

Snapshot Report

Gradient Mutual Fund A

Prepared for

Prepared by

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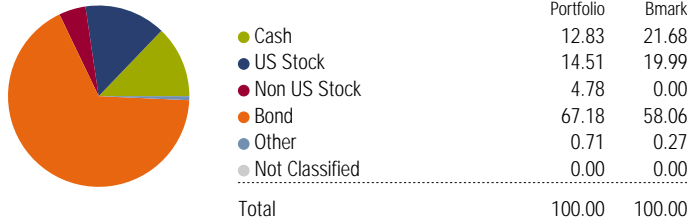
Gradient Mutual Fund A

Portfolio Snapshot

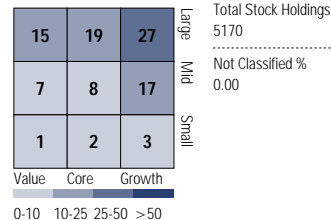
Report Currency USD **Portfolio Value** 100,000.00 **Benchmark** 80% Agg. Bond Index, 20% S&P 500 TR

Analysis

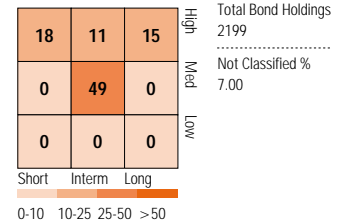
Asset Allocation



Equity Investment Style %

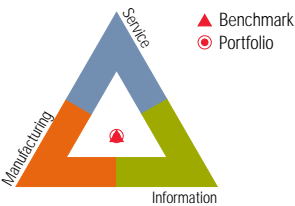


Fixed-Income Investment Style %

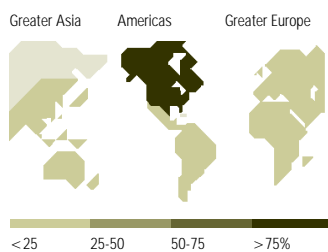


Stock Analysis

Stock Sectors



Stock Regions

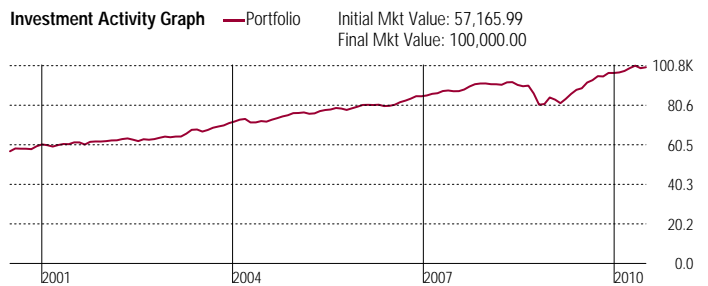


	Portfolio %	Bmark %
Information	22.81	23.49
Software	4.86	4.18
Hardware	10.42	11.23
Media	1.50	2.80
Telecom	6.03	5.28
Service	41.12	39.83
Health Care	12.56	11.27
Cons Svcs	10.48	8.79
Bus Svcs	5.37	3.46
Financial	12.71	16.31
Manufacturing	36.07	36.65
Cons Goods	10.66	11.37
Materials	15.61	10.84
Energy	8.01	10.77
Utilities	1.79	3.67
Not Classified	0.00	0.03

	Portfolio %	Bmark %
Americas	78.41	100.00
North America	76.94	100.00
Central/Latin	1.47	0.00
Greater Asia	9.51	0.00
Japan	3.50	0.00
Australasia	1.55	0.00
Asia Developed	2.13	0.00
Asia Emerging	2.33	0.00
Greater Europe	11.78	0.00
United Kingdom	3.57	0.00
Europe Developed	7.22	0.00
Europe Emerging	0.43	0.00
Africa/Middle East	0.56	0.00
Not Classified	0.30	0.00

Performance (Return as of date 6/30/2010)

Investment Activity Graph



Trailing Returns	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	0.41	11.99	4.44	5.04	5.78
Benchmark Return	0.42	10.72	4.18	4.48	5.05
+/- Benchmark Return	-0.01	1.27	0.26	0.56	0.73

Time Period Return	Best %	Worst %
3 Months	8.33 (03/09-05/09)	-10.38 (09/08-11/08)
1 Year	20.10 (03/09-02/10)	-11.43 (12/07-11/08)
3 Years	7.96 (08/02-07/05)	0.35 (03/06-02/09)

Portfolio Yield	Yield %
Trailing 12 Month	3.33

Performance Disclosure

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See Disclosure Page for Standardized Returns.

Holdings

Top 10 holdings out of 12

- Dodge & Cox Income
- Franklin Low Duration Total Return A LW
- Vanguard Interm-Term Investment-Grade
- Fidelity GNMA Fund
- T. Rowe Price US Treasury Long-Term
- Fidelity Focused High Income
- SSGA Money Market Instl
- Fidelity Contrafund
- First American Mid Cap Growth Opp A LW
- First Eagle of America A Load Waived

Ticker	Type	Holding Value	% Assets
DODIX	MF	20,000.00	20.00
FLDAX.lw	MF	15,000.00	15.00
VFICX	MF	15,000.00	15.00
FGMNX	MF	10,000.00	10.00
PRULX	MF	10,000.00	10.00
FHIFX	MF	5,000.00	5.00
SSMXX	FM	5,000.00	5.00
FCNTX	MF	4,000.00	4.00
FRSLX.lw	MF	4,000.00	4.00
FEFAX.lw	MF	4,000.00	4.00

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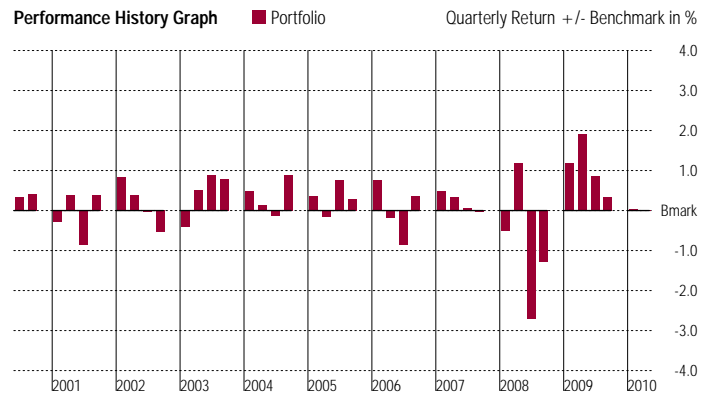
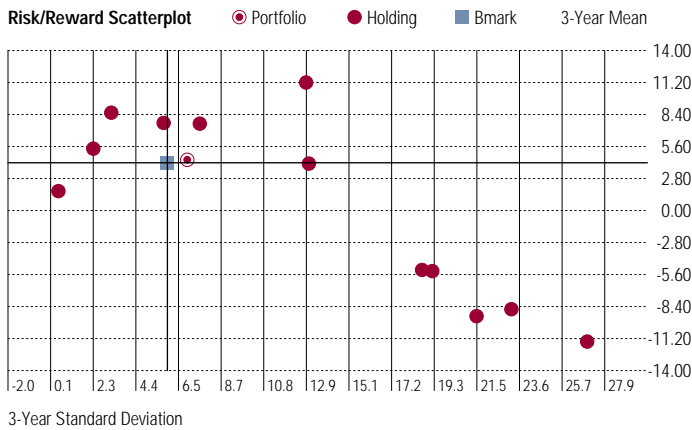
Portfolio Snapshot

Report Currency
USD

Portfolio Value
100,000.00

Benchmark
80% Agg. Bond Index, 20% S&P 500 TR

Risk Analysis



Risk and Return Statistics As of Date 6/30/2010

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	6.97	5.98	5.59	4.88	4.73	4.29
Mean	4.44	4.18	5.04	4.48	5.78	5.05
Sharpe Ratio	0.48	0.50	0.44	0.38	0.67	0.58

MPT Statistics As of Date 6/30/2010

	3 Yr	5 Yr	10 Yr
Alpha	-0.05	0.40	0.59
Beta	1.12	1.10	1.05
R-squared	92.34	91.78	90.13

Fundamental Analysis

Market Maturity

	Portfolio	Bmark
% of Stocks	94.91	100.00
Developed Markets	5.09	0.00
Emerging Markets	0.00	0.00
Not Available	0.00	0.00

Geometric Avg Capitalization (Mil)

	Portfolio	Bmark
Portfolio	15,160.02	
Benchmark		40,524.12

Valuation Multiples

	Portfolio	Bmark
Price/Earnings	17.28	14.28
Price/Book	2.33	1.92
Price/Sales	1.31	1.13
Price/Cash Flow	9.46	7.98

Profitability

	Portfolio	Bmark
Net Margin	12.20	9.18
ROE	20.99	13.59
ROA	8.19	5.60
Debt/Capital	32.39	32.21

Credit Quality

	% of Bonds
Govt.	0.00
AAA	53.85
AA	7.47
A	13.50
BBB	12.38
BB	7.23
B	3.63
Below B	0.90
NR/NA	1.03

Type Weightings

% of Stocks

	Portfolio	Bmark
High Yield	0.71	1.82
Distressed	2.89	1.10
Hard Asset	7.86	11.44
Cyclical	40.28	32.98
Slow Growth	12.22	17.25
Classic Growth	7.75	17.52
Aggressive Growth	21.40	15.14
Speculative Growth	4.83	1.68
Not Available	2.06	1.07

Interest Rate Risk

	Portfolio
Maturity	8.75
Duration (total portfolio)	5.15
Avg Credit Quality	—

Fund Statistics

Potential Cap Gains Exposure	4.49
Avg Net Exp Ratio	0.59
Avg Gross Exp Ratio	0.63

Gradient Mutual Fund A

Portfolio Snapshot

Report Currency
USD

Portfolio Value
100,000.00

Benchmark
80% Agg. Bond Index, 20% S&P 500 TR

Non-Load Adjustment Returns (Return as of date 6/30/2010)

Total 12 holdings as of 6/30/2010	Type	Holdings Date	% of Assets	Holding Value	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %	Max Front Load %	Max Back Load %
Dodge & Cox Income	MF	3/31/2010	20.00	20,000.00	0.00	12.31	7.67	5.94	6.89	—	—
Franklin Low Duration Total Return A LW	MF	3/31/2010	15.00	15,000.00	0.00	6.12	5.41	4.61	—	—	—
Vanguard Inter-Term Investment-Grade	MF	3/31/2010	15.00	15,000.00	0.00	16.80	7.60	5.48	6.84	—	—
Fidelity GNMA Fund	MF	5/31/2010	10.00	10,000.00	0.00	9.01	8.56	6.19	6.19	—	—
T. Rowe Price US Treasury Long-Term	MF	3/31/2010	10.00	10,000.00	0.00	11.66	11.20	6.24	7.45	—	—
Fidelity Focused High Income	MF	4/30/2010	5.00	5,000.00	0.00	18.69	4.11	4.87	—	—	—
SSgA Money Market Instl	FM	3/31/2010	5.00	5,000.00	0.00	0.04	1.70	2.81	2.58	—	—
Fidelity Contrafund	MF	5/31/2010	4.00	4,000.00	0.00	16.42	-5.30	3.05	2.81	—	—
First American Mid Cap Growth Opp A LW	MF	3/31/2010	4.00	4,000.00	0.00	16.11	-8.63	0.58	4.12	—	—
First Eagle of America A Load Waived	MF	4/30/2010	4.00	4,000.00	0.00	14.94	-5.20	3.50	6.05	—	—
Vanguard Total Intl Stock Index	MF	3/31/2010	4.00	4,000.00	0.00	8.63	-11.46	2.77	1.42	—	—
Vanguard Total Stock Mkt Idx	MF	3/31/2010	4.00	4,000.00	0.00	15.87	-9.24	-0.28	-0.81	—	—

Performance Disclosure

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

See Disclosure Page for Standardized Returns.

Disclosure for Standardized and Tax Adjusted Returns

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

Standardized Returns assume reinvestment of dividends and capital gains. It depicts performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses. If adjusted for taxation, the performance quoted would be significantly reduced. For variable

annuities, additional expenses will be taken in account, including M&E risk charges, fund-level expenses such as management fees and operating fees, and policy-level administration fees, charges such as surrender, contract and sales charges.

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Annualized returns 6/30/2010

Standardized Return (%)	7-day Yield	1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	Maximum	Maximum	Net Exp	Gross Exp
							Front Load	Defer Load	Ratio %	Ratio %
Dodge & Cox Income	—	12.31	5.94	6.89	7.76	1/3/1989	—	—	0.43	0.43
Franklin Low Duration Total Return ...	—	6.12	4.61	—	4.23	11/17/2004	—	—	0.94	1.19
Vanguard Interm-Term Investment-Gra...	—	16.80	5.48	6.84	6.30	11/1/1993	—	—	0.24	0.24
Fidelity GNMA Fund	—	9.01	6.19	6.19	7.21	11/8/1985	—	—	0.45	0.45
T. Rowe Price US Treasury Long-Term	—	11.66	6.24	7.45	7.84	9/29/1989	—	—	0.55	0.58
Fidelity Focused High Income	—	18.69	4.87	—	5.04	9/8/2004	—	—	0.79	0.79
SSgA Money Market Instl	—	0.04	2.81	2.58	4.28	1/1/1900	—	—	—	—
Fidelity Contrafund	—	16.42	3.05	2.81	11.98	5/17/1967	—	—	1.02	1.02
First American Mid Cap Growth Opp A...	—	16.11	0.58	4.12	8.24	1/9/1995	—	—	1.23	1.23
First Eagle of America A Load Waive...	—	14.94	3.50	6.05	6.05	11/19/1998	—	—	1.51	1.51
Vanguard Total Intl Stock Index	—	8.63	2.77	1.42	3.61	4/29/1996	—	—	0.32	0.32
Vanguard Total Stock Mkt Idx	—	15.87	-0.28	-0.81	7.40	4/27/1992	—	—	0.18	0.18
BarCap US Govt/Credit 1-3 Yr TR USD		3.77	4.52	4.76	-	-				
Citi Treasury Bill 3 Mon USD		0.12	2.63	2.56	-	-				
BarCap US Credit TR USD		14.68	5.31	6.94	-	-				

Return after Taxes (%)	on Distribution					on Distribution and Sales of Shares			
	1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	1 Yr	5 Yr	10 Yr	Since Inception
Dodge & Cox Income	10.42	4.51	5.28	5.59	1/3/1989	7.96	4.40	5.10	5.48
Franklin Low Duration Total Return A LW	4.89	3.23	—	2.88	11/17/2004	3.97	3.12	—	2.81
Vanguard Interm-Term Investment-Grade	14.60	3.53	4.72	3.92	11/1/1993	10.85	3.51	4.60	3.91
Fidelity GNMA Fund	7.54	4.46	4.39	4.80	11/8/1985	5.87	4.26	4.22	4.72
T. Rowe Price US Treasury Long-Term	8.41	4.22	5.41	5.45	9/29/1989	8.14	4.24	5.26	5.35
Fidelity Focused High Income	14.37	2.28	—	2.55	9/8/2004	12.05	2.61	—	2.82
Fidelity Contrafund	16.22	2.31	2.20	9.32	5/17/1967	10.67	2.56	2.29	9.16
First American Mid Cap Growth Opp A LW	16.11	-0.50	1.96	6.15	1/9/1995	10.47	0.44	2.62	6.33
First Eagle of America A Load Waived	14.94	2.16	5.15	5.01	11/19/1998	9.71	2.82	5.15	5.06
Vanguard Total Intl Stock Index	8.10	2.20	0.84	2.99	4/29/1996	6.06	2.23	0.96	2.82
Vanguard Total Stock Mkt Idx	15.55	-0.56	-1.15	6.78	4/27/1992	10.79	-0.21	-0.78	6.33

Disclosure for Standardized and Tax Adjusted Returns(continued)

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Annualized returns 6/30/2010

Standardized Return (%)	7-day Yield	1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	Maximum Front Load	Maximum Defer Load	Net Exp Ratio %	Gross Exp Ratio %
MSCI EAFE&EM USD	7.10	0.42	-0.70	-	-					
BarCap US Credit 5-10 Yr TR USD	17.86	5.66	7.44	-	-					
BarCap US Aggregate 1-3 Yr TR USD	4.19	4.71	4.84	-	-					
BarCap GNMA TR USD	8.28	6.24	6.41	-	-					
Russell 3000 TR USD	15.72	-0.48	-0.92	-	-					
BarCap Long Term US Treasury TR USD	12.02	6.11	7.99	-	-					
MSCI US Broad Market USD	13.79	-2.10	-	-	-					
Credit Suisse HY USD	26.92	6.80	7.66	-	-					
Morningstar US Growth TR USD	13.78	-0.24	-7.63	-	-					
S&P 500 TR	14.43	-0.79	-1.59	-	-					
MSCI EAFE NR USD	5.92	0.88	0.16	-	-					
Morningstar Mid Growth TR USD	23.93	2.31	-2.53	-	-					
Morningstar US Market TR USD	15.57	-0.22	-0.86	-	-					
MSCI World Ex US NR USD	7.03	1.48	0.56	-	-					

Return after Taxes (%)	on Distribution					on Distribution and Sales of Shares			
	1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	1 Yr	5 Yr	10 Yr	Since Inception

Disclosure for Standardized and Tax Adjusted Returns(continued)

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Annualized returns 6/30/2010

Standardized Return (%)	7-day Yield	1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	Maximum Front Load	Maximum Defer Load	Net Exp Ratio %	Gross Exp Ratio %	
BarCap US MBS TR USD		7.47	6.25	6.54	-	-					
BarCap US Agg Bond TR USD		9.50	5.54	6.47	-	-					
USTREAS T-Bill Auction Ave 3 Mon		0.12	2.68	2.58	-	-					
Russell Mid Cap Growth TR USD		21.30	1.37	-1.99	-	-					
BofAML US HY Master II Constnd TR U...		27.45	7.17	7.27	-	-					
BarCap US Treasury Long TR USD		12.02	6.11	7.99	-	-					
Return after Taxes (%)		on Distribution					on Distribution and Sales of Shares				
		1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	1 Yr	5 Yr	10 Yr	Since Inception	

Benchmark Disclosure

BarCap US Govt/Credit 1-3 Yr TR USD :

Citi Treasury Bill 3 Mon USD :

Measures monthly return equivalents of yield averages that are not marked to market. This index consists of the last three three-month Treasury bill issues.

BarCap US Credit TR USD :

Tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt.

BofAML USD LIBOR 3 Mon CM :

MSCI EAFE&EM USD :

BarCap US Credit 5-10 Yr TR USD :

BarCap US Aggregate 1-3 Yr TR USD :

BarCap GNMA TR USD :

Composed of all fixed-rate, securitized mortgage pools backed by GNMA, with principal amounts outstanding in excess of \$50 million. Subset of the Lehman Brothers Mortgage-Backed Securities Index.

Russell 3000 TR USD :

Composed of the 3000 largest U.S. companies by market capitalization, representing approximately 98% of the U.S. equity market.

BarCap Long Term US Treasury TR USD :

MSCI US Broad Market USD :

Credit Suisse HY USD :

An unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market. The index includes issues rated BB and below by S&P or Moody's with par amounts greater than \$75 million. Preferred issues, US dollar denominated foreign issues and 144A securities meeting the above condition are also included.

Morningstar US Growth TR USD :

Tracks the performance of stocks that are growing at a faster pace than the rest of the market.

S&P 500 TR :

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

Benchmark Disclosure(continued)

MSCI EAFE NR USD :

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

Morningstar Mid Growth TR USD :

Measures the performance of the mid capitalization stocks that are growing at a faster pace than the rest of the market.

Morningstar US Market TR USD :

A rule-based, float-weighted index that tracks the performance of US stock market. The Index targets 97% capitalization of the investable universe.

MSCI World Ex US NR USD :

This index measures the performance of the stock market in 21 non-U.S. industrialized countries.

BarCap US MBS TR USD :

Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).

BarCap US Agg Bond TR USD :

Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

USTREAS T-Bill Auction Ave 3 Mon :

As tracked by the Wall Street Journal, this benchmark measure the yields of bank-sponsored certificates of deposit.

Russell Mid Cap Growth TR USD :

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

BofAML US HY Master II Constnd TR USD :

BarCap US Treasury Long TR USD :

Includes all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues with maturates of 10 years or longer. The returns we publish for the index are total returns, which include reinvestment of dividends.

Portfolio Snapshot Report

Disclosure Statement

General

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

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

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

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

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

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

Items to Note Regarding Certain Underlying Securities

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

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

above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

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

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

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

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

Pre-inception Returns

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

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

Portfolio Snapshot Report Disclosure Statement (continued)

Scheduled Portfolio Trailing Returns

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

Scheduled Portfolio Returns-Based Performance Data

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

Important VA Disclosure for Scheduled Portfolios

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

Scheduled Portfolio Investment Activity Graph

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

Unscheduled Portfolio Returns

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

Unscheduled Portfolio Investment Activity Graph

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

Benchmark Returns

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

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

Standardized Returns

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

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

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

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

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

Non-Standardized Returns

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

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

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

Investment Advisory Fees

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

Portfolio Snapshot Report Disclosure Statement (continued)

Investment Style

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

Risk and Return

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

Sharpe ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

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

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

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

Fundamental Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Risk

Market Price Risk: The market price of ETF's traded on the secondary market is subject to the forces of supply and demand and thus independent of the ETF's NAV. This can result in the market price trading at a premium or discount to the NAV which will affect an investors value.

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

Portfolio Snapshot Report Disclosure Statement (continued)

International Emerging Market Funds/Subaccounts: The investor should note that funds and subaccounts that invest in international securities take on special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets normally accentuates these risks.

Sector Funds/Subaccounts: The investor should note that funds and subaccounts that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Funds/Subaccounts: The investor should note that funds or subaccounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of price volatility than the overall market average.

Mid Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bond Funds/Subaccounts: The investor should note that funds and subaccounts that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility and increased risk of default.

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