



## The Need for Diversification

Asset Class Index Performance 1987-2007

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EAFE	Emerging Markets	Emerging Markets	5 Year Gov't	Emerging Markets	Small Value	Emerging Markets	EAFE	Large Value	REITs	Small Value	Large Growth	Emerging Markets	REITs	Small Value	5 Year Gov't	Small Value	REITs	Emerging Markets	REITs	Emerging Markets
24.63%	38.40%	117.51%	9.74%	70.18%	34.98%	90.50%	7.78%	40.10%	35.27%	36.94%	36.65%	65.82%	26.37%	40.59%	12.95%	74.48%	31.58%	29.32%	35.06%	36.87%
Large Growth	Small Value	Large Growth	Inflation (CPI)	Small Growth	Large Value	EAFE	Small Value	S&P 500 Index	S&P 500 Index	Large Value	S&P 500 Index	Small Growth	5 Year Gov't	REITs	REITs	Emerging Markets	Emerging Markets	EAFE	Emerging Markets	Large Growth
7.71%	30.80%	36.52%	6.10%	52.89%	16.05%	32.56%	3.38%	37.58%	22.96%	33.75%	28.58%	54.06%	12.60%	13.93%	3.82%	70.66%	28.01%	13.54%	31.83%	15.70%
S&P 500 Index	EAFE	S&P 500 Index	Large Growth	Large Growth	REITs	Small Value	REITs	Large Growth	Small Value	S&P 500 Index	EAFE	Large Growth	Inflation (CPI)	5 Year Gov't	Inflation (CPI)	Small Growth	Small Value	REITs	EAFE	EAFE
5.23%	28.27%	31.49%	1.69%	45.22%	14.59%	28.61%	3.17%	36.84%	22.36%	33.36%	20.00%	30.16%	3.38%	7.61%	2.39%	54.72%	27.33%	12.16%	26.34%	11.17%
Inflation (CPI)	Large Value	Large Value	S&P 500 Index	Small Value	S&P 500 Index	Large Value	Inflation (CPI)	Small Growth	Large Growth	Large Growth	Large Value	EAFE	Small Value	Inflation (CPI)	Emerging Markets	EAFE	EAFE	Large Value	Large Value	5 Year Gov't
4.42%	24.05%	27.46%	-3.10%	42.96%	7.63%	24.52%	2.67%	35.72%	21.27%	31.67%	11.95%	26.96%	-3.08%	1.55%	-9.68%	38.59%	20.25%	9.70%	21.87%	10.05%
Large Value	Small Growth	Small Growth	Emerging Markets	REITs	5 Year Gov't	REITs	Large Growth	Small Value	Large Value	REITs	5 Year Gov't	S&P 500 Index	Large Value	Large Value	Small Value	REITs	Large Value	Small Growth	Small Value	S&P 500 Index
3.87%	18.24%	19.77%	-7.72%	35.70%	7.20%	19.65%	1.93%	26.66%	19.97%	20.26%	10.22%	21.04%	-6.41%	-2.71%	-11.72%	37.13%	17.74%	6.02%	21.70%	5.49%
Emerging Markets	S&P 500 Index	5 Year Gov't	REITs	Large Value	Large Growth	Small Growth	S&P 500 Index	5 Year Gov't	Small Growth	Small Growth	Small Growth	Large Value	S&P 500 Index	Emerging Markets	EAFE	Large Value	Small Growth	S&P 500 Index	S&P 500 Index	Small Growth
3.68%	16.81%	13.27%	-15.35%	34.76%	5.00%	13.61%	1.32%	16.11%	13.22%	14.88%	4.08%	6.99%	-9.10%	-3.64%	-15.94%	36.43%	11.16%	4.91%	15.80%	4.99%
5 Year Gov't	REITs	Small Value	Small Growth	S&P 500 Index	Small Growth	5 Year Gov't	Large Value	REITs	Emerging Markets	5 Year Gov't	Inflation (CPI)	Small Value	EAFE	Small Growth	Large Growth	S&P 500 Index	S&P 500 Index	Small Value	Small Growth	Inflation (CPI)
2.90%	13.49%	11.52%	-18.12%	30.47%	3.77%	11.24%	-0.33%	15.27%	10.83%	8.38%	1.60%	4.37%	-14.17%	-4.13%	-21.93%	28.69%	10.88%	4.46%	9.26%	4.09%
REITs	Large Growth	EAFE	Large Value	5 Year Gov't	Emerging Markets	S&P 500 Index	5 Year Gov't	EAFE	EAFE	EAFE	Emerging Markets	Inflation (CPI)	Large Growth	S&P 500 Index	S&P 500 Index	Large Growth	Large Growth	Inflation (CPI)	Large Growth	Large Value
-3.64%	10.26%	10.54%	-22.55%	15.31%	3.60%	10.07%	-5.13%	11.21%	6.05%	1.78%	-3.32%	2.68%	-14.33%	-11.89%	-22.10%	17.77%	5.27%	3.42%	5.97%	-12.24%
Small Value	5 Year Gov't	REITs	EAFE	EAFE	Inflation (CPI)	Large Growth	Emerging Markets	Inflation (CPI)	Inflation (CPI)	Inflation (CPI)	Small Value	5 Year Gov't	Small Growth	Large Growth	Large Value	5 Year Gov't	Inflation (CPI)	Large Growth	5 Year Gov't	REITs
-4.86%	6.09%	8.84%	-23.45%	12.13%	3.03%	3.21%	-6.44%	2.67%	3.33%	1.70%	-10.04%	-1.76%	-24.50%	-21.05%	-30.28%	2.40%	3.25%	3.39%	3.15%	-15.69%
Small Growth	Inflation (CPI)	Inflation (CPI)	Small Value	Inflation (CPI)	EAFE	Inflation (CPI)	Small Growth	Emerging Markets	5 Year Gov't	Emerging Markets	REITs	REITs	Emerging Markets	EAFE	Small Growth	Inflation (CPI)	5 Year Gov't	5 Year Gov't	Inflation (CPI)	Small Value
-13.02%	4.42%	4.64%	-26.12%	3.07%	-12.17%	2.75%	-7.23%	-1.00%	2.09%	-24.26%	-17.50%	-4.62%	-30.40%	-21.44%	-34.63%	1.88%	2.26%	1.35%	2.55%	-18.38%

Highest Return  
↑  
↓  
Lowest Return

Diversification does not guarantee a profit or protect against a loss.

Data Sources: Center for Research in Security Prices (CRSP), BARRA Inc. and Morgan Stanley Capital International, December 2007. All investments involve risk. Foreign securities involve additional risks, including foreign currency changes, political risks, foreign taxes, and different methods of accounting and financial reporting. Past performance is not indicative of future performance. Treasury bills are guaranteed as to repayment of principal and interest by the U.S. government. This information does not constitute a solicitation for sale of any securities. CRSP is the Center for Research in Security Prices. CRSP ranks all NYSE companies by market capitalization and divides them into 10 equally-populated portfolios. AMEX and NASDAQ National Market stocks are then placed into deciles according to their respective capitalizations, determined by the NYSE breakpoints. CRSP Portfolios 1-5 represent large-cap stocks; Portfolios 6-10 represent small caps; Value is represented by companies with a book-to-market ratio in the top 30% of all companies. Growth is represented by companies with a book-to-market ratio in the bottom 30% of all companies. S&P 500 Index is the Standard & Poor's 500 Index. The S&P 500 Index measures the performance of large-capitalization U.S. stocks. The S&P 500 is an unmanaged market value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the index performance directly proportional to that company's market value. The MSCI EAFE Index (Morgan Stanley Capital International Europe, Australasia, Far East Index) is comprised of over 1,000 companies representing the stock markets of Europe, Australia, New Zealand and the Far East, and is an unmanaged index. EAFE represents non-U.S. large stocks. Foreign securities involve additional risks, including foreign currency changes, political risks, foreign taxes, and different methods of accounting and financial reporting. Consumer Price Index (CPI) is a measure of inflation. REITs, represented by the NAREIT Equity REIT Index, is an unmanaged market cap-weighted index comprised of 151 equity REITs. Emerging Markets index represents securities in countries with developing economies and provide potentially high returns. Many Latin American, Eastern European and Asian countries are considered emerging markets. Indexes are unmanaged baskets of securities without the fees and expenses associated with mutual funds and other investments. Investors cannot directly invest in an index. Although indexes do not have fees and expenses, the average operating expense ratio for each category, as contained in Morningstar's database of mutual funds (as of November 2007), was deducted.