

# ANNUAL INDEX PERFORMANCE

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
HIGHER ↑	NASDAQ-100 42.78%	S&P 500 33.10%	NASDAQ-100 85.48%	NASDAQ-100 102.10%	S&P MidCap 400 17.44%	Aggregate Bond 8.44%	Aggregate Bond 10.26%	NASDAQ-100 49.48%	MSCI EAFE 20.25%	MSCI EAFE 13.54%	MSCI EAFE 26.34%	NASDAQ-100 19.24%	Aggregate Bond 5.24%	High Yield 57.51%	Russell 2000 26.86%
	S&P 500 22.68%	S&P MidCap 400 32.24%	S&P 500 28.34%	MSCI EAFE 27.02%	Aggregate Bond 11.63%	High Yield 4.48%	High Yield -1.89%	Russell 2000 47.25%	Russell 2000 18.33%	S&P MidCap 400 12.55%	Russell 2000 18.37%	MSCI EAFE 11.17%	High Yield -26.39%	NASDAQ-100 54.61%	S&P MidCap 400 26.64%
	S&P MidCap 400 19.23%	Russell 2000 22.36%	MSCI EAFE 19.94%	Russell 2000 21.26%	Russell 2000 -3.02%	Russell 2000 2.49%	S&P MidCap 400 -14.51%	MSCI EAFE 38.59%	S&P MidCap 400 16.47%	S&P 500 4.91%	S&P 500 15.78%	S&P MidCap 400 7.98%	Russell 2000 -33.79%	S&P MidCap 400 37.38%	NASDAQ-100 20.16%
	Russell 2000 16.53%	NASDAQ-100 20.77%	S&P MidCap 400 19.09%	S&P 500 20.89%	High Yield -5.12%	S&P MidCap 400 -0.59%	MSCI EAFE -15.94%	S&P MidCap 400 35.59%	S&P 500 10.87%	S&P 500 4.55%	High Yield 11.77%	Aggregate Bond 6.97%	S&P MidCap 400 -36.23%	MSCI EAFE 31.78%	High Yield 15.19%
	High Yield 11.27%	High Yield 13.27%	Aggregate Bond 8.69%	S&P MidCap 400 14.70%	S&P 500 -9.03%	S&P 500 -11.88%	Russell 2000 -20.48%	S&P 500 28.67%	High Yield 10.87%	High Yield 2.74%	S&P MidCap 400 10.31%	S&P 500 5.49%	S&P 500 -37.00%	Russell 2000 27.17%	S&P 500 15.06%
	MSCI EAFE 6.05%	Aggregate Bond 9.65%	High Yield 2.95%	High Yield 2.51%	MSCI EAFE -14.17%	MSCI EAFE -21.44%	S&P 500 -22.10%	High Yield 28.15%	NASDAQ-100 10.74%	Aggregate Bond 2.43%	NASDAQ-100 7.28%	High Yield 2.19%	NASDAQ-100 -41.57%	S&P 500 26.46%	MSCI EAFE 7.75%
LOWER ↓	Aggregate Bond 3.63%	MSCI EAFE 1.78%	Russell 2000 -2.55%	Aggregate Bond -0.82%	NASDAQ-100 -36.91%	NASDAQ-100 -32.62%	NASDAQ-100 -37.53%	Aggregate Bond 4.10%	Aggregate Bond 4.34%	NASDAQ-100 1.90%	Aggregate Bond 4.33%	Russell 2000 -1.57%	MSCI EAFE -43.38%	Aggregate Bond 5.93%	Aggregate Bond 6.54%



This chart illustrates volatility in financial markets by comparing returns of different market indices on an annual basis over time. The best performing indices are at the top of the chart, with the worst performing at the bottom. Each index is represented by its own color. Portfolio diversification among asset classes may help create a less volatile investment portfolio overall. However, past performance is no guarantee of future results. The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. The benchmarks calculated may be calculated at different time periods than ones in which you are considering investing. The client should consider this disparity when comparing account performance to the indices. Indices and benchmarks are unmanaged and cannot be invested into directly.

# Annual Index Performance: Understanding the Chart

Dividing investments across a variety of asset classes can help investors achieve portfolio diversification. Proper diversification can reduce a portfolio's volatility (the degree of fluctuation in the value of a portfolio). A portfolio consisting of stocks and bonds, both domestic and foreign, is an example of a diversified portfolio. Further, a diversified stock portfolio might contain a broad market basket of both value and growth stocks from large, mid and small capitalization companies (capitalization is a determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share, and is sometimes referred to as "market cap"). By including a broader, more varied selection of securities and asset classes in an investor's portfolio, an investor can diversify their market exposure and potentially reduce portfolio volatility.

## S&P 500® INDEX

Widely regarded as the best single gauge of the U.S. equities market, the S&P 500 Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy, and focuses on the large-cap segment of the market. The median market capitalization of companies in the S&P 500 Index is \$10.62 billion.\*

## S&P MIDCAP 400® INDEX

The S&P MidCap 400 is the most widely used index for mid-sized companies (mid-caps). Today mid-caps are being recognized as an independent asset class, with risk/reward profiles that differ considerably from both large-caps and small-caps. The median market capitalization of companies in the S&P 400 Index is \$2.52 billion.\*

## RUSSELL 2000® SMALL CAP INDEX

The Russell 2000 Index offers investors access to the small-cap segment of the U.S. equity market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The median market capitalization of companies in the Russell 2000 Index is \$528 million.\*

## MSCI EAFE® INTERNATIONAL INDEX

The MSCI EAFE Index is recognized as the pre-eminent benchmark in the U.S. to measure international equity performance. It is comprised of 21 MSCI country indices, and tracks primarily large companies in the developed markets outside of North America: Europe, Australasia and the Far East. The median market capitalization of the 967 companies in the MSCI EAFE International Index is \$4.97 billion.\*

## NASDAQ-100® INDEX

The Nasdaq-100 Index includes 100 of the largest domestic and international non-financial securities listed on The Nasdaq Stock Market, based on market capitalization. The index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/ wholesale trade and biotechnology. The median market capitalization of companies in the NASDAQ-100 Index is \$10.82 billion.\*

## BARCLAYS CAPITAL AGGREGATE BOND INDEX (Aggregate Bond)

The Barclays Capital Aggregate Bond Index (formerly known as the Lehman Brothers Aggregate Index) covers the U.S. dollar-denominated, investment-grade, fixed-rate, taxable bond market, and includes bonds from the Federal Treasury, Government-Related, Corporate, MBS, ABS and CMBS sectors.

## MERRILL LYNCH HIGH YIELD MASTER II INDEX (High Yield)

The Merrill Lynch High Yield Master II Index is a commonly accepted measure of the performance of high yield securities. The index includes U.S. dollar-denominated high yield Corporate bonds that span the entire high yield ratings spectrum.

\*As of 12/31/10. Sources: Standard and Poor's, Russell, Nasdaq, Morgan Stanley Capital International.

**Small- and medium-capitalization companies tend to have more limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities.**



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