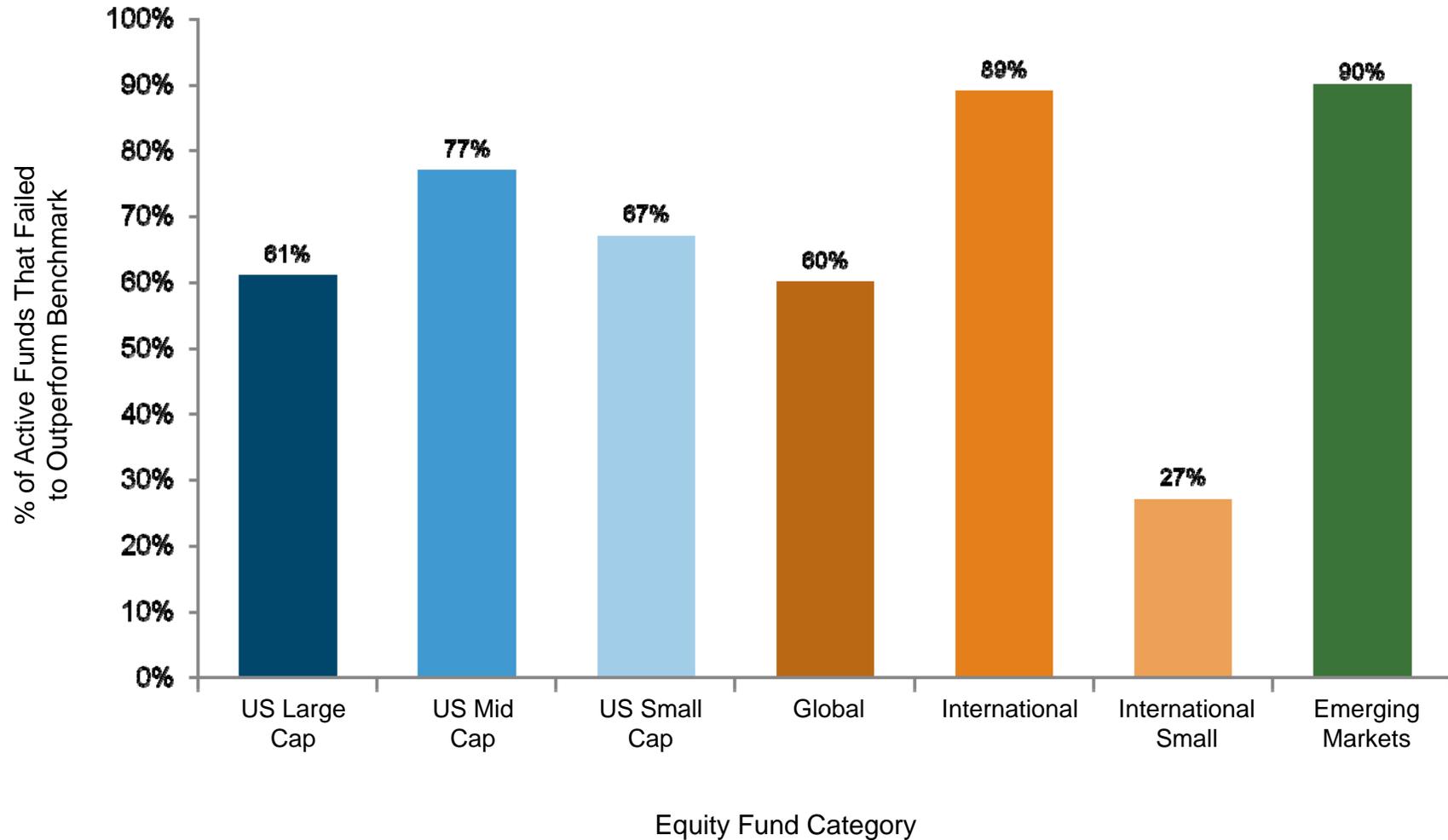
Source: Morningstar data provided by Morningstar Inc. Includes all Morningstar US large cap funds with fifteen-year returns, distinct portfolios only, as of December 31, 2009. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago.

Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money.

The Failure of Active Management

Percentage of Active Public Equity Funds That Failed to Beat the Index

January 2005-December 2009

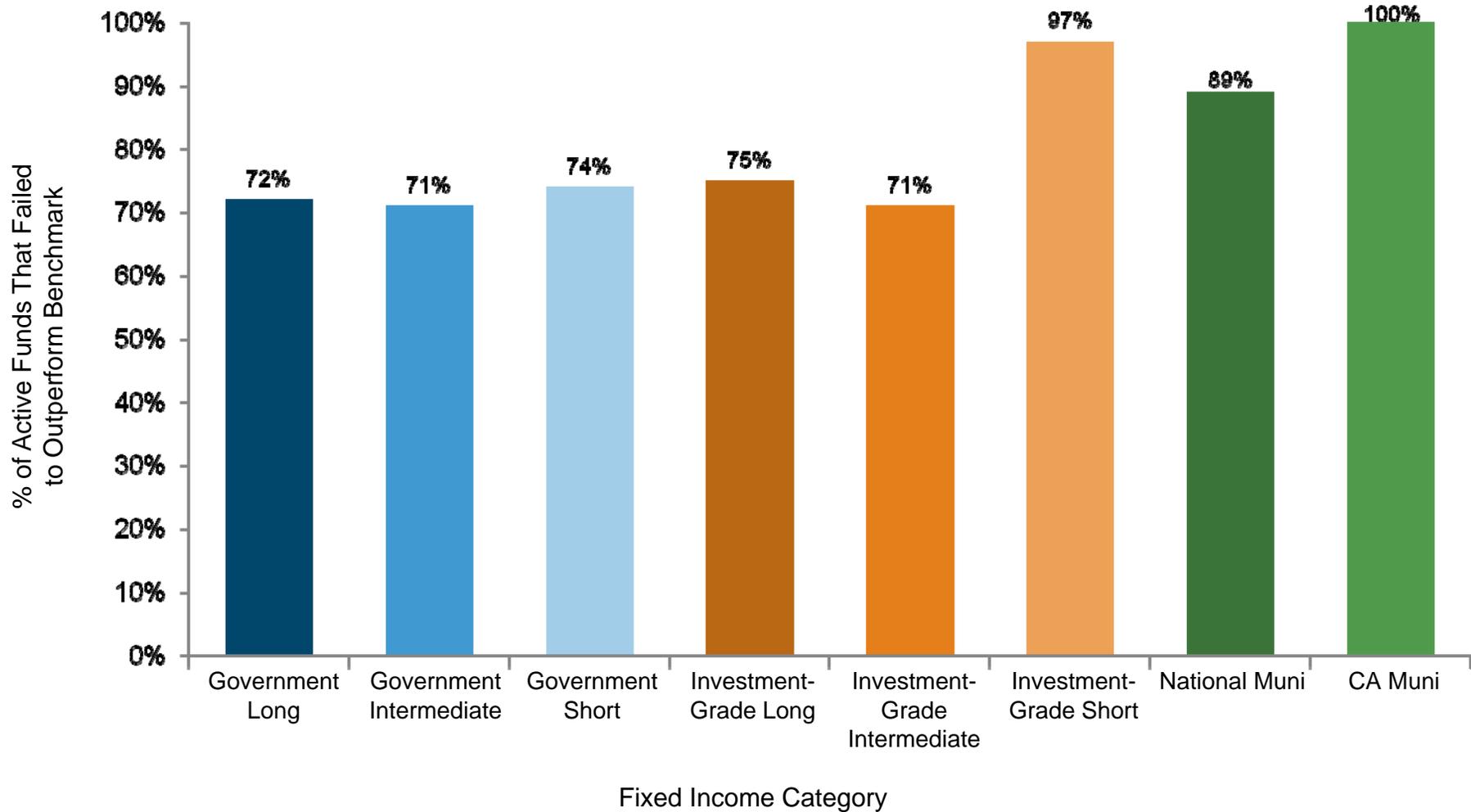


Source: Standard & Poor's Indices Versus Active Funds Scorecard, March 30, 2010. Index used for comparison: US Large Cap—S&P 500 Index; US Mid Cap—S&P MidCap 400 Index; US Small Cap—S&P SmallCap 600 Index; Global Funds—S&P Global 1200 Index; International—S&P 700 Index; International Small—S&P Developed ex. US SmallCap Index; Emerging Markets—S&P IFCI Composite. Data for the SPIVA study is from the CRSP Survivor-Bias-Free US Mutual Fund Database.

The Failure of Active Management

Percentage of Active Fixed Income Funds That Failed to Beat the Index

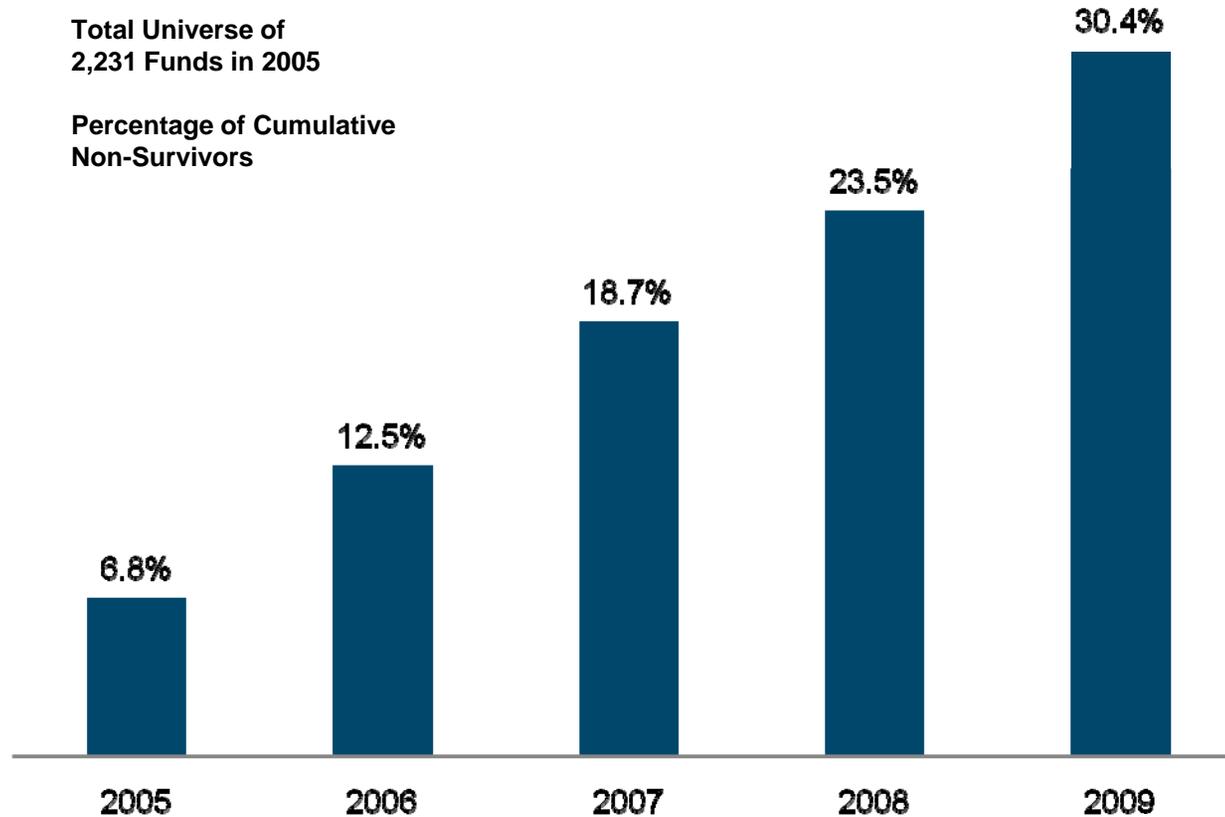
January 2005-December 2009



Source: Standard & Poor's Indices Versus Active Funds Scorecard, March 30, 2010. Index used for comparison: Government Long—Barclays Capital US Long Government Index; Government Intermediate—Barclays Capital US Intermediate Government Index; Government Short—Barclays Capital US 1-3 Year Government Index; Investment Grade Long—Barclays Capital US Long Government/Credit; Investment Grade Intermediate—Barclays Capital US Intermediate Government/Credit; Investment Grade Short—Barclays Capital US 1-3 Year Government/Credit; National Muni—S&P National Municipal Bond Index; CA Muni—S&P California Municipal Bond Index. Data for the SPIVA study is from the CRSP Survivor-Bias-Free US Mutual Fund Database. Barclays Capital data, formerly Lehman Brothers, provided by Barclays Bank PLC.

Non-Surviving Equity Funds

Actively Managed US Equity Funds
2005-2009



On average, 7.0% of the actively managed equity fund universe disappeared each year.

During 2005, 6.8% of the fund universe disappeared. By the fifth year, 30.4% of the fund universe (678 funds) had disappeared.

Reasons for non-survival likely include closure due to poor investment results.

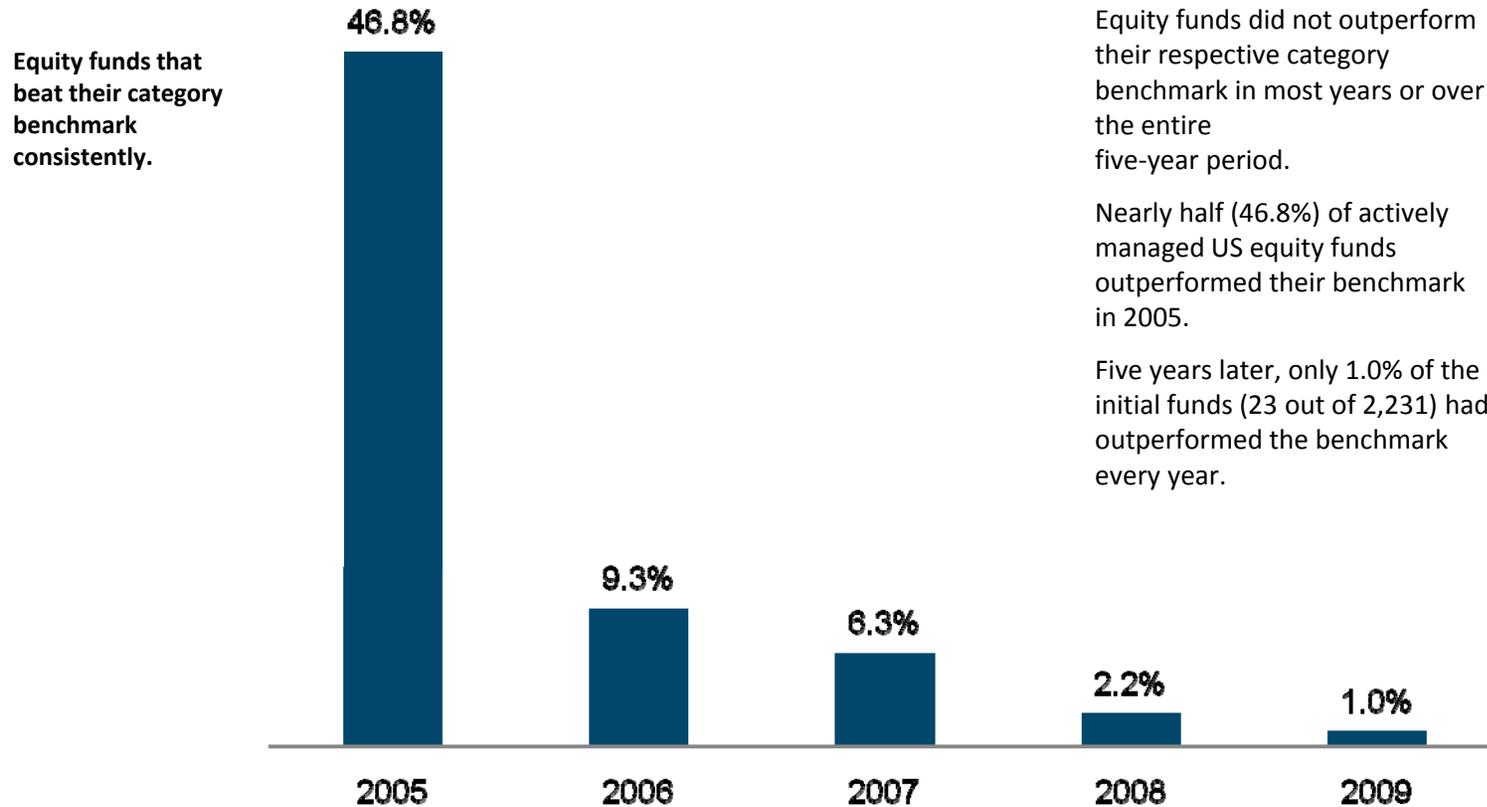
Data provided by CRSP Survivor-Bias-Free US Mutual Fund Database. Sample includes mutual funds existing as of 12/2004. Returns analyzed for the five-year period from 2005-2009. Multiple share classes are aggregated to fund level. Index funds, inverse funds, and leveraged funds are excluded.

A benchmark is a standard against which the performance of an individual security or group of securities is measured. It is usually based on published indexes of securities of the same or similar class. However customized ones may be used to suit a particular investment strategy. Past performance is not a guarantee of future results. Values change frequently, and past performance may not be repeated. There is always the risk that an investor may lose money.

Few Consistent Equity Fund Winners

Actively Managed US Equity Funds

2005-2009

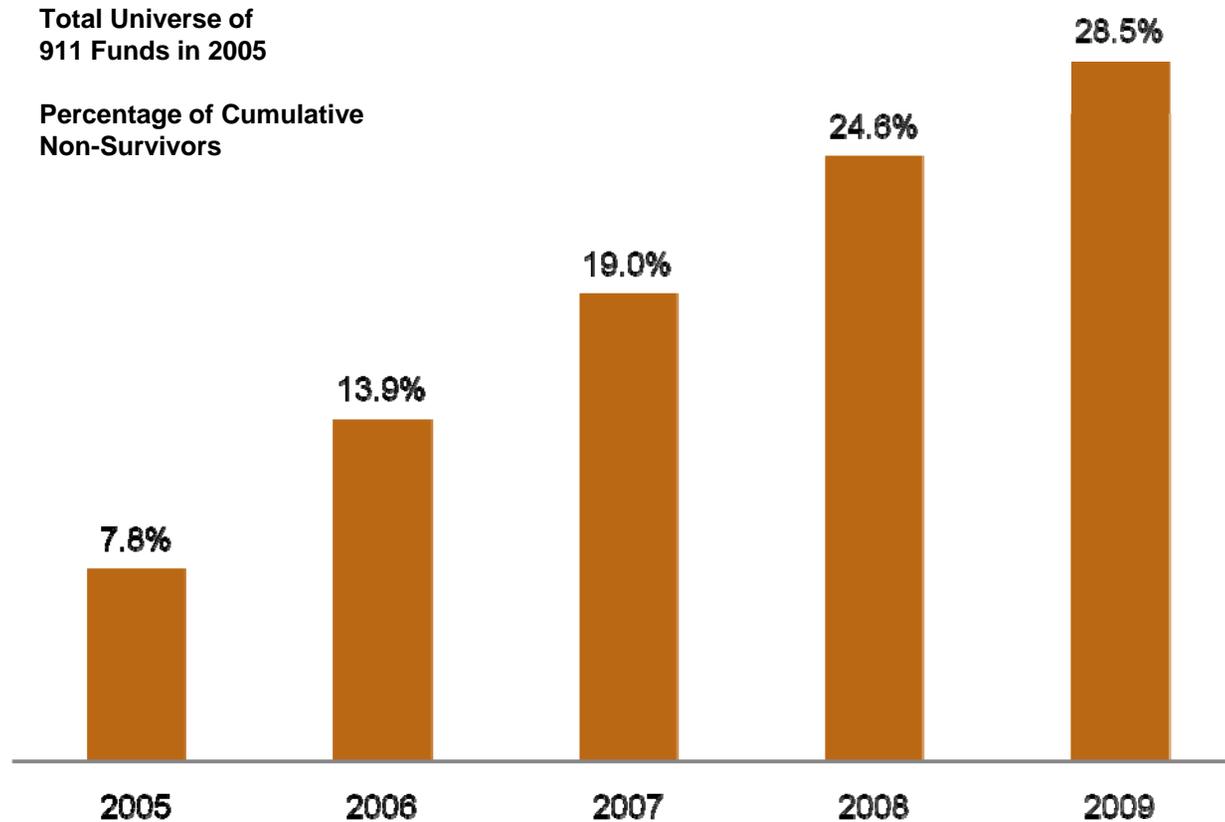


Data provided by CRSP Survivor-Bias-Free US Mutual Fund Database. Sample includes mutual funds existing as of 12/2004. Returns analyzed for the five-year period from 2005-2009. Multiple share classes are aggregated to fund level. Index funds, inverse funds, and leveraged funds are excluded.

A benchmark is a standard against which the performance of an individual security or group of securities is measured. It is usually based on published indexes of securities of the same or similar class. However customized ones maybe used to suit a particular investment strategy. Past performance is not a guarantee of future results. Values change frequently, and past performance may not be repeated. There is always the risk that an investor may lose money.

Non-Surviving Bond Funds

Actively Managed US Bond Funds
2005-2009



On average, 6.5% of the actively managed bond fund universe disappeared each year.

During 2005, 7.8% of the funds had disappeared. By the fifth year, 28.5% of the fund universe (260 funds) had disappeared.

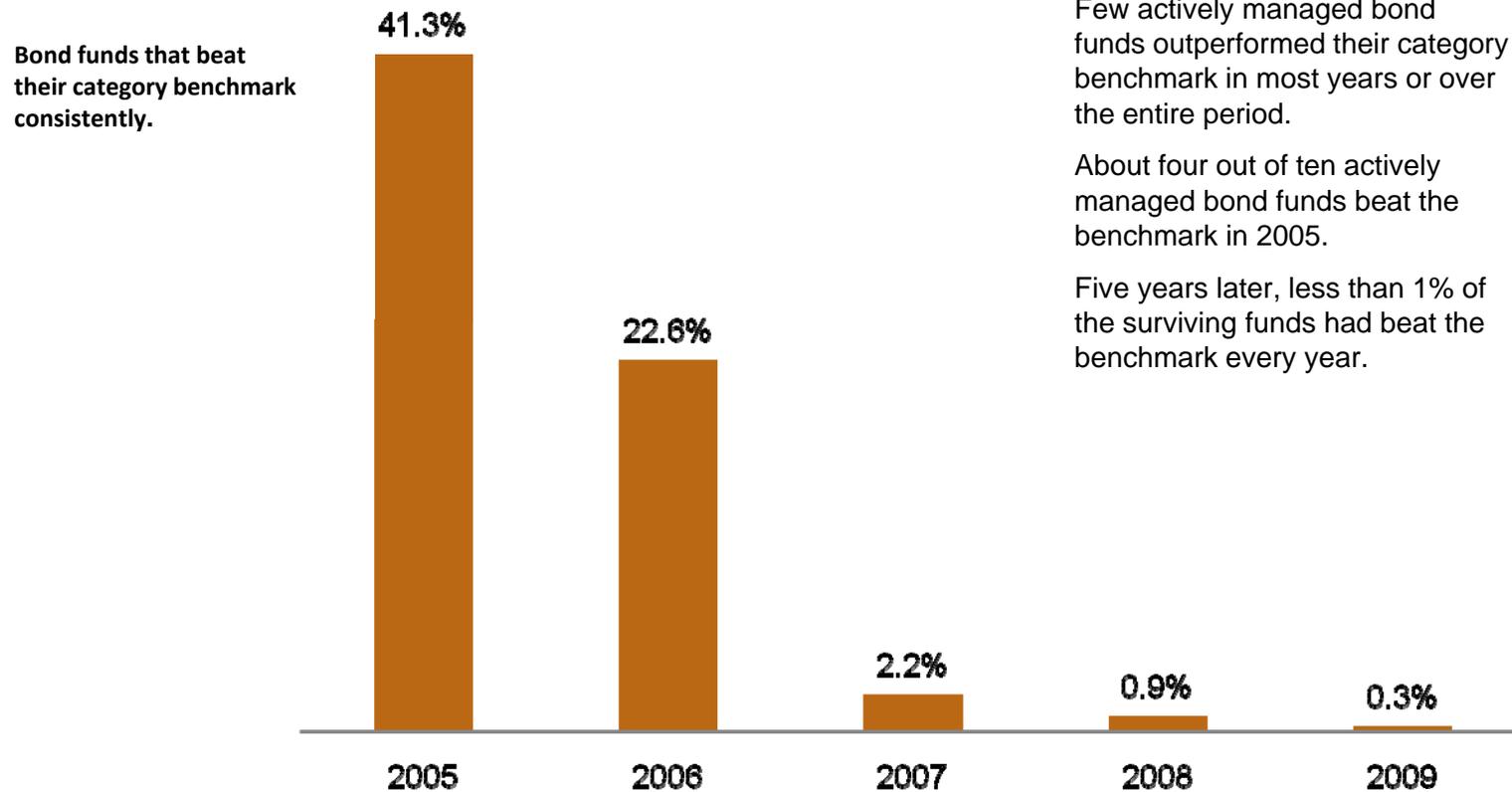
Poor investment results is one likely reason for non-survivorship.

Data provided by CRSP Survivor-Bias-Free US Mutual Fund Database. Sample includes mutual funds existing as of 12/2004. Returns analyzed for the five-year period from 2005-2009. Multiple share classes are aggregated to fund level. Index funds, inverse funds, and leveraged funds are excluded.

A benchmark is a standard against which the performance of an individual security or group of securities is measured. It is usually based on published indexes of securities of the same or similar class. However customized ones maybe used to suit a particular investment strategy. Past performance is not a guarantee of future results. Values change frequently, and past performance may not be repeated. There is always the risk that an investor may lose money.

Few Consistent Bond Fund Winners

Actively Managed US Bond Funds
2005-2009



Data provided by CRSP Survivor-Bias-Free US Mutual Fund Database. Sample includes mutual funds existing as of 12/2004. Returns analyzed for the five-year period from 2005-2009. Multiple share classes are aggregated to fund level. Index funds, inverse funds, and leveraged funds are excluded.

A benchmark is a standard against which the performance of an individual security or group of securities is measured. It is usually based on published indexes of securities of the same or similar class. However customized ones maybe used to suit a particular investment strategy. Past performance is not a guarantee of future results. Values change frequently, and past performance may not be repeated. There is always the risk that an investor may lose money.

No Insight in Past Performance

US Equity Funds

As of December 31, 2009

Fund Category	Comparison Index	Previous 3 Years				Previous 5 Years				Previous 7 Years			
		Outperformers		Underperformers		Outperformers		Underperformers		Outperformers		Underperformers	
		%	Out of	%	Out of	%	Out of	%	Out of	%	Out of	%	Out of
All Funds		39.4	827	56.3	1105	42.9	624	55.2	905	40.8	468	55.1	839
Large-Cap Core	Russell 1000	27.6	116	61.0	123	26.4	72	54.5	154	20.6	34	52.6	116
Large-Cap Value	Russell 1000 Value	60.6	66	69.2	52	64.5	31	65.1	63	60.0	10	69.4	62
Large-Cap Growth	Russell 1000 Growth	19.0	58	41.8	110	24.1	54	43.5	62	27.0	74	38.8	85
Mid-Cap Core	Russell Midcap	11.1	72	28.3	46	9.5	42	24.2	62	6.3	16	17.1	41
Mid-Cap Value	Russell Midcap Value	40.5	42	61.9	42	42.9	21	50.0	50	38.1	21	47.3	55
Mid-Cap Growth	Russell Midcap Growth	19.3	109	41.8	55	21.7	69	35.1	57	20.8	53	35.8	53
Small-Cap Core	Russell 2000	58.9	73	58.1	155	56.7	67	62.8	94	50.0	36	61.7	60
Small-Cap Value	Russell 2000 Value	84.4	32	85.7	56	90.0	30	83.0	53	87.5	40	82.9	76
Small-Cap Growth	Russell 2000 Growth	38.9	54	44.2	113	52.8	53	42.0	81	38.9	36	45.2	73
Multi-Cap Core	Russell 3000	50.0	124	62.0	166	51.1	94	56.3	80	52.8	53	43.8	48
Multi-Cap Value	Russell 3000 Value	65.9	44	75.2	101	70.7	41	78.4	111	68.4	38	75.9	133
Multi-Cap Growth	Russell 3000 Growth	40.5	37	41.9	86	36.0	50	50.0	38	29.8	57	48.6	37

As of December 31, 2009. Outperformance is based on equal-weighted fund counts. Funds with multiple share classes are aggregated to the fund level. Data Source: CRSP Survivor-Bias-Free US Mutual Fund Database. Russell data copyright © Russell Investment Group 1995-2010, all rights reserved.

Percent of US Equity Funds Outperformed by Benchmarks

As of December 31, 2009

Fund Category	Comparison Index	One Year	Three Year	Five Year	Ten Year
All US Equity Funds		51.96	55.50	65.17	73.40
Large-Cap Core	Russell 1000 Index	59.10	54.96	72.64	88.11
Large-Cap Value	Russell 1000 Value Index	39.47	36.77	52.24	85.81
Large-Cap Growth	Russell 1000 Growth Index	59.84	71.70	78.73	66.67
Mid-Cap Core	Russell Midcap Index	80.79	52.89	59.41	86.30
Mid-Cap Value	Russell Midcap Value Index	53.02	41.46	61.73	82.05
Mid-Cap Growth	Russell Midcap Growth Index	73.72	54.64	69.40	75.83
Small-Cap Core	Russell 2000 Index	39.66	56.96	61.32	62.25
Small-Cap Value	Russell 2000 Value Index	19.59	38.30	45.88	66.67
Small-Cap Growth	Russell 2000 Growth Index	51.88	66.00	69.85	59.29
Multi-Cap Core	Russell 3000 Index	46.45	54.72	58.76	70.22
Multi-Cap Value	Russell 3000 Value Index	30.89	43.92	59.54	73.85
Multi-Cap Growth	Russell 3000 Growth Index	62.02	74.16	74.67	65.56
Real Estate Funds	Dow Jones US Select REIT Index	41.44	40.45	57.83	83.78

As of December 31, 2009. Outperformance is based on equal-weighted fund counts. Funds with multiple share classes are aggregated to the fund level. Data Source: CRSP Survivor-Bias-Free US Mutual Fund Database. Russell data copyright © Russell Investment Group 1995-2010, all rights reserved.

Percent of US Bond Funds Outperformed by Benchmarks

As of December 31, 2009

Fund Category	Comparison Index	One Year	Three Year	Five Year	Ten Year
All US Bond Funds		34.25	80.89	84.08	89.65
Government Funds	Barclays Capital US Government Bond Index	23.86	74.00	75.81	88.51
Govt-Intermediate	Barclays Capital US Government Bond Index Intermediate	9.30	72.22	78.13	84.54
Govt-Short	Barclays Capital US Government Index 1-3 Years	23.81	76.74	81.82	83.33
Corporate Funds	Barclays Capital US Government/Credit Bond Index	12.75	71.30	76.09	89.51
Corp-Intermediate	Barclays Capital US Government/Credit Bond Index Intermediate	14.38	73.39	76.86	83.96
Corp-Short	Barclays Capital US Government/Credit Index 1-3 Years	16.67	89.29	88.31	91.94
Municipal Funds	Barclays Capital Municipal Bond Index	31.58	89.66	95.28	96.83
Muni-Intermediate	Barclays Capital Municipal Bond Index 7 Years	77.78	100.00	100.00	100.00
Muni-Short	Barclays Capital Municipal Bond Index 3 Years	66.67	100.00	100.00	100.00
High Yield	Barclays Capital Corporate High Yield Index	91.13	90.48	94.44	94.60

As of December 31, 2009. Outperformance is based on equal-weighted fund counts. Past performance is no guarantee of future results. Data Source: CRSP Survivor-Bias-Free US Mutual Fund Database. Barclays Capital data provided by Barclays Bank PLC.