Florida Municipal Pension Trust Fund – 70/30 Allocation

Executive Summary

As of December 31, 2009

70/30 Allocation

- The 70/30 Allocation returned 3.4% in the fourth quarter compared with 3.7% for the Target Index, as the high quality bias in the fixed income strategy provided a headwind to what was otherwise continued strong overall equity market returns.
- Over the past several years, the high quality focus of the domestic equity and fixed income strategies provided strong downside protection, such that this allocation is meeting the objective of outperforming the Target Index over the past three years.
- Over the past five years, the 70/30 Allocation has returned an annualized 2.4%, which is modestly below the Target Index (2.5%) as the absence of international exposure and a high allocation to large cap growth early in this period held back both absolute and relative returns. The lower risk profile for this fund compared to the Target Index has resulted in a risk-adjusted return profile in line with objectives.

FMIvT Broad Market High Quality Bond Fund

- The Broad Market High Quality Bond Fund declined modestly (-0.2%) in the fourth quarter, falling short of the Barclays Capital Aggregate A+ benchmark and core bond manager peer group due to modest exposure to the corporate sector, particularly lower quality securities which continued to rebound. This factor also provided a headwind to results relative to objectives over the past year, although the quality of this portfolio remained very high in comparison to the benchmark and peer group.
- Strong relative performance in 2008 has bolstered multi-year returns, with this fund ahead of its peer group and benchmark over the past 3-5 years. Over the past five years, this fund has grown 5.3% on average annually, compared with the 4.9% benchmark return.
- The portfolio's conservative nature and high quality bias are in line with its objectives, and position this strategy to outperform particularly during periods of economic distress like we experienced in 2008.

FMIvT High Quality Growth Equity Fund

- The High Quality Growth Equity Fund gained 4.7% in the fourth quarter, behind the 7.9% and 7.3% advances in the Russell 1000 Growth Index and the peer group of large cap growth managers, respectively. Year-to-date, this strategy has displayed strong absolute returns, advancing 34.0%, in line with the peer group (up 34.4%) but below the 37.2% rise in the Index.
- During the quarter, strong stock selection in the energy sector was more than offset by adverse stock selection in the consumer and techology sectors, as well as an underweighting to the continued strong advance in technology stocks.
- The high quality bias for this strategy has generated strong performance for this fund over the past two years, thereby boosting long-term results ahead of its benchmark and peer group for each of the 3, 5, and 10 year time periods.

Florida Municipal Pension Trust Fund – 70/30 Allocation

Executive Summary

As of December 31, 2009

FMIvT Diversified Value Fund

- The Diversified Value Fund gained 3.3% in the fourth quarter, failing to keep pace with the 4.2% and 4.8% advances in the Russell 1000 Value Index and the median large cap value manager, respectively. Over the past year, however, this fund has produced the strongest returns in the FMIvT line-up, rising 38.7% compared with a 19.7% advanced in the Index and ranking in the top 4th percentile among similar value managers.
- In the three years since inception, this strategy has been at odds with volatile sector rotation trends within the marketplace, with early positioning in homebuilders and financials hindering returns early in this period. Recently, the portfolio's overweight to technology, underweight to telecom and strong stock selection in financials has helped bolster returns.
- This strategy focuses on economic principles and valuations as the key drivers of stock price rather than price momentum. While this can result in periods of shorter-term volatility, the strategy has consistently been able to achieve excess returns over longer time periods.

FMIvT Russell 1000 Enhanced Index

- The Russell 1000 Enhanced Index Fund provided the strong returns in the FMIvT fund line-up in the fourth quarter, rising 6.3% which was modestly ahead of both the Russell 1000 Index and the peer group of large cap core managers. Over the past year, the performance of this fund (up 25.4%) is behind its benchmark (up 28.4%) and peer group (up 26.7%), as many quantitative strategies struggled.
- The strategy added a new factor to its quantitative model late last year, as a means to reduce the size difference between its portfolio and the benchmark, thereby potentially reducing the portfolio's tracking error. This has resulted in the weighted average market cap of the portfolio being more closely in line with that of the index.
- Over the past 3 years, this strategy has modestly outperformed its benchmark, with a top 39th percentile ranking within the universe of domestic large cap managers, providing support for the change in strategy from passive to enhanced in August 2007.

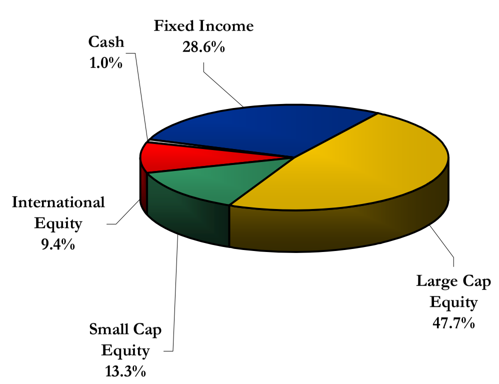
FMIvT Diversified Small Cap Equity Fund

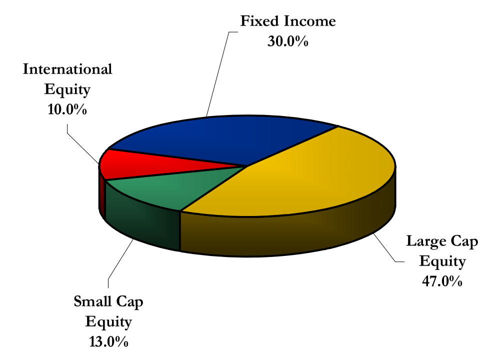
- The Diversified Small Cap Equity Fund advanced 4.7% in the fourth quarter, compared with gains of 3.9% and 4.9% for the Russell 2000 Index and small cap core equity manager peer group, respectively. The strategy benefitted from strong financial and technology stock selection compared to the benchmark, although the market's focus on lower quality securities with higher potential upside leverage held back comparisons with the peer group.
- Over the past two years, this strategy has displayed very strong downside protection, rising 1.6% versus the 8.2% loss in the benchmark and ranking in the top 8th percentile of its small cap core peer group.
- This fund has generated very strong returns relative to its benchmark over the past 10 years, rising 10.0% on average annually, compared to the 3.5% advance for the Russell 2000 Index. Additionally, the much lower risk profile for this portfolio resulted in very strong risk-adjusted returns during that period.

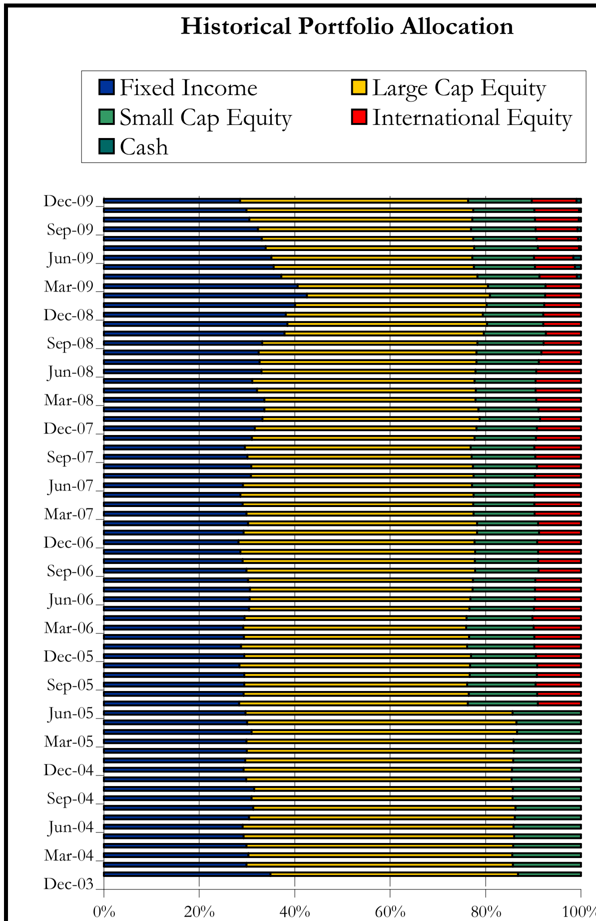
FMIvT International Blend Portfolio

- The FMIvT International Blend Portfolio rose 3.5% in the fourth quarter, outperforming both the MSCI EAFE Index (up 2.2%) and the peer group of international developed market managers (up 2.7%), and ranking in the top 32nd percentile of the peer group. The growth portion of the strategy provided the strongest contribution this quarter.
- Over the past year, this portfolio is up 32.8%, ahead of the MSCI EAFE benchmark but modestly behind the peer group. While both the growth and value sleeves of this strategy aided returns, the value portion benefitted the most early in the period when financial stocks (the largest component of most value indices) were rallying.
- In the four years since inception, this portfolio has been challenged to keep pace with the index and peer group, with the excess returns generated in 2009, 2007, and 2005 more than offset by adverse performance in 2006 and 2008.

Florida Municipal Pension Trust Fund - 70/30 Allocation
Periods Ending December 31, 2009







Asset Class Allocation		% Asset Class	% Total Portfolio	Target %	Over/Under Target
Fixed Income		100.0%	28.6%	30.0%	(1.4%)
Large Cap Equity		78.2%	47.7%	47.0%	0.7%
Small Cap Equity		21.8%	13.3%	13.0%	0.3%
Total Domestic Equity			61.1%	60.0%	1.1%
International Equity		100.0%	9.4%	10.0%	(0.6%)
Total Equity			70.5%	70.0%	0.5%
Cash		100.0%	1.0%	0.0%	1.0%
FMPTF - 70/30 Allocation					

Note: Market values and Total Portfolio performance includes all fees and expenses, including securities lending.

Florida Municipal Pension Trust Fund - 70/30 Allocation

Summary of Performance Returns

Periods Ending December 31, 2009

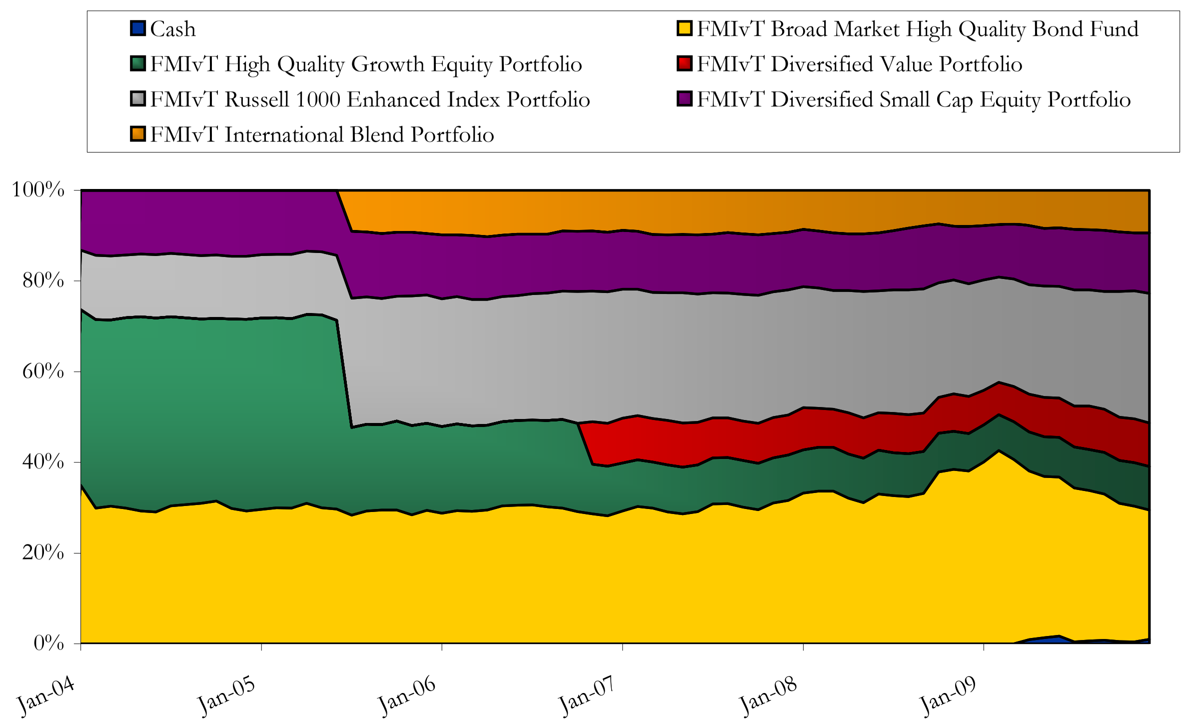
	% of Total Portfolio	Three Months and Sept. 30, FYTD	One Year	Two Years	Three Years	Five Years	Six Years
Cash	1.0%	0.03 %	N/A	N/A	N/A	N/A	N/A
90 Day Treasury Bill		0.04 %	0.21 %	1.14 %	2.41 %	3.02 %	2.74 %
Fixed Income Portfolios							
FMIvT Broad Market High Quality Bond Fund	28.6%	(0.18)%	1.83 %	5.42 %	6.19 %	5.33 %	5.12 %
Barclays Capital Aggregate A+		0.04 %	4.37 %	5.38 %	5.96 %	4.94 %	4.81 %
Median Core Bond Manager		0.87 %	11.28 %	6.39 %	6.65 %	5.38 %	5.25 %
Fixed Composite	28.6%						
Equity Portfolios							
Large Cap Domestic Equity							
FMIvT High Quality Growth Equity Portfolio	9.6%	4.69 %	34.01 %	(7.15)%	(0.76)%	2.63 %	3.14 %
Russell 1000 Growth		7.94 %	37.21 %	(8.09)%	(1.88)%	1.64 %	2.40 %
Median Large Cap Growth Manager		7.35 %	34.38 %	(8.30)%	(1.99)%	2.01 %	3.56 %
FMIvT Diversified Value Portfolio	9.5%	3.27 %	38.72 %	(13.66)%	(12.65)%	N/A	N/A
Russell 1000 Value		4.22 %	19.69 %	(13.06)%	(8.96)%	(0.26)%	2.36 %
Median Large Cap Value Manager		4.81 %	25.35 %	(12.03)%	(7.89)%	0.48 %	3.28 %
FMIvT Russell 1000 Enhanced Index Portfolio[1]	28.6%	6.33 %	25.43 %	(11.26)%	(5.17)%	0.92 %	2.60 %
Russell 1000		6.07 %	28.42 %	(10.49)%	(5.36)%	0.79 %	2.49 %
Median Large Cap Core Manager		6.06 %	26.69 %	(10.58)%	(5.39)%	0.73 %	2.51 %
Large Cap Domestic Equity	47.7%	5.29 %	29.49 %	(11.43)%	(6.39)%	N/A	N/A
S&P 500		6.04 %	26.45 %	(10.74)%	(5.63)%	0.42 %	2.09 %
Median Large Cap Core Manager		6.06 %	26.69 %	(10.58)%	(5.39)%	0.73 %	2.51 %
Small Cap Domestic Equity							
FMIvT Diversified Small Cap Equity Portfolio	13.3%	4.73 %	27.44 %	1.55 %	3.39 %	6.38 %	8.57 %
Russell 2000		3.88 %	27.19 %	(8.24)%	(6.06)%	0.51 %	3.28 %
Median Small Cap Core Manager		4.93 %	29.28 %	(5.94)%	(3.96)%	2.88 %	5.97 %
International Equity							
FMIvT International Blend Portfolio	9.4%	3.50 %	32.82 %	(18.22)%	(8.84)%	N/A	N/A
MSCI EAFE		2.23 %	32.45 %	(13.15)%	(5.58)%	4.02 %	6.63 %
Median International Developed Markets Equity		2.65 %	33.37 %	(11.92)%	(4.37)%	5.23 %	7.58 %
Equity Composite	70.5%						
FMPTF - 70/30 Allocation Total Portfolio	100.0%	3.44 %	19.13 %	(5.55)%	(1.69)%	2.35 %	3.18 %

[1] *Portfolio renamed and manager changed in August 2007.*

***Note:** Market values and Total Portfolio performance includes all fees and expenses, including securities lending.*

Florida Municipal Pension Trust Fund - 70/30 Allocation

Historical Manager Allocation



- **January 2004: Initial allocation to Broad Market HQ Bond, HQ Growth Equity, Russell 1000, and Small Cap.**
- **February 2004: Increased equity portfolio exposure through reduction in the Broad Market HQ Bond Fund.**
- **May 2005: Added International exposure; increased the Large Core allocation to reduce the Fund's growth bias.**
- **November 2006: Added Large Cap Value allocation to balance the style exposure.**

Market Overview

For the Periods Ending December 31, 2009

The economic recovery from the worst recession since the 1930s continued in the fourth quarter as gains in wages and stock prices helped households recover wealth, leading to a rebound in consumer spending. In addition, consumers' moods brightened thanks to fewer job losses as companies ramped up production to meet growing global demand. The rebound in consumer spending coupled with increased business activity signals that the economy probably grew during the quarter, marking the first back-to-back increases in more than a year.

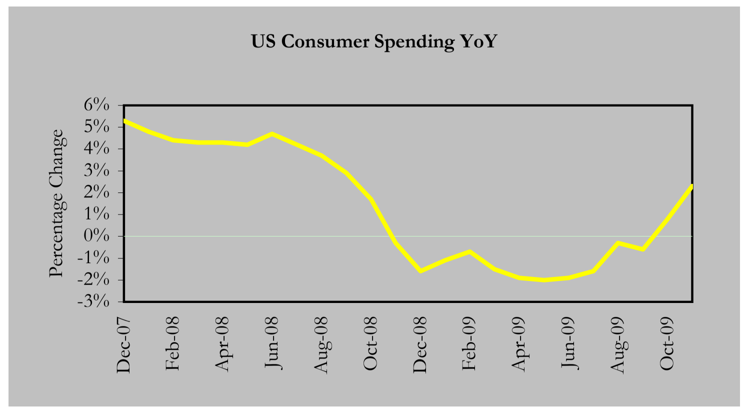
Household wealth recovers… November's report on consumer incomes, the latest reading available, showed the biggest gain in six months, climbing 0.4%, the fifth consecutive monthly rise and the largest since May. Wages and salaries have been accelerating as companies asked existing staff to work more hours to meet growing output. At the same time, the stock market rally and the stabilization in home prices suggested that households have now regained about a third of the $16 trillion in net worth they had lost since 4Q07. (Source: Federal Reserve Flow of Funds Report – Third Quarter 2009)

Upturn in consumer spending despite weak labor markets… The improvement in incomes and wealth gave consumers the wherewithal to open their pocket books as spending rose 2.3% in November over the same period in 2008. Households largely took advantage of discounted prices on durable goods such as autos and electronics, as retailers looked to boost holiday sales. Adjusted for inflation, spending on durable goods climbed 1.2% from October. Despite a drop off in spending on services, overall consumer spending is set to contribute positively to economic growth in 4Q09, the second quarter in a row.

Economy at a Glance

Recent growth indicators	Sep-09	Oct-09	Nov-09	Dec-09
ISM Manufacturing Composite	52.6	55.7	53.6	55.9
ISM Non-Manufacturing Composite	50.9	50.6	48.7	50.1
Confernce Board Consumer Confidence	53.4	48.7	50.6	52.9
Change in Payrolls (m-o-m, 000)	-139	-127	4	-85
Personal Income (% m-o-m)	0.3	0.3	0.4	
Personal Spending (% m-o-m)	-0.6	0.6	0.5	

Source: Bureau of Labor Statistics, ISM, Bloomberg



Source: Bureau of Economic Analysis

Job losses moderate… The economy unexpectedly shed another 85,000 jobs in December after a revision showed a gain of 4,000 in November, the first in almost two years. However, the pace of layoffs is decelerating as corporations shed 64,000 jobs on average each month during 4Q09, well below the average loss of 691,000 in 1Q09. Moreover, the breadth of the decline narrowed as well with fewer industries saying they had cut workers, while adding more temporary workers, a step that usually foretells the hiring of permanent, full time staff.

Market Overview

For the Periods Ending December 31, 2009

The recent signs of economic growth have yet to furnish job growth as our unemployment rate hovers around 10%. Companies remain cautious, as after several rounds of cost-cutting they are still focused on maintaining tight controls over spending, reluctant to re-hire until they feel more comfortable about near-term prospects for sustained profitability. Nonetheless, there is evidence that a global recovery is underway with improving demand for both at home and abroad. Furthermore, after a record reduction in inventories during the first nine months of the year, companies could pick up the pace of new orders and production, leading to job creation. And, as the job market recovers, the biggest part of the economy, consumer spending would be poised to strengthen as well.

U.S. Equities

Better than expected economic reports showing the ongoing economic recovery appeared sustainable and higher corporate earnings expectations helped lift stocks higher in the fourth quarter. The rally was led by companies whose profits are tied to the pace of economic growth such as producers of technology and materials. For the quarter, nine out of ten of the S&P 500 sectors were positive with Information Technology soaring nearly 11%. Small cap stocks also staged a rally in the quarter, as the U.S. small-cap Russell 2000 index jumped 3.88%, driving the index to a positive year-to-date (YTD) gain of 27.19%. Growth stocks outpaced value during the fourth quarter as the Russell 1000 Growth index gained 7.94% (+37.21% YTD) vs. a gain of 4.22% (+19.69% YTD) for the Russell 1000 Value index.

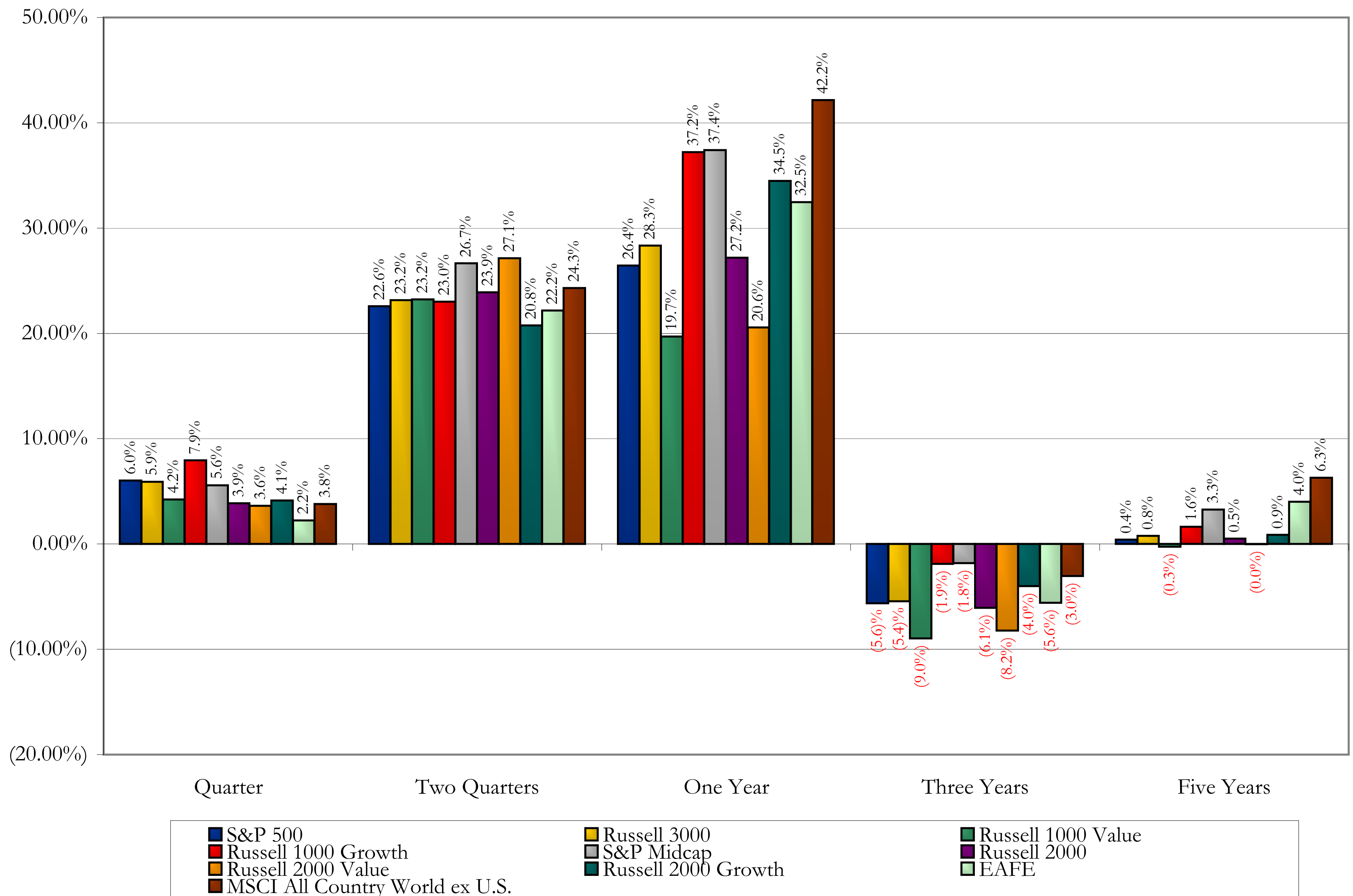
International Equities

Equity markets worldwide shined in the fourth quarter amid investor optimism the global recovery was gaining momentum on rising commodity prices and stronger exports. European stocks closed the quarter with three consecutive weekly gains, sending the Dow Jones Stoxx index to a 15-month high, climbing 2.95% in US dollars (USD). Japan's Nikkei 225 Stock Average rose to its highest close in four months on December 28, after the government said the economy would expand for the first time in three years in 2009. The broad-based MSCI EAFE index gained 2.23% in USD for 4Q09 (+32.45% YTD). Emerging market equities completed their best year since 1999 after investors drove prices higher on hopes that increasing commodity prices and revived U.S. economic growth expectations would improve the prospects for developing economies. The MSCI Emerging Markets Index posted a quarterly gain of 8.57%, bringing its YTD return to 79.01% on a USD basis.

U.S. Fixed-Income

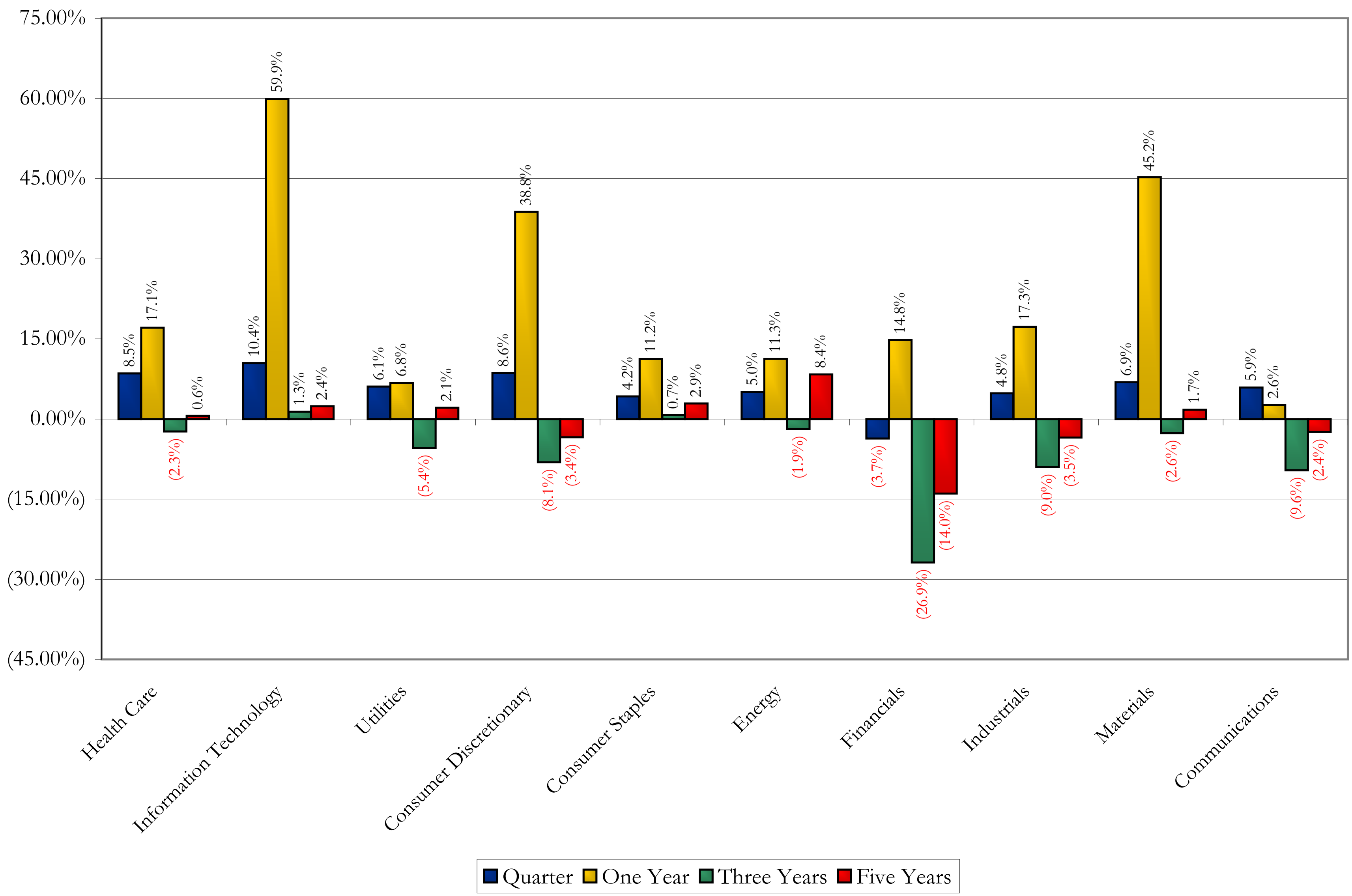
U.S. Treasury prices fell during the fourth quarter as investors demanded higher yields from a record supply of Treasury debt sales that came to market. Two year note yields rose 19 basis points (bps) to 1.14% despite the Federal Reserve maintaining a pledge to keep interest rates low for an "extended period" following their meeting on Dec. 15-16. 10-year note yields climbed to the highest level in four months as investors bet the US recovery would fuel inflation, closing the quarter up 53 bps to 3.84%. The increase in yields helped push prices lower on the Merrill Lynch US Master Treasury Index leading to a 2.64% decline in 4Q09 (-3.72% YTD). Corporate bond spreads narrowed vs. US Treasuries helping both investment-grade and high yield bonds outperform. High-yield bonds extended a rally that began in March, pushing down credit spreads (over US Treasuries) 1052 bps since the end of 2008 to 617 bps by year end. Investors' appetite for the riskier junk bonds sent the Barclays Capital U.S. Corporate High-Yield index to a quarterly gain of 6.19%, adding to a more than 58% YTD gain. The Barclays Capital US Aggregate index gained 0.20% in Q409 (+5.93% YTD).

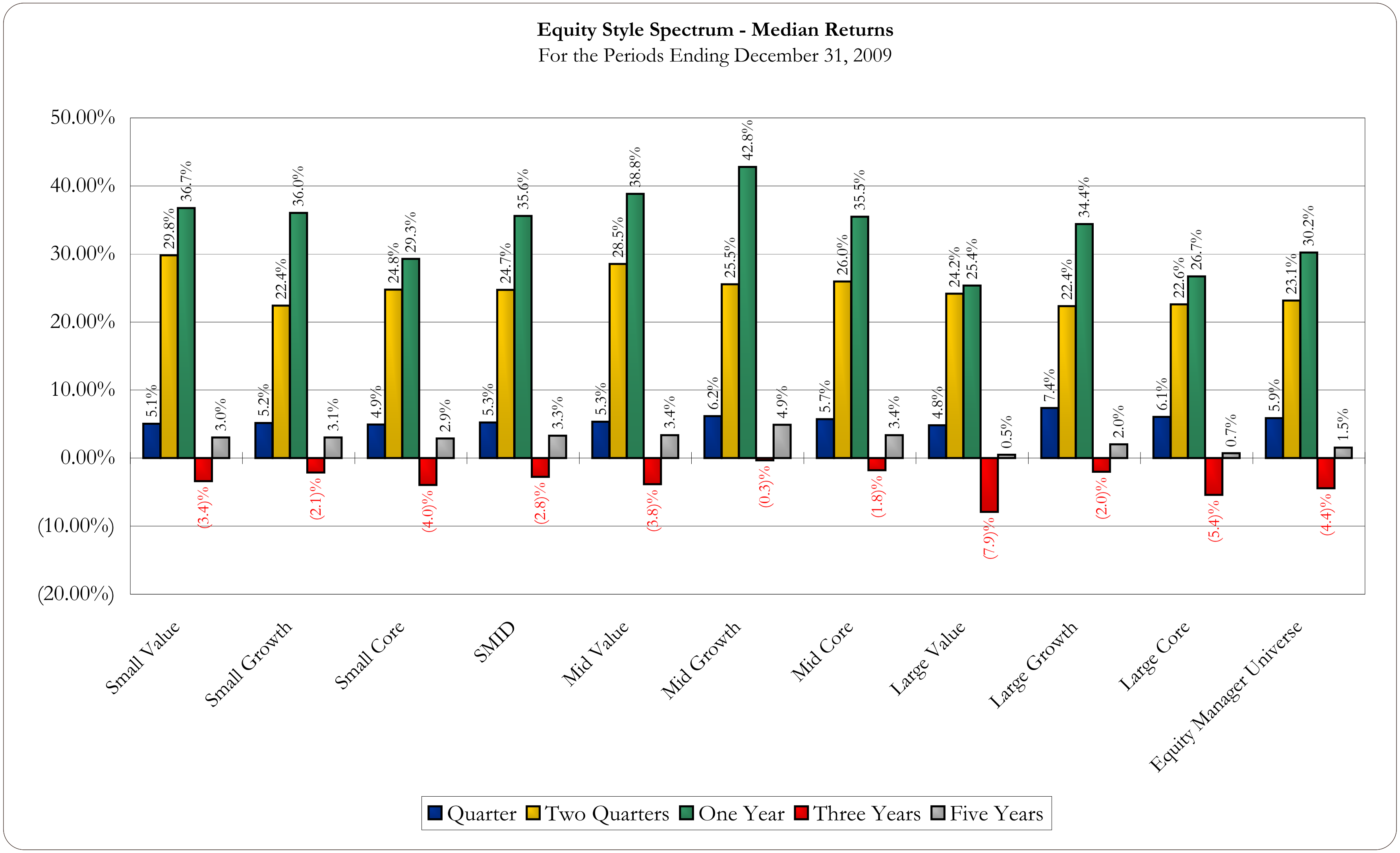
Equity Index Returns
For the Periods Ending December 31, 2009

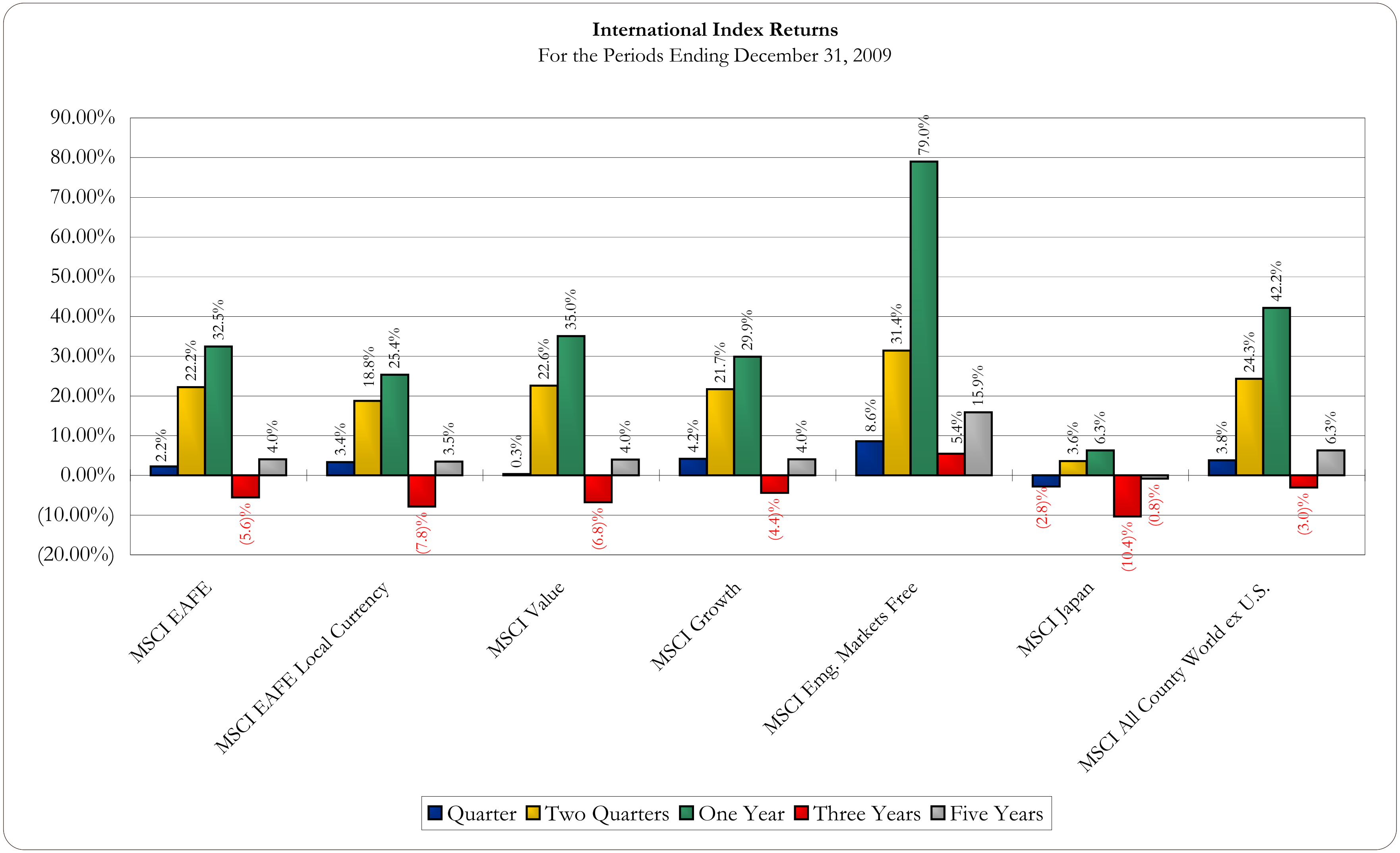


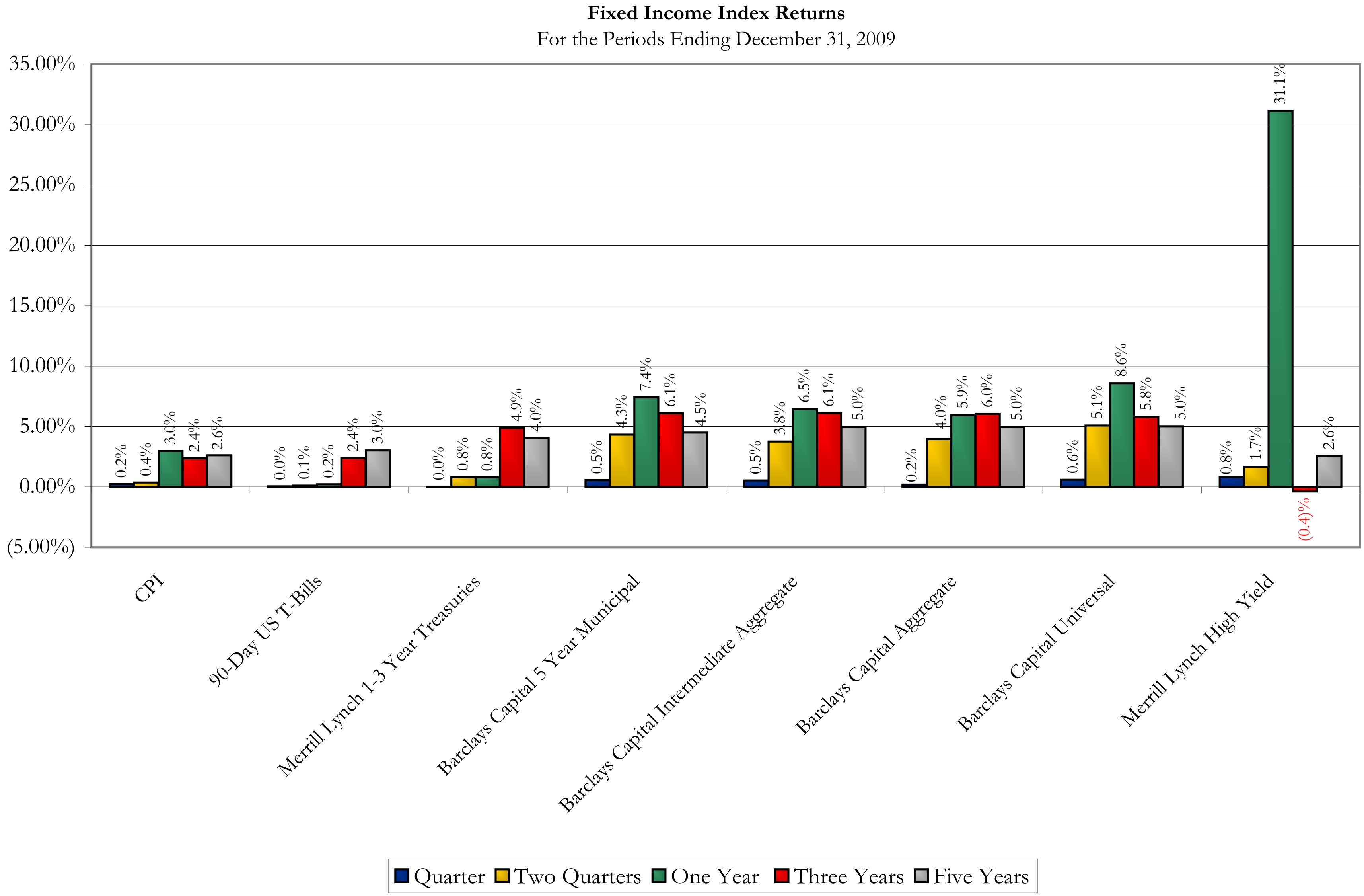
Equity Sector Returns

For the Periods Ending December 31, 2009




Equity Style Spectrum - Median Returns
For the Periods Ending December 31, 2009
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
(10.00%)
(20.00%)
5.1%
29.8%
36.7%
(3.4)%
3.0%
5.2%
22.4%
36.0%
(2.1)%
3.1%
4.9%
24.8%
29.3%
(4.0)%
2.9%
5.3%
24.7%
35.6%
(2.8)%
3.3%
5.3%
28.5%
38.8%
(3.8)%
3.4%
6.2%
25.5%
42.8%
(0.3)%
4.9%
5.7%
26.0%
35.5%
(1.8)%
3.4%
4.8%
24.2%
25.4%
(7.9)%
0.5%
7.4%
22.4%
34.4%
(2.0)%
2.0%
6.1%
22.6%
26.7%
(5.4)%
0.7%
5.9%
23.1%
30.2%
(4.4)%
1.5%
Small Value
Small Growth
Small Core
SMID
Mid Value
Mid Growth
Mid Core
Large Value
Large Growth
Large Core
Equity Manager Universe
Quarter
Two Quarters
One Year
Three Years
Five Years


International Index Returns
For the Periods Ending December 31, 2009
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
(10.00%)
(20.00%)
2.2%
22.2%
32.5%
(5.6)%
4.0%
3.4%
18.8%
25.4%
(7.8)%
3.5%
0.3%
22.6%
35.0%
(6.8)%
4.0%
4.2%
21.7%
29.9%
(4.4)%
4.0%
8.6%
31.4%
79.0%
5.4%
15.9%
(2.8)%
3.6%
6.3%
(10.4)%
(0.8)%
3.8%
24.3%
42.2%
(3.0)%
6.3%
MSCI EAFE
MSCI EAFE Local Currency
MSCI Value
MSCI Growth
MSCI Emg. Markets Free
MSCI Japan
MSCI All County World ex U.S.
Quarter
Two Quarters
One Year
Three Years
Five Years


Fixed Income Index Returns
For the Periods Ending December 31, 2009
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
(5.00%)
CPI
0.2%
0.4%
3.0%
2.4%
2.6%
90-Day US T-Bills
0.0%
0.1%
0.2%
2.4%
3.0%
Merrill Lynch 1-3 Year Treasuries
0.0%
0.8%
0.8%
4.9%
4.0%
Barclays Capital 5 Year Municipal
0.5%
4.3%
7.4%
6.1%
4.5%
Barclays Capital Intermediate Aggregate
0.5%
3.8%
6.5%
6.1%
5.0%
Barclays Capital Aggregate
0.2%
4.0%
5.9%
6.0%
5.0%
Barclays Capital Universal
0.6%
5.1%
8.6%
5.8%
5.0%
Merrill Lynch High Yield
0.8%
1.7%
31.1%
(0.4)%
2.6%
Quarter
Two Quarters
One Year
Three Years
Five Years

Fixed Income Market Environment

For the Periods Ending December 31, 2009

Nominal Returns by Sector

As of 12/31/09	MTD	QTD	1-Year	3-Year
Aggregate	-1.56%	0.20%	5.93%	6.04%
Treasury	-2.61%	-1.30%	-3.57%	6.14%
Gov't-Related	-1.47%	-0.19%	2.48%	6.28%
Corporate	-0.78%	1.35%	18.68%	5.66%
MBS	-1.41%	0.57%	5.89%	7.04%
CMBS	0.34%	3.27%	28.45%	2.53%
ABS	-0.09%	1.34%	24.72%	3.62%
High Yield (Corporate)	3.28%	6.19%	58.21%	5.98%

Nominal Returns by Quality

As of 12/31/09	MTD	QTD	1-Year	3-Year
AAA	-1.76%	-0.10%	2.91%	6.15%
AA	-1.48%	0.48%	8.09%	4.82%
A	-0.96%	0.93%	15.21%	4.43%
BAA	-0.44%	2.11%	27.49%	6.75%
BA	2.69%	4.76%	46.09%	7.03%
B	2.53%	4.76%	44.73%	3.07%
CAA	4.45%	8.71%	90.65%	1.95%

Nominal Returns by Maturity

As of 12/31/09	MTD	QTD	1-Year	3-Year
1-3 Yr.	-0.58%	0.48%	5.01%	5.45%
3-5 Yr.	-1.34%	0.69%	6.14%	6.12%
5-7 Yr.	-1.85%	0.51%	6.00%	5.71%
7-10 Yr.	-2.28%	0.02%	5.82%	6.67%
10+ Yr.	-3.30%	-2.51%	0.08%	5.14%

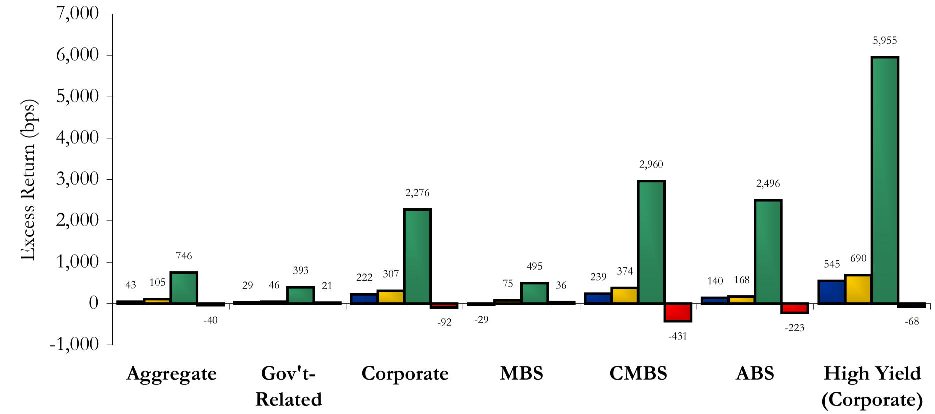
[1] *Relative to the duration neutral Treasury*

Time periods over one year are annualized

Source: Barclays Capital

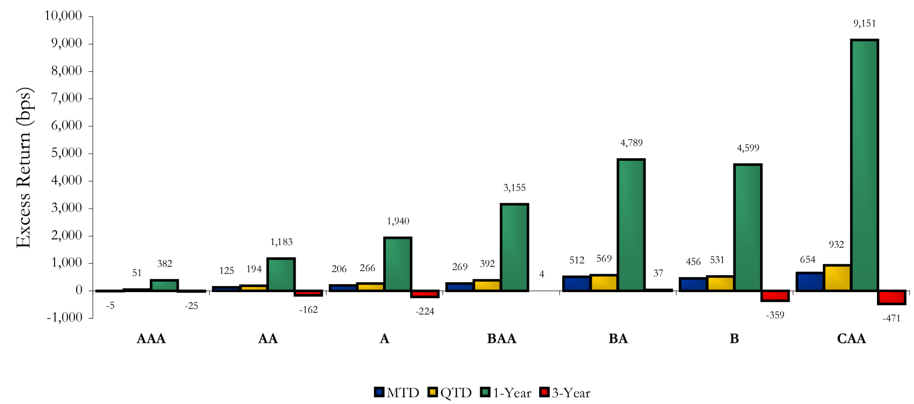
Excess Returns by Sector[1]

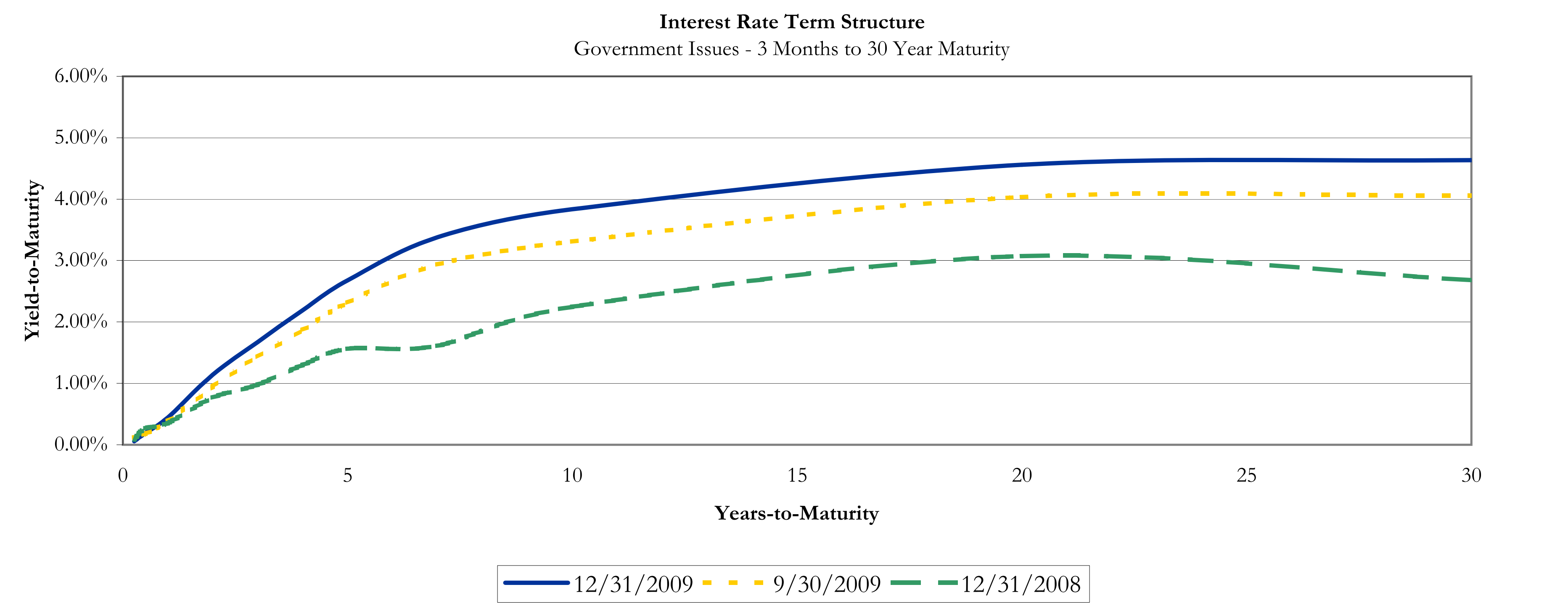
as of December 31, 2009



Excess Returns by Quality

as of December 31, 2009





	12/31/2009	9/30/2009	12/31/2008
90 Days	0.06%	0.12%	0.09%
180 Days	0.19%	0.18%	0.27%
1 Year	0.44%	0.39%	0.35%
2 Years	1.14%	0.95%	0.77%
3 Years	1.67%	1.43%	0.98%
4 Years	2.19%	1.87%	1.30%
5 Years	2.68%	2.32%	1.56%
7 Years	3.38%	2.94%	1.61%
10 Years	3.83%	3.31%	2.25%
20 Years	4.56%	4.03%	3.07%
30 Years	4.63%	4.05%	2.68%

Definitions of Bond Style Managers

Median Short Bond Manager:

Short term fixed income managers are generally retained as "cash" managers. They provide an alternative to short term investment vehicles and attempt to add value through superior management of high quality short term instruments. In order to be classified as short term, a manager's portfolio duration should be 0-40% of the Barclays Capital Aggregate Index and an average quality rating of at least 6.3. Contractual restrictions limiting a short term fund's duration generally preclude the use of one of the major bond indices as a relevant benchmark. Instead, 90 Day T-Bills are generally used as the portfolio's standard.

Median Intermediate Bond Manager:

Intermediate managers invest in high quality issues with a duration that is 40-80% of the Barclays Capital Aggregate Index and an average quality rating of at least 6.3. Although many intermediate managers are contractually prevented from extending a portfolio's maturity, other intermediate managers assert that intermediate duration securities provide the best risk/reward trade-off relative to short and long duration instruments.

Median Core Bond Manager:

Core managers differ from the Short, Intermediate, and Long styles in that they do not concentrate on achieving a superior return within a certain duration range. Instead, they prefer to emphasize sector or individual bond selection to create a portfolio whose duration is similar to the index's, but produces a superior return. A Core manager's defining criteria include a duration ranging from 80-120% of the Barclays Capital Aggregate Index and an average quality rating of at least 6.3.

Definitions of Equity Style Analysis Tools

Background:

Equity Style Spectrum analysis is employed in characterizing the investment approach of a managed equity portfolio. It further provides the means of grouping equity portfolios with similar investment styles. While no rule-based methodology can claim to capture all of the decisions made by an investment manager, the size of the firm in which a manager invests and the fundamental growth or value orientation of portfolio constituent holdings serve to explain a significant portion of fund performance.

Exhibits:

The intersection of Size (Y-axis) and Value/Growth (X-axis) coordinates drive equity style spectrum mappings on a nine-quadrant grid. Each of the nine quadrants is bound by both a metric of size and a measure of value, growth, or neutrality. The style map depicts the magnitude of an individual manager's style bias while similarly identifying style gaps and redundancies among multiple investment managers. As style bias is characterized at points in time over extended intervals, the style map similarly captures any "style drift" that may be exhibited.

While portfolio-level assignments are driven by a weighted-average calculation of constituent holdings Size and Value/Growth scores, the portfolio's cross-sectional distribution of such scores is of additional interest. Consider, for example, that a Mid Cap assignment can result from holding either a portfolio that is concentrated exclusively in mid cap stocks or alternatively as a result of holding both large and small cap stocks. Similarly, a Core assignment can be accorded to a portfolio that is wholly comprised of constituent holdings that have no style bias (neutral) or by holding securities that carry both a growth and value bias in equal proportion.

Methodology:

Morningstar provides the size and value/growth scores for individual securities. Morningstar's methodology for assigning securities and portfolios to various styles follows.

Morningstar determines a size score for each security based on the natural log of its market capitalization relative to the mid-capitalization range. A security's Value score is based on five factors: Price to Projected Earnings, Price to Book, Price to Sales, Price to Cash Flow, and Dividend Yield. A security's Growth score is based on five factors: Long Term Projected Earnings Growth, Book Value Growth, Sales Growth, Cash Flow Growth, and Historical Earnings Growth. A security's Value/Growth score is the difference between its Growth and Value scores. The Morningstar scores have been rescaled to center on zero.

<u>The Size bands are:</u>

Small:	Size Exposure < -50
Mid:	-50 <= Size Exposure <= 50
Large:	Size Exposure > 50

<u>The Value/Growth bands are:</u>

Value:	Value/Growth Exposure < -50
Core:	-50 <= Value/Growth Exposure <= 50
Growth:	Value/Growth Exposure > 50

Definitions of Statistical Measures

Alpha - the difference between the fund's actual return and the fund's expected return given its relative risk vs. the benchmark (which is represented by beta, a measure that tracks volatility to an index).

Beta - measures the sensitivity of returns to market movements represented by the primary benchmark.

Correlation - measures how closely two portfolios move in relation to one another. A correlation of 100 indicates a perfect correlation, while a correlation of 0 indicates no correlation at all.

Down-Capture - demonstrates the ratio of manager's average returns relative to the benchmark in quarters in which the benchmark had a negative return. For instance, a down-capture of 96% indicates that, on average, the manager is down 96% when the benchmark is down 100%. Lower manager down-capture is preferred.

R^2 - the amount of the manager's return that can be explained by the benchmark. A R^2 of 100 indicates a perfect correlation, while a R^2 of 0 indicates no correlation at all.

Sharpe Ratio - a measure of return per unit of risk. Higher Sharpe ratios are preferred while negative ratios are generally meaningless and cannot be used for comparison purposes.

Standard Deviation - a measure of the manager's volatility. A large standard deviation relative to the benchmark represents volatile manager returns.

Up-Capture - demonstrates the ratio of manager's average returns relative to the benchmark in quarters in which the benchmark had a positive return. For instance, an up-capture of 96% indicates that, on average, the manager is up 96% when the benchmark is up 100%. Higher manager up-capture is preferred.

Quality Rating Scale

Moody's Rating	S&P Rating	Prior to 1Q09	Beginning 1Q09
TSY	TSY	10	26
AGY	AGY	10	25
Aaa	AAA	10	24
Aa1	AA+	9.3	23
Aa2	AA		22
Aa	AA	9	22
MIG1		9	22
Aa3	AA-	8.7	21
A1	A+	8.3	20
A-1			20
A2	A	8	19
A	A		19
MIG2		8	19
A3	A-	7.7	18
Baa1	BBB+	7.3	17
Baa2	BBB	7	16
Baa	BBB		16
MIG3		7	16
Baa3	BBB-	6.7	15
Ba1	BB+	6.3	14

Moody's Rating	S&P Rating	Prior to 1Q09	Beginning 1Q09
Ba2	BB	6	13
Ba	BB		13
MIG4		6	13
Ba3	BB-	5.7	12
B1	B+	5.3	11
B2	B	5	10
B	B		10
B3	B-	4.7	9
Caa1	CCC+	4.3	8
Caa2	CCC	4	7
Caa	CCC		7
Caa3	CCC-	3.7	6
Ca	CC	3	5
C	C	2	4
	DDD	1	3
	DD		2
	D		1
NR	NR	N/A	-1
NA	NA	N/A	
N/A	N/A		