

# Snapshot Report

## Gradient FI - Income Focus

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**Prepared for**

**Prepared by**

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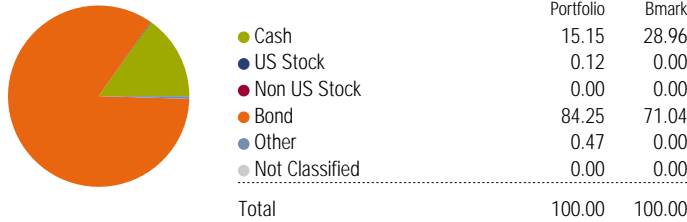
# Gradient FI - Income Focus

## Portfolio Snapshot

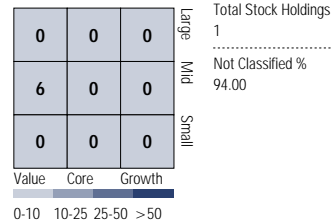
Report Currency: USD | Portfolio Value: 100,000.00 | Benchmark: BarCap U.S. Aggregate Bond Index

### Analysis

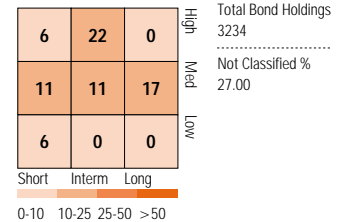
#### Asset Allocation



#### Equity Investment Style %

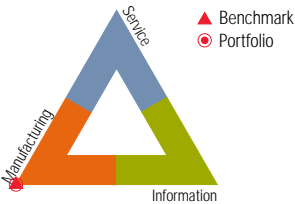


#### Fixed-Income Investment Style %

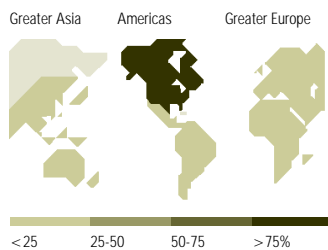


### Stock Analysis

#### Stock Sectors



#### Stock Regions

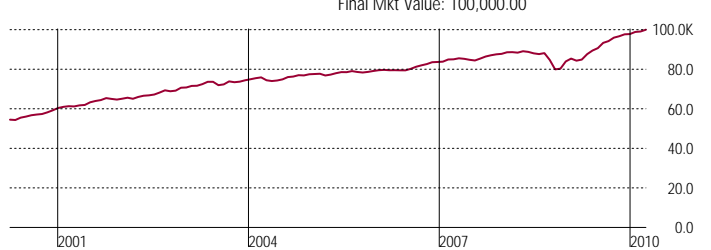


	Portfolio %	Bmark %
<b>Information</b>	<b>0.00</b>	<b>0.00</b>
Software	0.00	0.00
Hardware	0.00	0.00
Media	0.00	0.00
Telecom	0.00	0.00
<b>Service</b>	<b>0.00</b>	<b>0.00</b>
Health Care	0.00	0.00
Cons Svcs	0.00	0.00
Bus Svcs	0.00	0.00
Financial	0.00	0.00
<b>Manufacturing</b>	<b>0.00</b>	<b>0.00</b>
Cons Goods	0.00	0.00
Materials	0.00	0.00
Energy	0.00	0.00
Utilities	0.00	0.00
Not Classified	100.00	100.00

	Portfolio %	Bmark %
<b>Americas</b>	<b>100.00</b>	<b>0.00</b>
North America	100.00	0.00
Central/Latin	0.00	0.00
<b>Greater Asia</b>	<b>0.00</b>	<b>0.00</b>
Japan	0.00	0.00
Australasia	0.00	0.00
Asia Developed	0.00	0.00
Asia Emerging	0.00	0.00
<b>Greater Europe</b>	<b>0.00</b>	<b>0.00</b>
United Kingdom	0.00	0.00
Europe Developed	0.00	0.00
Europe Emerging	0.00	0.00
Africa/Middle East	0.00	0.00
Not Classified	0.00	100.00

### Performance (Return as of date 3/31/2010)

#### Investment Activity Graph



	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	2.26	17.81	5.56	5.41	6.18
Benchmark Return	1.78	7.69	6.14	5.44	6.29
+/- Benchmark Return	0.48	10.12	-0.58	-0.03	-0.10

Time Period Return	Best %	Worst %
3 Months	6.81 (04/09-06/09)	-8.94 (09/08-11/08)
1 Year	21.64 (12/08-11/09)	-8.30 (12/07-11/08)
3 Years	10.67 (06/00-05/03)	0.68 (11/05-10/08)

Portfolio Yield	Yield %
Trailing 12 Month	4.69

#### Performance Disclosure

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See Disclosure Page for Standardized Returns.

### Holdings

#### Top 9 holdings out of 9

	Ticker	Type	Holding Value	% Assets
Dodge & Cox Income	DODIX	MF	20,000.00	20.00
Fidelity Focused High Income	FHIFX	MF	15,000.00	15.00
iShares Barclays Credit Bond	CFT	ETF	15,000.00	15.00
Franklin Low Duration Total Return A	FLDAX	MF	10,000.00	10.00
iShares Barclays 1-3 Year Credit Bond	CSJ	ETF	10,000.00	10.00
iShares Barclays MBS Bond	MBB	ETF	10,000.00	10.00
Vanguard Interm-Term Investment-Grade	VFICX	MF	10,000.00	10.00
iShares iBoxx \$ High Yield Corporate Bd	HYG	ETF	5,000.00	5.00
SSG Money Market Instl	SSMXX	FM	5,000.00	5.00



# Gradient FI - Income Focus

## Portfolio Snapshot

Report Currency  
USD

Portfolio Value  
100,000.00

Benchmark  
BarCap U.S. Aggregate Bond Index

### Non-Load Adjustment Returns (Return as of date 3/31/2010)

Total 9 holdings as of 3/31/2010	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	12/31/2009	20.00	20,000.00	0.00	18.35	6.88	5.97	6.82	—	—
Fidelity Focused High Income	MF	1/31/2010	15.00	15,000.00	0.00	31.57	3.91	5.47	—	—	—
iShares Barclays Credit Bond	ETF	3/31/2010	15.00	15,000.00	0.00	19.89	5.70	—	—	—	—
Franklin Low Duration Total Return A	MF	12/31/2009	10.00	10,000.00	0.00	8.51	5.58	4.76	—	2.25	—
iShares Barclays 1-3 Year Credit Bond	ETF	4/1/2010	10.00	10,000.00	0.00	10.91	5.27	—	—	—	—
iShares Barclays MBS Bond	ETF	3/31/2010	10.00	10,000.00	0.00	4.95	6.40	—	—	—	—
Vanguard Interm-Term Investment-Grade	MF	12/31/2009	10.00	10,000.00	0.00	21.96	6.03	5.42	6.53	—	—
iShares iBoxx \$ High Yield Corporate Bd	ETF	4/1/2010	5.00	5,000.00	0.00	42.73	—	—	—	—	—
SSgA Money Market Instl	FM	12/31/2009	5.00	5,000.00	0.00	0.11	2.12	2.95	2.74	—	—

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**See Disclosure Page for Standardized Returns.**

# Dodge & Cox Income (USD)

**Overall Morningstar Rtg™**  
 ★★★★★  
 991 Intermediate-Term Bond

**Incept** 01-03-1989 **Type** MF **Total Assets** \$20,645.02 mil **Morningstar Cat** Intermediate-Term Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	0.56	-0.32	-3.77	3.37	-0.29
2009	0.26	7.48	5.84	1.76	16.05
2010	2.24	—	—	—	2.24
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	18.35	—	5.97	6.82	7.76
Std Quarterly	18.35	—	5.97	6.82	7.76
Total Return	18.35	6.88	5.97	6.82	7.76
+/- BarCap US Agg Bond	10.65	0.74	0.53	0.54	—
+/- BarCap US Govt/Cre	8.23	0.32	0.30	-0.19	—
% Rank Cat	36	17	15	9	
No. in Cat	1137	991	866	501	
7-day Yield	—				

**Performance Disclosure**  
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.  
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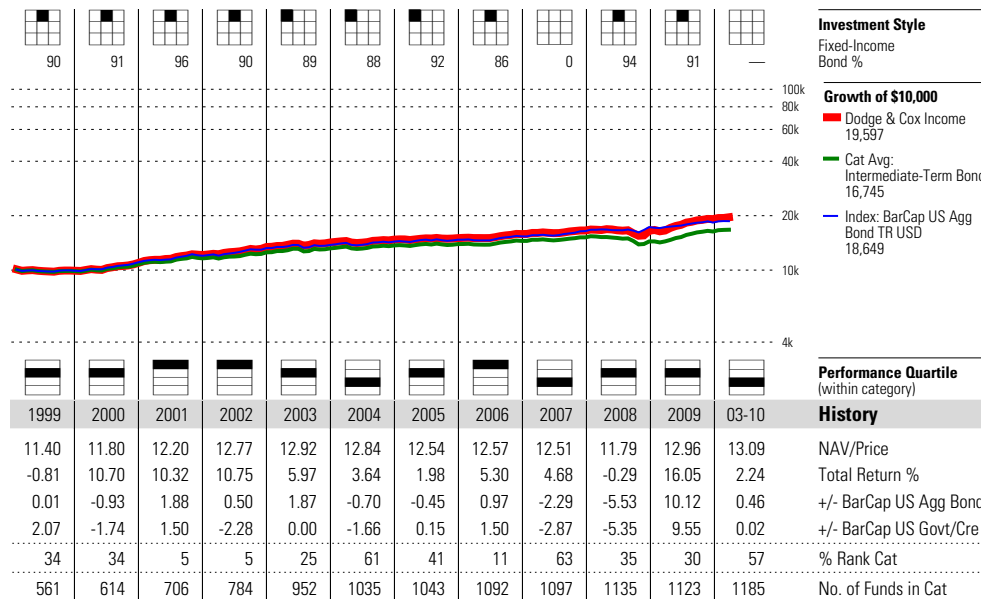
Fees and Expenses	
<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	NA
<b>Fund Expenses</b>	
Management Fees %	0.40
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.43</b>

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	5★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
	991 funds	866 funds	501 funds
	3 Yr	5 Yr	10 Yr
Standard Deviation	5.82	4.66	4.05
Mean	6.88	5.97	6.82
Sharpe Ratio	0.87	0.65	0.97

MPT Statistics	Standard Index	Best Fit Index
	BarCap US Agg Bond	BarCap US Credit TR USD
Alpha	0.69	2.14
Beta	1.02	0.67
R-Squared	52.44	84.18

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	2.63% Assets

Operations	
Family:	Dodge & Cox
Manager:	Multiple
Tenure:	21.3 Years
Objective:	Corporate Bond - High Quality



Portfolio Analysis 12-31-2009										
<b>Composition %</b>										
Cash	Net %	Long %	Short %	Share Chg since 09-2009	Share Amount	1 Total Stocks	499 Total Fixed-Income	20% Turnover Ratio	% Net Assets	
US Stocks	6.96	6.96	0.00	⊕	698 mil	FNMA 7%			3.98	
Non-US Stocks	0.59	0.59	0.00	⊖	563 mil	Fannie Mae			3.10	
Bonds	0.00	0.00	0.00	⊛	517 mil	FNMA 5.5%			2.82	
Other/Not Clsfd	91.05	91.05	0.00	⊛	366 mil	Gmac 144A 6.875%			1.87	
Total	1.40	1.40	0.00	⊕	323 mil	Ford Motor Credit 7.375%			1.71	
<b>Equity Style</b>										
Value	Blend	Growth	Portfolio Statistics	Port Avg	Rel Index	Rel Cat				
Large			P/E Ratio TTM	0.0	—	—	⊛	304 mil	FNMA 6%	1.69
Mid			P/C Ratio TTM	0.0	—	—	⊖	262 mil	FHLMC 6.5%	1.46
Small			P/B Ratio TTM	0.0	—	—	⊛	248 mil	FHLMC 6%	1.38
			Geo Avg Mkt Cap \$mil	0	—	—	⊕	203 mil	Aol Time Warner 7.625%	1.23
							⊕	216 mil	Ford Motor Credit 7.25%	1.14
							⊕	160 mil	At&T 9.75%	1.01
							⊕	162 mil	Aol Time Warner 7.7%	0.99
							⊕	180 mil	California St Go Bds 7.55%	0.91
							⊕	143 mil	Dow Chem 8.55%	0.88
								166 mil	Wachovia Corp Global Mtn FRN	0.88

Credit Analysis 12-31-2009		
AAA	Bond %	58.50
AA		1.40
A		16.80
BBB		12.30
BB		3.30
B		3.70
Below B		4.00
NR/NA		0.00

Regional Exposure		
Americas	Stocks %	100.0
Greater Europe	Rel BarCap US Agg Bond	0.0
Greater Asia		0.0

Sector Weightings	
Information Economy	Stocks % Rel BarCap US Agg Bond
Software	—
Hardware	—
Media	—
Telecommunication	—
Service Economy	—
Healthcare Services	—
Consumer Services	—
Business Services	—
Financial Services	—
Manufacturing Economy	—
Consumer Goods	—
Industrial Materials	—
Energy	—
Utilities	—

Base Currency:	USD	Minimum IRA Purchase:	\$1,000
Ticker:	DODIX	Purchase Constraints:	
Minimum Initial Purchase:	\$2,500		
Min Auto Investment Plan:	\$2,500		

# Fidelity Focused High Income (USD)

**Overall Morningstar Rtg™**  
 ★★ ★  
 487 High Yield Bond

**Incept** 09-08-2004 **Type** MF **Total Assets** \$441.08 mil **Morningstar Cat** High Yield Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-1.70	0.38	-5.65	-14.61	-20.50
2009	6.35	10.91	9.17	4.89	35.07
2010	3.60	—	—	—	3.60
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	31.57	—	5.47	—	5.26
Std Quarterly	31.57	—	5.47	—	5.26
Total Return	31.57	3.91	5.47	—	5.26
+/- BarCap US Agg Bond	23.87	-2.23	0.03	—	—
+/- ML US HY Master II	-25.65	-2.64	-2.20	—	—
% Rank Cat	90	58	67	—	—
No. in Cat	549	487	415	—	—
7-day Yield	—	—	—	—	—

**Performance Disclosure**

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-544-6666 or visit advisor.fidelity.com.

**Fees and Expenses**

Sales Charges	NA
Front-End Load %	NA
Deferred Load %	NA
Fund Expenses	
Management Fees %	0.57
12b1 Expense %	NA
Gross Expense Ratio %	0.97

**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	Avg	Avg	—

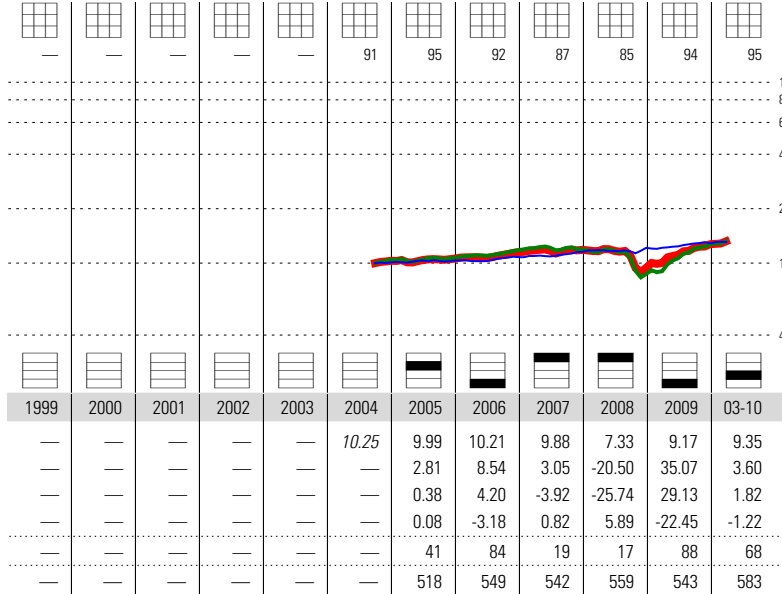
	3 Yr	5 Yr	10 Yr
Standard Deviation	12.96	10.11	—
Mean	3.91	5.47	—
Sharpe Ratio	0.23	0.30	—

MPT Statistics	Standard Index	Best Fit Index
	BarCap US Agg Bond	Credit Suisse HY USD
Alpha	-1.60	-1.19
Beta	1.05	0.80
R-Squared	11.61	94.45

12-Month Yield	6.59%
30-day SEC Yield	6.37%
Potential Cap Gains Exp	12.31% Assets

**Operations**

Family: Fidelity Investments  
 Manager: Matt Conti  
 Tenure: 5.6 Years  
 Objective: Income



**Investment Style**  
 Fixed-Income Bond %

**Growth of \$10,000**  
 Fidelity Focused High Income 13,178  
 Cat Avg: High Yield Bond 13,233  
 Index: BarCap US Agg Bond TR USD 13,095

**Performance Quartile (within category)**  
 History

Year	NAV/Price	Total Return %	+/- BarCap US Agg Bond	+/- ML US HY Master II	% Rank Cat	No. of Funds in Cat
1999	—	—	—	—	—	—
2000	—	—	—	—	—	—
2001	—	—	—	—	—	—
2002	—	—	—	—	—	—
2003	—	—	—	—	—	—
2004	10.25	—	—	—	—	—
2005	9.99	2.81	0.38	0.08	41	518
2006	10.21	8.54	4.20	-3.18	84	549
2007	9.88	3.05	-3.92	0.82	19	542
2008	7.33	-20.50	-25.74	5.89	17	559
2009	9.17	35.07	29.13	-22.45	88	543
03-10	9.35	3.60	1.82	-1.22	68	583

**Portfolio Analysis 01-31-2010**

Composition %	Net %	Long %	Short %	Share Chg since 10-2009	Share Amount	0 Total Stocks	223 Total Fixed-Income	44% Turnover Ratio	% Net Assets
Cash	4.34	4.34	0.00	—	—	—	—	—	—
US Stocks	0.00	0.00	0.00	+	7 mil	Case 7.25%	—	—	1.55
Non-US Stocks	0.00	0.00	0.00	*	7 mil	Ford Motor Term 12/15/13	—	—	1.54
Bonds	95.26	95.26	0.00	—	6 mil	Xerox Cap Tr I 8%	—	—	1.44
Other/Not Clsfd	0.40	0.40	0.00	—	6 mil	Nextel Comms 6.875%	—	—	1.38
Total	100.00	100.00	0.00	—	6 mil	Hca 144A 8.5%	—	—	1.36

**Equity Style**

Value	Blend	Growth	Large	Mid	Small
—	—	—	—	—	—

Portfolio Statistics

Port Avg	Rel Index	Rel Cat
—	—	—

P/E Ratio TTM — — —  
 P/C Ratio TTM — — —  
 P/B Ratio TTM — — —  
 Geo Avg Mkt — — —  
 Cap \$mil — — —

**Fixed-Income Style**

Short	Int	Long	High	Mid	Low
—	—	—	—	—	—

Avg Eff Duration —  
 Avg Eff Maturity —  
 Avg Credit Quality BB  
 Avg Wtd Coupon 7.71  
 Avg Wtd Price 99.69

**Credit Analysis 12-31-2009**

	Bond %
AAA	0.00
AA	0.00
A	0.70
BBB	3.53
BB	73.54
B	17.73
Below B	0.03
NR/NA	4.47

**Regional Exposure**

	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

**Sector Weightings**

	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# Franklin Low Duration Total Return A (USD) Overall Morningstar Rtg™ **★★★★**

Incept 11-17-2004 Type MF Total Assets \$234.84 mil Morningstar Cat Short-Term Bond

385 Short-Term Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	2.10	-0.59	-1.12	1.94	2.32
2009	1.45	2.48	2.87	1.20	8.24
2010	1.71	—	—	—	1.71
Trailing Returns					
	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	6.07	—	4.28	—	3.94
Std Quarterly	6.07	—	4.28	—	3.94
Total Return	8.51	5.58	4.76	—	4.38
+/- BarCap US Agg Bond	0.82	-0.56	-0.68	—	—
+/- BarCap Govt/Credit	3.20	0.04	-0.14	—	—
% Rank Cat	53	14	19	—	—
No. in Cat	428	385	317	—	—
7-day Yield	—	—	—	—	—

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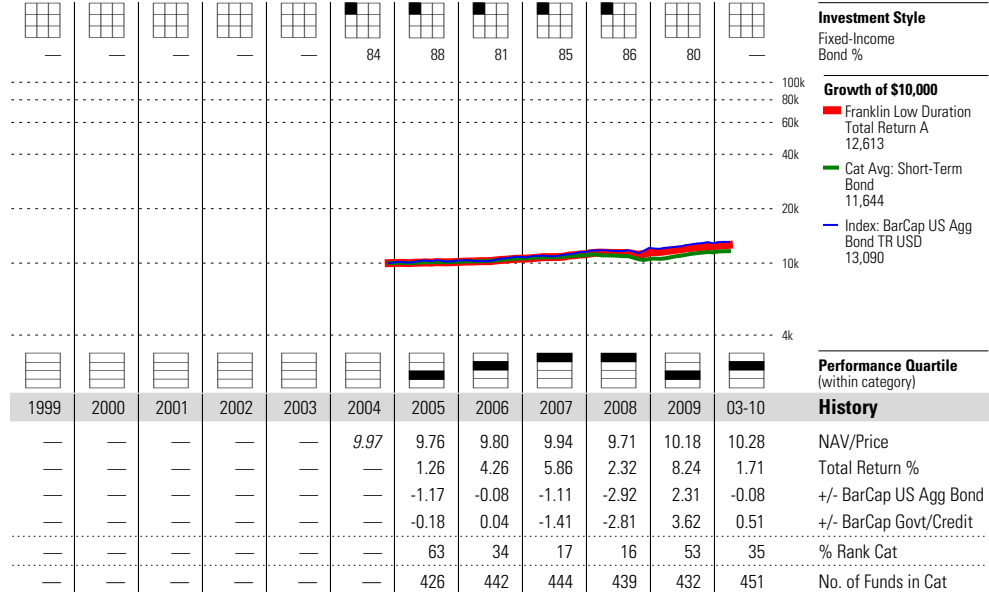
Fees and Expenses	
<b>Sales Charges</b>	
Front-End Load %	<b>2.25</b>
Deferred Load %	<b>NA</b>
<b>Fund Expenses</b>	
Management Fees %	0.43
12b1 Expense %	0.25
<b>Gross Expense Ratio %</b>	<b>1.19</b>

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	3★	—
Morningstar Risk	-Avg	-Avg	—
Morningstar Return	+Avg	Avg	—
	385 funds	317 funds	171 funds

	3 Yr	5 Yr	10 Yr
Standard Deviation	2.19	1.82	—
Mean	5.58	4.76	—
Sharpe Ratio	1.64	0.95	—
MPT Statistics	Standard Index	Best Fit Index	
	BarCap US Agg Bond	BarCap US Credit TR USD	
Alpha	1.98	2.70	
Beta	0.41	0.24	
R-Squared	57.01	72.83	

12-Month Yield	2.92%
30-day SEC Yield	1.77%
Potential Cap Gains Exp	2.41% Assets

**Operations**  
 Family: Franklin Templeton Investments  
 Manager: Multiple  
 Tenure: 5.4 Years  
 Objective: Income



Portfolio Analysis 12-31-2009			
<b>Composition %</b>	Net %	Long %	Short %
Cash	18.75	19.09	0.35
US Stocks	0.07	0.07	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	80.42	80.42	0.00
Other/Not Clsfd	0.76	0.91	0.15
Total	100.00	100.50	0.50
<b>Equity Style</b>	Portfolio Statistics	Port Avg	Rel Index
Value Blend Growth	P/E Ratio TTM	—	—
Large	P/C Ratio TTM	1.6	—
Mid	P/B Ratio TTM	1.0	—
Small	Geo Avg Mkt Cap \$mil	2695	1.63
<b>Fixed-Income Style</b>	Short Int Long	Avg Eff Duration	1.82
High	Avg Eff Maturity	5.66	
Med	Avg Credit Quality	AA	
Low	Avg Wtd Coupon	4.82	
	Avg Wtd Price	1,058.90	

Sector Weightings		Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>		<b>0.0</b>	—
Software		0.0	—
Hardware		0.0	—
Media		0.0	—
Telecommunication		0.0	—
<b>Service Economy</b>		<b>100.0</b>	—
Healthcare Services		0.0	—
Consumer Services		100.0	—
Business Services		0.0	—
Financial Services		0.0	—
<b>Manufacturing Economy</b>		<b>0.0</b>	—
Consumer Goods		0.0	—
Industrial Materials		0.0	—
Energy		0.0	—
Utilities		0.0	—

Credit Analysis 12-31-2009		Bond %
AAA		53.87
AA		11.95
A		11.86
BBB		11.30
BB		6.30
B		3.13
Below B		1.75
NR/NA		-0.16
<b>Regional Exposure</b>	Stocks %	Rel BarCap US Agg Bond
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Base Currency: USD  
 Ticker: FLDAX  
 Minimum Initial Purchase: \$1,000  
 Min Auto Investment Plan: \$50  
 Minimum IRA Purchase: \$250  
 Purchase Constraints:

# iShares Barclays 1-3 Year Credit Bond (USD)

**Overall Morningstar Rtg™** ★★★★★  
1 Short-Term Bond

**Prem/Discount** 0.70

**Mkt Price** 104.59

**Morningstar Cat** Short-Term Bond

Performance 03-31-2010						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2008	2.09	-0.28	-3.01	1.19	-0.08	
2009	1.16	5.08	2.99	1.17	10.75	
2010	1.30	—	—	—	1.30	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Qtrly Mkt	9.64	—	—	—	5.47	
Std Qtrly NAV	10.91	—	—	—	5.30	
Mkt Total Ret	9.64	5.41	—	—	5.47	
NAV Total Ret	10.91	5.27	—	—	5.30	
+/- BarCap US Agg Bond	3.21	-0.87	—	—	—	
+/- BarCap Govt/Credit	5.60	-0.27	—	—	—	
% Rank Cat	1	1	—	—	—	
No. in Cat	4	1	—	—	—	

**Performance Disclosure**

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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 sold or redeemed, may be worth more or less than their original cost.

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**Fees and Expenses**

Fund Expenses	
Management Fees %	0.20
Expense Ratio %	0.20
12b1 Expense %	NA

**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	—	—
Morningstar Risk	Avg	—	—
Morningstar Return	+Avg	—	—

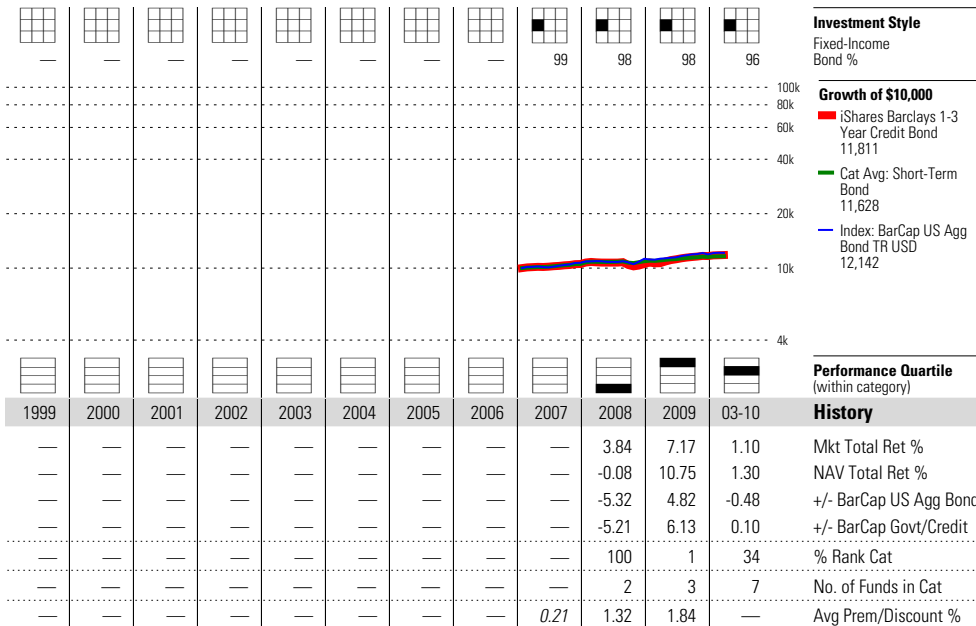
	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	3.70	—	—
Standard Deviation MKT	4.23	—	—
Mean NAV	5.27	—	—
Mean MKT	5.41	—	—
Sharpe Ratio	0.93	—	—

MPT Statistics	Standard Index	Best Fit Index
NAV	BarCap US Agg Bond	BarCap US Credit TR USD
Alpha	1.06	1.70
Beta	0.57	0.41
R-Squared	39.72	76.38

12-Month Yield	3.52%
30-day SEC Yield	1.76%
Potential Cap Gains Exp	—

**Operations**

Family:	iShares	Ticker:	CSJ	Base Currency:	USD
Manager:	Multiple	Exchange:	NYSE ARCA		
Tenure:	3.3 Years	Incept:	01-05-2007		
Total Assets:	\$6,002.8 mil	NAV:	103.87		



**Portfolio Analysis 04-01-2010**

Composition % 03-31-2010	Net %	Long %	Short %
Cash	3.55	3.55	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	96.45	96.45	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large	P/C Ratio TTM	—	—	—
Mid	P/B Ratio TTM	—	—	—
Small	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Short Int Long	Avg Eff Duration	—	1.85	—
High	Avg Eff Maturity	—	—	—
Med	Avg Credit Quality	—	A	—
Low	Avg Wtd Coupon	—	4.98	—
	Avg Wtd Price	—	105.65	—

Credit Analysis	Bond %
AAA	19.46
AA	15.82
A	38.45
BBB	21.78
BB	1.04
B	0.00
Below B	0.00
NR/NA	3.45

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

**Top Holdings 03-24-2010**

Share Chg since 03-2010	Share Amount	0 Total Stocks	597 Total Fixed-Income	67% Turnover Ratio	% Net Assets
⊕	69 mil	Kreditanstalt Fur Wiederaufbau	1.87		1.25
	65 mil	Intl Bk For Recon & 2%			1.20
⊕	48 mil	General Elec 5%			0.92
	46 mil	Kreditanstalt Fur Wiederaufbau 2%			0.84
	43 mil	European Invnt Bk 3.25%			0.80
	41 mil	European Invnt Bk 1.75%			0.74
	41 mil	General Elec Cap Corp Mtn Be 2.8%			0.74
	38 mil	General Elec Cap Corp Mtn Be 5.25%			0.74
	38 mil	General Elec Cap Corp Mtn Be 6%			0.73
	38 mil	European Invnt Bk 4.625%			0.73
	38 mil	European Invnt Bk 2.625%			0.70
	37 mil	Kreditanstalt Fur Wiederaufbau 3.25			0.69
	37 mil	European Invnt Bk 2%			0.67
⊕	34 mil	Pfizer 4.45%			0.65
	34 mil	Japan Fin 2.125%			0.62

**Sector Weightings**

Sector	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# iShares Barclays Credit Bond (USD)

**Overall Morningstar Rtg™** ★★★  
4 Intermediate-Term Bond

**Prem/Discount** 0.54

**Mkt Price** 102.28

**Morningstar Cat** Intermediate-Term Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	0.84	-0.90	-6.63	4.91	-2.11
2009	-2.66	8.46	7.21	0.91	14.21
2010	2.17	—	—	—	2.17
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Qtrly Mkt	18.14	—	—	—	5.74
Std Qtrly NAV	19.89	—	—	—	5.57
Mkt Total Ret	18.14	5.79	—	—	5.74
NAV Total Ret	19.89	5.70	—	—	5.57
+/- BarCap US Agg Bond	12.19	-0.44	—	—	—
+/- BarCap US Govt/Cre	9.77	-0.86	—	—	—
% Rank Cat	1	100	—	—	—
No. in Cat	8	4	—	—	—

**Performance Disclosure**

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**Fees and Expenses**

Fund Expenses	
Management Fees %	0.20
Expense Ratio %	0.20
12b1 Expense %	NA

**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	—	—
Morningstar Risk	High	—	—
Morningstar Return	Avg	—	—

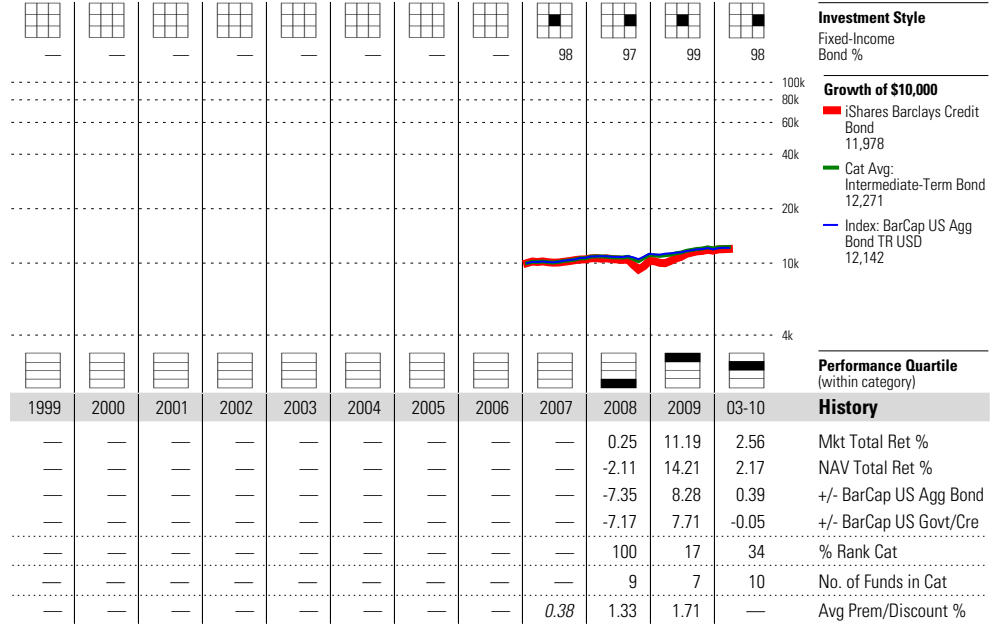
	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	8.27	—	—
Standard Deviation MKT	8.77	—	—
Mean NAV	5.70	—	—
Mean MKT	5.79	—	—
Sharpe Ratio	0.50	—	—

MPT Statistics	Standard Index	Best Fit Index
NAV	BarCap US Agg Bond	BarCap US Credit TR USD
Alpha	-3.07	-0.39
Beta	1.66	1.03
R-Squared	70.55	99.58

12-Month Yield	4.88%
30-day SEC Yield	4.03%
Potential Cap Gains Exp	—

**Operations**

Family:	iShares	Ticker:	CFT
Manager:	Multiple	Exchange:	NYSE ARCA
Tenure:	3.3 Years	Incept:	01-05-2007
Total Assets:	\$564.3 mil	NAV:	101.73



**Portfolio Analysis 03-31-2010**

Composition %	Net %	Long %	Short %
Cash	1.97	1.97	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	98.03	98.03	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large	P/C Ratio TTM	—	—	—
Mid	P/B Ratio TTM	—	—	—
Small	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Short Int Long	Avg Eff Duration	—	5.81	—
High	Avg Eff Maturity	—	—	—
Med	Avg Credit Quality	—	A	—
Low	Avg Wtd Coupon	—	5.90	—
	Avg Wtd Price	—	107.75	—

Credit Analysis	Bond %
AAA	10.38
AA	13.43
A	42.15
BBB	30.97
BB	1.09
B	0.00
Below B	0.00
NR/NA	1.98

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

**Top Holdings 03-22-2010**

Share Chg since 03-2010	Share Amount	0 Total Stocks	876 Total Fixed-Income	16% Turnover Ratio	% Net Assets
★	5 mil	Blackrock Fds Iii			0.90
	4 mil	European Invnt Bk 5.125%			0.73
	3 mil	Kreditanstalt Fur Wiederaufbau 2%			0.50
	3 mil	European Invnt Bk 3.125%			0.46
	3 mil	European Invnt Bk 2%			0.45
	2 mil	Morgan Stanley 4.75%			0.43
	2 mil	Goldman Sachs Grp 5.35%			0.42
	2 mil	General Elec Cap Corp Mtn Be 5.65%			0.38
	2 mil	Citigroup 6.5%			0.38
★	2 mil	Time Warner Cable 8.25%			0.38
	2 mil	General Elec Cap Corp Mtn Be 5.875%			0.38
	2 mil	Household Fin 7%			0.37
	2 mil	Goldman Sachs Grp 5.625%			0.36
	2 mil	Altria Grp 9.7%			0.36
	2 mil	Cs First Boston Ny Brh Sr Mtn 5%			0.36

**Sector Weightings**

	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# iShares Barclays MBS Bond (USD)

**Overall Morningstar Rtg™** ★★★★★  
4 Intermediate-Term Bond

**Prem/Discount** 0.02

**Mkt Price** 107.05

**Morningstar Cat** Intermediate-Term Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	2.24	-0.78	1.92	3.82	7.34
2009	2.01	0.24	2.37	0.59	5.29
2010	1.67	—	—	—	1.67
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Qtrly Mkt	4.84	—	—	—	6.28
Std Qtrly NAV	4.95	—	—	—	6.24
Mkt Total Ret	4.84	6.47	—	—	6.28
NAV Total Ret	4.95	6.40	—	—	6.24
+/- BarCap US Agg Bond	-2.75	0.26	—	—	—
+/- BarCap US Govt/Cre	-5.17	-0.16	—	—	—
% Rank Cat	100	1	—	—	—
No. in Cat	8	4	—	—	—

### Performance Disclosure

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### Fees and Expenses

Fund Expenses	
Management Fees %	0.25
Expense Ratio %	0.34
12b1 Expense %	NA

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	—	—
Morningstar Risk	Low	—	—
Morningstar Return	+Avg	—	—

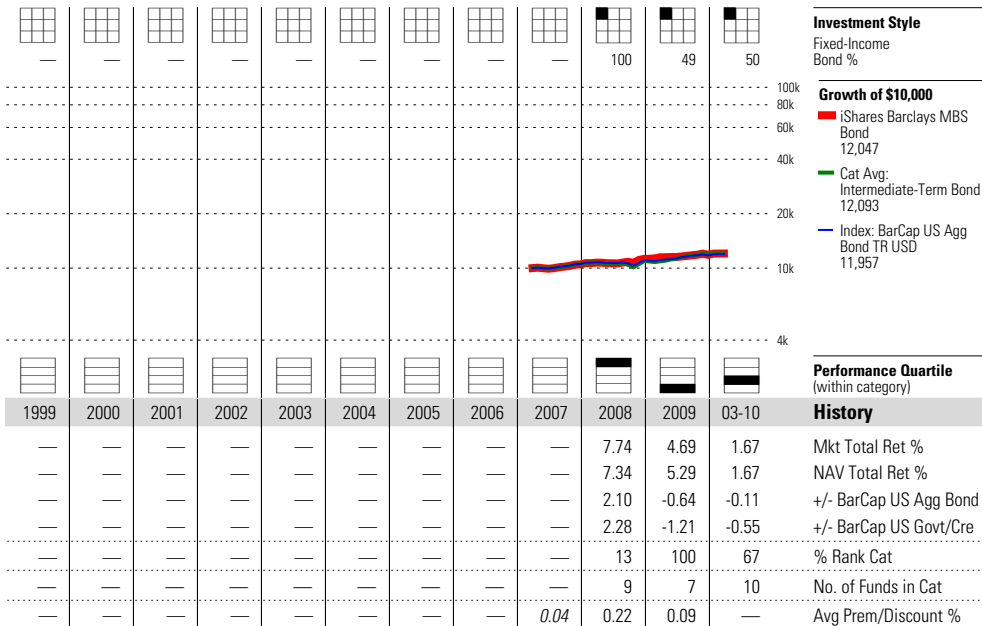
	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	3.38	—	—
Standard Deviation MKT	3.64	—	—
Mean NAV	6.40	—	—
Mean MKT	6.47	—	—
Sharpe Ratio	1.33	—	—

MPT Statistics	Standard Index	Best Fit Index
NAV	BarCap US Agg Bond	BarCap US MBS TR USD
Alpha	1.59	-0.69
Beta	0.69	1.02
R-Squared	70.94	99.26

12-Month Yield	3.61%
30-day SEC Yield	0.13%
Potential Cap Gains Exp	—

### Operations

Family:	iShares	Ticker:	MBB
Manager:	Multiple	Exchange:	NYSE ARCA
Tenure:	3.1 Years	Incept:	03-13-2007
Total Assets:	\$1,749.9 mil	NAV:	107.03



### Portfolio Analysis 03-31-2010

Composition %	Net %	Long %	Short %
Cash	50.07	50.07	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	49.93	49.93	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
Large	P/C Ratio TTM	—	—	—
Mid	P/B Ratio TTM	—	—	—
Small	Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Short Int Long	Avg Eff Duration	—	2.44	—
High	Avg Eff Maturity	—	—	—
Med	Avg Credit Quality	—	AAA	—
Low	Avg Wtd Coupon	—	5.17	—
	Avg Wtd Price	—	104.08	—

Credit Analysis	Bond %
AAA	90.41
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	9.59

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

### Top Holdings 02-28-2010

Share Chg since 02-2010	Share Amount	0 Total Stocks	20 Total Fixed-Income	1341% Turnover Ratio	% Net Assets
★	222 mil	Fhlmc Gold 30yr March 2010 Tba			6.29
★	210 mil	FNMA			6.20
★	152 mil	FHLMC			4.52
★	129 mil	FNMA			3.84
★	119 mil	FHLMC			3.46
★	110 mil	FNMA			3.20
★	104 mil	FHLMC			3.11
★	96 mil	FNMA			2.89
★	82 mil	FHLMC			2.39
★	73 mil	FHLMC			2.15
★	69 mil	GNMA			2.02
★	63 mil	FNMA			1.83
★	63 mil	FNMA			1.74
★	53 mil	GNMA			1.57
★	51 mil	FNMA			1.52

### Sector Weightings

Sector	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# iShares iBoxx \$ High Yield Corporate Bd (USD)

Overall Morningstar Rtg™ **0.87** Prem/Discount **88.37** Mkt Price **High Yield Bond** Morningstar Cat

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-2.84	0.51	-7.76	-15.47	-23.86
2009	1.38	16.98	13.17	4.85	40.74
2010	2.82	—	—	—	2.82
Trailing Returns					
	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Qtrly Mkt	44.27	—	—	—	3.42
Std Qtrly NAV	42.73	—	—	—	3.56
Mkt Total Ret	44.27	—	—	—	3.42
NAV Total Ret	42.73	—	—	—	3.56
+/- BarCap US Agg Bond	35.04	—	—	—	—
+/- ML US HY Master II	-14.48	—	—	—	—
% Rank Cat	50	—	—	—	—
No. in Cat	3	—	—	—	—

### Performance Disclosure

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### Fees and Expenses

Fund Expenses	
Management Fees %	0.50
Expense Ratio %	0.50
12b1 Expense %	NA

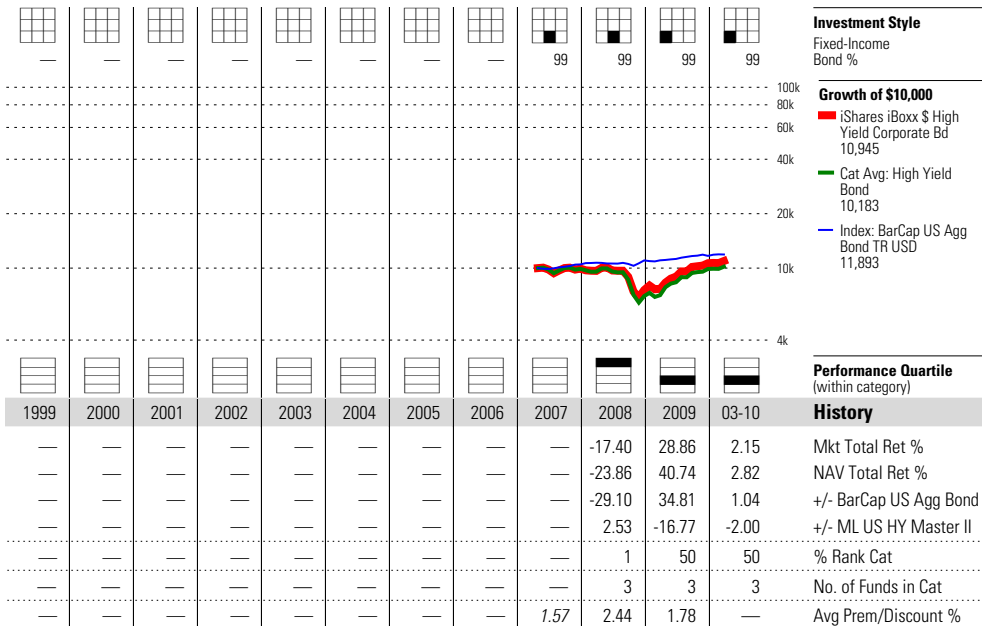
### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	—	—	—
Morningstar Risk	—	—	—
Morningstar Return	—	—	—
MPT Statistics			
	Standard Index	Best Fit Index	
NAV	BarCap US Agg Bond	—	—
Alpha	—	—	—
Beta	—	—	—
R-Squared	—	—	—

12-Month Yield	9.32%
30-day SEC Yield	8.26%
Potential Cap Gains Exp	—

### Operations

Family:	iShares	Ticker:	HYG	Base Currency:	USD
Manager:	Multiple	Exchange:	NYSE ARCA		
Tenure:	3.0 Years	Incept:	04-04-2007		
Total Assets:	\$5,255.1 mil	NAV:	87.61		



### Portfolio Analysis 04-01-2010

Composition % 03-31-2010	Net %	Long %	Short %
Cash	0.74	0.74	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	99.26	99.26	0.00
Other/Not Clsfd	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

### Equity Style

Value Blend Growth	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Large	P/E Ratio TTM	—	—	—
Mid	P/C Ratio TTM	—	—	—
Small	P/B Ratio TTM	—	—	—
	Geo Avg Mkt Cap \$mil	—	—	—

### Fixed-Income Style

Short Int Long	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
High	Avg Eff Duration	—	2.53	—
Med	Avg Eff Maturity	—	—	—
Low	Avg Credit Quality	—	B	—
	Avg Wtd Coupon	—	8.71	—
	Avg Wtd Price	—	100.36	—

### Credit Analysis

	Bond %
AAA	0.00
AA	0.00
A	0.00
BBB	0.39
BB	40.60
B	38.35
Below B	17.92
NR/NA	2.74

### Regional Exposure

	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

### Top Holdings 03-24-2010

Share Chg since 03-2010	Share Amount	0 Total Stocks	302 Total Fixed-Income	% Net Assets
		27%	Turnover Ratio	
	65 mil	Echostar Dbs	7.125%	1.34
	66 mil	Nrg Engy	7.375%	1.33
	61 mil	Hca	9.25%	1.32
+	83 mil	Texas Competitive Elec Hldgs	10.25%	1.25
+	56 mil	Chs / Cmnty Health Sys	8.875%	1.17
	63 mil	Sprint Nextel	6%	1.13
	58 mil	First Data	9.875%	1.02
	49 mil	Windstream	8.625%	1.01
	47 mil	Residential Cap	9.625%	0.93
+	43 mil	Gmac 144A	8.3%	0.90
	41 mil	Chesapeake Engy	9.5%	0.89
	52 mil	Harras Oper	10%	0.85
	41 mil	Hertz	8.875%	0.84
	40 mil	Sungard Data Sys	9.125%	0.82
	32 mil	Teck Resources	10.75%	0.81

### Sector Weightings

	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

# Vanguard Interm-Term Investment-Grade (USD)

**Overall Morningstar Rtg™**  
★★★★  
991 Intermediate-Term Bond

**Incept** 11-01-1993  
**Type** MF  
**Total Assets** \$14,244.59 mil  
**Morningstar Cat** Intermediate-Term Bond

Performance 03-31-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	1.61	-1.48	-6.06	-0.21	-6.16
2009	-0.22	8.16	7.58	1.40	17.73
2010	3.37	—	—	—	3.37
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	21.96	—	5.42	6.53	6.17
Std Quarterly	21.96	—	5.42	6.53	6.17
Total Return	21.96	6.03	5.42	6.53	6.17
+/- BarCap US Agg Bond	14.26	-0.11	-0.02	0.24	—
+/- BarCap US Govt/Cre	11.84	-0.53	-0.25	-0.48	—
% Rank Cat	20	37	30	14	
No. in Cat	1137	991	866	501	
7-day Yield	—				

**Performance Disclosure**

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**Fees and Expenses**

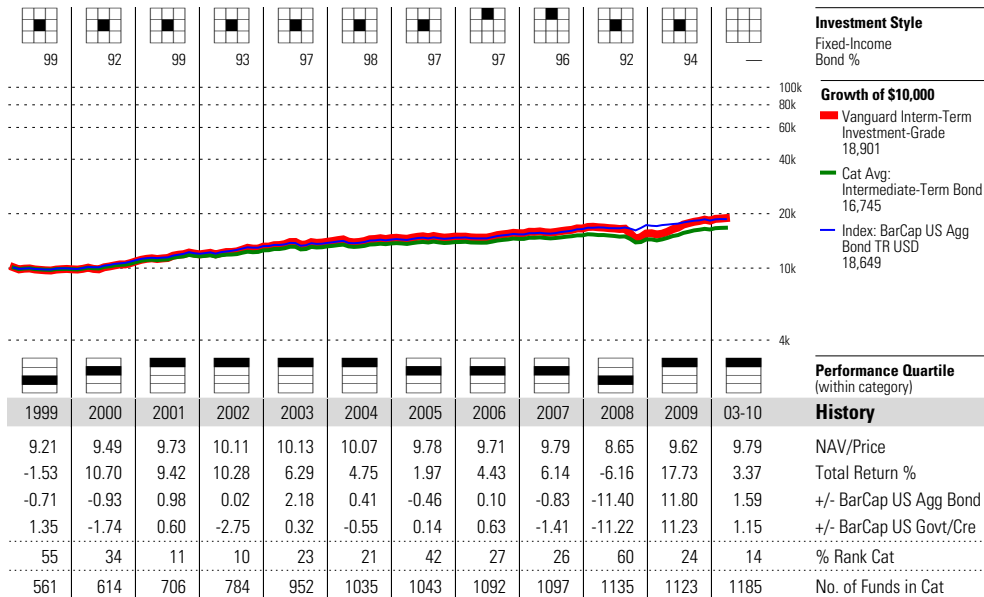
<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	NA
<b>Fund Expenses</b>	
Management Fees %	0.22
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.26</b>

**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	4★
Morningstar Risk	+Avg	+Avg	+Avg
Morningstar Return	Avg	+Avg	+Avg
	3 Yr	5 Yr	10 Yr
Standard Deviation	7.59	6.21	5.52
Mean	6.03	5.42	6.53
Sharpe Ratio	0.58	0.43	0.68
MPT Statistics	Standard Index	Best Fit Index	
	BarCap US Agg Bond	BarCap US Credit TR USD	
Alpha	-2.14	0.38	
Beta	1.51	0.91	
R-Squared	68.94	93.16	

**Operations**

Family:	Vanguard
Manager:	Multiple
Tenure:	16.4 Years
Objective:	Corporate Bond - General



**Portfolio Analysis 12-31-2009**

Composition %	Net %	Long %	Short %	Share Chg since 09-2009	Share Amount	0 Total Stocks	% Net Assets
Cash	5.34	5.34	0.00			1,093 Total Fixed-Income	
US Stocks	0.00	0.00	0.00	+	374 mil	48% Turnover Ratio	
Non-US Stocks	0.00	0.00	0.00		109 mil	CMT Market Liquidity Rate	2.74
Bonds	94.24	94.24	0.00		113 mil	Metropolitan Life Global Fdg 144A 5	0.84
Other/Not Clsfd	0.42	0.42	0.00		105 mil	US Treasury Note 2.625%	0.84
Total	100.00	100.00	0.00		74 mil	General Elec Cap Corp Mtn Bn 5.625%	0.79
					74 mil	Pfizer 6.2%	0.60
					78 mil	HSBC Fin 5.5%	0.60
					64 mil	Citigroup 6.125%	0.48
					61 mil	Credit Suisse Ny Brh 6%	0.47
					63 mil	Royal Bk Scotland Plc Medium Term 4	0.47
					62 mil	General Elec 5.25%	0.46
					60 mil	Credit Suisse New York Branch 5.3%	0.46
					62 mil	Chase Issuance Tr FRN	0.45
					60 mil	Morgan Stanley Cap 2006-lq11 CMO	0.43
					52 mil	Morgan Stanley 6.625%	0.42
					61 mil	Cap One Cc Tr 2007-2a FRN	0.41

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	0.0	—	—
Large	P/C Ratio TTM	0.0	—	—
Mid	P/B Ratio TTM	0.0	—	—
Small	Geo Avg Mkt Cap \$mil	0	—	—

Fixed-Income Style	Short	Int	Long	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
High				5.33	7.00	A	5.68	104.52
Med								
Low								

Credit Analysis 12-31-2009	Bond %
AAA	16.69
AA	18.44
A	40.45
BBB	20.48
BB	0.96
B	0.07
Below B	0.08
NR/NA	2.84

Regional Exposure	Stocks %	Rel BarCap US Agg Bond
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel BarCap US Agg Bond
<b>Information Economy</b>	—	—
Software	—	—
Hardware	—	—
Media	—	—
Telecommunication	—	—
<b>Service Economy</b>	—	—
Healthcare Services	—	—
Consumer Services	—	—
Business Services	—	—
Financial Services	—	—
<b>Manufacturing Economy</b>	—	—
Consumer Goods	—	—
Industrial Materials	—	—
Energy	—	—
Utilities	—	—

Base Currency:	USD	Minimum IRA Purchase:	\$3,000
Ticker:	VFICX	Purchase Constraints:	
Minimum Initial Purchase:	\$3,000		
Min Auto Investment Plan:	\$3,000		

**Disclosure for Standardized and Tax Adjusted Returns**

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://www.morningstaradvisor.com/familyinfo.asp>

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.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after tax returns depend on the investor's tax situation and may differ from those shown. The after tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution is as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before tax returns. After-tax returns for exchange-traded funds are based on net asset value.

**Annualized returns 3/31/2010**

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	—	18.35	5.97	6.82	7.76	1/3/1989	—	—	0.43	0.43
Fidelity Focused High Income	—	31.57	5.47	—	5.26	9/8/2004	—	—	0.85	0.97
iShares Barclays Credit Bond(NAV)	—	19.89	—	—	5.57	1/5/2007	—	—	—	—
iShares Barclays Credit Bond(Market...)	—	18.14	—	—	5.74	1/5/2007	—	—	—	—
Franklin Low Duration Total Return ...	—	6.07	4.28	—	3.94	11/17/2004	2.25	—	0.94	1.19
iShares Barclays 1-3 Year Credit Bo...	—	10.91	—	—	5.30	1/5/2007	—	—	—	—
iShares Barclays 1-3 Year Credit Bo...	—	9.64	—	—	5.47	1/5/2007	—	—	—	—
iShares Barclays MBS Bond(NAV)	—	4.95	—	—	6.24	3/13/2007	—	—	—	—
iShares Barclays MBS Bond(Market)	—	4.84	—	—	6.28	3/13/2007	—	—	—	—
Vanguard Interm-Term Investment-Gra...	—	21.96	5.42	6.53	6.17	11/1/1993	—	—	0.26	0.26
iShares iBoxx \$ High Yield Corporat...	—	42.73	—	—	3.56	4/4/2007	—	—	—	—
iShares iBoxx \$ High Yield Corporat...	—	44.27	—	—	3.42	4/4/2007	—	—	—	—
SSgA Money Market Instl	—	0.11	2.95	2.74	4.33	1/1/1900	—	—	—	—
<b>BarCap Govt/Credit 1-3 Yr TR USD</b>		<b>4.15</b>	<b>4.56</b>	<b>4.82</b>	-	-				
<b>Citi Treasury Bill 3 Mon USD</b>		<b>0.13</b>	<b>2.76</b>	<b>2.70</b>	-	-				

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	16.26	4.60	5.18	5.59	1/3/1989	11.87	4.48	5.01	5.47
Fidelity Focused High Income	28.11	3.10	—	2.95	9/8/2004	20.34	3.25	—	3.11
iShares Barclays Credit Bond(NAV)	17.78	—	—	3.72	1/5/2007	12.84	—	—	3.63
Franklin Low Duration Total Return A	4.87	2.90	—	2.58	11/17/2004	3.93	2.83	—	2.55
iShares Barclays 1-3 Year Credit Bond(NAV)	9.52	—	—	3.83	1/5/2007	7.05	—	—	3.65
iShares Barclays MBS Bond(NAV)	3.60	—	—	4.71	3/13/2007	3.19	—	—	4.42
Vanguard Interm-Term Investment-Grade	19.59	3.48	4.38	3.79	11/1/1993	14.19	3.48	4.31	3.79
iShares iBoxx \$ High Yield Corporate Bd(NAV)	37.76	—	—	0.39	4/4/2007	27.37	—	—	1.09

**Disclosure for Standardized and Tax Adjusted Returns(continued)**

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://www.morningstaradvisor.com/familyinfo.asp>

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.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after tax returns depend on the investor's tax situation and may differ from those shown. The after tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution is as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before tax returns. After-tax returns for exchange-traded funds are based on net asset value.

**Annualized returns 3/31/2010**

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 Credit TR USD		20.83	5.37	6.72	-	-					
ML US HY Master II TR USD		57.22	7.67	7.20	-	-					
IBOXX Liquid High Yield TR USD		45.14	5.44	5.23	-	-					
USTREAS CD Sec Mkt 6 Mon		0.48	3.46	3.13	-	-					
BarCap US Credit 5-10 Yr TR USD		24.34	5.67	7.19	-	-					
BarCap US Aggregate 1-3 Yr TR USD		4.72	4.74	4.90	-	-					
BarCap Credit 1-3 Yr TR USD		11.78	5.19	5.47	-	-					
Credit Suisse HY USD		52.28	7.16	7.68	-	-					
S&P 500 TR		49.77	1.92	-0.65	-	-					
MSCI EAFE NR USD		54.44	3.75	1.27	-	-					
Morningstar US Market TR USD		52.03	2.67	0.06	-	-					
BarCap US MBS TR USD		5.21	6.13	6.47	-	-					
BarCap US Agg Bond TR USD		7.69	5.44	6.29	-	-					
USTREAS T-Bill Auction Ave 3 Mon		0.13	2.82	2.74	-	-					
ML US HY Master II Constrained TR U...		56.95	7.70	7.34	-	-					
<b>Return after Taxes (%)</b>		<u>on Distribution</u>					<u>on Distribution and Sales of Shares</u>				
		1 Yr	5 Yr	10 Yr	Since Inception	Inception Date	1 Yr	5 Yr	10 Yr	Since Inception	

## Benchmark Disclosure

### BarCap 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.

### ML US HY Master II TR USD :

### IBOXX Liquid High Yield TR USD :

### USTREAS CD Sec Mkt 6 Mon :

As tracked by the Wall Street Journal, measures the yield of the 3-month T-bill.

### BarCap US Credit 5-10 Yr TR USD :

### BarCap US Aggregate 1-3 Yr TR USD :

### BarCap Credit 1-3 Yr TR 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.

### S&P 500 TR :

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

### 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 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.

### 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.

## Benchmark Disclosure(continued)

### **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.

### **ML US HY Master II Constrained TR USD :**

# 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)

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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.

# Mutual Fund Detail Report

## Disclosure Statement

The Mutual Fund Detail Report is to be used as supplemental sales literature, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar

### 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 Performance section

**When pre-inception data are presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear 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

### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution

Total return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced

Standardized Total Return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges, all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized returns never include pre-inception history

Morningstar % Rank within Morningstar Category does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year

### Growth of \$10,000

The graph compares the growth of \$10,000 in a fund with that of an index and with that of the average for all funds in its Morningstar category. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar

**If pre-inception data is included in the analysis, it will be graphed.**

### Risk and Return

The Morningstar Rating is calculated for funds with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics

Please note that some Morningstar proprietary calculations, including the Morningstar Rating, may be calculated based on adjusted historical returns (pre-inception returns). If the extended performance rating is in effect, the "stars" are represented as unshaded stars. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. This investment's independent Morningstar Rating metric is then compared against the open-end mutual fund universe's actual performance breakpoints to determine its extended performance rating. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the actual performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time period

(three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated

**If pre-inception returns are included in this analysis, the risk and return profile data calculated on the basis of these returns will appear in italics**

### Risk Measures

The risk measures below are calculated for funds with at least a three-year history

Standard deviation is a statistical measure of the volatility of the fund's returns

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager

Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market

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

**Risk measures calculated using pre-inception data, if included in the analysis, will be presented in italics**

### Portfolio Analysis

The Morningstar Style Box reveals a fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income funds 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)

### Equity Portfolio Statistics

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

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/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund'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 geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests

### Fixed-Income Portfolio Statistics

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

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio

Average effective maturity 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

Average credit quality is calculated by taking the weighted average of the credit rating for each bond in the portfolio

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value

Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well

### Operations

Purchase constraints denote if a mutual fund has any of the following qualities: Qualified Access (A), Institutional (T), Closed to New Investments, (C) or Closed to All Investments (L). Because these qualities can all act as restrictions and/or requirements for investment, they are grouped together

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

### Investment Risk

International Funds/Emerging Market Funds: The investor should note that funds that invest in international securities involve 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 may accentuate these risks

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

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**High-Yield Bond Funds:** The investor should note that funds that invest in lower-rated debt securities (commonly referred 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