Market Overview

Domestic Equity	Index	Q4 2012	YTD	2011
Core Market	S&P 500	-0.4%	15.9%	2.1%
Broad Market	Russell 3000	0.3%	16.4%	1.0%
Large Cap	Russell1000	0.1%	16.4%	1.5%
Large Growth	Russell 1000 Growth	-1.3%	15.3%	2.6%
Large Value	Russell 1000 Value	1.5%	17.5%	0.4%
Small Cap	Russell 2000	1.9%	16.3%	-4.2%
Small Growth	Russell 2000 Growth	0.5%	14.6%	-2.9%
Small Value	Russell 2000 Value	3.2%	18.1%	-5.5%
Technology	NASDAQ	-0.8%	15.9%	-1.8%
International Equity				
Global Markets	MSCI AC World Ex US	5.9%	17.4%	-11.8%
Developed Markets	MSCI EAFE	6.6%	17.9%	-11.7%
Developed Markets Growth	MSCI EAFE Growth	5.8%	17.3%	-11.8%
Developed Markets Value	MSCI EAFE Value	7.5%	18.4%	-11.6%
Emerging Markets	MSCI EM	5.6%	18.6%	-18.2%
Fixed Income				
Taxable Bonds	Barclays Aggregate	0.2%	4.2%	7.8%
Municipal Bonds	Barclays Muni Bond	0.7%	6.8%	10.7%
High Yield	Barclays High Yield Bond	3.3%	15.8%	4.8%
Cash	Citigroup 3-month T-bill	0.0%	0.1%	0.1%
Alternative Investments				
Real Estate	NAREIT Equity REITs	2.0%	19.7%	8.3%
Hedge Funds	HFRI Fund of Funds	1.3%	4.8%	-5.7%

While most investors, and seemingly all of the media, appear to be obsessing about the outcome of negotiations over the fiscal cliff, we continue to focus our attention on assessing economic fundamentals. It's not that we don't care about resolutions to the near-term tax and spending decisions currently being debated in Washington, we most certainly do; rather, it's our view that such politically-motivated decisions are nearly impossible to forecast -- so why bother.

When viewed through the more rational lens of economic fundamentals, the near-to-intermediate term prognosis for equity markets doesn't look too bad while the outlook for fixed income markets remains decidedly less positive. Outlined below is a brief summary of our views regarding near-term economic and market conditions.

- **US GDP continues to improve.** The most recent report of 3rd quarter GDP showed 3.1% real growth which is well above levels seen over the past few years and near long-term averages. However, with tax rates set to increase and government spending set to decline in 2013, we do expect GDP growth to slow; nonetheless, fears of recession are overblown.

Market Overview

- **The US Federal Reserve maintains its aggressive policies of low interest rates.** It is our belief that Ben Bernanke should be taken at his word with respect to his resolve in keeping interest rates low indefinitely until employment reaches their target and inflation remains under control. The benefits of low rates are now becoming clearly visible. Home prices and sales volumes are up sharply. Debt service and financial obligations ratios for consumers, corporations and governments are near 20-year lows.

- **Corporate margins remain near record levels despite recent weakness in top line growth.** Given high unemployment and the prospect for modest economic growth, neither rising wages nor rising material prices appear to pose significant threats to US profit margins over the near term. In fact, the biggest threat to margins would be a resumption of growth driven by renewed hiring and capital spending. That is a challenge we would happily live with.

- **US housing has not only stabilized but begun to improve** in terms of sales volume and prices. According to the most recent Case-Shiller Composite 20 Home Price Index, home prices are up 4.3% while housing inventory-to-sales ratios have plunged to levels not seen since 2007. Even with recent increases, homes prices remain about 30% below their 2007 peak. Deferred household formation since 2008 combined with interest rates near multi-generational holds the potential for a strong housing-led recovery.

- **Employment remains sluggish and we expect it will remain so for some time** especially if we plunge over the fiscal cliff and spending cuts and tax increases are enacted. Softness in US labor markets should, however, translate to continued higher-than-normal corporate profit margins and continued accommodative US Fed policy.

- **Lending conditions have improved** as US banks have healed their balance sheets and as the Fed has eliminated profitable treasury yield arbitrage by lowering long-term rates through quantitative easing. We hear from hedge funds, private equity funds, and real estate funds that loans are indeed easier to come by and terms are looser. Easier access to credit combined with ample corporate capital should form ideal conditions for increased M&A activity.

- **Increasing US-based shale oil and gas production promises to add 0.5% US GDP.** Just a few short years ago, fearing an impending energy shortage, the US was considering the construction of multiple offshore LNG terminals to IMPORT natural gas. My how things have changed. Domestic energy production has surged thanks to developments in horizontal drilling combined with hydraulic fracturing "fracking." Today, several energy companies are again considering the construction of offshore LNG terminals, but this time the purpose would be for export. It has been predicted that the US will become a net energy exporter by as early as 2020.

- **Chinese economic activity appears headed upward once again.** In part, this is a reflection of stabilizing economic conditions in both the US and Europe. Also, the change in Chinese political leadership has removed a large element of uncertainty in that region. We see evidence of this rebound most clearly in rising prices for commodities like copper, crude and steel.

Market Overview

Of course, not all is rosy. Europe's recovery remains extremely tenuous and recent market gains could easily evaporate in short order. Equity valuations in the developed world are fair at best and are by many measures seriously overvalued. (Note: Cliff Asness of AQR recently wrote a provocative piece on valuations entitled, "An Old Friend: The Stock Market's Shiller P/E"). If GDP and profit growth expectations suffer as a result of tax and spending policy changes, multiples could well contract leading to near-term losses. The world's central banks cannot repress interest rates forever. Eventually the global economy will need to stand on its own fundamental economic merits. And the list goes on.

Despite the myriad of potential negatives, we remain cautiously optimistic and recommend that clients remain invested but tilted modestly towards defensive managers and less risky asset classes. Specifically, we favor the following:

- **Overweight US large cap stocks.** The US economy is, in the words of PIMCO's Bill Gross, "the cleanest of the dirty shirts." We have marginally reduced emphasis on high quality growth as we believe many of these stocks have become somewhat expensive. We favor instead low cost core index exposure or fundamental index ("RAFI") exposure.

- **Maintain minimal exposure to US small cap stocks.** Small caps remain significantly expensive relative to large caps and to non-US equities. In addition, small caps derive proportionately less of their growth from sales to faster growing emerging markets.

- **Developed Europe now looks expensive and remains vulnerable to event risk.** As stated earlier, non-US developed markets stocks look a bit pricey given their recent run and they remain vulnerable to resurgent sovereign woes plaguing Europe.

- **Emerging Markets remain a relative bargain.** Valuations look inexpensive relative to both history and relative to developed markets valuations. In addition, emerging markets balance sheets remain strong as do demographic-driven growth prospects.

- **Core fixed income offers little yield but still affords good protection against an equity market correction.** Maintaining exposure to core fixed offers capital preservation, liquidity and deflation protection. Suffering with below-normal yields available today should be viewed like paying an expensive insurance premium to maintain insurance against an equity correction.

- **Credit spread product remains attractive.** Improving US corporate balance sheets combined with our view that global growth will remain positive and interest rates will remain stable leads us to continue to recommend exposure to credit spread product. At present we favor floating rate loans over high yield.

Market Overview

- **Hedge funds remain a valuable component of a diversified portfolio but less so for taxable investors.** One cannot make broad pronouncements about hedge funds as they are too varied to categorize monolithically. For taxable investors, however, hedge funds must now clear an even higher hurdle as marginal tax rates are almost certain to rise. There are truly some brilliant investors running hedge funds and they will continue to add significant value despite the burden of higher taxes. As always, however, finding them remains exceptionally challenging. We very much like our pool of managers but acknowledge that the majority of hedge funds are not worth investing in.

- **Core real estate remains too expensive but value-add and opportunistic properties offer the potential for attractive returns.** Of particular interest to us is the artificial "arbitrage" that has unintentionally been created by bank regulators who treat differing types of real estate assets held quite differently for capital purposes. We are seeing a number of interesting managers and strategies well situated to exploit this phenomenon.

- **Private equity remains a mixed bag.** Fund raising for private equity (especially buyouts) increased by 60% over 2011 and is more than double the pace seen in 2010. Much of this increase was concentrated in large/mega buyout funds which we continue to avoid scrupulously. Lower interest rates, flush corporate balance sheets and easier lending terms should create attractive conditions for deal making in 2013. We continue to recommend commitments to this asset class but selectively so.

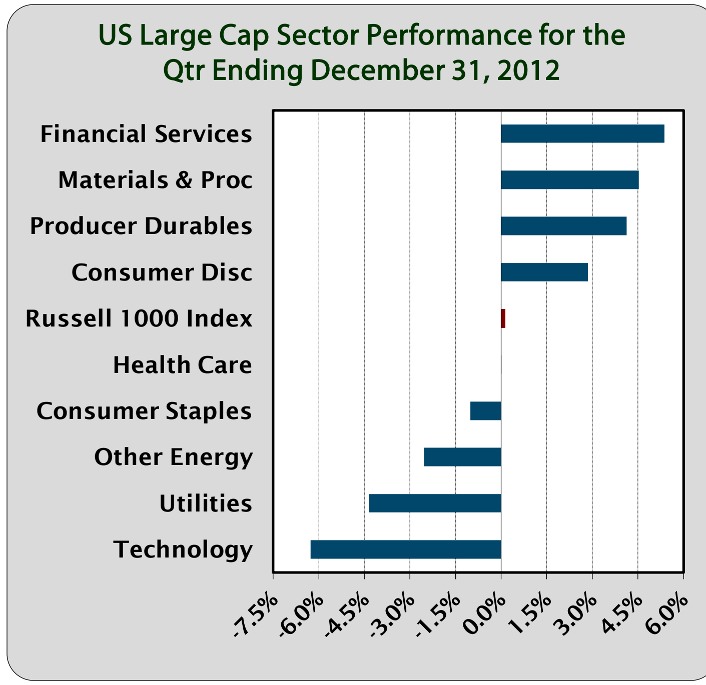
US Equity

- Disappointing top-line revenue results posted in October by over 60% of major corporations in the S&P 500, coupled with worries about the "fiscal cliff" and the risk that likely tax increases for 2013 might induce recession, helped push the S&P 500 down by 1% in the quarter.

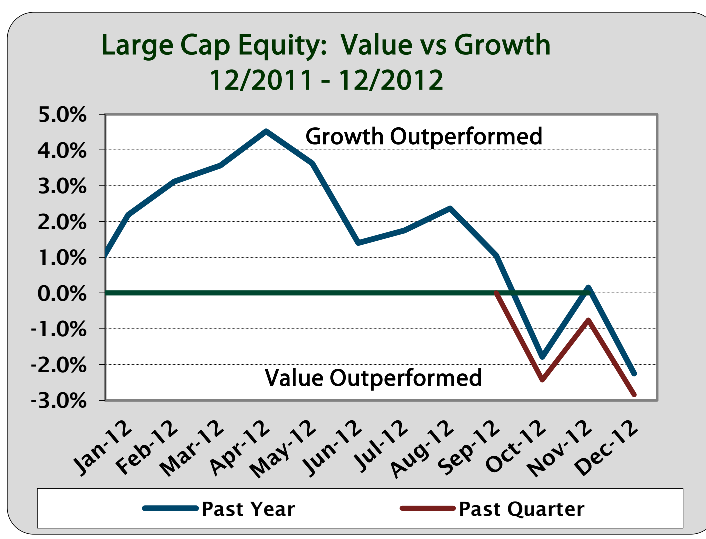
- Despite poor fourth quarter performance, large cap stocks generated better returns for the 2012 than in 2011. Excluding dividends, the S&P 500 gained 13.4% versus being flat in 2011. Much of this increase was attributable to financial sector stocks which rose over 25% (with BofA and JPM gaining 109% and 32% respectively) compared to falling by 18% in 2011. Utility stocks, the top performer sector last year, was the only one to decline (absent dividends) for all of 2012.

- For the quarter, large cap value held up much better than growth, mostly because of value's large underweight in technology sector and a 5x allocation to financial stocks. While the tech sector, led by Apple, had a relatively strong year, the fourth quarter saw returns fall by 6% as companies such as IBM, Google and Apple reported disappointing news.

- Almost 90% of incremental earnings growth for the S&P 500 in 2012 derived from ten stocks, the largest being Apple. While the index is trading at a modest discount to historical projected earnings (14x), this difference reflects the uncertainty in equity markets and the need for greater breadth in earnings growth across companies.



Source: Bloomberg, Frank Russell & Company



Source: Bloomberg, Frank Russell & Company
This chart represents the return of the Russell 1000 Growth Index less the return of the Russell 1000 Value Index.

US Equity

- Some of the optimism generated by third quarter GDP being revised from 2% to 3.1% yielded to concerns that much of the improvement derived from non-recurring government expenditures and inventory expansion that might reduce fourth quarter growth if spending by businesses and consumers does not accelerate. Current fourth quarter GDP is forecast at 1.3% while corporate earnings estimates have been reduced from 10% to 3%.

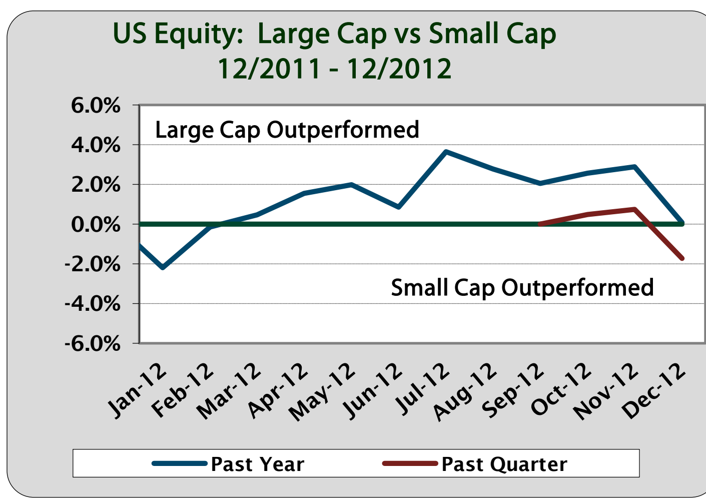
- Against the backdrop of the IMF warning of a global slowdown, US Manufacturing contracted in November to its lowest level in three years and consumer holiday spending was its lowest since the 2008 financial crisis. While Hurricane Sandy and Washington gridlock both had an influence, there is no question that the economy remains weak.

- While year-over-year core CPI dropped to 1.9%, it remains higher than current yields for 10-year Treasuries and continues to result in negative real yields for those using short-term deposits and CD's as savings vehicles.

- The Fed's September 13th announcement of QE3 and its December communication to maintain current short-term rates until unemployment falls to 6.5% (currently 7.7%) or substantial inflation emerges. The S&P 500 has actually fallen by 2.5% since QE3 was announced.

Key Economic Statistics	Value as of:			
	09/12	10/12	11/12	12/12
Gross Domestic Product (annualized, QoQ)	3.1%	*	*	**
Consumer Price Index ex food & energy (MoM)	0.1%	0.2%	0.1%	**
Producer Price Index (MoM)	0.0	-0.2	0.1	**
Leading Economic Indicators (MoM)	0.4%	0.3%	-0.2%	**
ISM Manufacturing Index	51.5	51.7	49.5	50.7
Unemployment Rate	7.8%	7.9%	7.8%	7.8%
University of Michigan Survey of Consumer Confidence	78.3	82.6	82.7	72.9
Capacity Utilization	78.3%	77.7%	78.4%	**

** Data available quarterly, only. ** Data not yet available.*
Source: Bloomberg



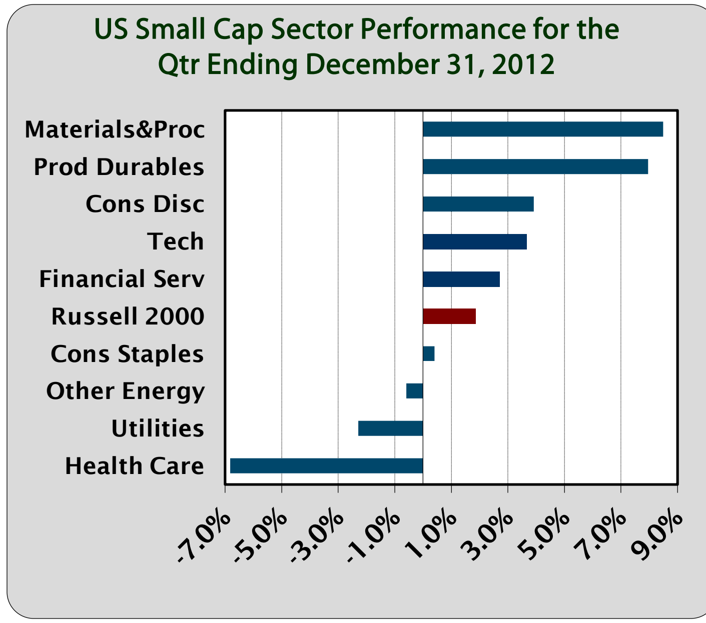
Source: Bloomberg, Frank Russell & Company
The chart above seeks to illustrate how large caps have done relative to small caps by comparing the performance of the Russell 1000 ("Large Cap") Index to the performance of the Russell 2000 ("Small Cap") Index.

US Equity

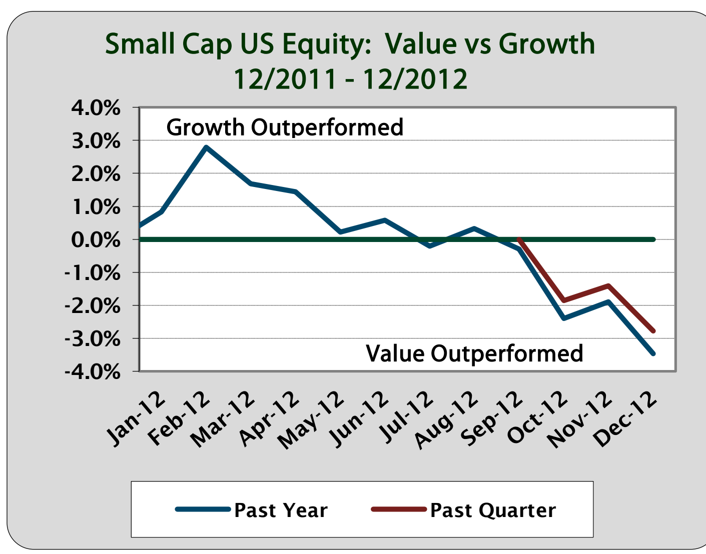
- While returns were low, the small cap Russell 2000 had a much stronger fourth quarter than the S&P 500, gaining 1.9%. Small cap stocks benefitted by investors focusing on "safer" domestic markets and from the ongoing actions of the Fed to keep interest rates low and liquidity high.

- For the fourth quarter, small cap value held up better than small cap growth as the value index holds less than one-half the allocation to healthcare as that of growth, a sector that declined by almost 7% for the period.

- Consumer discretionary stocks were a bright spot for large and small cap stocks in 2012 as consumer debt as a percentage of disposable income (15.74%) is at its lowest level since 1984. Government expenditures and overall debt continues to climb highlighting the risk to consumer discretionary stocks should spending fall and taxes rise substantially, a risk that would impact small cap stocks far more that large cap stocks.



Source: Bloomberg, Frank Russell & Company



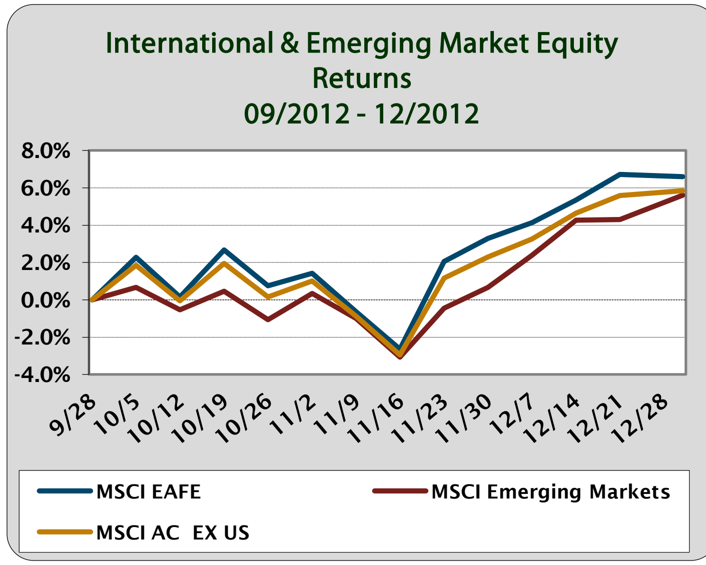
Source: Bloomberg, Frank Russell & Company
This chart represents the return of the Russell 2000 Growth Index less the return of the Russell 2000 Value Index.

Non US Equity

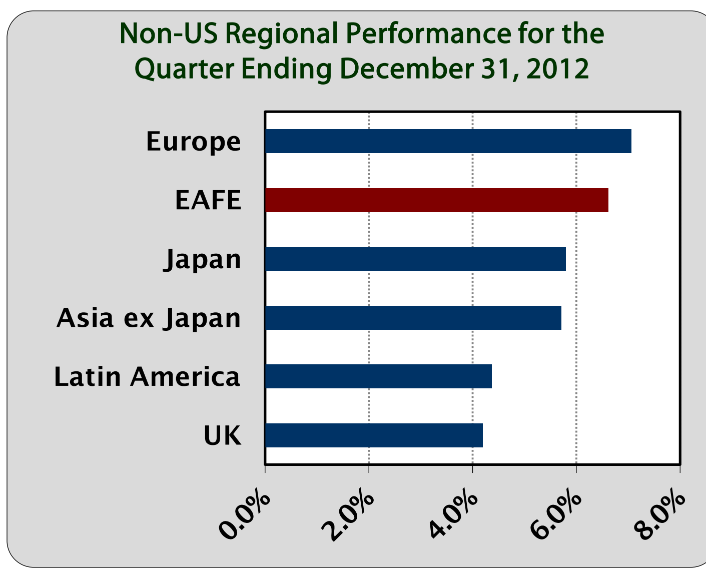
- As 2012 began, investors worried about continued distress in the eurozone, a "hard landing" of China's slowing economy, and the implications of the outcome of the US presidential election. As it turns out, global equity investors were well rewarded in 2012 with EAFE returning 17.9%, EM returning 18.6% and ACWI ex US returning 17.3% for the year.

- In this environment, there was very little correlation between economic growth and equity market returns. Although equity markets performed well, GDP growth was muted. The GDP growth rate in OECD countries was less than 2.0%. The eurozone had a negative growth rate and slipped back into recession. The recession has contributed to economic downturns in several emerging market countries. In addition, Japan had its second straight quarter of economic contraction.

- During 2012, the BRICs, with exception of India (which returned a handsome 25.6%), all trailed the broader EM market in equity returns. Russia returned 10.5% followed by Brazil at 7.4% and China at 0.9%. Between 2000 and 2008 the BRICs enjoyed an average GDP growth rate of 8%. The IMF estimates that the 2012 growth rate for the BRICs will be 4.5%. As the year ended, Economic recovery in China gained pace with industrial output increasing by over 10% for the year; time will tell if the Chinese recovery is sustainable based on private investment and whether the recovery will translate into higher equity prices.



Source: Bloomberg

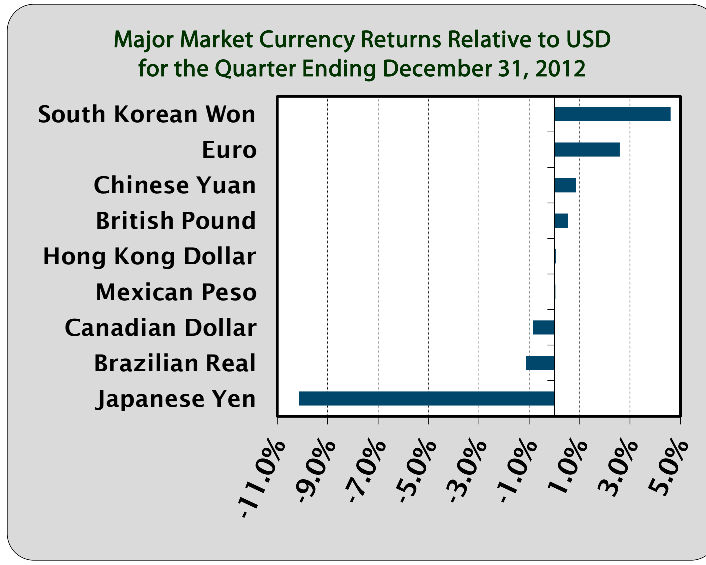


Source: Bloomberg

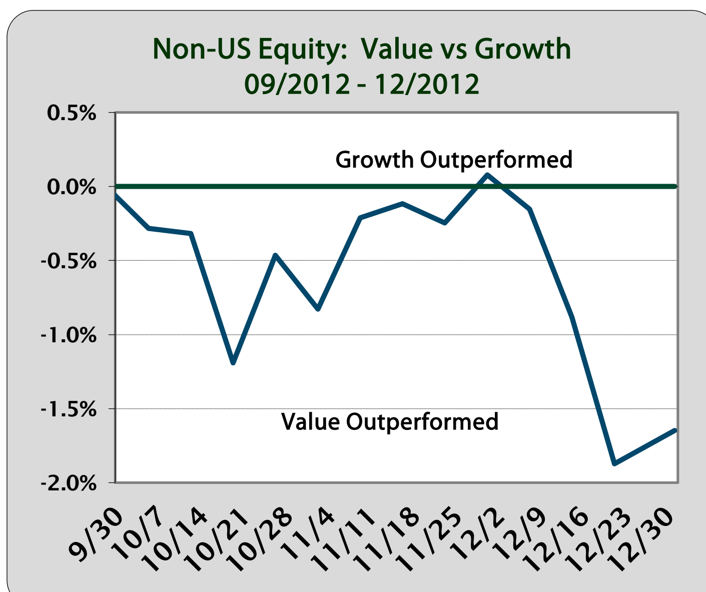
Non US Equity

- Looking ahead--the global economy is expected to make a “hesitant and uneven” recovery over the next two years, according to the OECD. At the beginning of December the ECB lowered its expectations for economic growth in the eurozone. Mario Draghi is now calling for “gradual recovery” to begin late in 2013 with a growth rate of 1.2% for 2014.

- Politically, China’s new government has been in place for several months and has reduced uncertainty in Asia. Japan’s newly formed government is pushing extreme stimulus measures that could (deliberately) lead to inflation and pull the country out of recession. Italy and Spain have elections in early 2013 that will likely increase uncertainly.



Source: Bloomberg



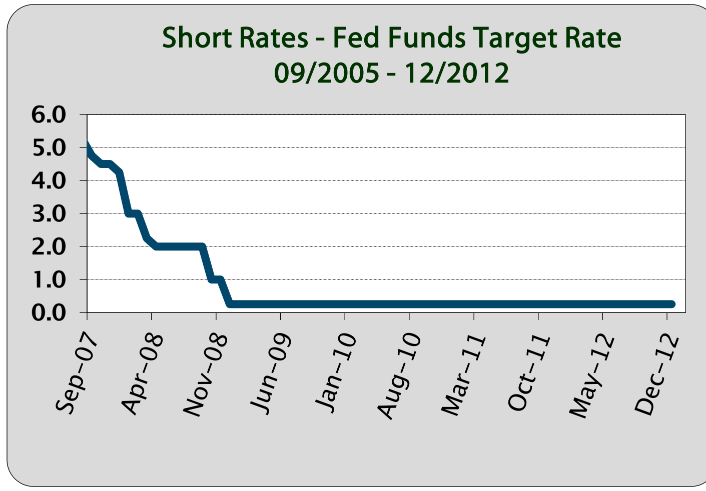
Source: Bloomberg

US Fixed Income

- The Fed's intention to maintain a near zero-percent target through 2015 is clear as is its intention to pursue substantial bond purchases intended to promote growth and recovery, especially in the labor markets. The scale of the Fed's program confirms the protracted inability of political leaders to enact pro-growth policies and is consistent with weak macroeconomic fundamentals that include slowing real GDP growth and weak income growth.

- With economic growth slowing on a global basis, and the Fed back purchasing bonds, yield levels across the curve remain very low. The 10-year Treasury yield continues in a range of approximately 1.6% to 1.8% with real yields markedly negative. The volatility reflects the "fiscal multiplier" risk associated with below-market yields imposed by the Fed's financial repression.

- Risk perceptions have ebbed in light of the ECB and Fed announcements although issues of the fiscal cliff and subsequent debt limits keep investors wary despite the clear resolve of central banks to maintain stability. The risk-on and risk-off patterns we have witnessed are consistent with periods of deleveraging. Policy mistakes are still possible. Deleveraging, restructuring, and global policy normalization will take time.



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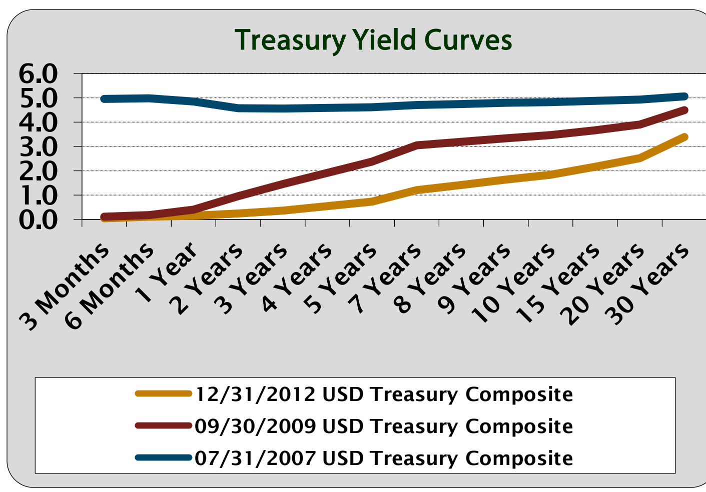

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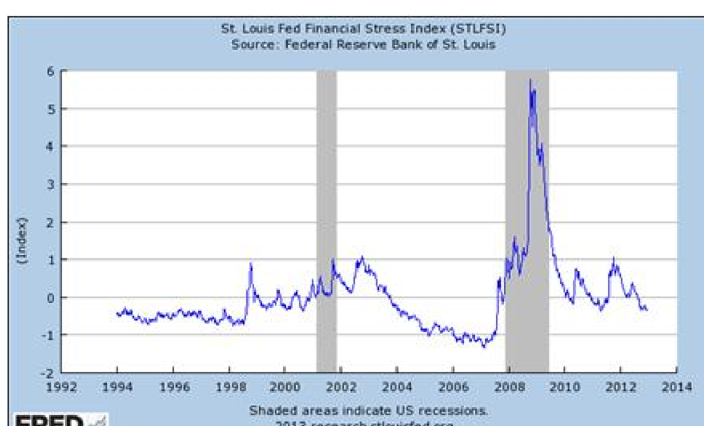


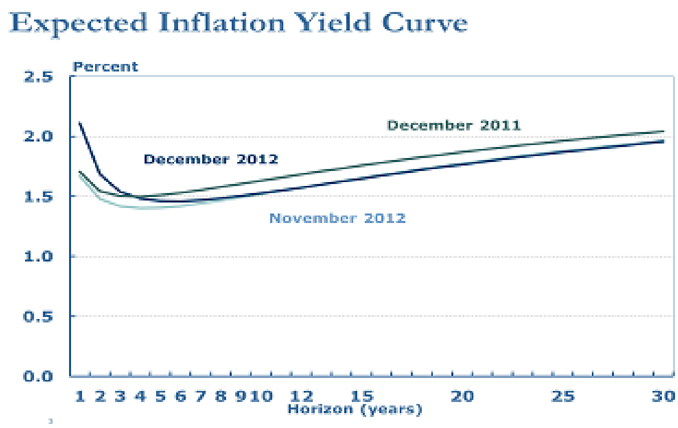
Source: Federal Reserve Bank of St. Louis

US Fixed Income

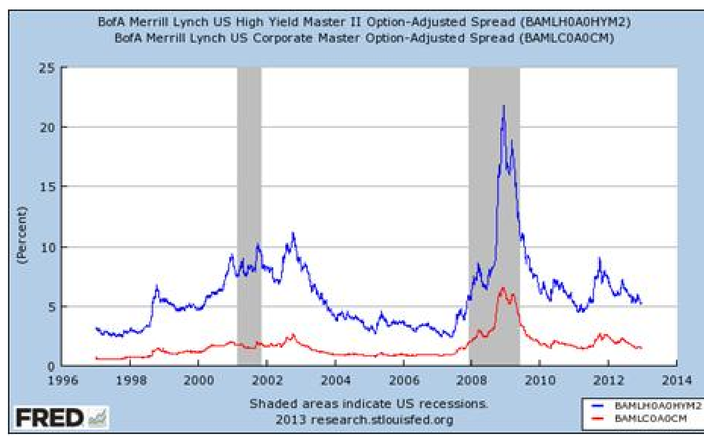
- There is still little chance of sustained inflation in the next 18-24 months given the economic fundamentals. Implied forward expected inflation rates are approximately 2-2.5% which is consistent with Greycourt's base case analysis and hardly reflective of a market anticipating rapid inflation. More sophisticated econometric and survey measures of expectations, gauge inflation expectations well below 2%.

- High Yield option adjusted spreads are still attractive relative to recent default rates, but are well off their highs. Risk assets have responded very well to the ECB and Fed announcements. At these levels, the bonds are priced for a scenario better than Greycourt's base-case. Leveraged Loans at these levels would be a better value for new investment.

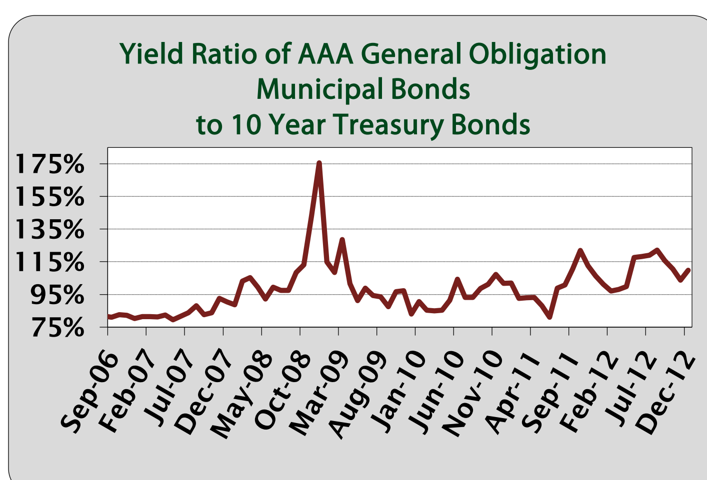
- Genuine credit issues and opportunities remain in municipal securities that require skilled analysis to exploit. Even with historically wide yield ratios, after-tax spreads to comparable US Treasuries for higher-rated municipals are not particularly attractive. Lower-rated, intermediate maturity credits offer better value and require strong security selection expertise and a deep understanding of macro-credit risks.



Source: Haubrich, Pennacchi, Ritchken (2011)



Source: Federal Reserve Bank of St. Louis



Source: Bloomberg, Calculation: theoretical after-tax equivalent equals (100%) – (tax rate).

Hedge Funds

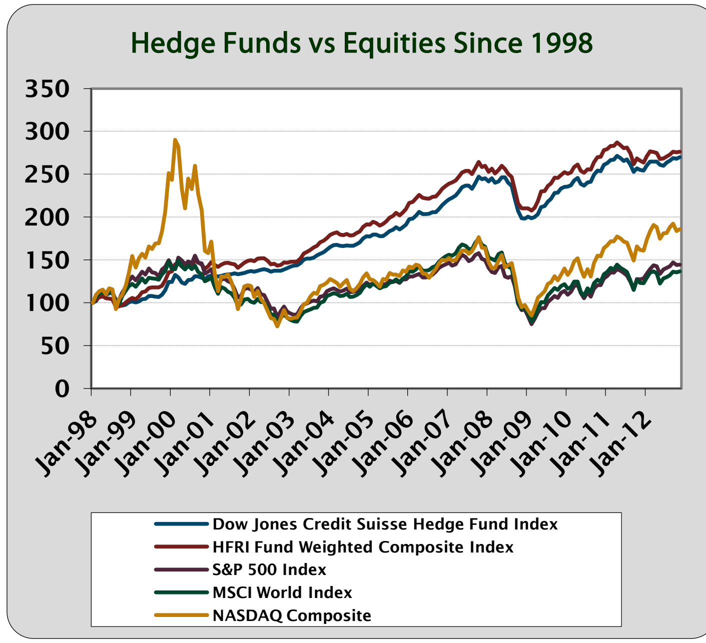
- Hedge funds generated uninspiring, but moderately positive, returns for the fourth quarter with returns averaging between 1.5% to 2% based on preliminary December data.

- Dispersion in fund returns was higher than in the third quarter, as some funds that amped up exposure in an effort to chase returns into the end of the year faltered. The relatively small number of strong performers generally extended their lead.

- Leverage levels and net exposure were apparently flat to slightly down in aggregate. Lagging funds appeared to hold (or in some cases increase further) exposure that was taken up during the third quarter. Leading firms, however, cut net exposures and, to a lesser extent gross exposures.

- Directional strategies did best, especially developed market equity long/short funds. Global macro funds again lagged, and emerging markets funds also posted soft results. Very few did a good job trading around the policy moves, though there were some notable exceptions from large, well-run firms. Japan's leadership transition finally led to meaningful downward moves in the yen and a strong rally Japanese exported-related equities.

- Complex and structured credit funds had especially strong returns. Fundamentals improved, but perhaps not as much as the yield-starved rally would suggest. Distressed returns were weaker and a lot more variable as spreads widened on a few widely held positions.



Source: Bloomberg

HFRI Indices - USD	Q4 2012	Trailing 1 Year	Trailing 3 Years
Fund Weighted Composite Index	1.3%	6.2%	3.5%
Equity Hedge (Total) Index	1.9%	7.4%	2.8%
EH: Equity Market Neutral Index	0.9%	3.0%	1.2%
EH: Short Bias Index	-4.6%	-17.5%	-12.1%
Event-Driven (Total) Index	3.2%	8.6%	5.5%
ED: Distressed/Restructuring	4.2%	10.4%	6.7%
ED: Merger Arbitrage	1.2%	2.9%	3.0%
Macro (Total) Index	-1.2%	-0.4%	1.0%
Relative Value (Total) Index	2.3%	10.5%	7.2%
RV: Fixed Income - Asset Backed	3.4%	16.7%	11.8%
RV: Fixed Income - Convert Arbitrage	1.9%	8.6%	5.3%
RV: Multi-Strategy Index	2.9%	8.9%	6.3%
Fund of Funds Composite Index	1.3%	4.8%	1.5%
Emerging Markets (Total) Index	4.8%	10.2%	1.8%

Source: Bloomberg
**Last updated on 1/28/2013. Returns are subject to revision by HFRI.*
**Returns are annualized if more than one year.*

Private Equity

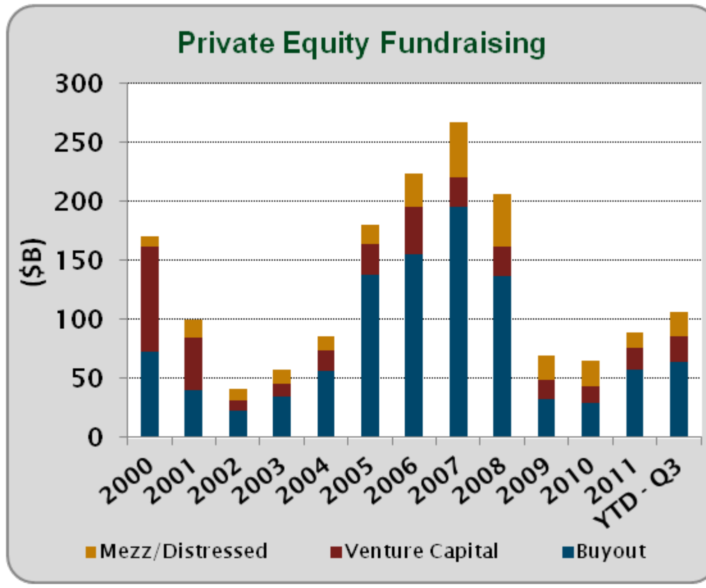
- Both the venture capital and buyout industries, particularly in the US, had a similar experience in 2012. Fundraising was tough, the first half of the year was better than the second, and both sectors are downsizing.

- VC fundraising will eclipse 2011 but the widening gap between 'haves' and 'have not's puts increasing pricing/purchasing power into the hands of fewer and more accomplished firms…10 top tier firms represented ~60% of funds raised. Every year from 2007 thru 2012, investing has outpaced fundraising, burning off unused capital. This combination of events will make the top tier ever-harder to access.

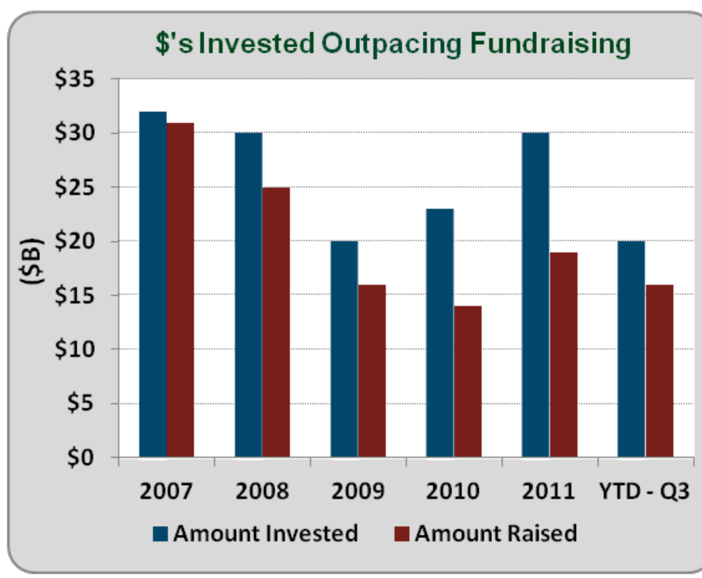
- With on-going fundraising headwinds, a declining number of active firms and poor post-IPO performances in 2012, valuations on new investments came under increasing pressure as the year advanced, shifting the purchase price advantage to the investor as the year wore on. This is good longer term for the remaining, viable fund managers but is further extending much wanted exits.

- Venture capital IPO experience was a roller coaster in 2012. Early in the year the Facebook issue signaled a return of the market. Instead, it served to contaminate the IPO waters and what followed was a slow drip of deals causing 2012 to be mediocre by any measure.

- Strategic buyers of VC-backed companies had less appetite in 2012 than 2011…some of which may be explained by mounting concerns over resolution of the fiscal cliff. Whatever the cause, it placed additional pressure on valuations.



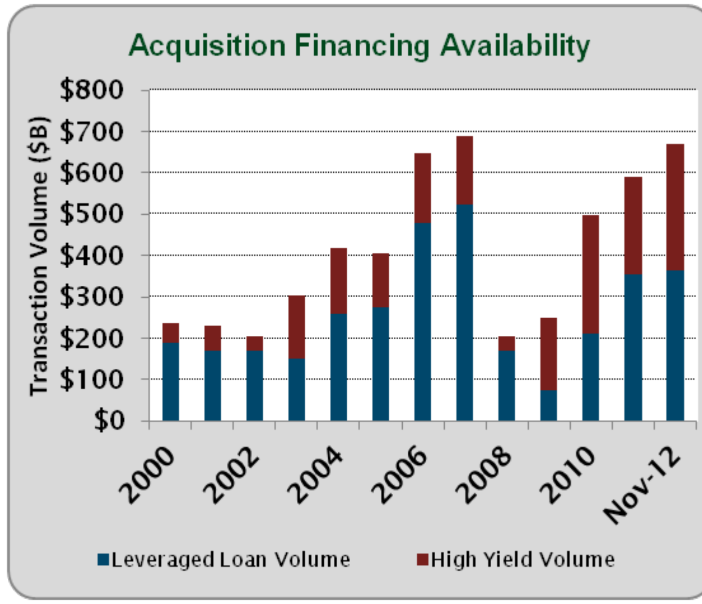
Source: Thomson and National Venture Capital Association



Source: NVCA, Thomson Reuters

Private Equity

- 2012 investing will finish well below 2011, probably 75% of the prior year. While deal making was strong, enthusiasm dropped later in the year with credit availability a key driver. In 2012, yield-hungry investors made credit available on very favorable terms, tapering off in the closing months against a defensive mood. Defaults by high yield issuers remain low but could change with a challenging economy. With a record number of portfolio companies languishing in funds, we see potential on the horizon for significant fund-to-fund secondary acquisitions that would absorb overhanging capital. The desire to deploy this capital quickly and the requirement to use more equity in deals will put pressure on future returns, particularly for the very large funds.



Source: UBS as of November 2012

- The US buyout market had one of the biggest fund raising years on record, 60% over 2011 and double 2010 despite much talk about the overhang of unused 2006-8 capital. The 'mega' firms ($5bn+) were particularly active and will probably finish the year accounting for half the money raised. Some of this can be attributed to lowered return assumptions of large pension funds in combination with tepid returns in more liquid markets and recent out-performance of quality buyout managers who are making solid distributions that need to be re-invested. Still and all, the buyout market is also a 'have and have not' market and the competition for capital is intense. A shake-out in this sector is now underway.

- Buyout exit activity was steady throughout 2012 if not slightly below 2011. M&A activity was solid and the IPO market was a popular option with most of the transactions holding up well in the aftermarket. Returns were further bolstered by…Oh, dear…the reappearance of dividend recaps, fueled by available credit (high yield) and record low interest rates. In fact, 2012 will be the highest dividend recap year on record.

- Secondary fund managers raised a record amount in 2012. While purchase activity was high early in the year, the pace slowed dramatically as we approached the election and has remained so as participants seek clarity on regulations and the direction of the economy. We expect significant activity in 2013.

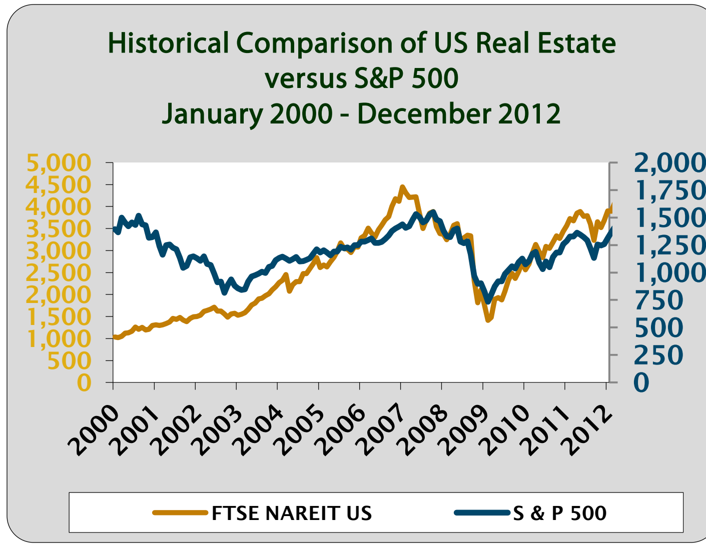
Real Estate

- Historical bifurcation continues unabated in the commercial real estate world. Investors seeking yield that is no longer available through investment grade bonds have pushed stabilized, top-tier properties into similar lofty price ranges. While we do not expect anything to change in the near term, we would note that commercial real estate leveraged equity has a very different risk profile from investment grade bonds and while some characteristics are similar, these are not substitute products.

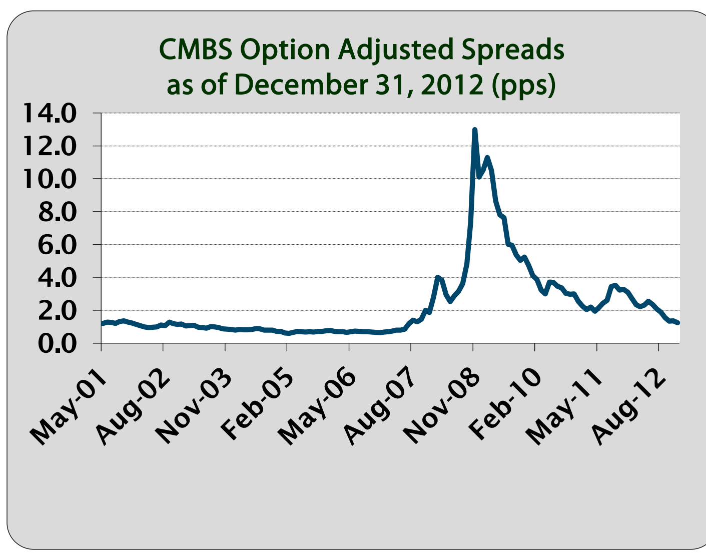
- Banks have been gradually selling off (and taking losses) on distressed loan portfolios creating a steady stream of opportunities in the value-add segment for those willing to roll up their sleeves and work the properties. Banks are simply not set up to do this type of work and the steady stream of outflow allows for solid mid-teens and often better yields.

- Where last quarter saw deterioration in the Northeast and the South, these regions reversed track as conditions improved nationwide during the fourth quarter.

- Retail continues to struggle while multi-family dominates. Corporate and industrial are largely middling along with location based fundamental differentiation. High quality city centers and established affluent areas continue to see the strongest fundamentals.



Source: Bloomberg – FTSE NAREIT US Equity Index, Standard & Poors



Source: Barclays Capital Live

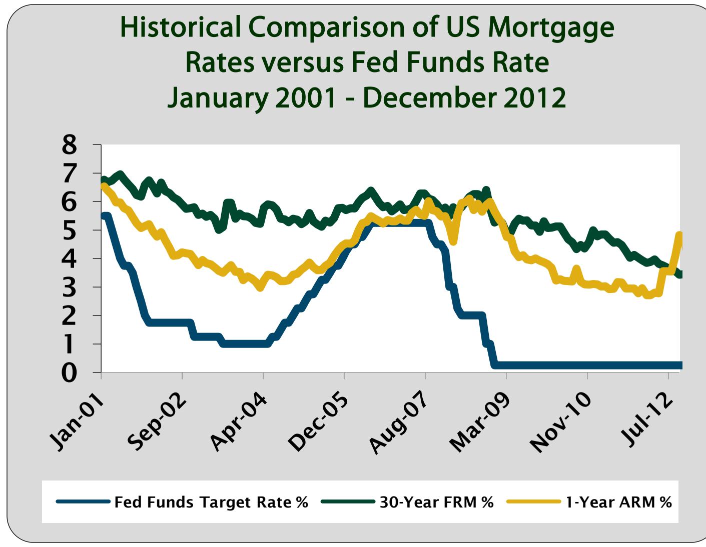
Real Estate

- Through October the Case-Shiller 20 City Index was up 4.3% year-to-date on a seasonally adjusted basis, up 1.48% in the past 3 months of reporting. The areas hardest hit since 2006 dominated the best performers with Phoenix (up a staggering 19.38% year-to-date), Detroit (up 11.39%), Miami (up 8.74%), Las Vegas (up 9.51%) and San Francisco (up 9.37%) at the top end.

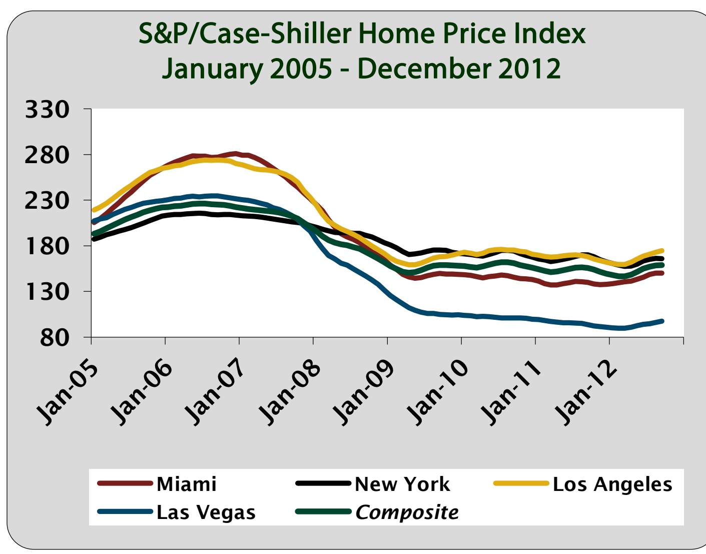
- Behind the numbers lie several fundamental positives: 1) buyers on the sidelines and delayed household formation moving demand into the market on improved confidence; 2) banks favoring short-sales as opposed to foreclosures (which can typically sell for 20% under market due to deterioration); and 3) demand from organized investment pools and foreign buyers.

- While demand is up, sales of new and existing homes are not particularly good by any historical standard as supply is being heavily (and purposefully) constrained to put a bottom on the housing market.

- Despite the 5 million homes in foreclosure or delinquent on their mortgages, many areas are seeing 40% reductions in available inventory from last year. The government continues to dominate the mortgage market via agency and FHA loans and has provided historically low interest rates that allow up to 40% more purchasing power for an equivalent monthly payment versus several years ago.



Source: Bloomberg

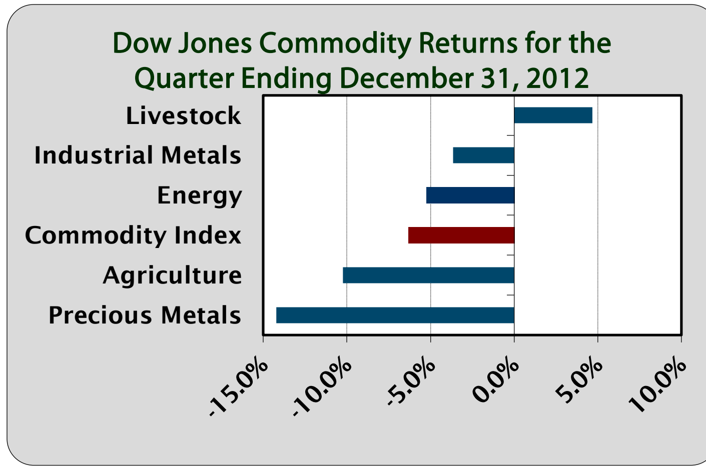


Source: Bloomberg
**Data through October 2012*

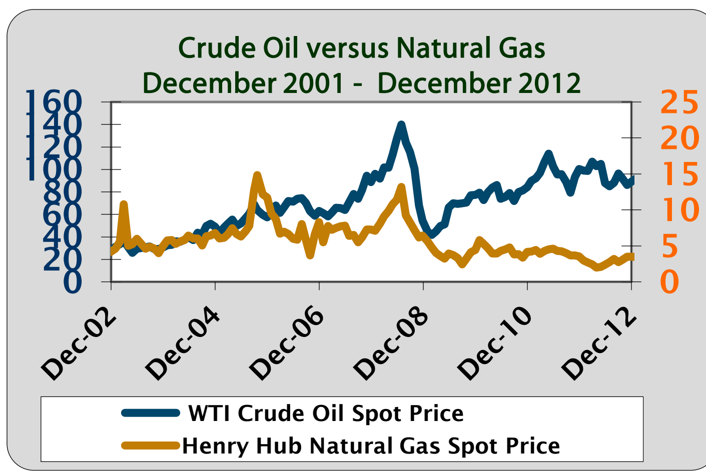
Real Assets

- Commodities provided little joy for investors, with all sectors down except for...livestock. Oil, natural gas and gold all lost ground. Oil finished at $91.79, down 1.6%. This was a moral victory of sorts as the price had sunk close to $85 during the quarter. Natural Gas continues to suffer from the weather. Weather in this case is measured in "heating demand days," which were down slightly from the last quarter of 2011 and -8% below the 10-year average. The industry – if no one else – has its fingers crossed, hoping for a cold January. The silver lining is that the industry has been reducing the number of rigs drilling for natural gas, and the net effect has been to bring gas in storage to the edge of the normal range. Natural gas finished the quarter down 5.7% at $3.36. The industry needs to see $4.00 or better to pick up the drilling pace.

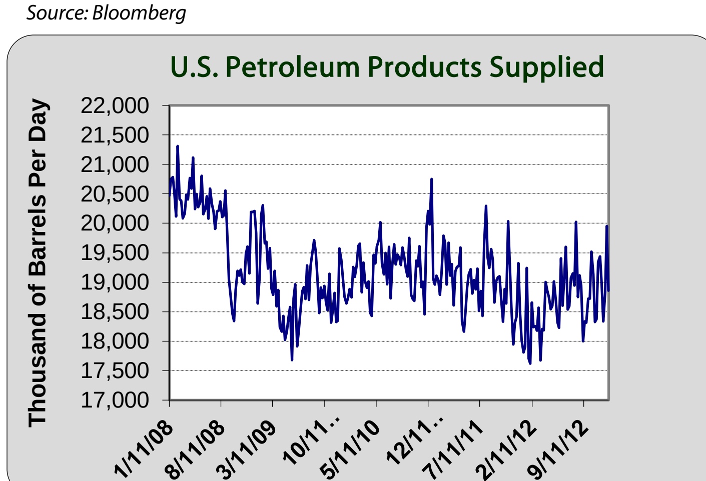
- Gold looked as if it was finally about to fulfill the dreams of its advocates when it approached $1,800 in early October, but it didn't last. Gold finished the quarter at $1,675.60, down 5.4%. Its behavior continues to belie its asserted role as a hedge. For much of the last year it has been much more correlated with equities than has been the case historically. Then, the conclusion of the fiscal cliff negotiations saw equities up and gold down. Whatever the effect of this interim political settlement, it was far from a long-term cure for the dollar.



Source: Bloomberg



Source: Bloomberg

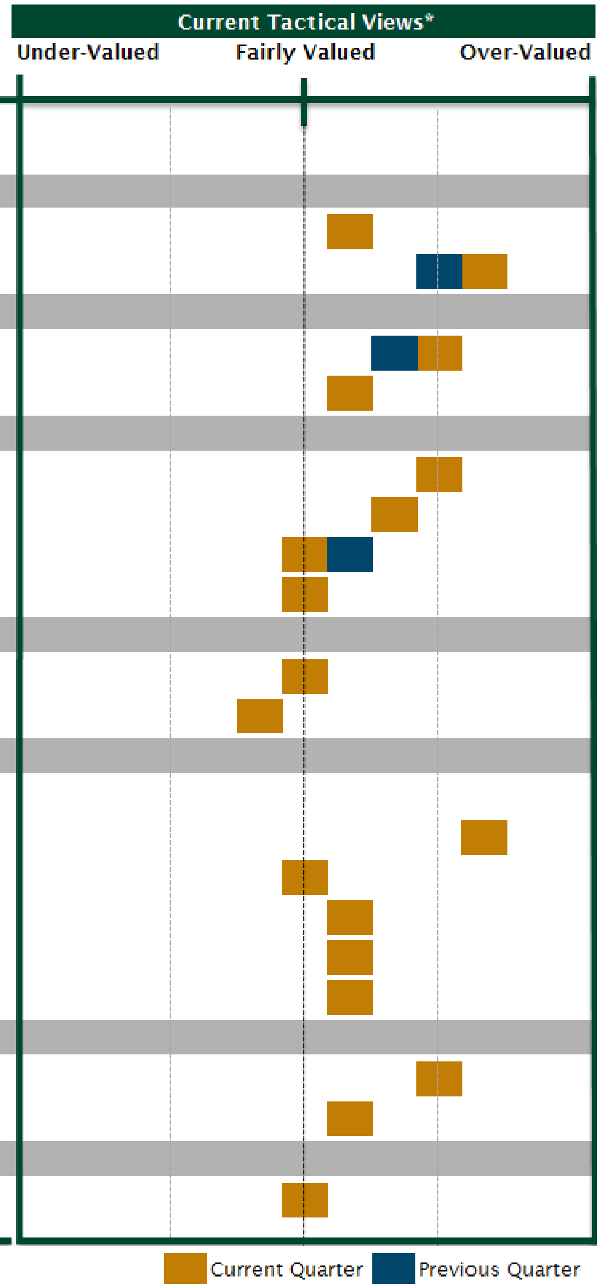


Source: Energy Information Administration

Tactical Views

The table below summarizes the consensus views of Greycourt's senior advisors regarding the most likely prospects for selected asset classes over the next three years. Asset classes we deem "under-valued" have a likelihood of generating three-year returns above our projections of their ten-year expected rate of returns, "fairly valued" asset classes are expected to perform in line with ten-year estimates, and "over-valued" asset classes are expected to underperform.

	10-Year Trailing Return	10-Year Strategic Forecast	Standard Deviation	3-Year Tactical Forecast
Inflation	2.4%	1.5%		
U.S Equities				
US Large Cap	7.5%	7.7%	16.6%	7.1%
US Small Cap	9.7%	7.6%	21.3%	1.9%
International Equities				
Developed Markets	8.2%	7.0%	18.0%	5.1%
Emerging Markets	16.5%	11.2%	25.6%	10.3%
Fixed Income				
U.S. Government Bonds	4.1%	2.0%	3.1%	1.8%
Taxable Corporate	6.3%	3.4%	5.6%	
Tax-Free Municipals	5.1%	2.8%	4.3%	2.8%
High-Yield	10.6%	5.4%	9.8%	
Hedge Funds				
Non-Directional Hedge	2.8%	5.0%	4.3%	
Directional Hedge	4.5%	7.0%	8.9%	
Private Equity				
Private Equity	-	11.8%	24.0%	
U.S. Large Buyout	-	-	24.0%	
U.S. Mid-Market Buyout	-	-	24.0%	
U.S. Venture Capital	-	-	24.0%	
International	-	-	24.0%	
Secondary Investments	-	-	24.0%	
Real Estate				
Public RE (Core)	10.9%	5.5%	21.0%	
Private RE (Opportunistic)	-	8.5%	25.0%	
Commodities				
Commodities	4.1%	4.7%	17.1%	



Note: Index proxies are used to estimate risk and asset correlations. Please see “General Disclosures" page for important information regarding this chart.

*During the 3rd quarter of 2012, Greycourt revised its long-term (strategic) asset class return forecasts and has reset its "Tactical Views" relative to the new strategic forecasts.

General Disclosure

All statements concerning future market or economic trends are the opinions of Greycourt's investment professionals. The statistical information presented in this report has been obtained from independent sources as noted. While Greycourt believes these sources to be reliable, Greycourt has not independently verified this information. Past performance does not guarantee future results. Your account value will fluctuate, and may be worth more or less than the amount originally invested.

Greycourt's Long Term Asset Class Forecast (LTACF)

Greycourt maintains a proprietary LTACF which it updates periodically. This document explains in detail Greycourt's view of potential returns by asset class for use in one-on-one presentations only and is available on that basis upon request. Greycourt's LTACF model does not include the deduction of advisory fees or other expenses that a client may have to pay. It does assume the reinvestment of interest and dividends. As with all models, there are inherent limitations to the model particularly the fact that results may not reflect the impact that material economic or market factors may have on actual advisor decision making.

Description of Indices

The Alerian MLP Index *is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs). The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis.*

The Barclays Capital Aggregate Index *represents securities that are US domestic, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.*

The Barclays Capital Municipal Bond Index *is an unmanaged index considered to be generally representative of investment-grade municipal issues having remaining maturities greater than 1 year and a national scope. It is not possible to invest directly in an unmanaged index. Prior to November 1, 2008, this index was published by Lehman Brothers.*

The Barclays Treasury TIPS Index *includes all publicly issued, US Treasury inflation-protected securities that have at least 1 year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in US dollars and must be fixed rate and non-convertible.*

The Barclays Capital US Intermediate Government/Credit Bond Index *measures the performance of US dollar denominated US Treasuries, government-related and investment grade US corporate securities that have remaining maturities greater than or equal to 1 year and less than 10 years. Securities have $250 million or more of outstanding face value and must be fixed rate and non-convertible.*

The CPI *is a price index determined by measuring the price of a standard group of goods meant to represent the typical market basket of a typical urban consumer. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers. The all urban consumer group represents about 87 percent of the total U.S. population. The CPI market basket is developed from detailed expenditure information provided by families and individuals on what they actually bought. For the current CPI, this information was collected from the Consumer Expenditure Surveys for 2007 and 2008.*

The Credit Suisse Leveraged Loan Index *is designed to mirror the investable universe of the US dollar-denominated leveraged loan market. The index included $148 billion in tradable term loans. Average values are computed over the index for coupon, current yield, initial spread and price. The average coupon, current yield and initial spread are weighted by market value (amount outstanding x price) at the end of the measurement period for each loan currently paying interest in the index.*

The Credit Suisse/Tremont Global Macro Index *is an index of funds that focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate, and commodity markets. Managers typically employ a top-down global approach to concentrate on forecasting how political trends and global macroeconomic events affect the valuation of financial instruments. Profits are made by correctly anticipating price movements in global markets and having the flexibility to use a broad investment mandate, with the ability to hold positions in practically any market with any instrument. These approaches may be systematic trend following models, or discretionary.*

The Credit Suisse/Tremont Event Driven Distressed Index *is an index of funds that focus on distressed situations invest across the capital structure of companies subject to financial or operational distress or bankruptcy proceedings. Such securities trade at substantial discounts to intrinsic value due to difficulties in assessing their proper value, lack of research coverage, or an inability of traditional investors to continue holding them. This strategy is generally long-biased in nature, but managers may take outright long, hedged or outright short positions. Distressed managers typically attempt to profit on the issuer's ability to improve its operation or the success of the bankruptcy process that ultimately leads to an exit strategy.*

The Credit Suisse/Tremont Event Driven Index *is an index of funds invested in various asset classes which seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of* *corporate events. Event Driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many managers use a combination of strategies and adjust exposures based on the opportunity sets in each sub-sector.*

The Dow Jones UBS Commodity Index *is composed of futures contracts on physical commodities. Included in the index family are subindexes representing the major commodity sectors within the broad index: Energy, Petroleum, Precious Metals, Industrial Metals, Grains, Livestock, Softs, Agriculture and ExEnergy.*

The FTSE RAFI 1000 Index *is an index of stocks based on the largest 1,000 fundamentally ranked companies. The FTSE RAFI US 1000 Index was launched on November 28, 2005 as part of FTSE Group's non-market cap weighted stocks. The FTSE RAFI US Index tries to reduce the exposure to overvalued stocks by having less exposure to stocks that have seen large increases in price compared to their earnings (called P/E ratio).*

The HFRI Fund of Funds Composite Index *is an index of funds that invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers.*

The HFRX Equity Hedge Index. *"Equity Hedge" investing consists of a core holding of long equities hedged at all times with short sales of stocks and/or stock index options. Some managers maintain a substantial portion of assets within a hedged structure and commonly employ leverage. Where short sales are used, hedged assets may be comprised of an equal dollar value of long and short stock positions. Other variations use short sales unrelated to long holdings and/or puts on the S&P 500 Index and put spreads.*

The HFRX Market Neutral Index *is an index of funds that strive to generate consistent returns in both up and down markets by selecting positions with a total net exposure of zero. Trading Managers will hold a large number of long equity positions and an equal, or close to equal, dollar amount of offsetting short positions for a total net exposure close to zero. A zero net exposure is referred to as 'dollar neutrality and is a common characteristic of all equity market neutral managers.*

The HFRX Absolute Return Index *is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.*

The HFRX Distressed Securities Index *is a combination of distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.*

The HFRX Event Driven Index *is a combination of event driven managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments.*

The HFRX Equity Market Neutral Index *combines managers whose strategies include sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Statistical Arbitrage/Trading strategies consist of strategies in which the investment thesis is predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices.*

The HFRX Global Hedge Fund Index *is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.*

The HFRX Macro Index *is a mixture of Macro strategy managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods.*

The HFRX Market Directional Index *is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. As a component of the optimization process, the index selects constituents which characteristically exhibit higher volatilities and higher correlations to standard directional benchmarks of equity market and hedge fund industry performance.*

The Merrill Lynch Treasuries 10+ Year *tracks the performance of the direct Sovereign debt of the US Government. It includes all US dollar-denominated bonds having at least 10 years remaining to maturity and a minimum amount outstanding of $1 billion. US Treasury Strips are excluded from the index; however any amounts stripped are included in the amount outstanding of the underlying coupon bonds. Inflation linked securities do not qualify for the index. The index is re-balanced the last calendar day of the month with issues that* *meet the qualifying criteria remaining in the index and those that no longer meet the criteria remaining in the index until the next month-end rebalancing at which point they are dropped from the index.*

The Merrill Lynch High Yield Master *tracks the performance of below investment grade US dollar denominated corporate bonds publicly issued in the US domestic market. "Yankee" bonds (debt of foreign issuers issued in the US domestic market) are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long term debt rating (based on a composite of Moody's and S&P.) The index is re-balanced the last calendar day of the month with issues that meet the qualifying criteria remaining in the index and those that no longer meet the criteria remaining in the index until the next month-end rebalancing at which point they are dropped from the index.*

Merrill Lynch 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 (debt of foreign issuers issued in the US domestic market) are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long term debt rating (based on a composite of Moody's and S&P). The index is re-balanced the last calendar day of the month with issues that meet the qualifying criteria remaining in the index and those that no longer meet the criteria remaining in the index until the next month-end rebalancing at which point they are dropped from the index.*

The Merrill Lynch 1-3 Year Treasury Index *is an unmanaged index made up of U.S. Treasury issues with maturities of 1-3 years.*

The Merrill Lynch U.S. High Yield BB-B Rated Index *is an unmanaged market index comprised of fixed income securities rated BB and B.*

The MSCI AC World Index *is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.*

The MSCI AC (All Country) Pacific Index *is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed and emerging markets in the Pacific region. As of June 2007, the Index consisted of the following 12 developed and emerging market countries: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand.*

The MSCI Europe Index *is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the Index consisted of the following 16 developed market country Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, indices: Austria, Belgium, and the United Kingdom.*

The MSCI EAFE Index *(Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.*

The MSCI EAFE Growth Index Fund *is a subset of the MSCI EAFE and constituents of the Index include securities from Europe, Australia (Australia and Asia) and the Far East. As of March 2010 the index has nearly 597 holdings with total net assets of $1.38billion.*

The MSCI EAFE Value Index Fund *is a subset of the MSCI EAFE and constituents of the Index include securities from Europe, Australia (Australia and Asia) and the Far East. As of March 2010 the index has nearly 520 holdings with average market cap of $56.09 billion and total market cap of $7.25 trillion.*

The MSCI EM (Emerging Market) Index *is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.*

The MSCI US Broad Market Index *is the aggregation of the MSCI US Large Cap 300, Mid Cap 450, Small Cap 1,750 and Micro Cap Indices. This index represents approximately 99.5% of the capitalization of the U.S. equity market and includes approximately 3,900 companies. The MSCI US Broad Market Index represents a greater proportion of the U.S. equity market cap than the most commonly used broad market indices.*

The MSCI US Prime Market Growth Index *is a subset of the MSCI US Prime Market 750 Index. It represents the growth companies in the MSCI US Prime Market 750 Index (which represents the universe of large and medium capitalization companies in the US equity market).*

The MSCI US Small Cap 1750 Index *represents the universe of small capitalization companies in the US equity market. This index targets for inclusion 1,750 companies and represents, approximately 12% of the capitalization of the US equity market.*

The NAREIT Equity Index *is an index that consists of all Real Estate Investment Trusts that currently trade on the New York Stock Exchange, the NASDAQ National Market System and the American Stock Exchange.*

The NASDAQ Composite Index *measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market. The NASDAQ Composite includes approximately 2,800 companies. The Index began with a base of 100.00 on February 5, 1971.*

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. It does not contain securities of financial companies including investment companies.*

The NASDAQ Bank Index *is a broad-based capitalization-weighted index of domestic and foreign common stocks of banks that are traded on the Nasdaq National Market System (Nasdaq/NMS) as well as the SmallCap Market. The index was developed with a base level of 100 as of February 5, 1971.*

The Nikkei-225 *Index is a stock average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.*

The Russell 1000 Index *measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately $13 billion; the median market capitalization was approximately $3.8 billion. The smallest company in the index had an approximate market capitalization of $1.4 billion.*

The Russell 1000 Growth Index *measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.*

The Russell 1000 Value Index *measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.*

The Russell 2000 Index *measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.*

The Russell 2000 Growth Index *measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.*

The Russell 2000 Value Index *measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.*

The Russell 2500 Index *measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 17% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximate $885 million; the median market capitalization was approximately $541 million. The largest company in the index had an approximate market capitalization of $3.8 billion.*

The Russell 3000 Index *measures the performance of the 3,000 largest US companies based on total market capitalization, which represents approximately 98% of the investable US equity market. As of the latest reconstitution, the average weighted market capitalization was $63.218 billion; the median market capitalization was approximately $796 million.*

The Russell Midcap Value Index *measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market.*

The S&P 500 Index *consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of share outstanding), with each stock's weight in the Index proportionate to its market value. The "500 is one of the most widely used benchmarks of US equity performance. The S&P/TSX Income Trust Index contains all of the income trust constituents from its parent index, the S&P/TSX Composite Index. Constituents of this index are not capped. The S&P/TSX Income Trust Index, in turn, is the parent index for the S&P/TSX Capped Energy Trust Index and the S&P/TSX Capped REIT Index. The relative weight of any single index constituent is capped at 25% for both indices.*

The S&P Completion Index *is a sub-index of the Total Market Index. This index includes all stocks in the Total Market Index except those in the S&P 500.*

The S&P 400/Citigroup Value Index *is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value and growth indices*

The S&P GSCI Index *is widely recognized as a leading measure of general price movements and inflation in the world economy. It provides investors with a reliable and publicly available benchmark for investment performance in the commodity markets, and is designed to be a "tradable" index. The index is calculated primarily on a world production-weighted basis and is comprised of the principal physical commodities that are the subject of active, liquid futures markets.*

The S&P GSCI Crude Oil Covered Call Index *simulates a covered call strategy on the most active crude oil futures contract. The index is designed to be investable and provides long only exposure to the crude oil market, but with less volatility and the potential for income* *generation. The index seeks to provide higher returns than the S&P GSCI Crude Oil Index but with lower volatility in most environments with the exception of when the crude oil futures market is rallying rapidly.*

The S&P MidCap 400 *provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis.*

The S&P MidCap 400 Growth and Value Indices *measure Growth and Value in separate dimensions across six risk factors. Growth factors include sales growth, earnings change to price and momentum; and the Value factors include book value to price ratio, sales to price ratio and dividend yield. The regular Style Index Series includes all stocks from the parent index into growth and value components, and weights them by market capitalization.*

The S&P SmallCap 600 *covers approximately 3% of the domestic equities market. Measuring the small cap segment of the market that is typically renowned for poor trading liquidity and financial instability, the index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable.*

The S&P SmallCap 600 Growth and Value Indices *measure Growth and Value in separate dimensions across six risk factors. Growth factors include sales growth, earnings change to price and momentum; and the Value factors include book value to price ratio, sales to price ratio and dividend yield. The regular Style Index Series includes all stocks from the parent index into growth and value components, and weights them by market capitalization.*

The Salomon Three-Month T-Bill Index *measures monthly return equivalents of yield averages that are not marked to market. The Three- Month Treasury Bill Index is an average of the last three three-month Treasury bill issues. Returns for these indexes are calculated on a monthly basis only.*

The Salomon (CitiGroup) 3 month CD *measures monthly equivalents of yield averages that are not marked to market. The CD rate is a rotating sample collected by the New York Federal Reserve Back of five banks and dealers surveyed daily on secondary market dealer offer rates for jumbo certificates of deposit.*

The Wilshire 4500 Completion *measures the performance of all small and mid-cap stocks. It is constructed using the Dow Jones Wilshire 5000 securities with the companies in the Standard & Poor's 500 Index removed. The approximately 4,500 capitalization weighted returns provide an excellent benchmark for "extended" fund managers. Created December 31, 1983.*

The US Wilshire REIT Index *measures U.S. publicly traded Real Estate Investment Trusts. The Wilshire US REIT Index (WILREIT) is a subset of the Wilshire US Real Estate Securities Index. The company must have a minimum total market capitalization of at least $200 million at the time of its inclusion. At least 75% of the company's total revenue must be derived from the ownership and operation of real estate assets.*

The Wilshire Real Estate Securities Index *is a broad measure of the performance of publicly traded real estate securities, such as Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs). The index is capitalization-weighted. The beginning date, January 1,1978, was selected because it coincides with the Russell/NCREIF Property Index start date. The Index is rebalanced monthly, and returns are calculated on a buy and hold basis.*

The Wilshire 5000 Total Market Index *represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities.*