

AGENDA AND NOTICE OF MEETING

STATE OF WISCONSIN DEFERRED COMPENSATION BOARD INVESTMENT COMMITTEE MEETING

Tuesday, February 3, 2009
1:00 p.m.

Department of Employee Trust Funds
801 West Badger Road, Conference Room GB
Madison, Wisconsin

The documents for this meeting are available on-line at:

http://etf.wi.gov/boards/agendas_dc.htm

To request a printed copy of any of the agenda items, please contact
the Board Liaison, Sharon Walk, at 608-267-2417.

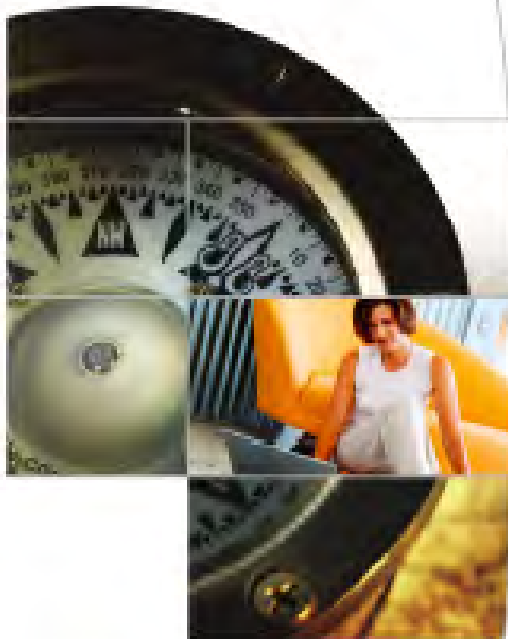
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|-----------|---|
| 1:00 p.m. | 1. Wisconsin Deferred Compensation (WDC) –
Fund Performance Review for Period Ending December 31, 2008 |
| 1:45 p.m. | 2. Stable Value Fund Review |
| 2:00 p.m. | 3. Discussion of Dimensional Fund Advisors Benchmarks |
| 2:10 p.m. | 4. Miscellaneous
➤ Future Agenda Items |
| 2:15 p.m. | 5. Adjournment |

Times shown are estimates only.

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Sharon Walk, Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931. Telephone number: (608) 267-2417; Wisconsin Relay Service: 7-1-1; or e-mail: sharon.walk@etf.state.wi.us

**Wisconsin Deferred
Compensation Plan
Fund Performance Review**

December 31, 2008



AdvisedAssetsGroup

Put Our Power Behind You™

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Section

I. Executive Summary

- Plan Compliance Report Card
- Rolling 3 year Quartile Rankings
- Assets Summary
- Expense Ratio Summary
- Weighted Average Return
- DFA Benchmark Construction

II. Fund Highlights and Observations

III. Performance Benchmarking

- Risk, Style Drift and Portfolio Construction

IV. Lifecycle Options

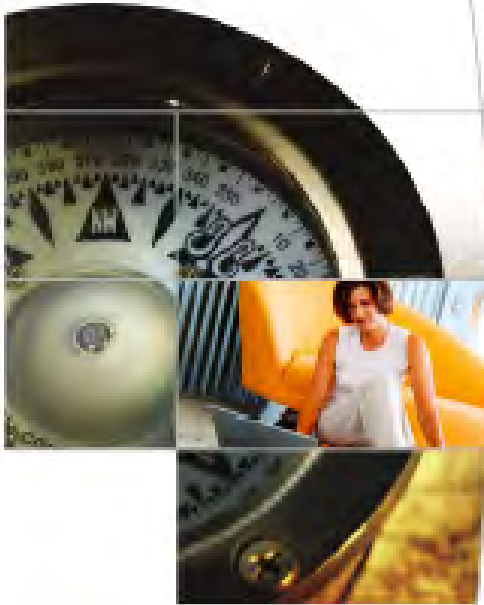
V. Economic Overview

- Morningstar Pages

VI. Investment Policy Statement and Benchmarks

Appendix: Glossary of Terms

Executive Summary



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Fund Compliance Report Card




=Actively managed options which have trailed their respective benchmarks over a five year period.

DATA SOURCE:
Morningstar 12/31/2008

Name	Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret Annlzd 10 Yr	Total Net Assets \$M	Expense Ratio
American Funds EuroPacific Gr R5	-40.38	-4.59	4.81	5.15	70,275.04	0.51
MSCI AC World Ex USA NR USD	-45.53	-6.98	2.56	--	--	--
MSCI EAFE Free NR USD	-43.38	-7.35	1.66	0.80	--	--
Lipper International Funds	-44.24	-7.73	1.27	1.73	--	--
Cat: Foreign Large Blend	-43.99	-7.67	1.21	0.90	2,264.40	1.48
Barclay's EAFE Equity Index Fund W	-42.33	-6.73	2.12	--	--	0.10
MSCI EAFE Ndrtr_D	-43.38	-7.35	1.66	0.80	--	--
DFA U.S. Micro Cap	-36.72	-11.35	-2.71	6.44	2,526.26	0.52
Russell 2000	-33.79	-8.29	-0.93	3.02	--	--
Russell Micro Cap TR	-39.78	-13.57	-5.44	--	--	--
DFA Market Cap Benchmark	-40.18	-12.41	-2.94	5.59	227.90	1.43
Cat: Small Blend	-36.56	-10.07	-1.30	4.39	519.99	1.42
Barclay's Russell 2000 Index Fd	-33.63	-8.28	-0.93	--	--	0.05
Russell 2000	-33.79	-8.29	-0.93	3.02	--	--
T. Rowe Price Mid-Cap Growth	-39.69	-8.83	0.59	3.98	9,848.51	0.78
Lipper Mid Cap Growth	-44.49	-11.15	-2.63	0.14	--	--
Russell Midcap Growth	-44.32	-11.79	-2.33	-0.19	--	--
Standard & Poor's Midcap 400	-36.23	-8.76	-0.08	4.46	--	--
Cat: Mid Growth	-43.77	-10.92	-2.44	0.79	515.98	1.49
Barclay's Mid Cap Equity Index Fund W	-36.06	-8.61	0.06	--	--	0.04
Standard & Poor's Midcap 400	-36.23	-8.76	-0.08	4.46	--	--
Calvert Social Investment Equity I	-35.19	-7.42	-2.26	2.72	843.36	0.67
Standard & Poor's 500	-37.00	-8.36	-2.19	-1.38	--	--
Calvert Social Index	-39.69	-11.34	-4.85	--	76.80	0.21
Lipper MultiCap Core	-38.79	-9.66	-2.61	0.82	--	--
Morningstar Socially Resp Large Cap Index	-38.36	-9.65	-3.06	-0.95	299.04	1.23
Fidelity Contrafund	-37.16	-5.66	2.34	2.83	48,472.62	0.89
Standard & Poor's 500	-37.00	-8.36	-2.19	-1.38	--	--
Lipper Growth Fund Average	-40.70	-10.48	-3.72	-2.92	--	--
Cat: Large Growth	-40.67	-10.28	-3.37	-2.46	2,137.35	1.37

Grey bars indicate fund benchmarks; white indicates current funds

 =Actively managed options which have trailed their respective benchmarks over a five year period.

Name	Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret Annlzd 10 Yr	Total Net Assets \$M	Expense Ratio
Vanguard Inst Index Plus Info	-36.94	-8.32	-2.16	-1.32	49,186.76	0.03
Standard & Poor's 500	-37.00	-8.36	-2.19	-1.38	--	--
Vanguard Wellington Adm	-22.23	-0.99	2.95	4.58	38,363.29	0.16
Lipper Balanced Fund	-26.85	-5.01	-0.62	1.04	--	--
Cat: Moderate Allocation	-28.00	-5.31	-0.60	1.19	2,477.28	1.37
65% S&P Barra Value/35% BarCap US Agg	-25.76	-3.98	0.97	2.05	--	--
Vanguard Long-Term Investment-Grade Adm	2.40	3.08	4.69	5.70	5,903.77	0.12
BarCap US Corp A Long TR	-4.79	0.20	2.81	4.56	--	--
Cat: Long-Term Bond	-3.72	0.38	1.48	3.94	606.35	0.86
Barclay's US Debt Index	5.34	5.57	4.68	--	--	0.05
BarCap US Agg Bond	5.24	5.51	4.65	5.63	--	--
Federated U.S. Govt: 2-5 Yr Instl	10.64	7.67	5.05	5.49	947.88	0.59
Merrill Lynch 3-5 Year Treasury	12.15	8.46	5.61	6.08	--	--
Lipper Short-Inter U.S.	2.00	3.96	3.50	4.59	--	--
Cat: Short Government	4.80	4.85	3.36	4.13	586.18	0.91
Vanguard Adm Money Market	2.10	3.85	3.13	3.31	27,007.30	0.15
iMoneyNet Average Treasury MM	1.13	3.04	2.39	2.67	--	--

Grey bars indicate fund benchmarks; white indicates current funds

DATA SOURCE: Morningstar
12/31/2008

Rolling 3 Year Quartile Rankings

Name

American Funds EuroPacific Gr R5
 Calvert Social Investment Equity I
 DFA U.S. Micro Cap
 Federated U.S. Govt: 2-5 Yr Instl
 Fidelity Contrafund
 T. Rowe Price Mid-Cap Growth
 Vanguard Institutional Index Instl PI
 Vanguard Long-Term Inv Grade Adm
 Vanguard Wellington Adm

<u>2008</u> <u>Q4</u>	<u>2008</u> <u>Q3</u>	<u>2008</u> <u>Q2</u>	<u>2008</u> <u>Q1</u>	<u>2007</u> <u>Q4</u>	<u>2007</u> <u>Q3</u>	<u>2007</u> <u>Q2</u>	<u>2007</u> <u>Q1</u>	<u>2006</u> <u>Q4</u>	<u>2006</u> <u>Q3</u>	<u>2006</u> <u>Q2</u>	<u>2006</u> <u>Q1</u>
90	94	88	91	90	83	81	75	88	86		
87	87	59	52	46	34	46	59	59	60		
33	37	27	44	29	51	39	44	48	55		
99	99	95	99	94	55	39	91	40	34		
95	94	95	94	96	94	96	99	98	99		
72	77	70	73	68	66	78	82	77	83		
66	66	55	59	57	57	54	62	74	67		
70	29	33	28	72	65	67	68	80	72		
93	92	95	96	95	92	90	89	91	91		

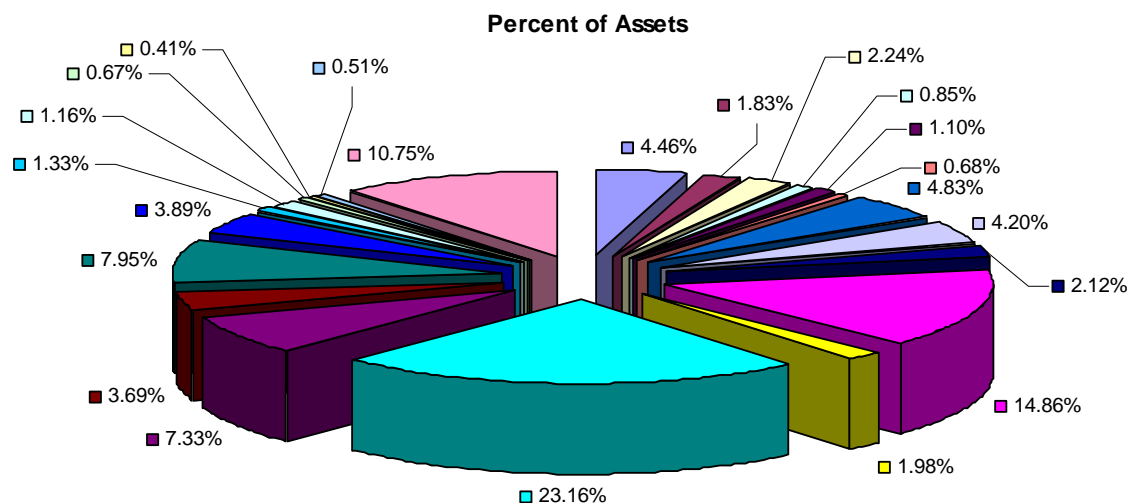
76-100	1st Quartile
51-75	2nd Quartile
26-50	3rd Quartile
1-25	4th Quartile

DATA SOURCE: Morningstar
12/31/2008

Plan Asset Summary

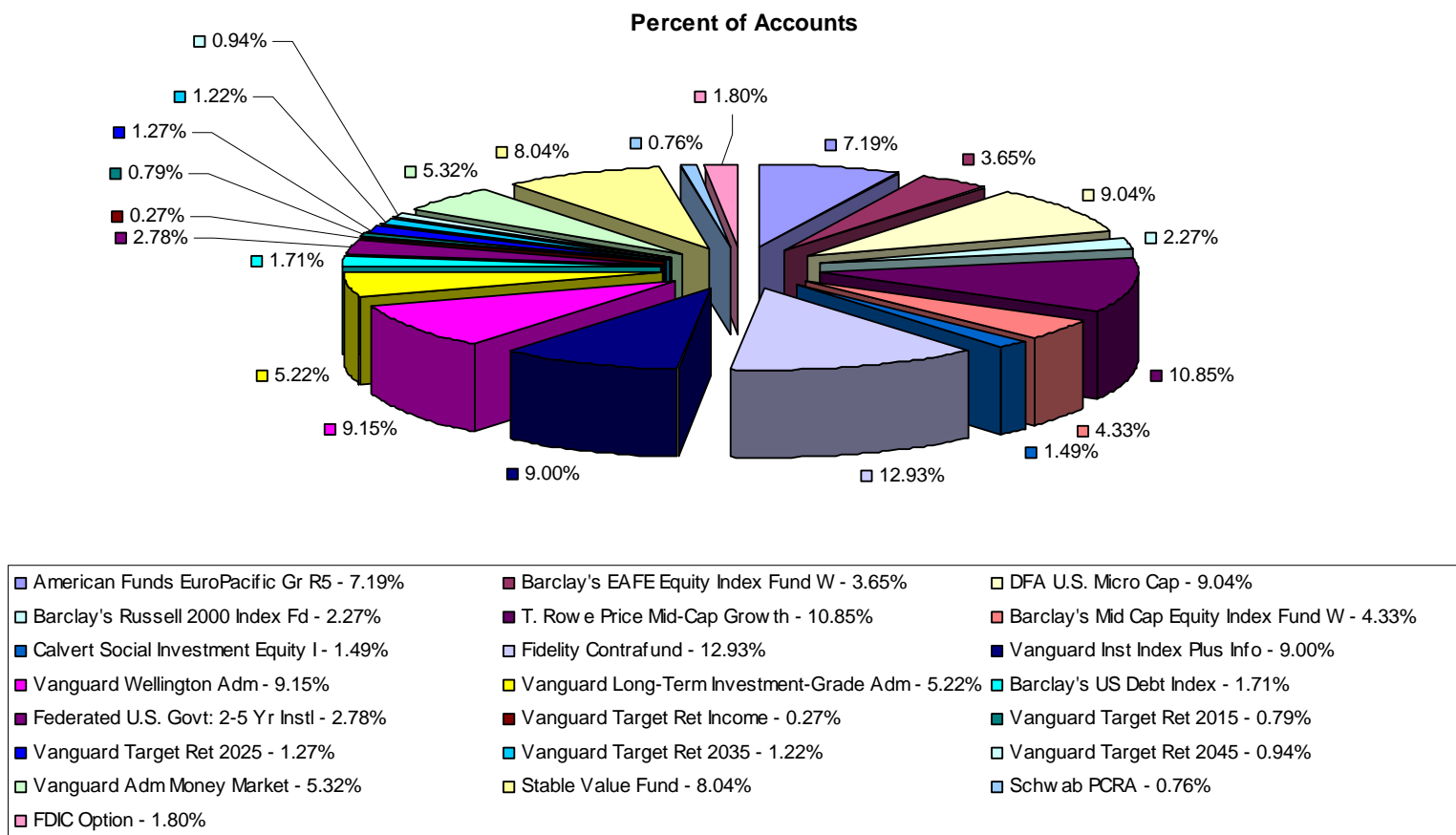
	Plan Inception Date	Fund Net Assets	WDC Assets in Fund	WDC as a Percentage of Fund Assets	Fund as a Percentage of WDC Assets	Number of Participants	Percentage of WDC Participants Utilizing Fund
American Funds EuroPacific Gr R5	01/28/2005	\$70,275,036,573	\$80,944,400.26	0.12%	4.46%	14,313	29.84%
Barclay's EAFE Equity Index Fund W	02/01/2001	N/A	\$33,211,314.23	N/A	1.83%	7,255	15.13%
DFA U.S. Micro Cap	02/01/1997	\$2,526,260,175	\$87,613,060.54	3.47%	4.83%	17,989	37.51%
Barclay's Russell 2000 Index Fd	02/20/2004	N/A	\$15,490,548.14	N/A	0.85%	4,514	9.41%
T. Rowe Price Mid-Cap Growth	02/01/1998	\$9,848,508,344	\$132,858,105.30	1.35%	7.33%	21,589	45.01%
Barclay's Mid Cap Equity Index Fund W	02/01/2001	N/A	\$40,569,070.52	N/A	2.24%	8,612	17.96%
Calvert Social Investment Equity I	04/18/2003	\$843,360,006	\$12,261,594.07	1.45%	0.68%	2,961	6.17%
Fidelity Contrafund	01/31/1994	\$48,472,622,839	\$269,496,882.00	0.56%	14.86%	25,723	53.63%
Vanguard Inst Index Plus Info	09/09/1990	\$49,186,758,768	\$144,199,520.23	0.29%	7.95%	17,917	37.36%
Vanguard Wellington Adm	10/26/2001	\$38,363,286,109	\$194,905,672.07	0.51%	10.75%	18,218	37.99%
Vanguard Long-Term Investment-Grade Adm	10/26/2001	\$5,903,773,125	\$70,632,693.72	1.20%	3.89%	10,388	21.66%
Barclay's US Debt Index	02/01/2001	N/A	\$19,996,005.60	N/A	1.10%	3,394	7.08%
Federated U.S. Govt: 2-5 Yr Instl	02/03/1992	\$947,877,547	\$38,463,578.79	4.06%	2.12%	5,525	11.52%
Vanguard Target Ret Income	07/29/2005	\$1,864,158,497	\$9,204,041.43	0.49%	0.51%	545	1.14%
Vanguard Target Ret 2015	07/29/2005	\$7,051,344,895	\$24,163,001.63	0.34%	1.33%	1,572	3.28%
Vanguard Target Ret 2025	07/29/2005	\$6,801,981,685	\$21,099,409.44	0.31%	1.16%	2,522	5.26%
Vanguard Target Ret 2035	07/29/2005	\$4,351,183,028	\$12,165,723.52	0.28%	0.67%	2,418	5.04%
Vanguard Target Ret 2045	07/29/2005	\$2,191,574,712	\$7,395,221.08	0.34%	0.41%	1,861	3.88%
Vanguard Adm Money Market	10/01/1993	\$27,007,297,116	\$66,904,118.33	0.25%	3.69%	10,585	22.07%
Stable Value Fund	09/01/1996	N/A	\$420,090,037.37	N/A	23.16%	16,001	33.36%
Schwab PCRA	02/17/2000	N/A	\$35,861,066.37	N/A	1.98%	1,509	3.15%
FDIC Option	12/31/1996	N/A	\$76,202,389.77	N/A	4.20%	3,588	7.48%

Total WDC Assets (as of 12/31/2008): \$1,813,727,454.41



American Funds EuroPacific Gr R5 - 4.46%	Barclay's EAFE Equity Index Fund W - 1.83%	Barclay's Mid Cap Equity Index Fund W - 2.24%
Barclay's Russell 2000 Index Fd - 0.85%	Barclay's US Debt Index - 1.10%	Calvert Social Investment Equity I - 0.68%
DFA U.S. Micro Cap - 4.83%	FDIC Option - 4.20%	Federated U.S. Govt: 2-5 Yr Instl - 2.12%
Fidelity Contrafund - 14.86%	Schwab PCRA - 1.98%	Stable Value Fund - 23.16%
T. Rowe Price Mid-Cap Growth - 7.33%	Vanguard Adm Money Market - 3.69%	Vanguard Inst Index Plus Info - 7.95%
Vanguard Long-Term Investment-Grade Adm - 3.89%	Vanguard Target Ret 2015 - 1.33%	Vanguard Target Ret 2025 - 1.16%
Vanguard Target Ret 2035 - 0.67%	Vanguard Target Ret 2045 - 0.41%	Vanguard Target Ret Income - 0.51%
Vanguard Wellington Adm - 10.75%		

Total Number of WDC Participant Accounts (as of 12/31/2008): 198,999



Fund Expense v. Category

Name	Expense Ratio
American Funds EuroPacific Gr R5	0.51
Cat: Foreign Large Blend	1.48
Barclay's EAFE Equity Index Fund W	0.10
Morningstar Foreign Large Blend Index	0.79
DFA U.S. Micro Cap	0.52
Cat: Small Blend	1.42
Barclay's Russell 2000 Index Fd	0.05
Morningstar Small Cap Blend Index	0.90
T. Rowe Price Mid-Cap Growth	0.78
Cat: Mid Growth	1.49
Barclay's Mid Cap Equity Index Fund W	0.04
Morningstar Mid Cap Blend Index	0.77
Calvert Social Investment Equity I	0.67
Morningstar Socially Resp Large Cap Index	1.23

Name	Expense Ratio
Fidelity Contrafund	0.89
Cat: Large Growth	1.37
Vanguard Inst Index Plus Info	0.03
Morningstar Large Cap Blend Index	0.58
Vanguard Wellington Adm	0.16
Cat: Moderate Allocation	1.37
Vanguard Long-Term Investment-Grade Adm	0.12
Cat: Long-Term Bond	0.86
Barclay's US Debt Index	0.05
Morningstar Intermediate Bond Index	0.45
Federated U.S. Govt: 2-5 Yr Instl	0.59
Cat: Short Government	0.91
Vanguard Adm Money Market	0.15
Average US Money Market Fund	0.63

- The weighted average return for the ETF participants as of 12/31/2008 was -19.81%
- Much of this can be attributed to a 15% weighting in the Fidelity Contrafund which was down 37%
- Other contributing factors were:
 - 6% exposure to international investments which had an average return of -41.35%
 - An 8% weighting to the Vanguard Index which returned -36.94%
 - An 23% weighting to the Wisconsin Stable Value Fund which returned 5.26%
- Note: Participant weighted average return excludes the self directed brokerage accounts

- From Small Blend universe select funds whose average market cap falls into a range of approximately 50% larger and 50% smaller than DFA
 - In this instance DFA's average market cap is \$381.66 million; Range is approximately \$190 to \$571 million
- Average 1, 3, 5, and 10 year returns for selected group of small cap funds
 - Average returns for the group:
 - 1yr: -40.18
 - 3yr: -12.41
 - 5yr: -2.94
 - 10yr: 5.59

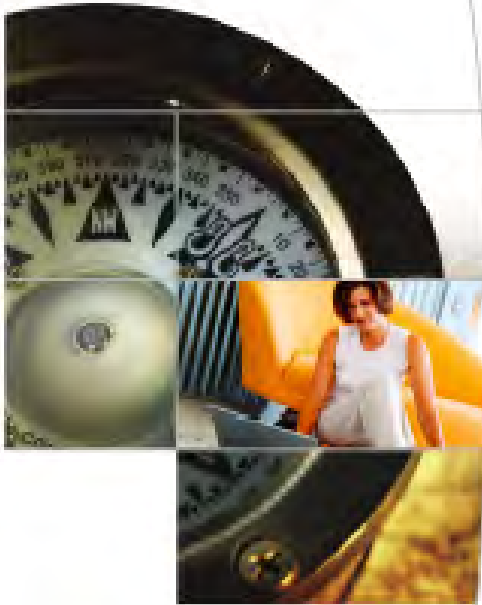
DFA Benchmark Construction

Name	Average Market Cap (mil)
Wasatch Small Cap Value	647.72
Fidelity Small Cap Retirement	631.85
Hodges Small Cap	627.38
SSgA Enhanced Small Cap	624.80
TCW Relative Value Small Cap N	620.37
Dreyfus Emerging Leaders	619.08
STAAR Smaller Company Stock	618.35
MassMutual Premier Small Cap Value S	614.79
Gabelli Woodland Sm Cp Value A	602.92
DFA Tax-Managed U.S. Small Cap	602.50
SA U.S. Small Company	586.07
Pacific Advisors Small Cap A	565.05
Symons Small Cap Inst	504.88
Columbia Small Cap Core Z	473.98
DFA U.S. Micro Cap I	381.66
TFS Small Cap	365.90
JHancock Small Cap Intrinsic Value A	348.10
Vantagepoint Discovery	345.10
Johnson Disciplined Small-Cap	329.02
Tamarack Enterprise S	326.92
Lord Abbett Micro Cap Value I	272.86
Bridgeway Ultra-Small Company Market	270.54
Westcore Micro Cap Opportunity Retail	263.35
Royce Micro-Cap Invt	253.88
Royce Discovery Svc	229.02
Perritt Micro Cap Opportunities	219.72
Lotsoff Capital Management Micro Cap	158.21
Catalyst Value A	155.45
Perkins Discovery	106.58
Perritt Emerging Opportunities	51.33
Frontier MicroCap	31.47

DFA Benchmark Construction

Name	Total Ret 1 Yr	Total Ret 3 Yr	Total Ret 5 Yr	Total Ret 10 Yr	Fund Size USD	Expense Ratio
Bridgeway Ultra-Small Company Market	-39.49	-13.91	-4.42	9.44	324,229,700.00	0.66
Catalyst Value A	-23.70				759,905.00	1.96
DFA U.S. Micro Cap I	-36.72	-11.35	-2.71	6.44	2,526,260,175.00	0.52
DFA Tax-Managed U.S. Small Cap	-38.43	-11.23	-2.40	4.49	805,339,726.00	0.53
Dreyfus Emerging Leaders	-39.39	-16.70	-6.34	0.91	133,685,914.00	1.33
MassMutual Premier Small Cap Value S	-42.39	-13.93	-5.66		17,091,091.00	0.87
Gabelli Woodland Sm Cp Value A	-34.24	-8.93	-0.61		4,485,977.00	2.00
JHancock Small Cap Intrinsic Value A	-58.50	-16.20				1.54
Lotsoff Capital Management Micro Cap	-46.99	-19.37	-9.03		37,634,431.00	1.20
Lord Abbett Micro Cap Value I	-39.48	-7.30	3.24		44,281,009.00	1.85
Pacific Advisors Small Cap A	-43.52	-6.81	3.73	5.47	94,043,590.00	2.34
Perkins Discovery	-51.52	-15.23	-5.46	6.36	6,948,369.00	2.52
Perritt Micro Cap Opportunities	-46.93	-14.63	-3.56	6.04	194,731,393.00	1.27
Royce Discovery Svc	-35.07	-11.12	-3.05		2,334,830.00	1.49
Royce Micro-Cap Invt	-40.94	-8.21	-0.03	7.98	586,557,949.00	1.46
SA U.S. Small Company	-36.18	-10.61	-2.56		159,119,925.00	1.20
STAAR Smaller Company Stock	-34.95	-10.40	-3.14	2.79	2,184,652.00	3.38
Columbia Small Cap Core Z	-33.01	-8.13	-0.80	6.59	441,052,151.00	1.01
Symons Small Cap Inst					760,586.00	1.59
Tamarack Enterprise S	-38.03	-11.25	-3.52	5.07	135,857,181.00	1.08
TFS Small Cap	-38.44				1,778,589.00	1.75
TCW Relative Value Small Cap N	-44.51	-15.99	-6.68	5.46	18,986,118.00	1.43
Vantagepoint Discovery	-38.51				126,384,385.00	1.07
Westcore Micro Cap Opportunity Retail					1,103,754.00	1.30
Johnson Disciplined Small-Cap	-46.17	-17.20			5,381,045.00	1.00
Added SSgA Enhanced Small Cap	-37.17	-12.11			26,476,780.00	0.75
Average	-40.18	-12.41	-2.94	5.59	227,898,769.00	1.43
Count	24	21	18	12	25	26

Fund Highlights and Observations



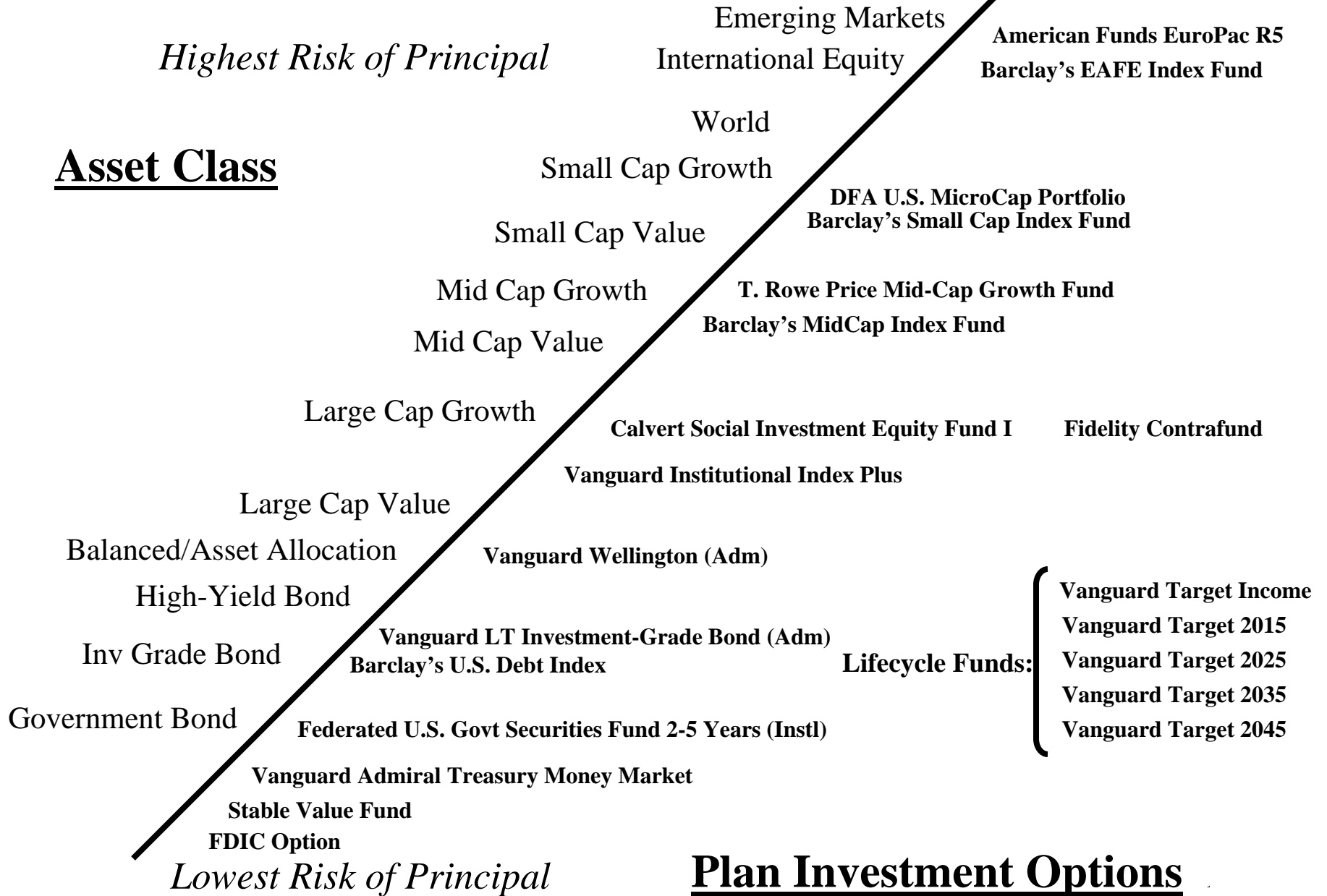
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Put Our Power Behind You™

Wisconsin Plan Options

Highest Risk of Principal

Asset Class

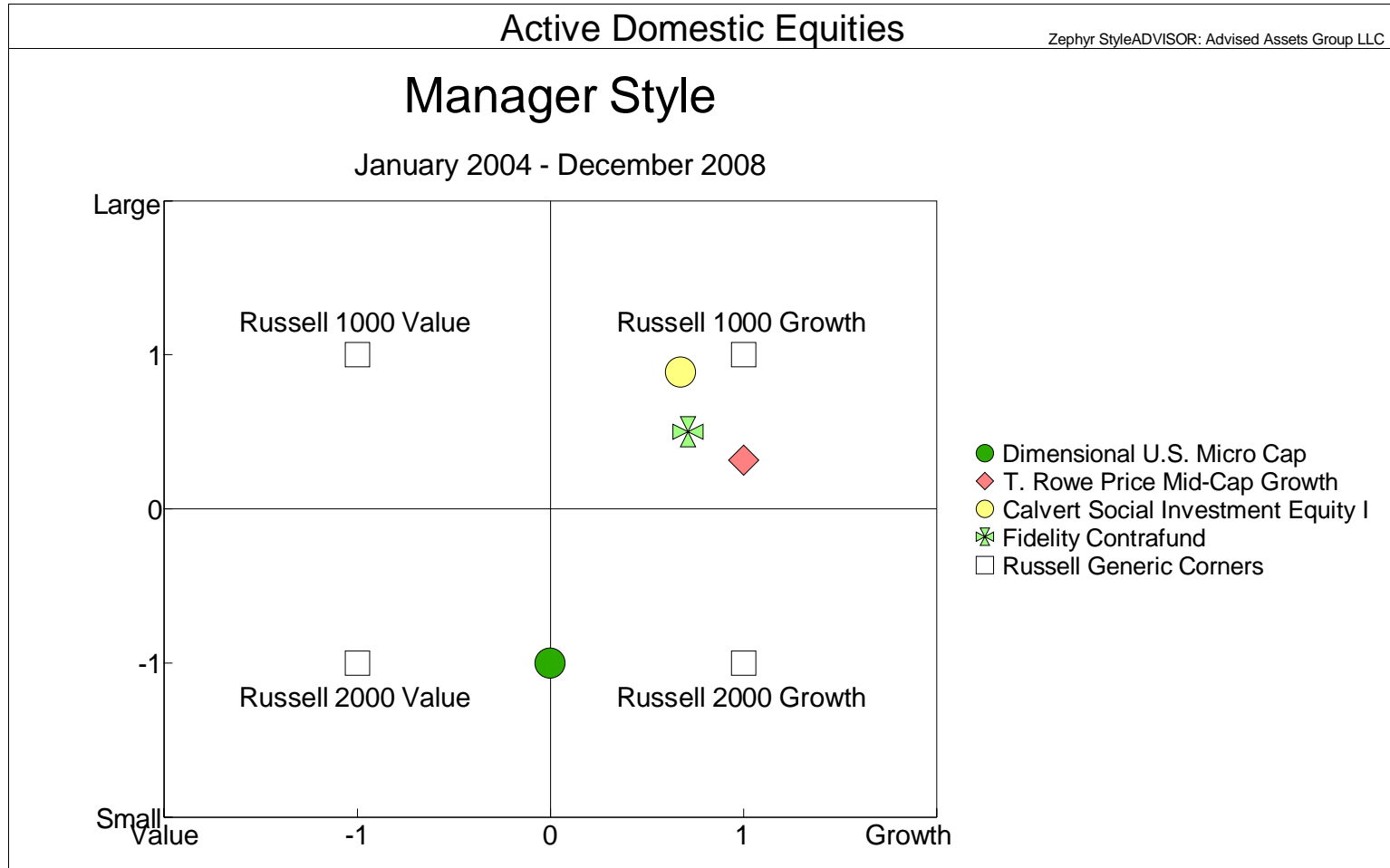


Lowest Risk of Principal

Plan Investment Options

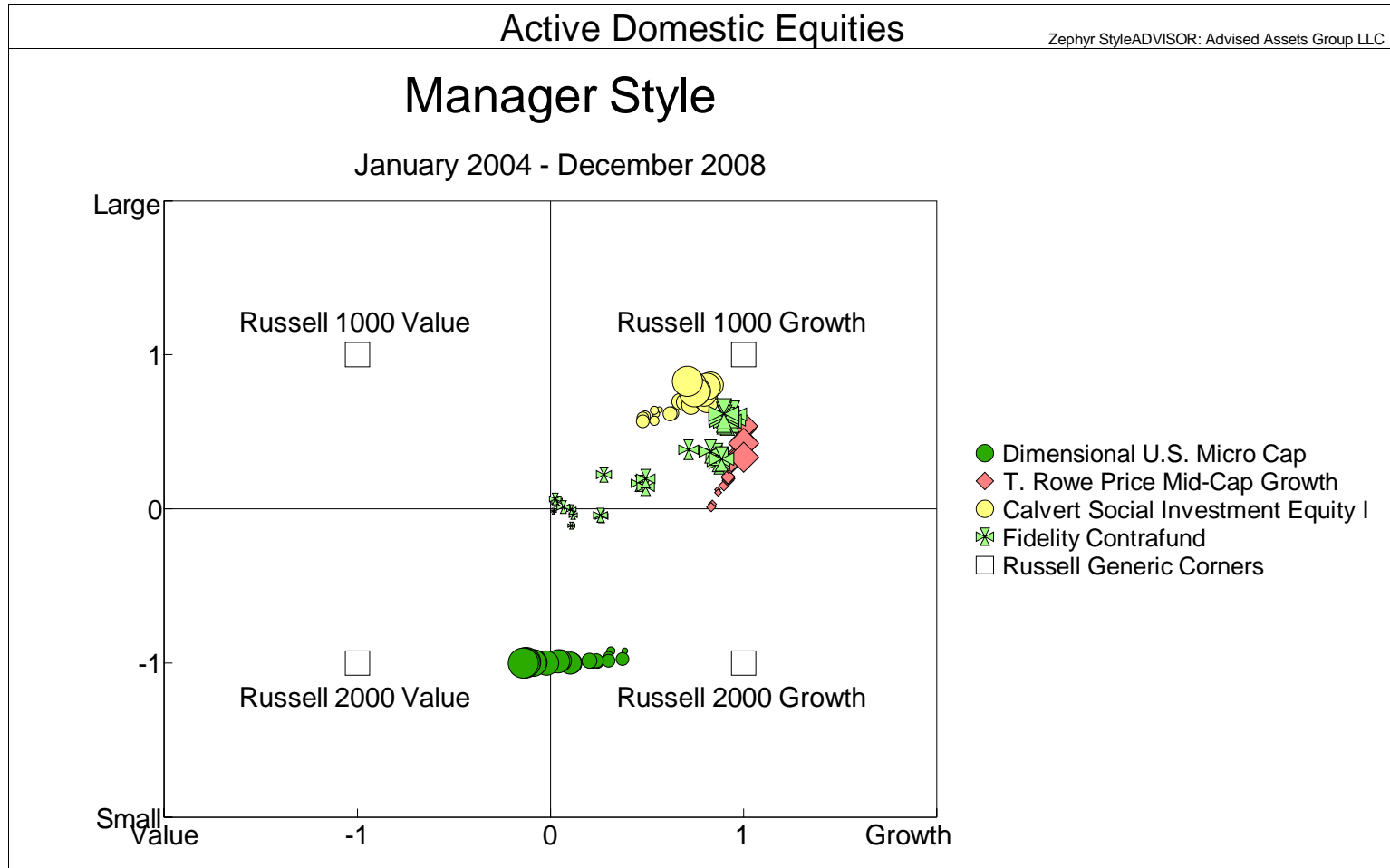
Manager Style

Manager Style Graph: Each quadrant of the graph represents one of the four major domestic equity components of the market. From top left working clockwise the quadrants include Large Value, Large Growth, Small Growth and Small Value.



Manager Style Drift

Manager Style Graph: Each quadrant of the graph represents one of the four major domestic equity components of the market. From top left working clockwise the quadrants include Large Value, Large Growth, Small Growth and Small Value.



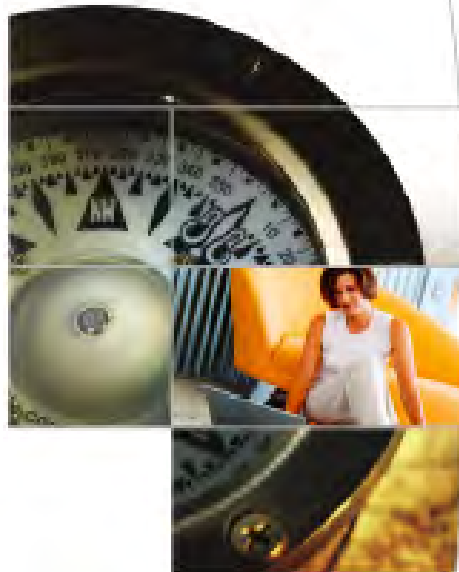
- **American Funds EuroPac R5** continues to beat all of its benchmarks over all time periods. The fund maintains lower than average volatility and expenses. American Funds manages this fund using a multi-manager structure that combines both growth and value investing styles, some exposure to emerging markets, and low turnover.
- **Barclay's EAFE Equity Index Fund** tracked within 105 bps (net of fees) to the positive over the 1yr period.
- **DFA U.S. Microcap** invests in the smallest 4% of U.S. exchange listed stocks with an average market cap of just under \$290 million. The fund contains between 2,500 and 3,000 holdings giving it an index approach to investing. This fund carries a higher standard deviation than the Morningstar Category average over 5 years. Because this fund invests in the smallest stocks which are typically more volatile above average volatility is to be expected.
- **Barclay's Russell 2000 Index Fund** tracked within 16 bps (net of fees) with the index over 1 year.

- **T. Rowe Price Mid Cap Growth** outperforms most of its benchmarks over 1,3, 5, and 10 years. This fund's attention to valuation, contrarian investment style, and the manager's willingness to look for opportunity outside of traditional growth areas have kept this fund near the top of the mid cap growth space. The manager's attention to valuation has also helped to limit its downside risk.
- **Barclay's Mid-Cap Equity Index** tracks within 17 bps (net of fees) of the index over 1 year.
- **Calvert Social Investment Equity** outperforms the majority of its benchmarks over all time periods. This concentrated socially conscious fund looks for companies with solid balance sheets and solid profit margins. An underweight in energy provided a positive spin for this fund.
- **Fidelity Contrafund** beat all of its benchmarks across all time periods, with one exception. Will Danoff who manages this fund was named Morningstar Manager of the Year for 2007. A shift into consumer staples and healthcare helped this fund stay on top of its category. This fund continues to keep volatility down and sports a low turnover. A declining market and redemptions have decreased the assets in this fund allowing it to reopen.

- **Vanguard Instl Index Plus Fund** tracks within 6 bp (net of fees) over 1 year.
- **Vanguard Wellington** outperforms its benchmarks over all time periods. This fund practices a value oriented, long-term investing style. The low expense ratio is also a plus for this fund. Helping the fund's returns was a trimmed down financial and corporate bond exposure. This fund's large asset base does bear watching.
- **Vanguard Long-Term Bond** posted strong returns over 1, 3, 5 and 10 years. The fund's focus on investing in high quality bonds, rated A3 or better by Moody's, reduces credit risk, and a low expense ratio gives it an advantage over most of its peers. Treasury and Agency bonds within the portfolio helped this fund as a general risk aversion took hold of the market.
- **Barclay's US Debt Index** has tracks within 10 bps (net of fees) over 1 year.

- **Federated U.S. Government: 2-5 Year Institutional** beats most of its benchmarks over the 1, 3, 5, and 10 year periods. The fact that this fund only invests in government and government agency bonds has been a boon to this funds returns as investors have fled from risk. The fund ranks in the top 1% of its category over the 1 year period.
- **Vanguard Admiral Treasury Money Market Fund** posted a 2.10% return over the 1 year period. It also beat its benchmark over all time periods.
- **FDIC Bank Option** return for the quarter ending 12/31/2008 was 1.50%. For 2008, the interest rate is calculated by taking 50% of 12 month LIBOR as of 1/1/2006 less 40 bps plus 50% of the 3 month LIBOR less 40 bps. This blended rate is calculated each quarter.
- **Wisconsin Stable Value Fund** has strong performance over the 1, 3, and 5 year periods returning 5.26%, 5.19%, and 5.11% respectively. The fund is managed by Galliard Capital who maintains a very good reputation throughout the industry as a top stable value manager.

Performance Benchmarking of Active Options



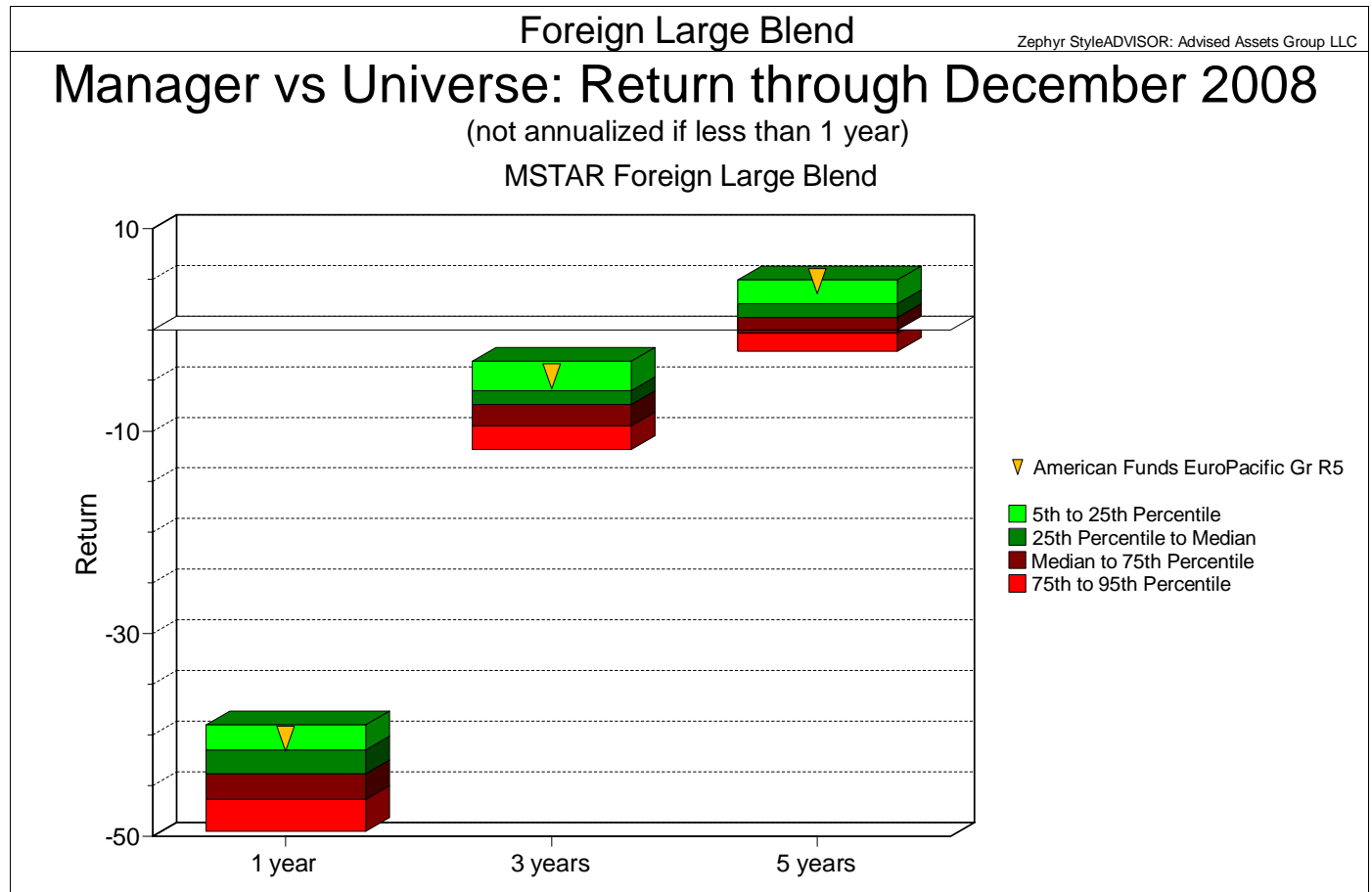
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Performance Benchmarking

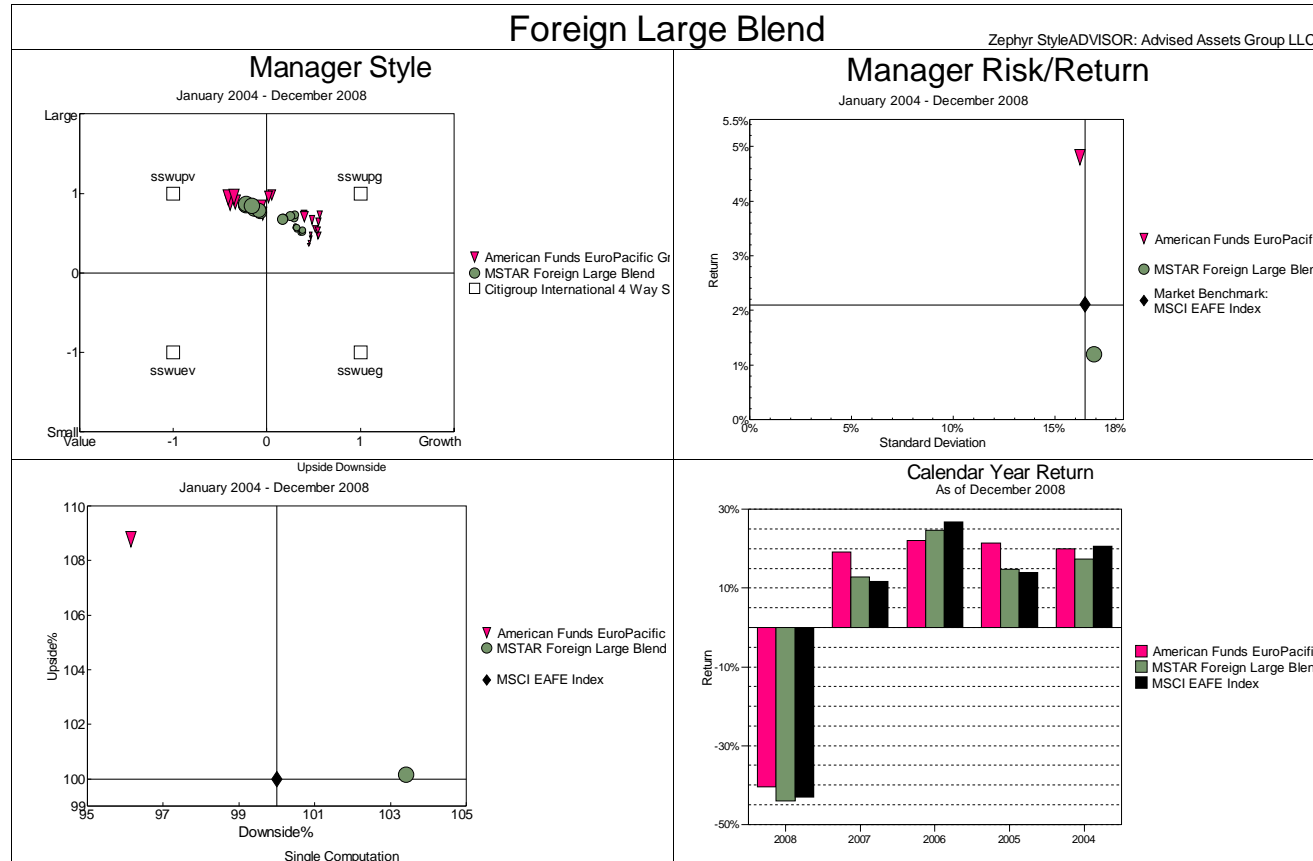
American Funds EuroPacific Growth Fund seeks long-term growth of capital. The fund normally invests at least 65% of assets in equity securities of issuers domiciled in Europe or the Pacific Basin. It may invest up to 20% of assets in securities issued in developing countries. Various factors will be considered when determining whether a country is part of Europe; a country will be considered part of the Pacific Basin if any of its borders touches the Pacific Basin.

DATA SOURCE:
Morningstar
12/31/2008



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
American Funds EuroPacific Gr R5	-40.38	-4.59	4.81	10	5	-40.38	19.22	22.17	21.39	19.98
Cat: Foreign Large Blend	-43.99	-7.67	1.21	--	--	-43.99	12.71	24.77	14.72	17.39

Risk Analysis

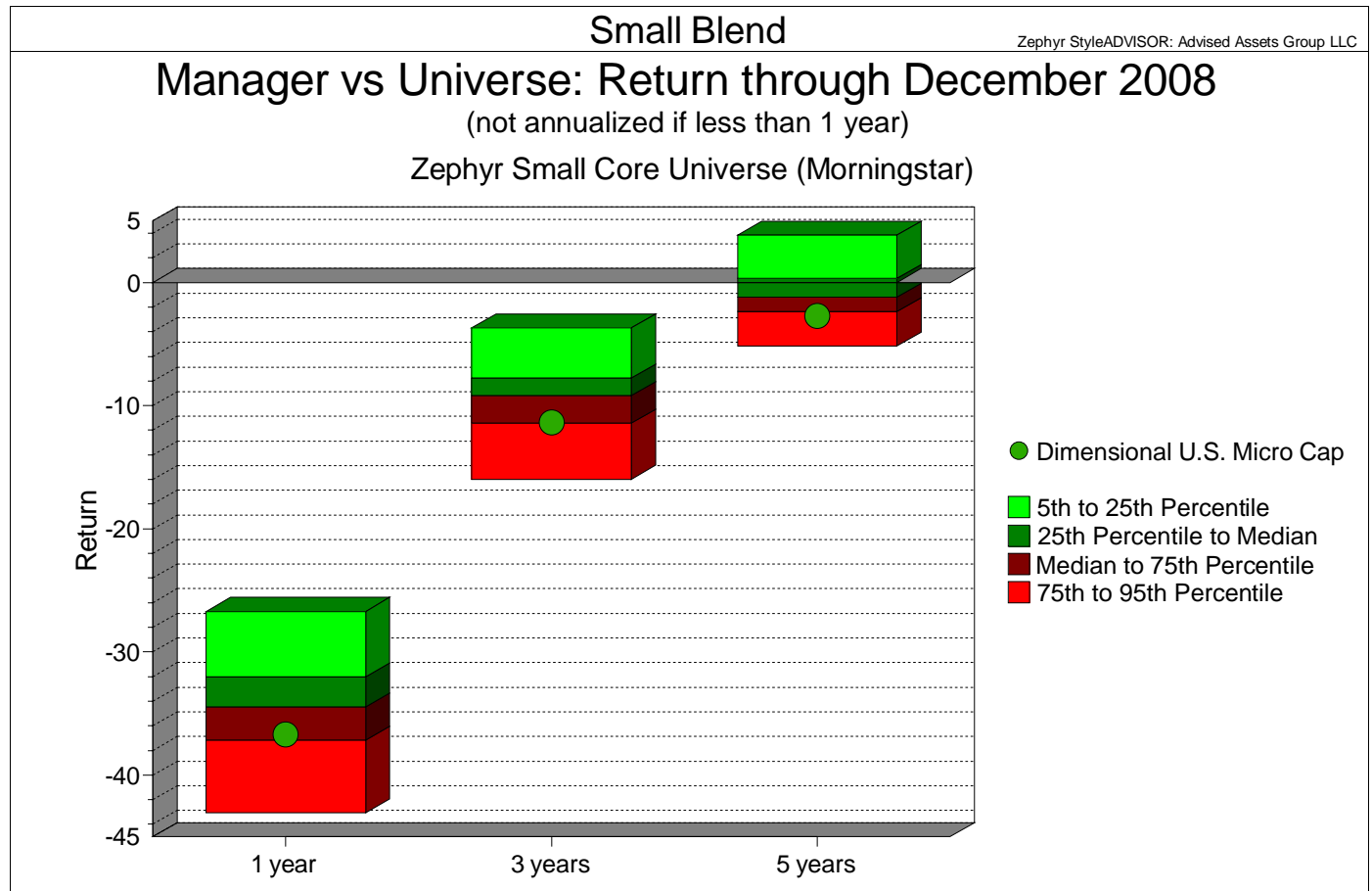


Name	Morningstar		Std Dev 3 Yr	Std Dev 5 Yr	Total Net Assets \$M	% Cash	% Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Rating					Total # of Holdings	in Top 10	Turnover Ratio		
American Funds EuroPacific Gr R5	5		19.09	16.22	70,275.04	9.38	473	19.17	38.00	11	0.51
Cat: Foreign Large Blend	3		20.25	17.08	2,264.40	0.25	741	14.87	83.99	4	1.48

Performance Benchmarking

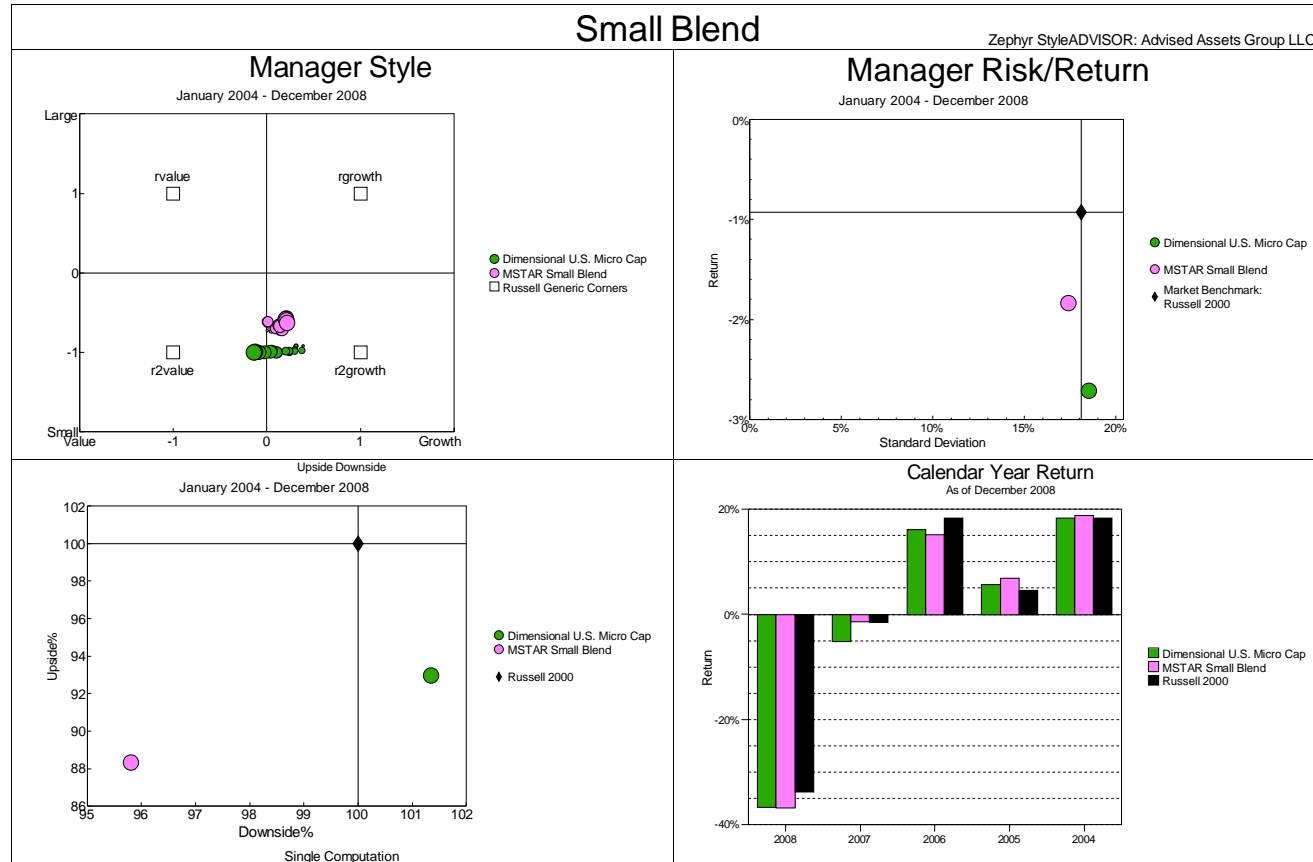
DFA U.S. Microcap seeks long-term capital appreciation. The fund invests in a diverse group of small companies with readily marketable securities. These companies may be traded on the NYSE, the AMEX, or over-the-counter market, but their market capitalizations must be comparable with those in the smallest quartile of the NYSE. The portfolio is re-balanced at least semiannually.

DATA SOURCE:
Morningstar
12/31/2008



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
DFA U.S. Micro Cap	-36.72	-11.35	-2.71	66	72	-36.72	-5.22	16.16	5.69	18.39
Cat: Small Blend	-36.56	-10.07	-1.30	--	--	-36.56	-1.10	15.03	6.75	18.94

Risk Analysis

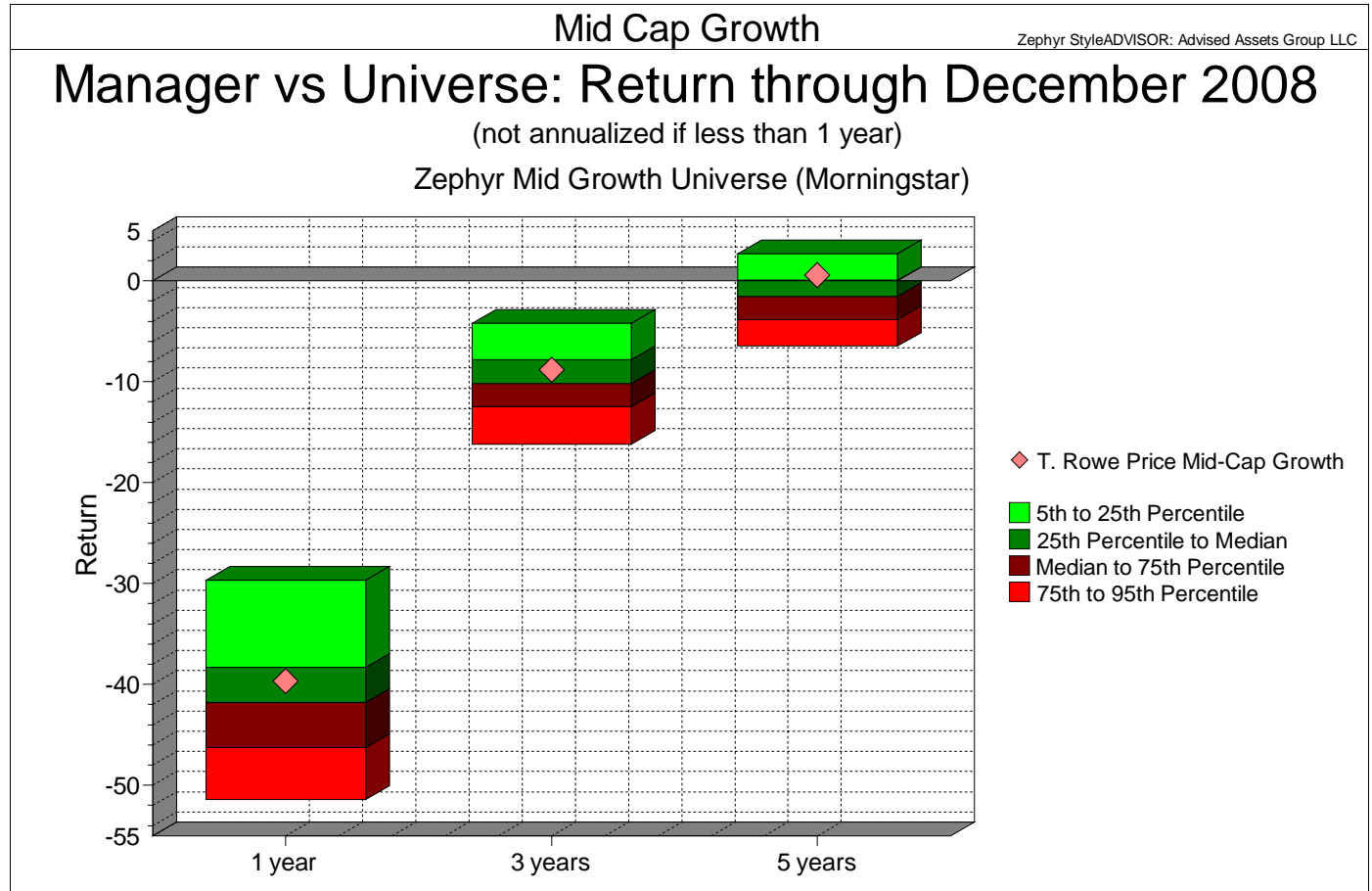


Name	Morningstar			Total Net Assets \$M	% Cash	% Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr			Total # of Holdings	in Top 10	Turnover Ratio		
DFA U.S. Micro Cap	3	20.19	18.50	2,526.26	0.00	2441	3	24.00	7	0.52
Cat: Small Blend	3	20.15	17.83	519.99	3.83	515	17.87	99.46	5	1.42

Performance Benchmarking

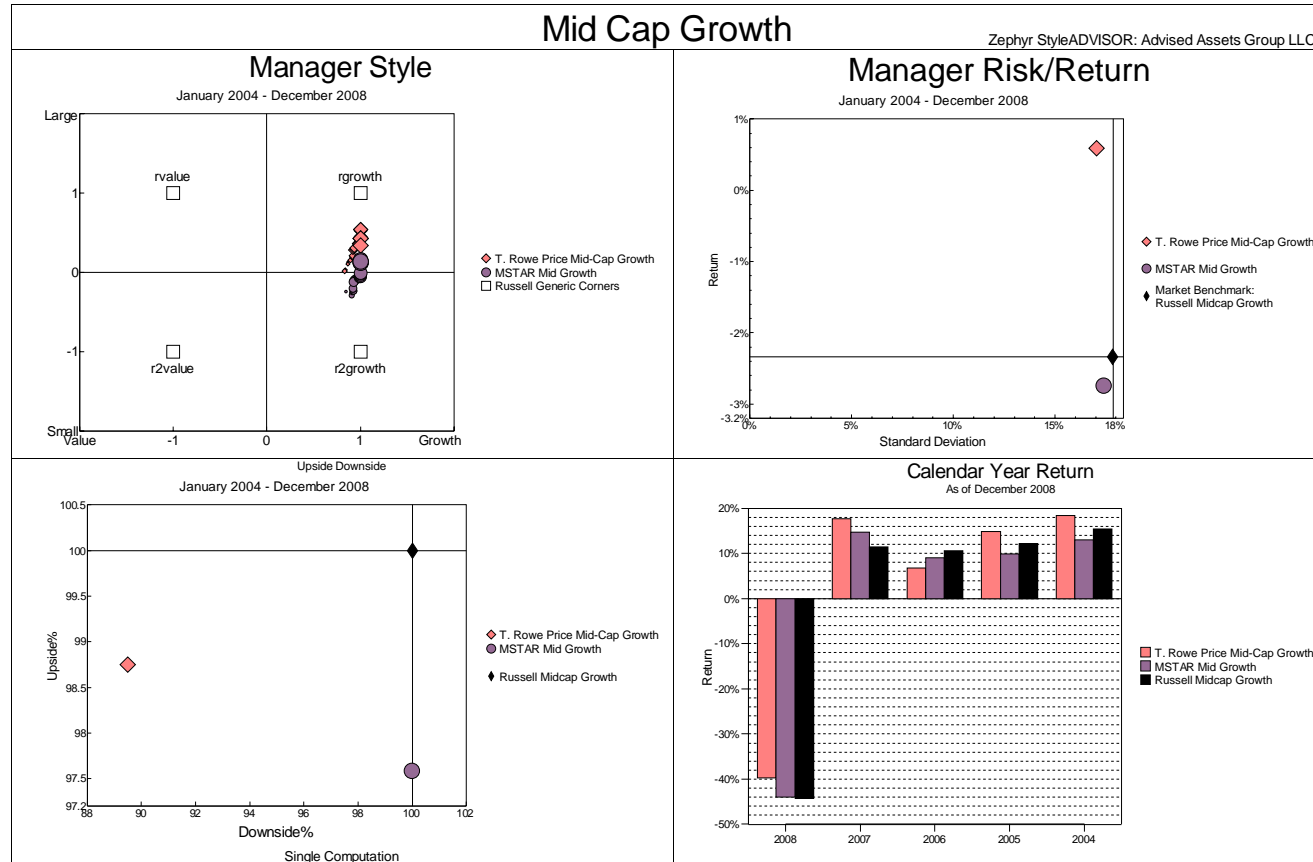
T. Rowe Price Mid Cap Growth Fund seeks long-term capital appreciation. The fund normally invests at least 80% of assets in mid-cap common stocks with above-average growth potential. The advisor seeks companies that offer proven products or services, have an above-average historical record of earnings growth, have the potential for sustaining growth, operate in industries experiencing increasing demand, or are reasonably valued.

DATA SOURCE:
Morningstar
12/31/2008



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
T. Rowe Price Mid-Cap Growth	-39.69	-8.83	0.59	30	13	-39.69	17.65	6.79	14.82	18.39
Cat: Mid-Cap Growth	-43.77	-10.92	-2.44	--	--	-43.77	15.09	9.00	9.84	13.23

Risk Analysis

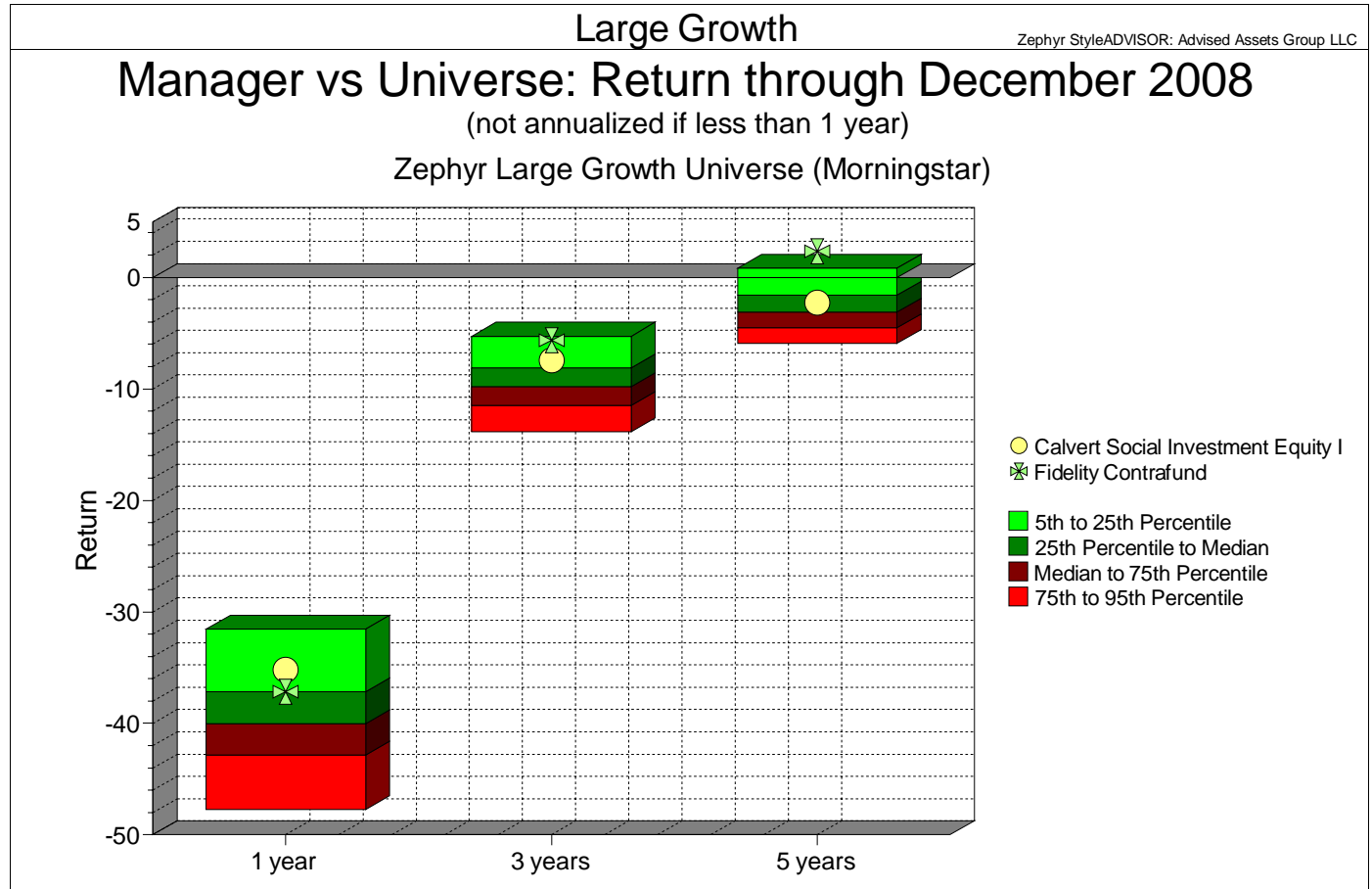


Name	Morningstar			Total Net Assets \$M	% Cash	Total # of Holdings	% Assets			
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr				in Top 10	Turnover Ratio	Mgr Tenure	Expense Ratio
T. Rowe Price Mid-Cap Growth	4	19.84	17.04	9,848.51	4.95	143	19.74	35.00	17	0.78
Cat: Mid-Cap Growth	3	20.82	18.12	515.98	3.83	598	18.84	123.35	5	1.49

Performance Benchmarking

Calvert Social Investment Fund seeks growth of capital. The fund invests with the philosophy that long-term rewards to investors come from those organizations whose products, services, and methods enhance the human condition and the traditional American values of individual initiative, equality of opportunity, and cooperative effort.

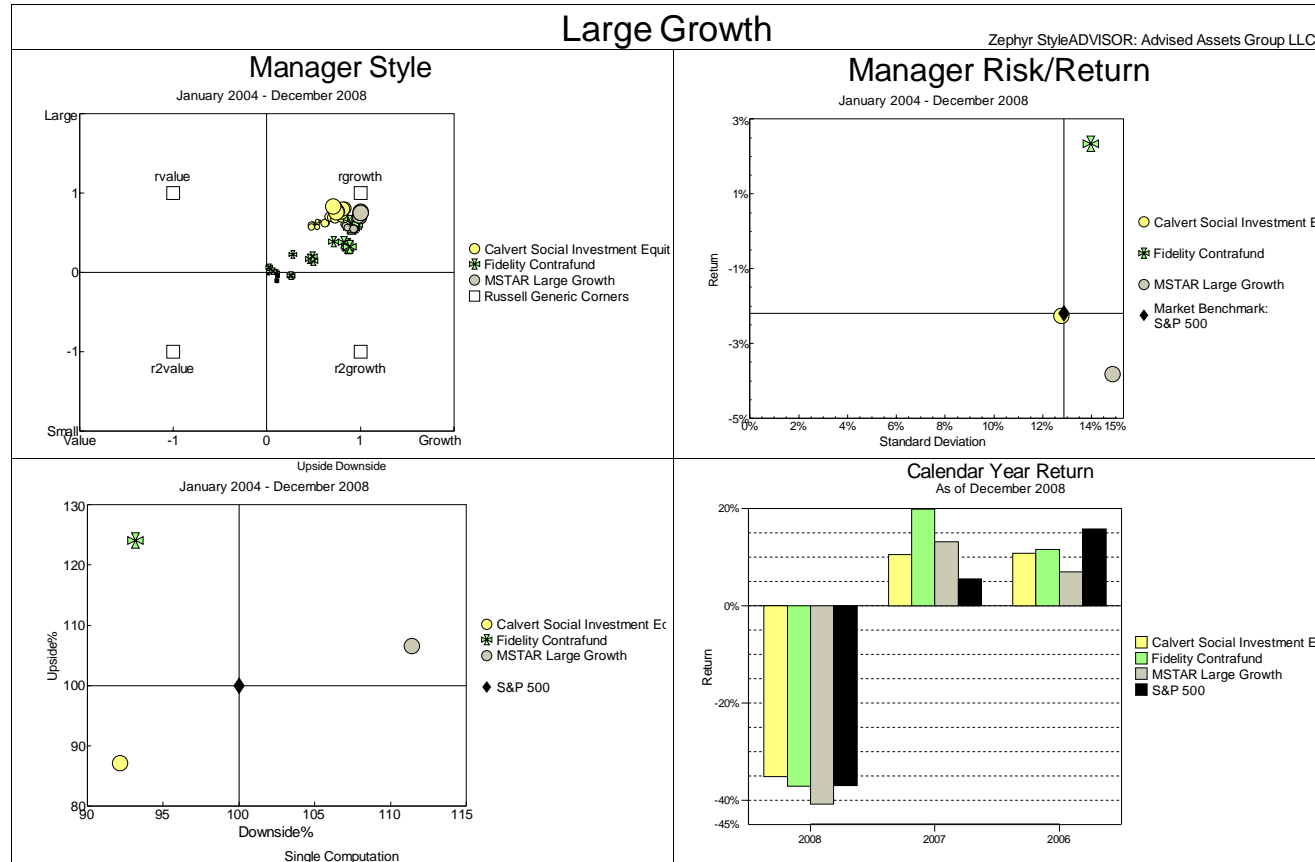
Fidelity Contrafund seeks capital appreciation. The fund invests primarily in the common stocks of companies believed to be undervalued. The types of companies in which the fund may invest include companies experiencing positive fundamental change such as new management team or product launch or companies that are undervalued in relation to securities of other companies in the same industry.



DATA SOURCE: Morningstar 12/31/2008

	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Calvert Social Investment Equity I	-35.19	-7.42	-2.26	15	28	-35.19	10.53	10.77	4.74	7.33
Fidelity Contrafund	-37.16	-5.66	2.34	6	2	-37.16	19.78	11.54	16.23	15.07
Cat: Large Growth	-40.67	-10.28	-3.37	--	--	-40.67	13.35	7.05	6.71	7.81

Risk Analysis

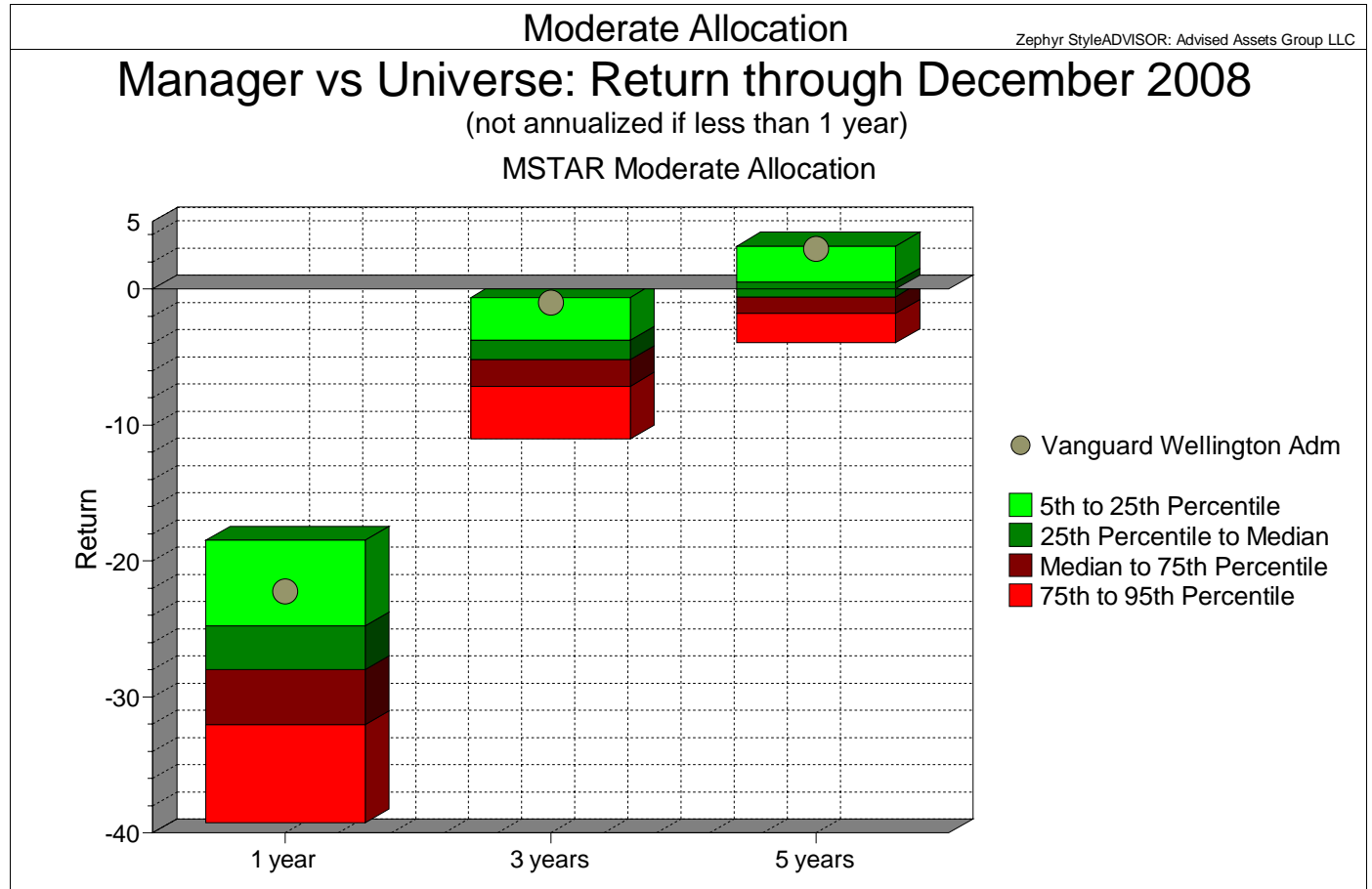


Name	Morningstar		Total Net Assets \$M	% Cash	Total # of Holdings	Assets		Turnover Ratio	Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr				Std Dev 5 Yr	in Top 10			
Calvert Social Investment Equity I	4	15.21	12.77	843.36	3.72	75	35.65	51.00	8	0.67
Fidelity Contrafund	5	16.22	13.97	48,472.62	9.57	308	36.01	56.00	18	0.89
Cat: Large Growth	3	18.02	15.52	2,137.35	0.46	488	35.51	99.52	5	1.37

Performance Benchmarking

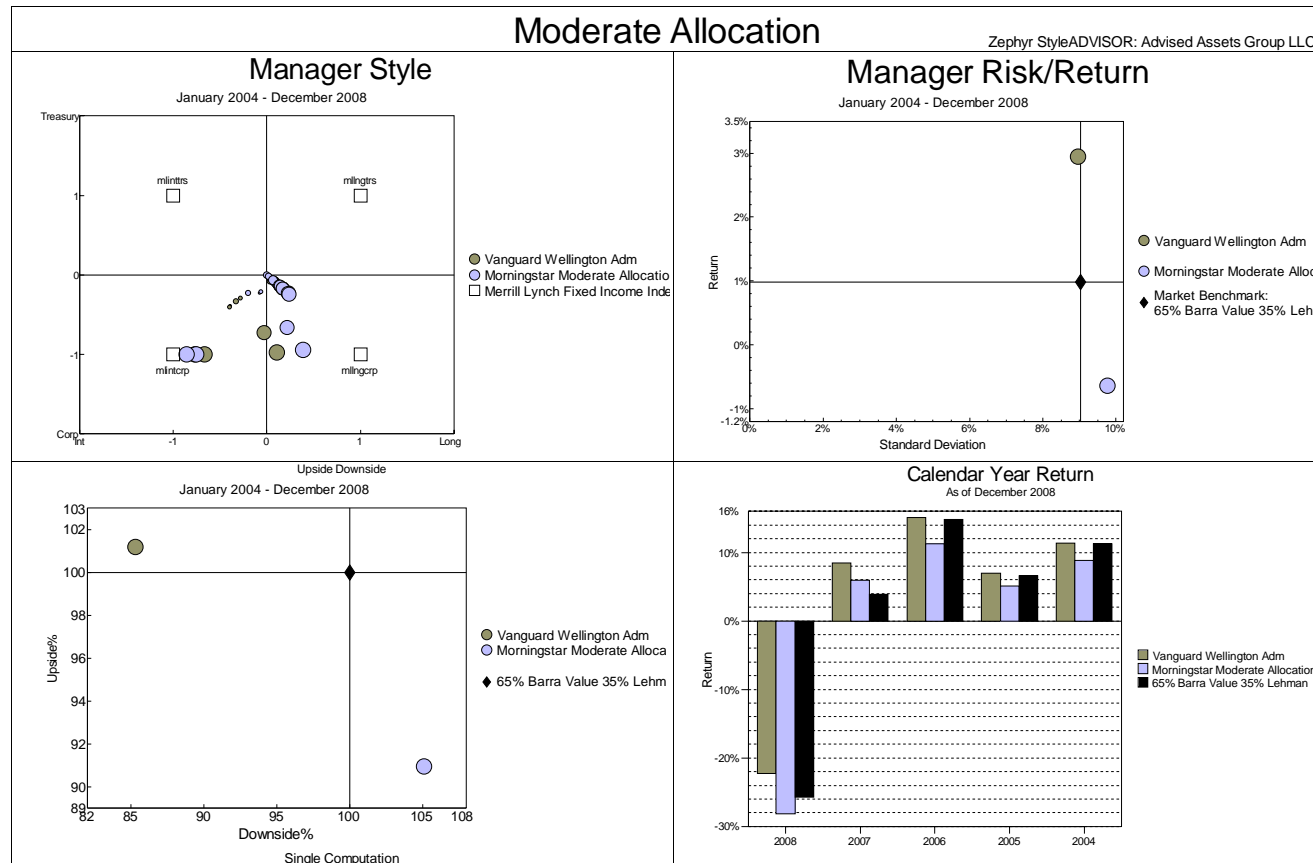
Vanguard Wellington seeks moderate long-term capital growth and current income. The fund invests at least 60-70% of assets in dividend-paying value stocks, and to a lesser extent, non-dividend paying stocks of established medium-size and large-size companies. It may also invest 30-40% of assets in the following securities: high quality intermediate, long-term corporate, and U.S. government bonds with an average maturity of 5 to 15 years.

DATA SOURCE:
Morningstar
12/31/2008



	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Vanguard Wellington Adm	-22.23	-0.99	2.95	7	4	-22.23	8.48	15.07	6.99	11.34
Cat: Moderate Allocation	-28.00	-5.31	-0.60	--	--	-28.00	5.99	11.29	5.13	8.86

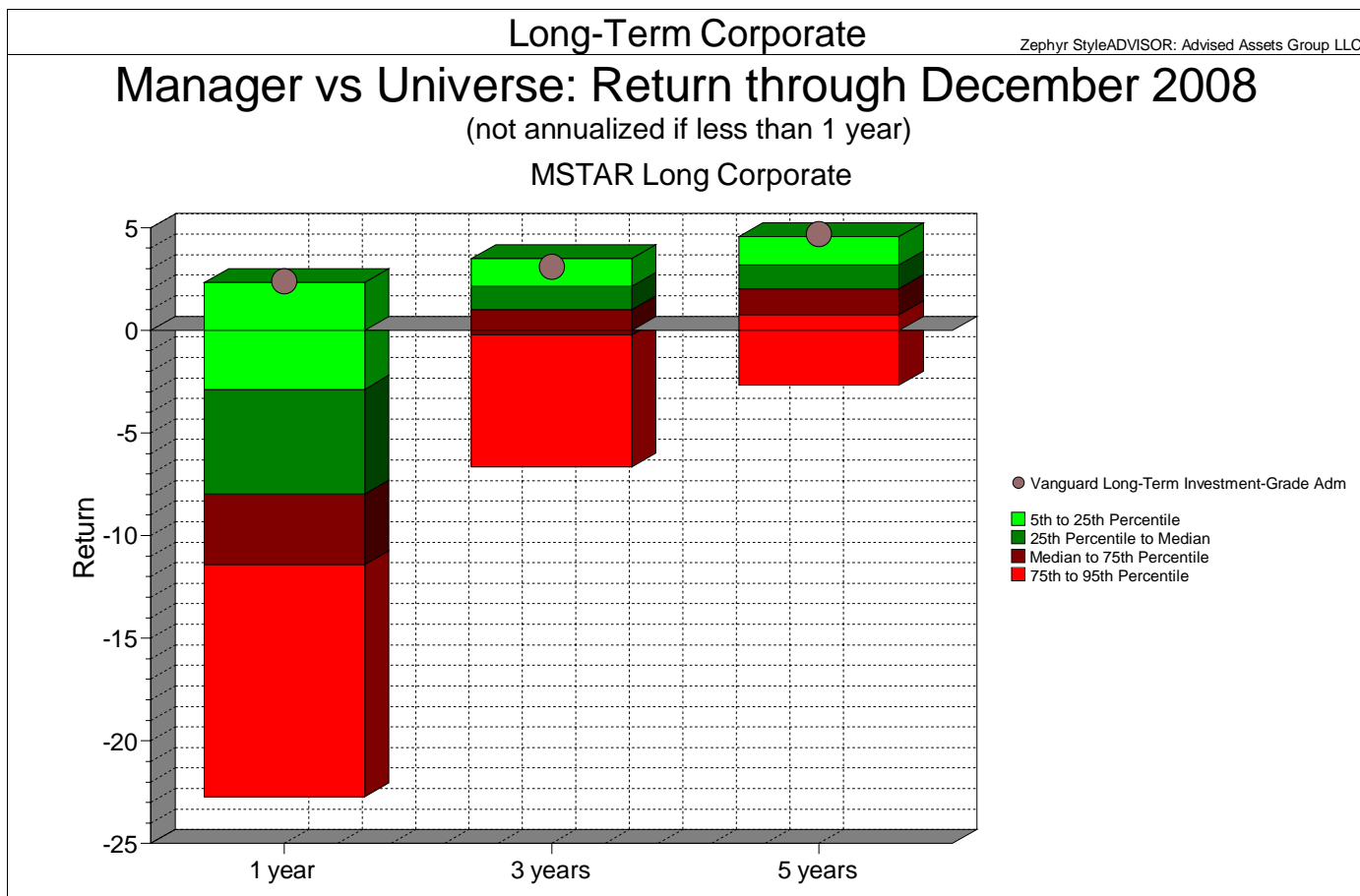
Risk Analysis



Name	Morningstar		Std Dev		Total Net Assets \$M	% Cash	Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr	Total # of Holdings			% in Top 10	Turnover Ratio			
Vanguard Wellington Adm	5	10.71	8.96	38,363.29	1.76	2366	15.83	23.00	5	0.16	
Cat: Moderate Allocation	3	12.02	10.08	24,477.28	6.49	644	21.25	73.21	4	1.37	

Performance Benchmarking

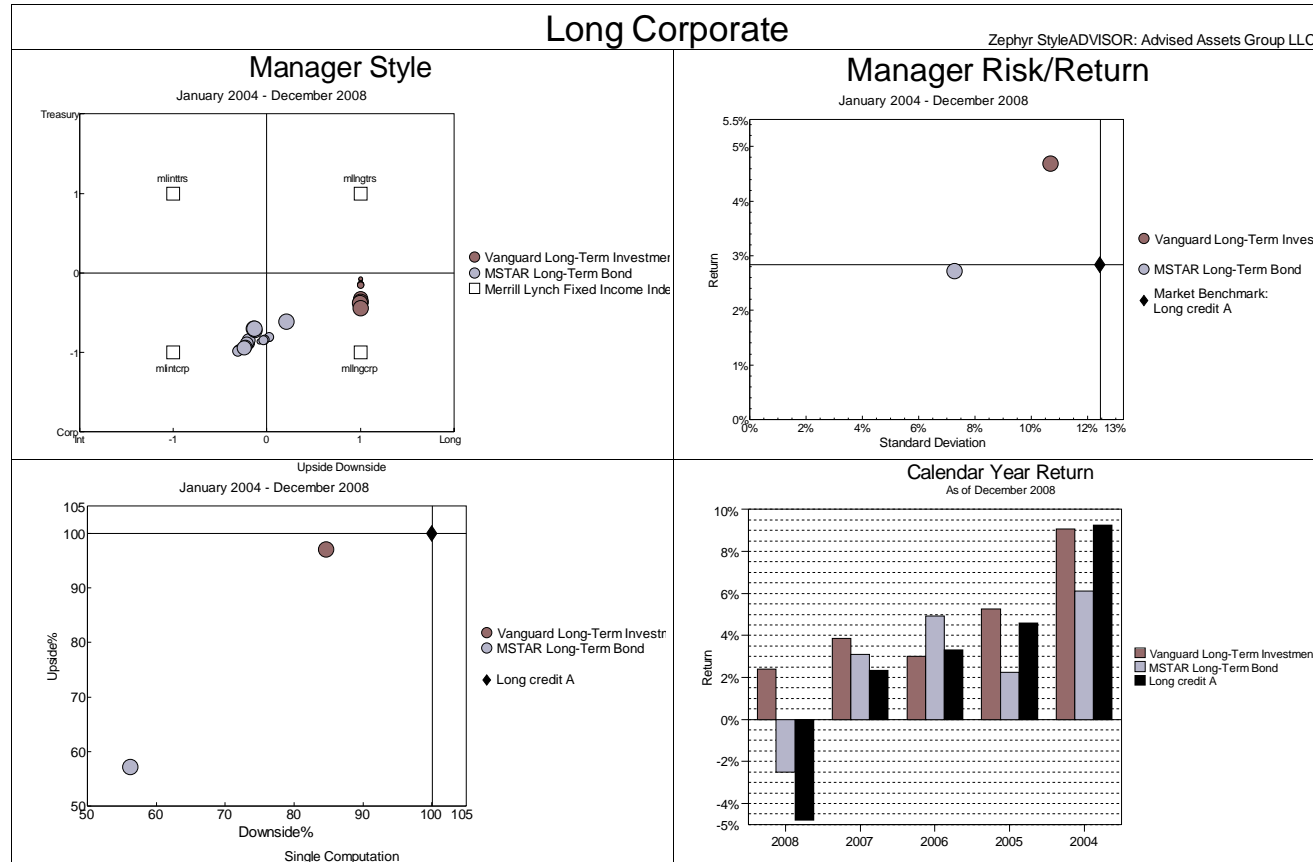
Vanguard Long-Term Investment-Grade Bond Fund seeks current income consistent with maintenance of principal and liquidity. The fund typically invests at least 80% of assets in high-quality corporate bonds; it invests at least 80% of assets in a combination of U.S. government securities and investment-grade corporate bonds. The average weighted maturity generally ranges from 15 to 25 years.



DATA SOURCE:
 Morningstar
 12/31/2008

	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Vanguard Long-Term Investment-Grade Adm	2.40	3.08	4.69	18	5	2.40	3.86	2.99	5.27	9.06
Cat: Long-Term Bond	-3.72	0.38	1.48	--	--	-3.72	3.10	4.43	2.23	6.47

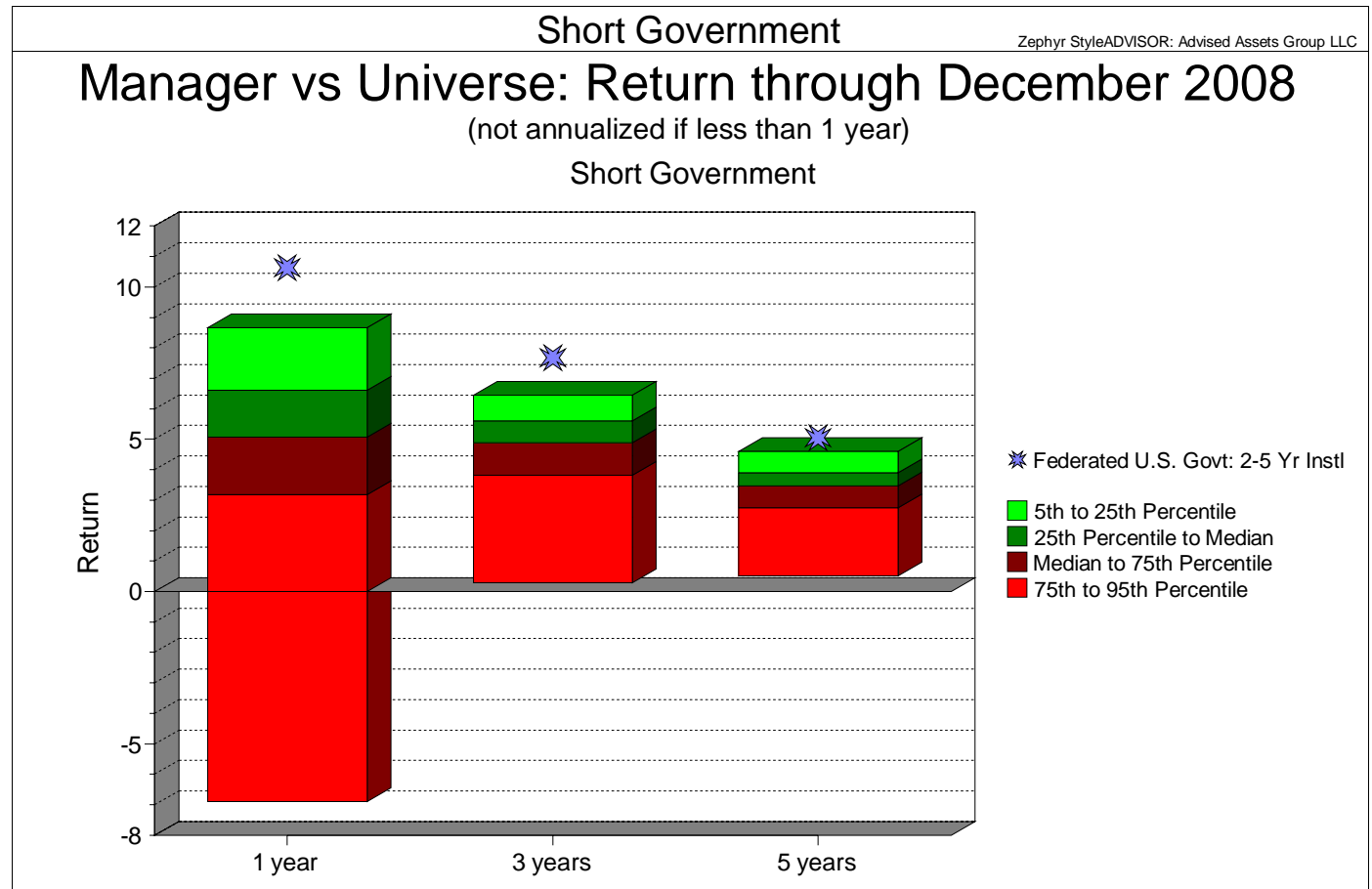
Risk Analysis



Name	Morningstar			Total Net Assets \$M	% Cash	% Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr			Total # of Holdings	in Top 10	Turnover Ratio		
Vanguard LT Investment-Grade Adm	4	12.32	10.67	5,903.77	1.19	215	17.11	15.00	1	0.12
Cat: Long-Term Bond	3	9.47	9.39	606.35	4.16	567	25.79	210.92	3	0.86

Performance Benchmarking

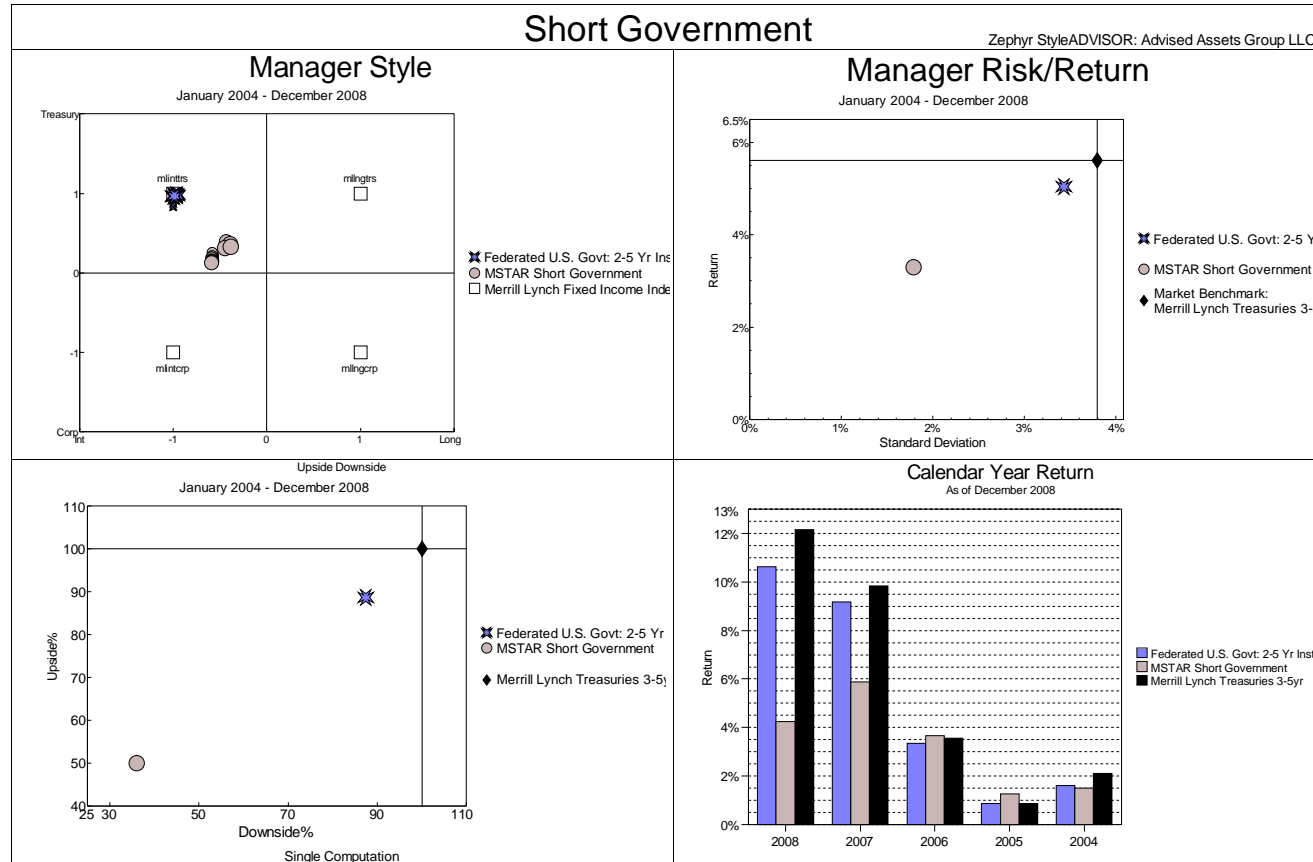
Federated U.S. Government Securities: 2-5 Year Trust seeks current income. The fund invests only in U.S. government securities with a dollar weighted duration between two and five years. It may enter into repurchase agreements.



DATA SOURCE: Morningstar 12/31/2008

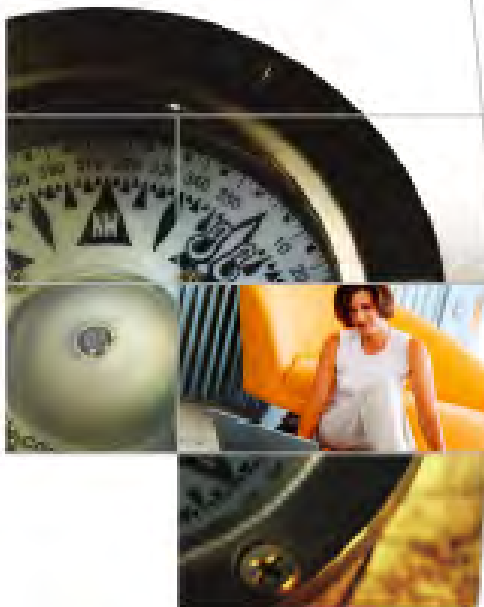
	Tot Ret Tot Ret 1 Yr	Tot Ret Annlzd 3 Yr	Tot Ret Annlzd 5 Yr	Tot Ret % Rank Cat 3 Yr	Tot Ret % Rank Cat 5 Yr	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	Annual Return (2005)	Annual Return (2004)
Federated U.S. Govt: 2-5 Yr Instl	10.64	7.67	5.05	1	1	10.64	9.18	3.34	0.87	1.60
Cat: Short Government	4.80	4.85	3.36	--	--	4.80	5.87	3.67	1.26	1.46

Risk Analysis



Name	Morningstar			Total Net Assets \$M	% Cash	% Assets			Mgr Tenure	Expense Ratio
	Rating Overall	Std Dev 3 Yr	Std Dev 5 Yr			Total # of Holdings	in Top 10	Turnover Ratio		
Federated U.S. Govt: 2-5 Yr Instl	5	3.55	3.43	947.88	2.10	28	55.01	104.00	4	0.59
Cat: Short Government	3	2.10	2.03	586.18	18.63	278	47.59	142.12	6	0.91

Lifecycle Options



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Lifecycle Option Report Card

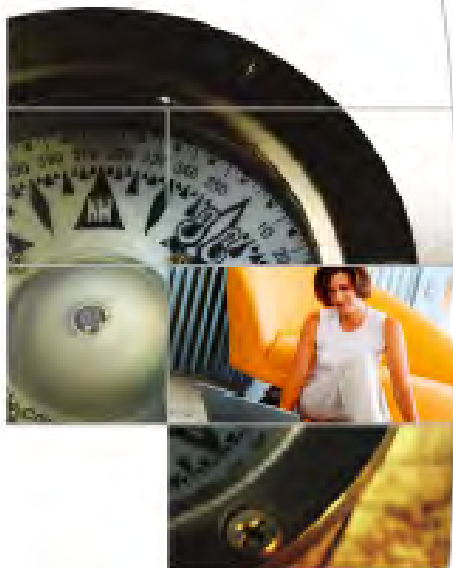
Name	Tot Ret 3 Mo	Tot Ret 6 Mo	1 year	3 year	5 year	Annual Return (2008)	Annual Return (2007)	Annual Return (2006)	% Short Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
Vanguard Target Retirement 2015	-12.54	-18.77	-24.06	-3.09	0.81	-24.06	7.55	11.42	0	51	13	36	0
Fidelity Freedom 2015	-15.00	-22.78	-27.15	-4.65	0.13	-27.15	7.82	10.36	7	43	11	33	6
T. Rowe Price Retirement 2015	-17.19	-24.87	-30.22	-5.38		-30.22	6.75	13.73	4.5	55.95	14.05	20.9	4.6
Composite Returns*			-24.45	-3.25	0.73	-24.45	7.50	11.50					
Dow Jones Target 2015	-7.30	-13.72	-16.65	-0.55	3.11	-16.65	7.78	9.49					
Vanguard Target Retirement 2025	-16.48	-23.71	-30.05	-5.19	-0.21	-30.05	7.59	13.24	0	63	16	21	0
Fidelity Freedom 2025	-19.17	-28.26	-33.66	-6.93	-0.84	-33.66	8.64	11.84	0	56	14	22	8
T. Rowe Price Retirement 2025	-20.90	-29.77	-35.90	-7.54		-35.90	6.81	15.44	0	67.75	16.75	11.65	3.85
Composite Returns*			-30.52	-5.36	-0.31	-30.52	7.61	13.38					
Dow Jones Target 2025	-14.54	-22.65	-27.61	-3.74	2.25	-27.61	8.31	13.75					
Vanguard Target Retirement 2035	-19.72	-27.68	-34.66	-6.80	-0.75	-34.66	7.49	15.24	0	72	18	10	0
Fidelity Freedom 2035	-21.65	-31.56	-37.76	-8.42	-1.46	-37.76	9.27	12.94	0	65	17	10	8
T. Rowe Price Retirement 2035	-22.97	-32.48	-38.88	-8.80		-38.88	6.81	16.18	0	74	18.5	5.35	2.15
Composite Returns*			-35.11	-6.96	-0.82	-35.11	7.50	15.44					
Dow Jones Target 2035	-19.98	-29.09	-35.15	-6.49	1.14	-35.15	8.48	16.25					
Vanguard Target Retirement 2045	-19.65	-27.60	-34.56	-6.57	-0.31	-34.56	7.47	15.98	0	72	18	10	0
Fidelity Freedom 2045	-22.52	-32.61	-39.15			-39.15	9.50		0	69	17	4	10
T. Rowe Price Retirement 2045	-22.98	-32.47	-38.83	-8.78		-38.83	6.84	16.15	0	74	18.5	5.35	2.15
Composite Returns*			-35.11	-6.77	-0.40	-35.11	7.50	16.16					
Dow Jones Target 2045	-21.42	-30.76	-37.03	-7.30	0.68	-37.03	8.46	16.64					
Vanguard Target Retirement Income	-5.47	-9.45	-10.93	0.82	2.50	-10.93	8.17	6.38	5	24	6	65	0
Fidelity Freedom Income	-7.23	-10.87	-12.14	-0.68	1.10	-12.14	4.83	6.37	40	20	0	35	5
T. Rowe Price Retirement Income	-9.99	-15.07	-18.38	-1.61	1.46	-18.38	6.10	9.98	30	33.95	8.55	23.55	3.95
Composite Returns*			-11.34	0.67	2.43	-11.34	8.09	6.47					
Dow Jones Target Today	0.67	-2.72	-3.06	3.21	3.69	-3.06	6.48	6.52					

*Composite returns based on returns of passive benchmarks representative of the asset allocation of each fund.
 Benchmarks (per Vanguard) are the MSCI US Broad Market Index, Lehman Aggregate, Lehman US Treasury TIPS, 3 Month T-bill MSCI EAFE Index, and MSCI Emerging Markets Index

Lifecycle Option Observations

- Vanguard Target Retirement Funds are in-line with their composite indices over the 1 year and 3 year periods.
- Vanguard mostly trails the Dow Jones Indices.
- The Vanguard Target Retirement Funds outperform their competitors over the 1yr and 3 yr periods.
- Turbulent markets in 2008 caused target date funds with more equity exposure to do worse than funds with less. Funds having exposure to lower grade bonds or high yield were also hurt by the market.
- Vanguard's target allocations give them equity exposure that is in-line with their competitors, and international exposure that is greater than most of their competitors.
- Vanguard has a smaller allocation to short term debt than its peers, but a greater allocation to investment grade bonds than its peers.

Economic Overview



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Economic and Capital Markets Review Fourth Quarter 2008



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Economic & Capital Mkts Update



• Current Economic Conditions

- Economy decreased in the 3rd quarter at an annualized rate of 0.5%. Government spending was the only component to see an increase. Both consumer spending and business investment were down.
 - Consensus is that the Year-over-Year 4th quarter GDP will be down 4-6%
 - Consumer confidence has plummeted to an all-time low as measured by The Conference Board's Consumer Confidence Index
 - The December index was at 38 in December, down from 44.7 in November (1985=100)
 - December retail sales fell 2.7%, representing a decline for the 6th consecutive month
 - Manufacturing activity failed to grow for the fifth consecutive month
- Median housing prices have dropped on average by 18% nationally over the past year with 14 out of 20 metro areas reporting record rates of decline*
- Unemployment rate rose from 6.7 to 7.2% bringing the year's total job losses to 2.6 million
- The CPI Index fell for a second straight month, 1.7% in November, indicating a potential trend of deflation
- The Federal Reserve cut its Fed Funds target rate to a range of 0-25 basis points in an effort to infuse liquidity into the economy and spur lending activity
- National Bureau of Economic Research released its findings that the U.S. economy has been in recession since December of 2007

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* Case Shiller 20 City composite index to 10/31/08

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Economic & Capital Mkts Update



- **Current Sector and Asset Class Conditions**

- Commodities, energy stocks, and emerging market stocks have fallen 50% over the past year
 - As of the year-end, oil prices were under \$45 a barrel. Oil had a high in July at over \$147 a barrel
- High Yield Bond spreads are at record highs over Treasuries
- Foreign and Emerging Markets funds have been negatively impacted by the global economic slowdown
- Money Market Yields have hit record lows
 - Money market funds are seeing record net in-flows reaching \$522 billion from January to November of 2008
 - The government's lowering of short term interest rates caused yields on money markets to decline. This problem was compounded by investors flight to safety
 - Due to the low yields, many firms have recently been closing their treasury money market funds to new investment as a way to protect shareholders
- In past corrections, there was typically somewhere to "hide"
 - The current market correction, coupled with a credit crunch, housing collapse, and a domestic and international recession, has resulted in virtually every equity asset class seeing declines in 2008

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Economic & Capital Mkts Update



- **Outlook**

- Automakers will receive \$17 billion in loans from the \$700 billion bank bailout fund (TARP)
- Aggressive expansion of the monetary base by the Federal Reserve in an attempt to thwart off a credit-driven economic contraction
 - The Treasury has committed the first \$350 billion component of the TARP directly into troubled financial institutions
- Aggressive fiscal policy with the new administration
 - New administration's proposal for a massive economic stimulus package is being aimed at stimulating the economy and generating over 3 million new jobs
 - Proposal aimed at fixing roads and bridges as well as investments in alternative energy sources, foreclosure prevention, and targeted tax cuts
- Consensus is economy will begin to see positive growth sometime in the second half of 2009
 - Deleveraging is likely to continue at both the consumer level as well as the corporate level
 - In 2008, U.S. households shrank their debt for the first time since 1952

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Market Update

- Equity Markets were down significantly in 4Q08 and YTD:

	<u>Q4</u>	<u>YTD (12/31)</u>
– DJIA	-18.37%	-31.92%
– S&P 500	-21.94%	-37.00%
– Russell 2000	-26.12%	-33.79%
– MSCI EAFE	-19.95%	-43.38%
– MSCI Emerging	-27.60%	-53.33%

- Bond Markets were mixed:

	<u>Q4</u>	<u>YTD (12/31)</u>
– BarCap US Agg Bond Idx	4.58%	5.24%
– BarCap US Gov't.	8.05%	12.39%
– BarCap US Corp. High Yield	-17.88%	-26.16%
– US Money Market	0.30%	2.00%

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Market Update



- Most Indices reached bear market status in early July
- From a sector prospective all major sectors were down in 2008
 - Financial sector led the way, down over 55%
- Bond market YTD (12/31) returns have favored higher quality securities (US Government +12.39%) as opposed to lower quality (High Yield –26.16%)
 - This, in part, as a result of investors fleeing to safety and security of Government securities
- Foreign and emerging markets suffered in 2008 as the financial crisis spilled over into foreign markets
- Heightened volatility
 - Between January 1st through September 30th, 2008, the S&P was down 19.29%; in the seven weeks that followed, the S&P was down an additional 35.21% followed by an increase of more than 20% between November 21st and December 31st
 - In 2008, the S&P 500 had 28 trading days that produced a gain or loss of 4% or more; this equaled in 1 year what had previously taken 25 years to produce between the time period of 1983 and 2007

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Market Outlook



- The stock market and the economy are two different entities
 - The stock market is a leading indicator
 - Historically, the market has been a leading indicator for the economy by about 6 to 9 months
 - Consensus among financial experts is a call for positive GDP growth sometime in the second half of 2009
- Picking a market bottom is notoriously difficult, however, historically, the stock market has rebounded sharply from bear markets
 - Looking back, some of the best times to be in the stock market have been at times of maximum pessimism
 - “The stock market is designed to transfer money from the active to the patient.”–Warren Buffett
- Questions yet unanswered:
 - Are all of the sub-prime and credit issues behind us?
 - How long will the recession last and how deep will it get?

Economic data and information derived from a variety of financial publications and economic reporting companies, including Moody's, S&P, etc. Past performance is not a guarantee of future results.

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Amer Funds EuroPac A

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Like all American Funds, this offering boasts many experienced managers, most of whom have been with the company for more than a decade. Each manager runs his or her portion of assets independently of the others. A portion of the portfolio (less than 25% of assets) is run by the firm's analyst staff.

Strategy

The fund divides assets among several portfolio counselors (managers) whose investment philosophies vary from growth-focused to value-oriented. In the aggregate, the fund's portfolio is well diversified across countries and sectors, and its price multiples usually stay close to the category norms. Several of the managers like to pick up stocks on the cheap and then hold them for the long haul. The fund's turnover is quite low.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	6.79	-1.83	0.47	13.63	19.69
2005	0.00	0.79	12.25	7.06	21.12
2006	7.54	-0.68	4.99	8.67	21.87
2007	2.92	8.43	5.23	1.29	18.96
2008	-7.94	-2.35	-18.04	-19.28	-40.53

Trailing	Total Return%	+/- MSCI EAFE	+/- MSCI World exUS	%Rank Cat	Growth of \$10,000
3 Mo	-19.28	0.67	3.06	25	8,072
6 Mo	-33.84	2.57	5.52	13	6,616
1 Yr	-40.53	2.85	5.00	13	5,947
3 Yr Avg	-4.82	2.53	2.16	12	8,623
5 Yr Avg	4.56	2.90	2.00	6	12,498
10 Yr Avg	4.98	4.18	—	7	16,258
15 Yr Avg	7.05	3.53	—	5	27,784

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-8.18	32	1.61	54
5 Yr (estimated)	2.01	17	1.28	56
10 Yr (estimated)	3.17	9	1.14	63

Potential Capital Gain Exposure: -26% of assets

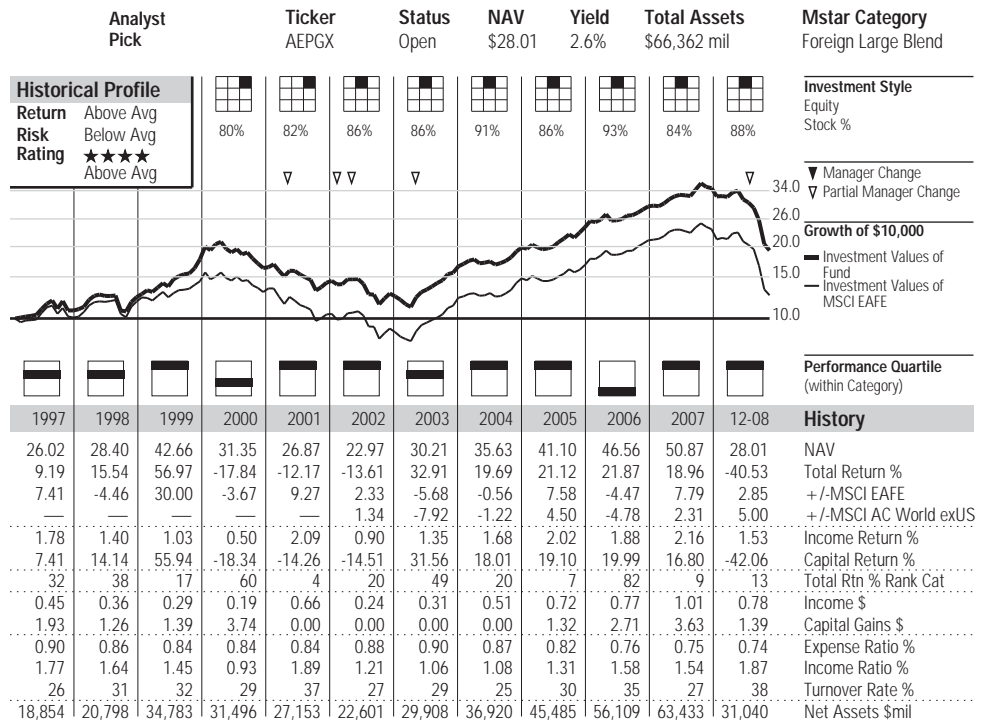
Morningstar's Take by Arijit Dutta 08-28-08

American Funds EuroPacific Growth is adding to its laurels.

This Analyst Pick continues to display an impressive touch. It finished in the foreign large-value category's top decile in 2007, despite being relatively light on the key red-hot materials and energy sectors. This year's worldwide downturn has the fund showing a 17% loss through August 27, which, while painful, is better than the losses suffered by the vast majority of its rivals. Management earns kudos for some excellent stock selection. The portfolio's energy picks strongly outperformed last year, making up for its underweighting in the sector, and in 2008 several of the portfolio's health-care stocks have shown remarkable resilience amid the market tumble. For example, top holding Roche, a global leader in many key antibiotic drugs, has lost less than 1% for the year, which trounces broad-market and industry benchmarks alike.

These successes point to the strength of

Address:	333 S Hope St - 55th FL (micg) Los Angeles, CA 90071 800-421-0180	Minimum Purchase:	\$250	Add: \$50	IRA: \$250
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Subadvisor:	None	Actual Fees:	Mgt:0.42% Dist:0.25%		
NTF Plans:	Federated Tr NTF, Schwab Instl NTF	Expense Projections:	3Yr:\$813 5Yr:\$989 10Yr:\$1497		
		Income Distrib:			



Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-43.95			
3 Yr	-6.68	Avg	-Avg	★★★★
5 Yr	3.33	+Avg	-Avg	★★★★
10 Yr	4.36	+Avg	-Avg	★★★★
Incept	11.05			

Other Measures

	Standard Index MSCI EAFE	Best Fit Index MSCI Wld xUS
Alpha	2.2	2.0
Beta	0.96	0.95
R-Squared	96	96
Standard Deviation	19.10	
Mean	-4.82	
Sharpe Ratio	-0.36	

Portfolio Analysis 09-30-08

Share change since 06-08	Total Stocks:305	Sector	Country	% Assets
⊖ Roche Holding Ltd		Health	Switzerland	3.16
⊕ Bayer		Ind Mtrls	Germany	3.11
⊕ America Movil S.A.B. de		Telecom	Mexico	1.92
⊖ Banco Santander		Financial	Spain	1.82
⊕ Gazprom OAO (EDR)		Utilities	Russia	1.77
⊖ Novo-Nordisk A S		Health	Denmark	1.57
Novartis		Health	Switzerland	1.54
AXA		Financial	France	1.51
⊕ Nestle		Goods	Switzerland	1.50
⊕ Vodafone Grp		Telecom	U.K.	1.28
Brazilian Petroleum Corp		Energy	Brazil	1.17
⊖ SAP		Software	Germany	1.05
HONDA MOTOR		Goods	Japan	1.01
⊕ Schneider Electric		Ind Mtrls	France	1.01
⊖ Inditex		Goods	Spain	0.99
⊖ Koninklijke KPN		Telecom	Netherlands	0.97
⊕ Teva Pharmaceutical Indu		Health	Israel	0.96
MTN Grp Ltd		Telecom	South Africa	0.95
⊕ Siemens		Ind Mtrls	Germany	0.92
Groupe Danone		Goods	France	0.88

Current Investment Style

Value	Blnd	Growth	Market Cap %	Sector Weightings	% of Rel MSCI Stocks	3 Year EAFE High Low
Large	Large	Large	Giant 58.3	Info 20.10	1.71	
Mid	Mid	Mid	Large 35.9	Software 1.51	2.04	2 0
Small	Small	Small	Mid 5.7	Hardware 5.56	2.14	10 6
Micro	Micro	Micro	Small 0.1	Media 1.13	0.78	3 1
			Micro 0.0	Telecom 11.90	1.70	12 7
			Avg \$mil: 30,505	Service 35.86	0.86	
				Health 10.57	1.15	11 9
				Consumer 4.75	1.03	6 5
				Business 3.37	0.62	4 2
				Financial 17.17	0.76	25 17
				Mfg 44.04	0.95	
				Goods 14.02	1.01	18 13
				Ind Mtrls 18.19	1.09	20 10
				Energy 6.69	0.75	9 6
				Utilities 5.14	0.75	6 1

Regional Exposure

	% Stock
UK/W. Europe	59
N. America	3
Japan	8
Latin America	7
Asia X Japan	16
Other	7

Composition

	% Stock
Cash	9.4
Bonds	2.4
Stocks	88.1
Other	0.1
Foreign (% of Stock)	99.8
Country Exposure	% Stock
France	11
U.K.	8
Germany	11
Japan	8
Switzerland	9

Federated US 2-5 Instl

Ticker FIGTX **Status** Open **NAV** \$12.09 **Yield** 3.6% **SEC Yield** — **Total Assets** \$948 mil **MSB Category** Short Government

Governance and Management

Stewardship Grade: D

Portfolio Manager(s)

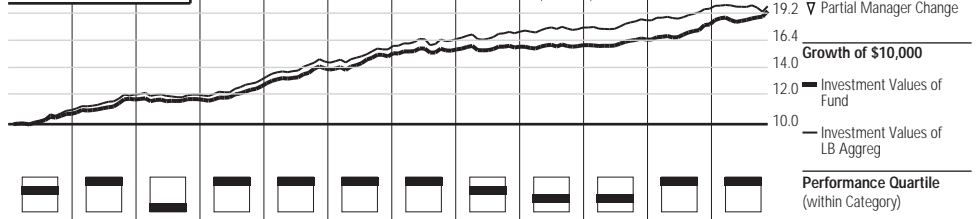
Don Ellenberger is in charge. Ellenberger, co-lead of government bonds at Federated, joined the fund in June 2005 but has been at Federated since 1996. Previously, he was a portfolio manager at Mellon Bank.

Historical Profile



Investment Style
Fixed Income
Income Rtn % Rank Cat

▼ Manager Change
▼ Partial Manager Change



Strategy

This fund stands apart from most in the short-term government category because it does not invest in mortgage-backed securities. Instead, it holds a mix of Treasuries and agency bonds. Duration is usually relatively long for its group, as the fund stays within 20% of the Merrill Lynch 3-5 Year Treasury Index. The fund's approach typically results in added interest-rate sensitivity relative to the peer group.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	2.06	-2.44	2.02	0.02	1.60
2005	-1.05	2.18	-0.71	0.47	0.87
2006	-0.49	0.31	2.85	0.66	3.34
2007	1.63	-0.22	3.65	3.88	9.18
2008	4.13	-1.95	2.04	6.20	10.64

Trailing	Total Return%	+/- LB Agg	+/- LB 1-5 YR GOVT	%Rank	Growth of \$10,000
3 Mo	6.20	1.62	1.81	1	10,620
6 Mo	8.37	4.30	2.23	1	10,837
1 Yr	10.64	5.40	2.23	1	11,064
3 Yr Avg	7.67	2.16	0.94	1	12,482
5 Yr Avg	5.05	0.40	0.44	1	12,793
10 Yr Avg	5.49	-0.14	0.25	1	17,065
15 Yr Avg	5.65	-0.53	0.11	1	22,806

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.12	1	1.44	64
5 Yr (estimated)	3.60	1	1.38	73
10 Yr (estimated)	3.82	1	1.58	63

Potential Capital Gain Exposure: 0% of assets

Morningstar's Take by Harry Milling 12-10-08

Federated U.S. Government 2-5 Year is boring—in a good way.

This fund strictly follows its pristine edict: Invest in government or government-agency bonds that have maturities between two and five years. It doesn't invest in mortgage-backed securities created by government agencies like Fannie Mae or Freddie Mac, just in the bonds of the agencies themselves. It also doesn't own any nongovernmental issues—even the highest-rated ones. These restrictions set the fund apart from many of its peers that invest in riskier higher-yielding debt, but it's precisely that difference that's given the fund a leg up recently.

The 2008 credit crisis prompted investors to flee stocks and debt that carried even a hint of extra risk, so this fund's 100% government-backed seal made it a classic safe haven. Its trailing one-year gain of 9.3% as of December 9 not only puts it in the top 1% of short-government bond returns for the period but also catapults the fund's three-, five-, and

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	10.64			
3 Yr	7.67	High	High	★★★★★
5 Yr	5.05	High	High	★★★★★
10 Yr	5.49	High	High	★★★★★
Incept	7.23			

Other Measures	Standard Index	Best Fit Index
Alpha	2.6	-0.1
Beta	0.69	1.00
R-Squared	59	98

Portfolio Analysis 09-30-08

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
Total Fixed-Income: 25				
FHLMC 5.125%	08-23-10	67,400	69,928	8.62
US Treasury Note 4.125%	08-31-12	45,000	47,465	5.85
FNMA 5.125%	11-02-12	46,000	46,515	5.74
US Treasury Note 4.75%	03-31-11	42,000	44,784	5.52
US Treasury Note 4.875%	04-30-11	40,000	42,844	5.28
US Treasury Note 4.25%	11-15-14	40,000	42,559	5.25
FNMA 5%	02-16-12	38,000	39,686	4.89
US Treasury Note 4%	11-15-12	37,000	38,907	4.80
FHLMC 4.75%	01-18-11	37,000	38,247	4.72
FNMA 6%	05-15-11	33,000	35,181	4.34
FNMA 3.25%	02-25-11	35,000	34,379	4.24
US Treasury Note 4.25%	11-15-17	32,600	33,767	4.16
US Treasury Note 3.875%	05-15-10	30,000	31,001	3.82
FHLBA 4.875%	12-13-13	30,125	30,899	3.81
US Treasury Note 3.125%	04-30-13	30,000	30,277	3.73
US Treasury Note 3%	07-15-12	28,744	29,903	3.69
FHLMC 3%	04-01-11	30,000	29,440	3.63
FHLBA	08-13-10	25,000	25,055	3.09
FHLMC 4.75%	03-05-12	20,000	20,704	2.55
FNMA 4.4%	12-22-10	16,000	16,045	1.98

Current Investment Style

Duration	3.6 Yrs
Avg Eff Duration ¹	3.6 Yrs
Avg Eff Maturity	—
Avg Credit Quality	AAA
Avg Wtd Coupon	4.39%
Avg Wtd Price	103.48% of par
Coupon Range	% of Bonds
0% PIK	0.0
0% to 6%	100.0
6% to 8%	0.0
8% to 10%	0.0
More than 10%	0.0

Credit Analysis	% bonds 09-30-08
AAA	100
AA	0
A	0
BBB	0

Sector Breakdown	% of assets
US Treasuries	42
TIPS	4
US Agency	46
Mortgage Pass-Throughs	4
Mortgage CMO	0
Mortgage ARM	0
US Corporate	0
Asset-Backed	0
Convertible	0
Municipal	0
Corporate Inflation-Protected	0
Foreign Corporate	0
Foreign Govt	3

Composition	Cash	Bonds	Other
	2.1	96.7	1.2

Special Securities	
Restricted/Illiquid Secs	0
Exotic Mortgage-Backed	—
Emerging-Markets Secs	0
Options/Futures/Warrants	No

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Subadvisor:	None	Actual Fees:	Mgt: 0.40%	Dist: —
NFTF Plans:	Federated Tr NFTF, Schwab Instl NFTF	Expense Projections:	3Yr: \$268	5Yr: \$466
		Income Distrib:		10Yr: \$1037

Fidelity Contrafund

Governance and Management

Stewardship Grade: C

Portfolio Manager(s)

Will Danoff has been at the helm since September 1990 and is backed by Fidelity's deep research staff. He has adapted his style to the fund's size by holding more large caps, and he has cut the fund's turnover in recent years. He has also run Fidelity Advisor New Insights since its July 2003 inception.

Strategy

Call it forced evolution: As this fund's asset base grew in the 1990s, manager Will Danoff had to move away from mid-caps and small caps and adopt a growth-at-a-reasonable-price philosophy. He continues to own a substantial stake in mid-caps, but it is now dominated by larger fare. Reflecting the difficulty of trading in a large portfolio, Danoff has reined in the fund's turnover considerably in recent years.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	3.75	2.36	-0.63	9.04	15.07
2005	0.33	2.95	8.41	3.79	16.23
2006	4.75	-0.77	0.79	6.46	11.54
2007	1.41	7.50	7.16	2.53	19.78
2008	-11.21	3.44	-14.02	-20.43	-37.16

Trailing	Total Return %	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of \$10,000
3 Mo	-20.43	1.51	2.36	13	7,957
6 Mo	-31.58	-3.10	0.73	31	6,842
1 Yr	-37.16	-0.16	1.28	21	6,284
3 Yr Avg	-5.66	2.70	3.45	6	8,396
5 Yr Avg	2.34	4.53	5.76	2	11,226
10 Yr Avg	2.83	4.21	7.10	4	13,219
15 Yr Avg	8.74	2.28	3.92	3	35,143

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-6.62	6	1.02	47
5 Yr (estimated)	1.64	2	0.68	39
10 Yr (estimated)	1.78	5	1.02	59

Potential Capital Gain Exposure: -8% of assets

Morningstar's Take by Christopher Davis 12-11-08

This fund reopens as one of Fidelity's best available core holdings.

As of Dec. 15, 2008, Fidelity Contrafund will be open for new business for the first time in more than two years. Thanks to the falling market and a spate of shareholder redemptions, assets have shrunk, though at \$44.7 billion, the fund is hardly svelte. Still, reopening the fund makes good sense, at least for now. Running a fund when much more money is going out than coming in isn't desirable, especially in a down market. It forces managers to sell when prices are at a low to meet redemptions and distracts them from finding opportunities when prices are most attractive. And it's a lot easier to find money for new ideas when shareholders are sending in cash.

Given the sharp losses the fund has suffered this year, investors might be leery to jump in. We think that's a mistake. Yes, its 39% loss isn't pretty. And yes, manager Will Danoff has made some mistakes this year, especially in energy, where he thought oil

Ticker	Status	NAV	Yield	Total Assets	Mstar Category
FCNTX	Open	\$45.26	0.5%	\$48,473 mil	Large Growth

Historical Profile	Return	Risk	Rating	91%	90%	90%	94%	89%	90%	92%	90%	90%
High	Below Avg	★★★★★	Highest									

Performance Quartile (within Category)	History
NAV	45.26
Total Return %	-37.16
+/-S&P 500	-0.16
+/-Russ 1000Gr	1.28
Income Return %	0.29
Capital Return %	-37.45
Total Rtn % Rank Cat	21
Income \$	0.21
Capital Gains \$	0.65
Expense Ratio %	—
Income Ratio %	—
Turnover Rate %	—
Net Assets \$mil	45,195

Rating and Risk

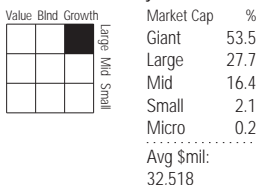
Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-37.16			
3 Yr	-5.66	High	-Avg	★★★★★
5 Yr	2.34	High	-Avg	★★★★★
10 Yr	2.83	High	Low	★★★★★
Incept	11.88			

Other Measures	Standard Index S&P 500	Best Fit Index M* U.S. Grwth TR
Alpha	2.8	3.4
Beta	0.98	0.84
R-Squared	85	95
Standard Deviation	16.22	
Mean	-5.66	
Sharpe Ratio	-0.51	

Portfolio Analysis 11-30-08

Share change since 10-08	Total Stocks:294	PE	Tot Ret%	% Assets
Berkshire Hathaway Inc.	Financial	19.1	-31.78	4.28
Genentech, Inc.	Health	28.3	23.62	3.59
Google, Inc.	Business	19.4	-55.51	3.52
Procter & Gamble Company	Goods	16.5	-13.77	3.31
Wells Fargo Company	Financial	14.6	1.88	3.07
Apple, Inc.	Hardware	15.9	-56.91	2.31
Johnson & Johnson	Health	13.6	-7.77	2.25
Coca-Cola Company	Goods	17.6	-24.11	2.18
McDonald's Corporation	Consumer	15.7	8.55	1.93
Gilead Sciences, Inc.	Health	26.7	11.15	1.85
Walt Disney Company	Media	9.9	-28.63	1.80
Abbott Laboratories	Health	18.3	-2.47	1.68
J.P. Morgan Chase & Co.	Financial	15.2	-25.13	1.67
Schlumberger, Ltd.	Energy	9.3	-56.46	1.46
Hewlett-Packard Company	Hardware	11.2	-27.57	1.42
ExxonMobil Corporation	Energy	8.6	-13.14	1.39
Colgate-Palmolive Compan	Goods	19.6	-10.09	1.23
EnCana Corporation	Energy	5.9	-29.91	1.21
Goldcorp, Inc.	Ind Mtrls	46.1	-6.55	1.18
Visa, Inc.	Financial	90.1	—	1.10

Current Investment Style

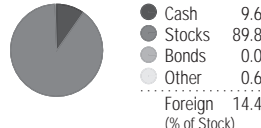


Value Measures	Rel Category
Price/Earnings	13.39 1.01
Price/Book	2.20 0.94
Price/Sales	1.51 1.13
Price/Cash Flow	8.04 0.99
Dividend Yield %	1.76 1.14

Sector Weightings

% of Stocks	Rel S&P 500	3 Year High Low
Info	15.65	0.81
Software	4.72	1.20 5 2
Hardware	7.53	0.83 16 8
Media	2.91	1.09 3 2
Telecom	0.49	0.13 7 0
Service	51.68	1.26
Health	20.41	1.38 20 10
Consumer	6.32	0.79 6 4
Business	8.39	1.69 11 8
Financial	16.56	1.25 23 9
Mfg	32.67	0.83
Goods	14.70	1.40 15 8
Ind Mtrls	9.08	0.79 19 9
Energy	8.73	0.65 19 8
Utilities	0.16	0.04 2 0

Composition



Profitability	% Rel Category
Return on Equity	22.64 0.96
Return on Assets	10.59 0.99
Net Margin	14.68 1.05

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Advisor:	Fidelity Mgmt & Research Company (FMR)	Management Fee:	0.71%		
Subadvisor:	Fidelity Research & Analysis Company	Actual Fees:	Mgt:0.71%	Dist: —	
NTF Plans:	Fidelity Retail-NTF, CommonWealth NTF	Expense Projections:	3Yr:\$284	5Yr:\$493	10Yr:\$1096



Vanguard Inst Idx

Ticker VINIX Status Open NAV \$82.54 Yield 3.1% Total Assets \$48,006 mil Mstar Category Large Blend

Governance and Management
Stewardship Grade: B
Portfolio Manager(s)
 Donald Butler, who joined Vanguard in 1992, has been involved with the day-to-day management of this fund since 2000 and has been lead manager since 2005.

Strategy
 The core of the fund's strategy is simple: Manager Donald Butler buys and holds the stocks that comprise the S&P 500 Index. Butler attempts to add value on the margins by opportunistically buying futures contracts, among other strategies, and he actively pursues ways to reduce trading costs.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	1.69	1.72	-1.87	9.23	10.86
2005	-2.14	1.37	3.60	2.08	4.91
2006	4.21	-1.44	5.66	6.69	15.78
2007	0.63	6.27	2.05	-3.35	5.47
2008	-9.45	-2.73	-8.34	-21.91	-36.95

Trailing

	Total Return%	+/- S&P 500	+/- Russ 1000	%Rank Cat	Growth of \$10,000
3 Mo	-21.91	0.03	0.57	41	7,809
6 Mo	-28.42	0.06	1.31	31	7,158
1 Yr	-36.95	0.05	0.65	37	6,305
3 Yr Avg	-8.35	0.01	0.31	35	7,698
5 Yr Avg	-2.18	0.01	-0.14	41	8,956
10 Yr Avg	-1.35	0.03	-0.26	49	8,729
15 Yr Avg	6.50	0.04	0.03	24	25,718

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-8.71	25	0.39	14
5 Yr (estimated)	-2.56	30	0.39	17
10 Yr (estimated)	-1.79	41	0.45	22

Potential Capital Gain Exposure: -28% of assets

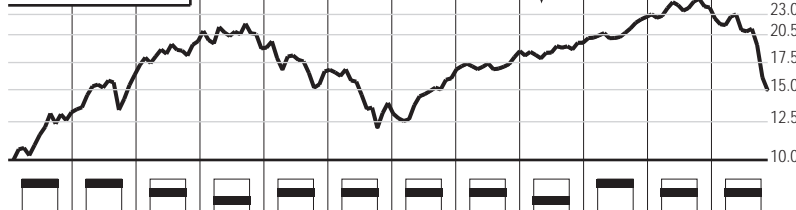
Morningstar's Take by Wenli Tan 11-21-08

Vanguard Institutional Index remains a keeper. Large-cap stocks are generally considered to be safe bets in turbulent times, as big, industry-leading companies often have steadier revenue streams and pay decent dividends. However, large caps haven't weathered the market's recent storm well. The fund's top holdings General Electric and Bank of America have shed more than half their value year to date. And keeping the portfolio diversified across roughly 500 stocks hasn't helped as everything has sold off. The fund's 47.7% loss in the year ended Nov. 20, 2008, is shocking and painful.

Don't give up on the fund, though. The fund seeks to track the S&P 500 Index, and while that strategy isn't exciting, it's effective in beating the fund's large-blend rivals. It outshone its typical peer in all 121 rolling five-year periods in the 15 years ended October 2008, and its annualized 7.0% gain over that long stretch also trounced rivals.

The fund's low expense hurdle has been a big contributor to that steady showing. Among the

Historical Profile
 Return Average
 Risk Average
 Rating ★★★ Neutral



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	12-08	History
NAV	89.56	112.85	134.01	120.72	104.89	80.45	101.78	110.70	114.01	129.59	134.14	82.54	NAV
Total Return %	33.36	28.79	21.17	-8.94	-11.93	-22.03	28.66	10.86	4.91	15.78	5.47	-36.95	Total Return %
+/- S&P 500	0.00	0.21	0.13	0.16	-0.04	0.07	-0.02	-0.02	0.00	-0.01	-0.02	0.05	+/- S&P 500
+/- Russ 1000	0.51	1.77	0.26	-1.15	0.52	-0.38	-1.23	-0.54	-1.36	0.32	-0.30	0.65	+/- Russ 1000
Income Return %	2.03	1.59	1.35	1.05	1.14	1.35	1.91	2.00	1.86	1.98	1.99	1.90	Income Return %
Capital Return %	31.33	27.20	19.82	-9.99	-13.07	-23.38	26.75	8.86	3.05	13.80	3.48	-38.85	Capital Return %
Total Rtn % Rank Cat	11	14	36	52	36	39	26	34	57	21	49	37	Total Rtn % Rank Cat
Income \$	1.39	1.42	1.51	1.40	1.38	1.41	1.53	2.02	2.05	2.24	2.56	2.52	Income \$
Capital Gains \$	0.71	0.90	0.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	Expense Ratio %
Income Ratio %	1.77	1.46	1.25	1.10	1.27	1.57	1.74	2.00	1.87	1.87	1.90	1.90	Income Ratio %
Turnover Rate %	7	11	14	11	8	10	13	5	9	8	7	7	Turnover Rate %
Net Assets \$mil	15,348	22,338	28,918	26,406	24,165	20,361	29,458	34,990	39,154	45,243	45,847	30,552	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-36.95			
3 Yr	-8.35	Avg	Avg	★★★★
5 Yr	-2.18	Avg	Avg	★★★★
10 Yr	-1.35	Avg	Avg	★★★★
Incept	7.42			

Other Measures

	Standard Index S&P 500	Best Fit Index S&P 500
Alpha	0.0	0.0
Beta	1.00	1.00
R-Squared	100	100
Standard Deviation	15.28	
Mean	-8.35	
Sharpe Ratio	-0.74	

Portfolio Analysis 09-30-08

Share change since 06-08 Total Stocks:509 Sector PE Tot Ret% % Assets

ExxonMobil Corporation	Energy	8.6	-13.14	3.95
General Electric Company	Ind Mtrls	7.7	-53.98	2.49
Procter & Gamble Company	Goods	16.5	-13.77	2.07
Microsoft Corporation	Software	10.3	-44.39	2.05
Johnson & Johnson	Health	13.6	-7.77	1.90
J.P. Morgan Chase & Co.	Financial	15.2	-25.13	1.68
Chevron Corporation	Energy	6.4	-18.31	1.66
AT&T, Inc.	Telecom	12.6	-28.01	1.61
Bank of America Corporat	Financial	12.2	-63.14	1.56
International Business M	Hardware	9.9	-20.76	1.55
Wal-Mart Stores, Inc.	Consumer	16.4	20.00	1.32
Cisco Systems, Inc.	Hardware	12.3	-39.79	1.31
Pfizer Inc.	Health	11.4	-16.85	1.22
Wells Fargo Company	Financial	14.6	1.88	1.22
Hewlett-Packard Company	Hardware	11.2	-27.57	1.11
Citigroup, Inc.	Financial	—	-75.69	1.09
PepsiCo, Inc.	Goods	15.6	-25.97	1.09
ConocoPhillips	Energy	4.3	-39.78	1.09
Intel Corporation	Hardware	11.7	-43.47	1.03
Coca-Cola Company	Goods	17.6	-24.11	1.03

Current Investment Style

Value	Blnd	Growth	Market Cap	%
Large	Blnd	Growth	49.5	
Large	Blnd	Growth	37.8	
Mid	Blnd	Growth	12.5	
Small	Blnd	Growth	0.3	
Micro	Blnd	Growth	0.0	
Avg \$mil:				45,297

Sector Weightings

Sector	% of Stocks	Rel S&P 500	3 Year High Low
Info	19.26	0.99	
Software	4.02	1.03	4 3
Hardware	9.47	1.05	10 9
Media	2.72	1.02	4 3
Telecom	3.05	0.80	4 3
Service	40.94	1.00	
Health	13.10	0.89	13 12
Consumer	7.45	0.93	8 7
Business	4.74	0.95	5 4
Financial	15.65	1.18	22 14
Mfg	39.81	1.01	
Goods	10.66	1.01	11 8
Ind Mtrls	12.23	1.07	14 12
Energy	13.43	1.00	16 9
Utilities	3.49	0.86	4 3

Composition

Cash	0.2
Stocks	99.8
Bonds	0.0
Other	0.0
Foreign	0.1
(% of Stock)	

Profitability

	% Rel Category
Return on Equity	20.92 0.98
Return on Assets	8.81 1.00
Net Margin	12.56 0.98

Address: Po Box 2600 Valley Forge, PA 19482 800-997-2798 www.vanguard.com
 Web Address: www.vanguard.com
 Inception: 07-31-90
 Advisor: The Vanguard Group
 Subadvisor: None
 NTF Plans: Vanguard NTF

Minimum Purchase: \$500,000 Add: \$100 IRA: \$0
 Min Auto Inv Plan: \$500,000 Add: \$50
 Sales Fees: No-load
 Management Fee: 0.05%
 Actual Fees: Mgt:0.05% Dist: —
 Expense Projections: 3Yr:\$16 5Yr:\$28 10Yr:\$64
 Income Distrib:

Vanguard Long-Tm InvGrde

Analyst Pick: **WVESX** Status: **Open** NAV: **\$8.72** Yield: **5.9%** SEC Yield: **6.05%** Total Assets: **\$4,973 mil** Mstar Category: **Long-Term Bond**

Governance and Management
Stewardship Grade: B
Portfolio Manager(s)
 Veteran manager Earl McEvoy of esteemed subadvisor Wellington Management Company, who managed this fund since March 1994, retired at the end of June 2008. Longtime Wellington manager Lucius T. Hill III, who became comanager in February 2008, has taken over management here.

Strategy
 The fund invests mainly in high-quality corporate bonds, but it may also invest as much as 20% of assets in Treasuries and other government securities. Starting in mid-2001, the fund could invest as much as 5% of assets in high-yield debt, but it has barely endeavored to do so yet. The fund's duration is kept within 20% of the Barclays Capital Long Credit A or Better Index's, meaning that it tends to be more sensitive to interest-rate shifts than are many of its long-term bond peers. Over the past couple of years, the fund's duration has ranged from 9.1 to 11.5 years.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	4.90	-5.01	6.48	2.67	8.94
2005	0.70	6.97	-3.22	0.86	5.13
2006	-3.63	-1.88	7.25	1.42	2.86
2007	0.64	-1.97	2.29	2.82	3.75
2008	-0.68	-1.27	-6.08	11.07	2.29

Trailing

	Total Return%	+/- LB Aggreg	+/- LB LongTerm	%Rank Cat	Growth of \$10,000
3 Mo	11.07	6.49	8.50	27	11,107
6 Mo	4.32	0.25	2.30	24	10,432
1 Yr	2.29	-2.95	-8.08	43	10,229
3 Yr Avg	2.97	-2.54	-3.43	22	10,918
5 Yr Avg	4.57	-0.08	-2.91	10	12,504
10 Yr Avg	5.62	-0.01	-2.38	29	17,277
15 Yr Avg	6.58	0.40	-1.84	1	26,010

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.88	26	2.03	70
5 Yr (estimated)	2.51	9	1.97	60
10 Yr (estimated)	3.28	25	2.22	61

Potential Capital Gain Exposure: 8% of assets

Morningstar's Take by Michael Herbst 11-25-08

We'd stick with Vanguard Long-Term Investment-Grade.
 Trading in the corporate-bond markets has been troublesome lately, due in part to the collapse of broker-dealers such as Lehman Brothers and Bear Stearns. Forced selling by investors who needed to raise cash has also dealt a blow to investment-grade and high-yield bonds alike. Against that backdrop, this fund's 13% loss over the trailing 12 months through Nov. 24, 2008, while painful, is welcome alongside the 30%-35% losses of less-fortunate long-term bond category rivals.

More importantly, we believe the fund's strategy and management bode well for its future. Skipper Lucius Hill took over for longtime manager Earl McEvoy in June 2008, and he intends to employ the same buttoned-up approach as his predecessor. Hill also remains backed by Wellington Management's deep bench of credit analysts, and that support has helped the fund avoid many of the market's recent potholes. Lastly, management's low-turnover style

Historical Profile
 Return: Average Above Avg
 Risk: ★★★
 Rating: Neutral

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
NAV	9.26	9.29	8.11	8.45	8.68	9.23	9.27	9.55	9.52	9.25	9.06	8.72
Total Return %	13.78	9.21	-6.23	11.76	9.57	13.22	6.26	8.94	5.13	2.86	3.75	2.29
+/-LB Aggreg	4.13	0.52	-5.41	0.13	1.13	2.97	2.16	4.60	2.70	-1.47	-3.22	-2.95
+/-LB LongTerm	-0.74	-2.56	1.42	-4.40	2.29	-1.59	0.39	0.38	-0.20	0.15	-2.85	0.29
Income Return %	7.21	6.56	6.25	7.30	6.86	6.60	5.85	5.77	5.53	5.61	5.81	5.84
Capital Return %	6.57	2.65	-12.48	4.46	2.71	6.62	0.41	3.17	-0.40	-2.75	-2.06	-3.55
Total Rtn % Rank Cat	12	20	91	18	11	5	53	16	12	90	60	43
Income \$	0.61	0.59	0.56	0.57	0.56	0.56	0.53	0.52	0.52	0.52	0.52	0.51
Capital Gains \$	0.07	0.21	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expense Ratio %	0.28	0.32	0.30	0.30	0.30	0.32	0.31	0.28	0.25	0.25	0.25	0.22
Income Ratio %	7.06	6.87	6.26	6.59	7.02	6.48	6.24	5.64	5.58	5.35	5.73	5.78
Turnover Rate %	30	33	43	7	17	39	33	11	16	9	15	15
Net Assets \$mil	3,637	4,153	3,724	3,704	3,550	3,753	3,851	4,213	4,224	4,187	4,273	3,278

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	2.29			
3 Yr	2.97	Avg	Avg	★★★
5 Yr	4.57	+ Avg	Avg	★★★★
10 Yr	5.62	Avg	+ Avg	★★★★
Incept	8.49			

Other Measures

	Standard Index LB Aggr	Best Fit Index LB LongTerm
Alpha	-5.0	-2.9
Beta	2.83	1.09
R-Squared	88	98
Standard Deviation	12.32	
Mean	2.97	
Sharpe Ratio	0.00	

Portfolio Analysis 09-30-08

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
Total Fixed-Income:212				
US Treasury Bond 5%		126,500	140,949	2.74
Illinois St Go Bds 5.1%	06-01-33	145,000	136,199	2.65
FHLBA 5.5%	07-15-36	95,000	99,666	1.94
FHLMC 6.25%	07-15-32	75,000	87,436	1.70
FNMA 6.625%	11-15-30	68,000	82,120	1.60
General Elec Cap 6.75%	03-15-32	90,000	74,895	1.46
U S Treas Bd Stripped Pr	02-15-36	227,000	69,482	1.35
New York Life Ins 144A 5	05-15-33	70,275	66,571	1.29
JPMORGAN CHASE		71,000	61,768	1.20
France Telecom Sa 8.5%	03-01-31	53,175	59,218	1.15
President&Fellow Harvard	10-01-37	56,345	57,875	1.12
New Jersey Econ Dev Auth	02-15-29	50,002	56,827	1.10
At&T Wireless Svcs 8.75%	03-01-31	50,000	55,856	1.09
Hydro-Quebec 9.4%	02-01-21	40,000	55,246	1.07
Natl Rural Utils Coop Fi	03-01-32	50,000	53,435	1.04
Intl Busn Machs 7%	10-30-25	50,000	53,094	1.03
Wal Mart Stores 7.55%	02-15-30	50,000	53,028	1.03
New York N Y City Transi		51,980	50,080	0.97
Intl Bk For Recon&Dev 7.	01-19-23	38,320	49,620	0.96
BANK AMER CHRLT NC MTN		60,000	47,221	0.92

Current Investment Style

Duration	Short	Int	Long
Quality	High	Med	Low

1 figure provided by fund

Avg Eff Duration ¹	11.1 Yrs
Avg Eff Maturity	22.3 Yrs
Avg Credit Quality	A
Avg Wtd Coupon	6.67%
Avg Wtd Price	95.95% of par

Coupon Range

% of Bonds	Rel Cat
0% PIK	0.0
0% to 6%	27.6
6% to 8%	63.4
8% to 10%	9.0
More than 10%	0.0

1.00=Category Average

Credit Analysis

	% of Bonds	Rel Cat
AAA	17	BB
AA	26	B
A	42	Below B
BBB	14	NR/NA

Special Securities

Restricted/Illiquid Secs	5
Exotic Mortgage-Backed	0
Emerging-Markets Secs	0
Options/Futures/Warrants	No

Address: PO Box 2600 Valley Forge, PA 19482 800-662-2739 www.vanguard.com
 Inception: 07-09-73
 Advisor: Wellington Management
 Subadvisor: None
 NTF Plans: Vanguard NTF

Minimum Purchase: \$3000
 Min Auto Inv Plan: \$3000
 Sales Fees: No-load
 Management Fee: 0.26%
 Actual Fees: Mgt:0.19%
 Expense Projections: 3Yr:\$71
 Income Distrib:

Add: \$100 IRA: \$3000
 Add: \$50

Dist: —
 5Yr:\$124 10Yr:\$280

Vanguard Target Rmt Inc

Analyst Pick: Ticker: VTINX Status: Open NAV: \$9.52 Yield: 4.4% Total Assets: \$1,793 mil Mstar Category: Target-Date 2000-2014

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

The Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Vanguard Target Retirement Income is the most conservative fund in the lineup. Its portfolio is made up of a 30% weighting in domestic and international stocks, and a 70% weighting in a mix of bonds, inflation-protected securities, and cash.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	3.15	-1.72	2.16	3.15	6.82
2005	-0.76	2.79	0.47	0.81	3.33
2006	0.19	-0.47	3.82	2.76	6.38
2007	1.77	1.58	2.95	1.63	8.17
2008	-0.72	-0.92	-4.21	-5.47	-10.93

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2010	%Rank Cat	Growth of \$10,000
3 Mo	-5.47	7.24	-1.70	9	9,453
6 Mo	-9.45	10.93	-0.22	8	9,055
1 Yr	-10.93	13.82	-0.12	6	8,907
3 Yr Avg	0.82	3.93	-0.39	8	10,248
5 Yr Avg	2.50	0.50	-1.06	10	11,314
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-0.43	3	1.24	42
5 Yr (estimated)	1.24	4	1.23	54
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -10% of assets

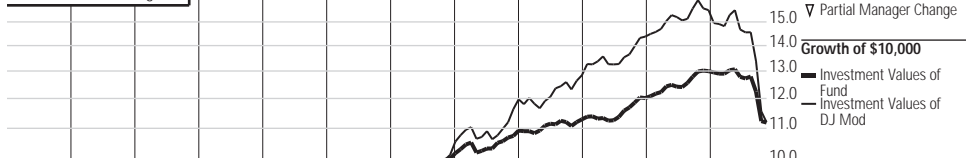
Morningstar's Take by Michael Herbst 10-15-08

Vanguard Target Retirement Income still brings plenty to the table despite its recent stumble.

This fund's 11% loss over the trailing 12 months through Oct. 14, 2008, certainly stings. That slide reflects the recent sell-off experienced by stock markets around the globe. Although the fund's stumble may be disappointing for investors nearing retirement, the fund has fared better than almost all of its retirement-income-focused peers in the target date 2000-2014 category. We'd urge investors to stick with the fund because those who may be tempted to pull money out due to its recent losses are apt to miss out on its eventual recovery.

More importantly, the fund remains an attractive retirement-income offering. The two fixed-income funds in its portfolio, Vanguard Total Bond Market Index and Vanguard Inflation-Protected Securities, remain Analyst Picks. That's a plus because broad diversification has benefited long-term investors in the former fund, and skillful management has benefited long-term investors in the latter offering.

Historical Profile	
Return	High
Risk	Average
Rating	★★★★ Above Avg



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	12-08	History
NAV	—	—	—	—	—	—	10.18	10.52	10.44	10.70	11.13	9.52	NAV
Total Return %	—	—	—	—	—	—	—	6.82	3.33	6.38	8.17	-10.93	Total Return %
+/-DJ Mod	—	—	—	—	—	—	—	-6.33	-3.92	-5.53	0.15	13.82	+/-DJ Mod
+/-DJ Target 2010	—	—	—	—	—	—	—	-3.94	-0.42	-1.52	0.44	-0.12	+/-DJ Target 2010
Income Return %	—	—	—	—	—	—	—	3.38	3.95	3.79	4.08	3.84	Income Return %
Capital Return %	—	—	—	—	—	—	—	3.44	-0.62	2.59	4.09	-14.77	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	—	—	42	62	76	3	6	Total Rtn % Rank Cat
Income \$	—	—	—	—	—	—	0.05	0.34	0.41	0.39	0.43	0.42	Income \$
Capital Gains \$	—	—	—	—	—	—	0.02	0.00	0.02	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	—	—	—	—	—	—	0.19	Expense Ratio %
Income Ratio %	—	—	—	—	—	—	—	3.62	3.80	4.21	4.03	4.11	Income Ratio %
Turnover Rate %	—	—	—	—	—	—	—	1	—	22	3	14	Turnover Rate %
Net Assets \$mil	—	—	—	—	—	—	47	407	734	897	1,555	1,793	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-10.93	—	—	—
3 Yr	0.82	+ Avg	- Avg	★★★★
5 Yr	2.50	High	Avg	★★★★
10 Yr	—	—	—	—
Incept	2.90	—	—	—

Other Measures	Standard Index	Best Fit Index
Alpha	0.5	0.5
Beta	0.52	0.52
R-Squared	87	87
Standard Deviation	6.62	—
Mean	0.82	—
Sharpe Ratio	-0.41	—

Portfolio Analysis 09-30-08

Total Stocks:0	Share change since 06-30-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
—	—	Vanguard Total Bond Market Index	—	—	45.06
—	—	Vanguard Total Stk Market Idx Fd Inc	—	—	24.19
—	—	Vanguard Inflation-Protected Secs	—	—	19.92
—	—	Vanguard European Stock Index	—	—	3.09
—	—	Vanguard Pacific Stock Index	—	—	1.43
—	—	Vanguard Emerging Mkts Stock Idx	—	—	1.13

Total Fixed-Income:0

Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—

Equity Style	Fixed-Income Style
Style: Blend	Duration: Interm-Term
Size: Large-Cap	Quality: High
Value Measures	Rel Category
Price/Earnings	12.03
Price/Book	1.74
Price/Sales	0.99
Price/Cash Flow	6.59
Dividend Yield %	2.84
Growth Measures	% Rel Category
Long-Term Erngs	11.52
Book Value	6.64
Sales	6.93
Cash Flow	8.46
Historical Erngs	6.89

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High Low
Info	17.75	—	—
Software	3.65	—	4 3
Hardware	7.95	—	10 8
Media	2.45	—	3 2
Telecom	3.70	—	4 3
Service	42.93	—	—
Health	11.89	—	13 10
Consumer	6.99	—	9 6
Business	5.53	—	6 5
Financial	18.52	—	24 17
Mfg	39.32	—	—
Goods	10.24	—	10 7
Ind Mtrls	13.32	—	15 12
Energy	11.65	—	14 9
Utilities	4.11	—	4 3

Composition	(% of Stock)
Cash	6.0
Stocks	29.6
Bonds	64.1
Other	0.3
Foreign	18.9

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$61	5Yr:\$107	10Yr:\$243
		Income Distrib:	—		



Vanguard Target Rtmt 2035

Analyst Pick

Ticker VTHX

Status Open

NAV \$9.25

Yield 3.2%

Total Assets \$4,120 mil

Mstar Category Target-Date 2030+

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

Because this fund is composed of various Vanguard index offerings, shareholders tap into the company's skill at running index funds. John Ameriks and the firm's Investment Counseling and Research Group oversee the Target Retirement Fund lineup's asset-allocation policy. Experienced index-fund skipper Duane Kelly manages the fund's day-to-day activities. John Hollyer and Vanguard's Risk Management and Strategy Analysis Group handle risk-management duties.

Strategy

Vanguard Target Retirement Funds serve as a one-stop solution for investors planning for retirement. Each fund-of-index-funds holds a diversified mix of stocks and bonds. This fund starts with 90% of its assets invested in stocks and 10% in bonds. Twenty-five years prior to 2035, that allocation will begin to shift gradually to a 50/50 split, then onward to a 30% weighting in stocks and 70% weighting in bonds, inflation-protected securities, and cash. Each fund in the lineup ultimately ends up with the same asset mix as Vanguard Target Retirement Income.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	2.92	0.46	-0.64	8.98	11.95
2005	-1.62	1.82	4.00	2.04	6.30
2006	4.49	-1.41	4.35	7.20	15.24
2007	1.87	5.66	2.14	-2.23	7.49
2008	-8.14	-1.64	-9.92	-19.72	-34.66

Trailing	Total Return%	+/- DJ Mod	+/- DJ Target 2040	%Rank Cat	Growth of \$10,000
3 Mo	-19.72	-7.01	1.51	29	8,028
6 Mo	-27.68	-7.30	2.86	20	7,232
1 Yr	-34.66	-9.91	2.14	16	6,534
3 Yr Avg	-6.80	-3.69	0.38	10	8,096
5 Yr Avg	-0.75	-2.75	-1.51	6	9,631
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-7.26	6	0.49	5
5 Yr (estimated)	-1.22	2	0.47	2
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -37% of assets

Morningstar's Take by Michael Herbst 10-15-08

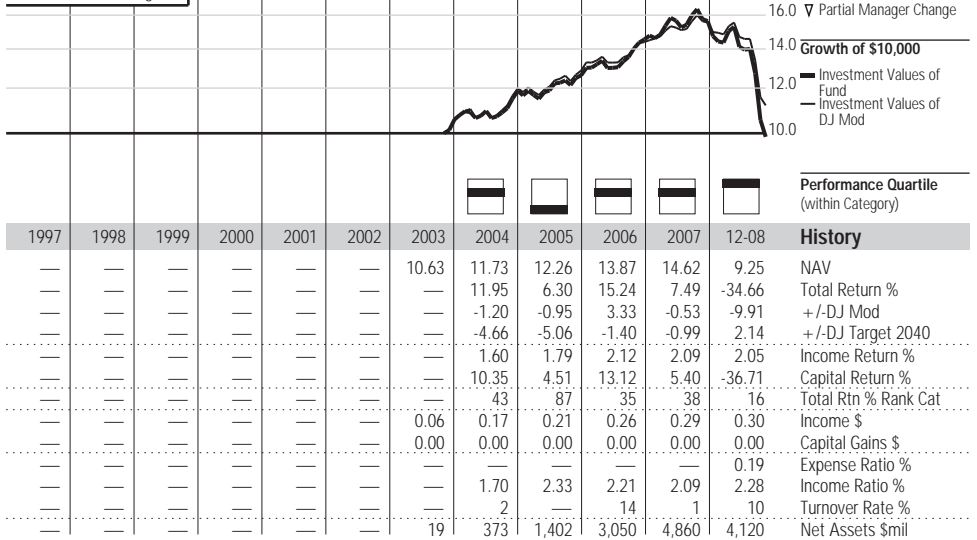
Investors in Vanguard Target Retirement 2035 should keep a long-term perspective.

This fund's 32% loss over the trailing 12 months through Oct. 14, 2008, certainly stings. That slide reflects the recent sell-off experienced by stock markets around the globe. Yet the fund has also fared better than three quarters of its target date 2030-plus category rivals. We'd attribute that showing to two characteristics. First, its portfolio has slightly less exposure to harder-hit international stocks (17% of assets versus the 20% of its average peer). Second, its 10% weighting in Vanguard Total Bond Market Index has provided some ballast. We'd urge investors to stay put because those tempted to pull money out of the fund due to its recent losses are apt to miss out on its eventual recovery.

More importantly, the fund remains an attractive offering for investors seeking to retire in or around 2035. Its portfolio of index funds avoids some of the issues that can trip up actively managed target-date funds, such as manager turnover and portfolio

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★
Above Avg



Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-34.66	—	—	—
3 Yr	-6.80	+Avg	-Avg	★★★★
5 Yr	-0.75	+Avg	-Avg	★★★★
10 Yr	—	—	—	—
Incept	0.58	—	—	—

Other Measures	Standard Index	Best Fit Index
Alpha	-1.9	0.7
Beta	1.24	0.93
R-Squared	96	99
Standard Deviation	14.94	—
Mean	-6.80	—
Sharpe Ratio	-0.65	—

Portfolio Analysis 09-30-08

Total Stocks:0	Share change since 06-30-08	Sectors	P/E Ratio	YTD Return %	% Net Assets
—	—	Vanguard Total Stk Market Idx Fd Inc	—	—	71.51
—	—	Vanguard Total Bond Market Index	—	—	10.04
—	—	Vanguard European Stock Index	—	—	9.60
—	—	Vanguard Pacific Stock Index	—	—	4.49
—	—	Vanguard Emerging Mkts Stock Idx	—	—	3.74
—	—	Vanguard Total Stock Market ETF	—	—	0.61

Total Fixed-Income:0	Date of Maturity	Amount \$000	Value \$000	% Net Assets
—	—	—	—	—

overlap. We also have high regard for Vanguard's prowess in running the underlying funds that make up this fund's portfolio. (Vanguard European Stock Index and Vanguard Total Bond Market Index remain Analyst Picks.) To be clear, the fund has less exposure to small-cap stocks and emerging markets than some of its more aggressive peers. That trait could temper the fund's longer-term gains. As a result, we believe the fund is most suitable for investors who can afford to contribute more along the way, or those who may be risk-averse.

The fund's rock-bottom 0.19% expense ratio also gives it a leg up on the competition. That levy is one full percentage point cheaper than the category's average, meaning the fund starts out each year ahead of the pack. For investors intending to own this fund for the next 25-plus years, that edge, in addition to Vanguard's skillful management, far outweighs its recent stumble.

Equity Style	Style: Blend	Size: Large-Cap	Fixed-Income Style	Duration: Interm-Term	Quality: High
Value Measures	Price/Earnings 12.00	1.03	Avg Eff Duration 1	4.5 Yrs	
Price/Book	1.73	1.07	Avg Eff Maturity	7.1 Yrs	
Price/Sales	0.99	1.06	Avg Credit Quality	AAA	
Price/Cash Flow	6.58	1.06	Avg Wtd Coupon	5.50%	
Dividend Yield %	2.86	0.95	*figure provided by fund as of 09-30-08		
Growth Measures	% Rel Category		Sector Weightings	% of Stocks	Rel DJ Mod
Long-Term Erngs	11.53	0.98	Info	17.74	—
Book Value	6.64	0.79	Software	3.63	4 3
Sales	6.98	0.93	Hardware	7.92	9 8
Cash Flow	8.49	0.95	Media	2.44	3 2
Historical Erngs	6.88	0.67	Telecom	3.75	4 4
Market Cap %			Service	42.86	—
Giant 43.4	Small 5.2		Health	11.84	12 10
Large 31.4	Micro 1.9		Consumer	6.97	8 6
Mid 18.1	Avg \$mil: 25,234		Business	5.53	6 5
			Financial	18.52	24 17
Composition			Mfg	39.41	—
Cash	0.5		Goods	10.26	10 8
Stocks	89.2		Ind Mtrls	13.38	15 12
Bonds	9.9		Energy	11.64	14 9
Other	0.4		Utilities	4.13	4 3
Foreign	19.7				
(% of Stock)					

Address:	P.O. Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$3000	Add: \$100	IRA: \$3000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$3000	Add: \$50	
Inception:	10-27-03	Sales Fees:	No-load		
Advisor:	The Vanguard Group	Management Fee:	0.00%		
Subadvisor:	None	Actual Fees:	—	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$61	5Yr:\$107	10Yr:\$243
		Income Distrib:	—		

Vanguard Wellington

Governance and Management

Stewardship Grade: A

Portfolio Manager(s)

John Keogh has been the lead fixed-income manager since 2006 but has been with Wellington Management, this fund's subadvisor, since 1983 and worked as a backup on this fund since 2004. Ed Bousa, who took over the equity portfolio at the end of 2002, did a solid job managing Putnam Equity Income from late 1992 through early 2000. He also runs Hartford Dividend & Growth.

Strategy

This fund's fixed-income and equity portfolios follow disciplined strategies. The bond portfolio typically emphasizes high-quality issues, but it has often taken on a modest amount of interest-rate risk. On the stock side, Ed Bousa looks for dividend-paying companies with modest valuations and decent fundamentals. The fund is typically light on technology stocks and has plenty of exposure to value-oriented fare.

Performance 12-31-08

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2004	2.19	0.41	1.65	6.58	11.17
2005	-0.53	1.71	4.22	1.31	6.82
2006	2.99	0.69	5.07	5.51	14.97
2007	1.14	4.91	3.01	-0.88	8.34
2008	-3.92	-1.66	-7.94	-10.66	-22.30

Trailing	Total Return%	+/- DJ Mod	+/- DJ US Mod	%Rank Cat	Growth of \$10,000
3 Mo	-10.66	2.05	2.56	11	8,934
6 Mo	-17.76	2.62	0.14	19	8,224
1 Yr	-22.30	2.45	0.30	13	7,770
3 Yr Avg	-1.08	2.03	2.57	8	9,679
5 Yr Avg	2.82	0.82	1.77	5	11,492
10 Yr Avg	4.49	0.57	1.21	5	15,515
15 Yr Avg	8.27	2.29	1.92	6	32,932

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-2.38	7	1.31	40
5 Yr (estimated)	1.50	5	1.28	51
10 Yr (estimated)	2.84	5	1.58	66

Potential Capital Gain Exposure: -8% of assets

Morningstar's Take by Dan Culloton 10-31-08

You may not feel like a winner in this market, but you are if you own Vanguard Wellington.

This fund has lost more than many people thought a balanced fund ever should this year, but it's still done better than most moderate-allocation funds. The offering lost about a fourth of its value for the year to date and trailing 12 months through Oct. 30, and that was better (or less bad) than four fifths of the category.

The fund has lost less than its peers without resorting to extreme evasive action. It hasn't beaten a retreat into cash or altered its allocation of stock and bonds. Indeed, it has maintained a larger than average helping of equities despite the drubbing they have received. When you consider that corporate bonds, another asset class hit hard by this crash, constitute most of the fund's bond holdings, its steep absolute losses to date even begin to look a little impressive.

Good relative performance won't pay the bills if it's still negative, but this fund's less dismal returns

Analyst Pick	Ticker	Status	NAV	Yield	Total Assets	Mstar Category
	VWELX	Open	\$24.43	4.3%	\$37,181 mil	Moderate Allocation

Historical Profile	Return	Risk	Rating
	High	Below Avg	★★★★★
	64%	68%	66%

Performance Quartile (within Category)	History
1997	NAV
1998	Total Return %
1999	+/-DJ Mod
2000	+/-DJ US Mod
2001	Income Return %
2002	Capital Return %
2003	Total Rtn % Rank Cat
2004	Income \$
2005	Capital Gains \$
2006	Expense Ratio %
2007	Income Ratio %
2008	Turnover Rate %
	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-22.30			
3 Yr	-1.08	High	Avg	★★★★★
5 Yr	2.82	High	-Avg	★★★★★
10 Yr	4.49	High	-Avg	★★★★★
Incept	7.93			

Other Measures	Standard Index	Best Fit Index
Alpha	1.2	1.2
Beta	0.89	0.89
R-Squared	96	96
Standard Deviation	10.71	
Mean	-1.08	
Sharpe Ratio	-0.40	

Portfolio Analysis 09-30-08

Total Stocks:110	P/E Ratio	YTD Return %	% Net Assets
Share change since 06-30-08			
AT&T, Inc.	12.6	-4.98	2.27
Chevron Corporation	6.4	-1.55	1.82
General Electric Company	7.7	-1.23	1.79
International Business Ma	9.9	0.64	1.75
Bank of America Corporati	12.2	-7.74	1.57
ExxonMobil Corporation	8.6	-2.83	1.56
Total SA ADR	6.6	-3.09	1.47
Eli Lilly & Company	18.3	-4.44	1.27
Medtronic, Inc.	16.1	3.66	1.16

Total Fixed-Income:2230	Date of Maturity	Amount \$000	Value \$000	% Net Assets
US TREASURY NOTE		275,000	277,277	0.63
Illinois St Go Bds 5.1%	06-01-33	109,510	102,863	0.23
UNITED PARCEL SERVICE		88,000	88,327	0.20
SIEMENS FIN NV		89,650	86,974	0.20
Coca Cola 5.35%		85,000	84,890	0.19
Credit Suisse First Bosto		87,750	83,767	0.19
Unilever Cap 7.125%	11-01-10	77,000	82,589	0.19
Japan Fin 4.625%	04-21-15	75,000	76,604	0.17
Hewlett Packard 5.25%		75,000	75,499	0.17

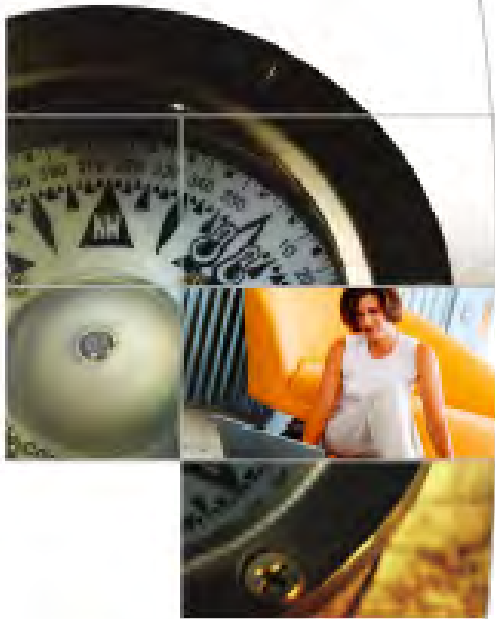
Equity Style	Fixed-Income Style
Style: Value	Duration: Interm-Term
Size: Large-Cap	Quality: High
Value Measures	Rel Category
Price/Earnings	11.55
Price/Book	1.89
Price/Sales	1.04
Price/Cash Flow	6.43
Dividend Yield %	3.07
Growth Measures	% Rel Category
Long-Term Erngs	9.43
Book Value	9.06
Sales	8.93
Cash Flow	15.53
Historical Erngs	10.84
Market Cap %	
Giant	57.5
Large	41.4
Mid	1.2
Small	0.0
Micro	0.0
Avg \$mil:	55,672

Sector Weightings	% of Stocks	Rel DJ Mod	3 Year High Low
Info	17.13	—	—
Software	2.11	—	3 2
Hardware	6.87	—	7 4
Media	3.67	—	5 3
Telecom	4.48	—	5 4
Service	36.20	—	—
Health	12.94	—	13 10
Consumer	4.40	—	5 4
Business	5.19	—	6 4
Financial	13.67	—	19 12
Mfg	46.67	—	—
Goods	9.96	—	12 8
Ind Mtrls	15.36	—	18 15
Energy	16.61	—	19 13
Utilities	4.74	—	6 5

Composition	
Cash	1.8
Stocks	64.5
Bonds	33.4
Other	0.3
Foreign	19.6
(% of Stock)	

Address:	PO Box 2600 Valley Forge, PA 19482 800-662-6273	Minimum Purchase:	\$10000	Add: \$100	IRA: \$10000
Web Address:	www.vanguard.com	Min Auto Inv Plan:	\$10000	Add: \$50	
Inception:	07-01-29	Sales Fees:	No-load		
Advisor:	Wellington Management	Management Fee:	0.28%		
Subadvisor:	None	Actual Fees:	Mgt:0.25%	Dist: —	
NTF Plans:	Vanguard NTF	Expense Projections:	3Yr:\$87	5Yr:\$152	10Yr:\$343
		Income Distrib:			

Investment Policy Statement and Fund Benchmarks



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Wisconsin Deferred Compensation Program
Deferred Compensation Board
Investment Policy Statement
Approved by the Deferred Compensation Board November 1998
Revision for February 2005

Objective

The Wisconsin Deferred Compensation Program (WDC) will provide participants with the ability to invest pre-tax income in a broad range of investment alternatives with diverse risk and return characteristics. The Deferred Compensation Board's goal is to ensure the WDC offers sufficient investment choices to meet participants' needs when establishing their personal retirement savings portfolio.

Investment Spectrum

The Board will maintain a core investment spectrum, normally between eight and twenty options, to ensure sufficient choices are available and are reasonable in number to allow the average participant to decide which options best meet their personal needs. The spectrum will be comprised of fixed options and publicly traded mutual fund options from the following categories:

1. *Fixed income/cash investments - FDIC insured bank account option, stable value fund, or money market mutual fund.*
2. *Bond mutual funds - government or corporate bond funds, domestic or international, active or passive management.*
3. *Balanced mutual fund – combining equity and bond investments in one option.*
4. *Domestic large cap equity mutual funds – including both active and passive (index) investments; funds with investment objectives that may include: growth and income, growth, aggressive growth, value, and blend of growth and value.*
5. *Domestic small and mid cap equity mutual funds – growth, value or blend.*
6. *International or foreign equity mutual funds – growth, value or blend.*
7. *Lifecycle funds – age-based portfolios for multiple time horizons.*

Selection Process

The Board may from time to time provide additional investment alternatives and may change the categories of funds offered to maintain a broad spectrum to address participants' changing needs or changes to the investment industry. The Board has established minimum criteria for selecting and evaluating the options offered by the WDC.

Mutual fund options are selected from the universe of publicly traded funds through a comprehensive search process. For an option to be considered for the WDC, it must meet the established minimum requirements in regard to: asset size, years in operation, costs (expense

ratio and sales fees), and historical performance. Once the initial screening has occurred, options are further analyzed based on criteria that includes, but is not limited to: short and long term performance as compared to peer group average and benchmarks, risk/return measurements, manager tenure, and industry ratings (such as *Morningstar*). Fixed income investments must also meet minimum criteria established by the Board (see attachment 1) and are selected from a competitive request for proposal process.

Evaluation Process

To ensure options continue to be suitable for offering to WDC participants and are consistent with the established investment policy, the Board completes a comprehensive evaluation each year.

Performance benchmarks are specifically established for each investment option and include a comparison to their peer group average, an appropriate index measurement, and an internal benchmark identified by the fund manager. Volatility is also measured by an analysis of risk versus return.

If the Board determines an option is no longer acceptable for continued offering, the Board may close the investment to new participant elections or initiate the process to phase the option out of the WDC and require participants to move account balances to an alternate choice. The steps in the review process are as follows:

- 1. A determination is made that a fund is unacceptable for offering. The Board can either close the fund to new elections and proceed with step 2, or initiate the phase out process to remove the fund from the WDC and skip step 2 and 3 and go directly to step 4.*
- 2. As a result of the next year's annual review, if it is determined to once again be acceptable, the fund is re-opened to participant elections.*
- 3. If improvements have occurred but it is not completely meeting all established criteria and/or there are remaining questions about its performance in can be continued in it's current closed status for an additional year.*
- 4. If the review demonstrates that the fund continues to be unacceptable for offering, the Board can initiate the process to phase it out of the WDC over a minimum of a one-year period (as required in Wisconsin Administrative Code ETF 70.08(3)).*
- 5. Participants are instructed to re-direct deferrals to an alternate choice within a period of not less than six-months from the original notification. If this action is not taken, deferrals being directed into the option being removed will automatically be redirected to an alternate option as designated by the Board.*
- 6. Participants are instructed to transfer existing balances to an alternate choice within a period of not less than one year from the original notification. If this action is not taken, account balances not exchanged out of the option being removed will automatically be redirected to an alternate option as designated by the Board.*

Responsibilities

Deferred Compensation Board – The Board is responsible for selecting appropriate investment options for offering by the WDC and monitoring the selections to ensure they continue to be acceptable for long-term retirement savings.

Investment Providers – The companies contracted to provide an investment option to the WDC are responsible for following the investment objectives that were either, identified during the competitive bid process (for fixed income options) or stated in their fund prospectus (for mutual funds).

Department of Employee Trust Funds and Administrative Services Provider Staff – Staff is responsible for completing the annual evaluation to monitor the WDC investment choices and providing sufficient analysis and information on which the Board can base decisions regarding maintaining, removing or adding investment options to the WDC. Staff is also responsible for providing sufficient information about the available investment choices and how to structure a retirement savings portfolio to enable participants to make informed decisions.

Participants – Investment decisions are the full responsibility of participants and their beneficiaries. Although the Board monitors the options that are being made available, participants are responsible for deciding which, if any, of the available choices are the most appropriate for their supplemental retirement savings needs.

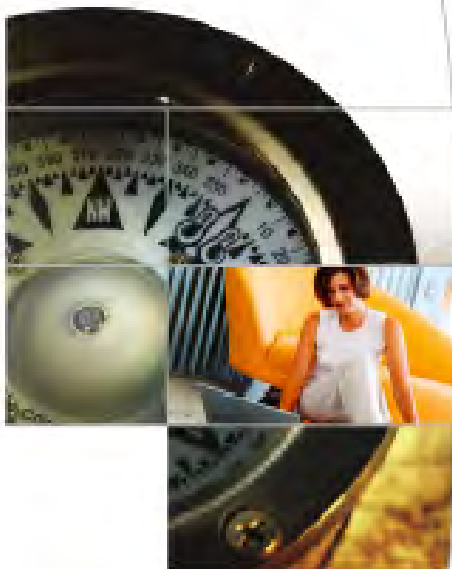
Minimum Criteria for Selecting and Evaluating Fixed Income Options	
Bank Option	<ul style="list-style-type: none"> • FDIC insured • Capital ratio as required by US government to maintain FDIC coverage • Minimum size - \$1 billion in assets
Insurance Option	<ul style="list-style-type: none"> • Top rating received by at least 2 rating agencies • No rating below a Double A or equivalent • Total capital (equivalent to total assets minus total liabilities) equal to at least 5% of invested assets • High risk assets (non-investment grade bonds and non-performing real estate loans and investments) under 200% of total capital • Performance returns compared to blended 5-year Treasury rates, or other index as appropriate
Stable Value Fund Manager	<ul style="list-style-type: none"> • Minimum five years experience managing stable value assets • Minimum \$2 billion in discretionary assets under management • Investment guidelines and performance benchmark as approved by Board
Minimum Criteria for Selecting and Evaluating Mutual Fund Options	
Selection Criteria: <i>Requirements apply to all mutual funds unless specifically waived</i>	<ul style="list-style-type: none"> • Minimum 5 year operating history – may be waived for index funds • Expense ratio [internal expense charge plus any 12(b)1 fee] not greater than the mean for the appropriate peer group • 5-year rolling average performance must equal or exceed appropriate benchmark or index • Minimum total asset size of \$400 million – may be waived for certain categories of funds • Anticipated WDC assets not greater than 5% of total fund (determined by comparing current WDC asset levels in a comparable fund) • No loads or sales charges unless they are waived for the WDC • Not a sector fund
Monitoring Criteria: <i>Requirements apply to all mutual funds unless specifically waived</i>	<ul style="list-style-type: none"> • Performance must meet or exceed one or more of established benchmarks – benchmarks used include, but are not limited to 1) peer group average, 2) appropriate index as determined by Board, and 3) internal benchmark assigned by fund manager. • For specialty funds selected for reasons other than performance (e.g., socially responsive funds or lifecycle funds), performance will only be evaluated based on a comparison to the funds peer group of funds with same specialty objective. [Participants will be fully advised that fund is selected for reasons other than investment returns.] • WDC assets in fund no greater than 10% of the total mutual fund assets • After 5 years in WDC, minimum of 3% of participants or 3% of assets.

Investment Benchmarks

Investment Product	2007 Performance Benchmarks
American Funds EuroPacific Growth R5	1 MSCI EAFE Free Index* 2 Lipper International Funds Average* 3 MSCI All Country World Index ex-USA* 4 Morningstar Foreign Large Cap Blend Category Average**
Barclay's EAFE Equity Index Fund	1 MSCI EAFE*
DFA U.S. Microcap Portfolio	1 Russell 2000 Index* 2 Russell Microcap Index** 3 Morningstar Small Blend Category Average**
Barclay's Small Cap Equity Index Fund	1 Russell 2000 Index*
T. Rowe Price MidCap Growth Fund	1 Lipper Mid Cap Growth Funds Average* 2 Russell Mid Cap Growth Index* 3 S&P 400 Mid Cap Index* 4 Morningstar Mid Cap Growth Category Average**
Barclay's MidCap Equity Index Fund	1 S&P MidCap 400 Index*
Calvert Social Investment Equity Fund- Institutional Class	1 S&P 500 Index* 2 Lipper Multi-Cap Core Funds Average* 3 Calvert Social Index** 4 Morningstar Socially Responsible Large Cap Fund Average**
Fidelity Contrafund	1 S&P 500 Index* 2 Lipper Growth Fund Average* 3 Morningstar Large Growth Category Average**
Vanguard Institutional Index Fund (Plus Shares)	1 S&P 500 Index*
Vanguard Wellington Fund (Admiral Shares)	1 Lipper Balanced 2 Morningstar Moderate Allocation Funds Average** 3 Composite 65% S&P 500/35% Lehman Aggregate Index**
Vanguard Long-Term Investment Grade-Fund (Admiral Shares)	1 Lehman Brothers LT Corporate A * 2 Morningstar LT Corporate Category Average**
Barclay's U.S. Debt Index Fund	1 Lehman Brothers Aggregate Bond Index*
Federated U.S. Government Securities Fund 2-5 Years (Instl)	1 Merrill Lynch 3-5 Year Treasury Index* 2 Lipper Short-Intermediate U.S. Government Average* 3 Morningstar Short-term Government Category**
Vanguard Admiral Treasury Money Market Fund	1 iMoneyNet Money Fund Report Average 100% Treasury Fund*
Stable Value Fund (Galliard)	1 Five Year Constant Maturity Treasury Rate (CMT)* 2 Hueler Analytics Pooled Fund Universe Average*
FDIC Option- M&I Bank of Southern Wisconsin	1 50% 3-Month LIBOR/50% 12-Month LIBOR
Vanguard Lifecycle Funds	1 Composite benchmarks based on asset allocation of funds

*Represent benchmarks used by the fund. **Represent benchmarks used by the Board.

Glossary



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Glossary

12b-1 Fee The maximum annual charge deducted from fund assets to pay for distribution and marketing costs. Although usually set on a percentage basis, this amount will occasionally be a flat figure.

Actively managed fund A fund manager buys and sells securities attempting to outperform the market as a whole.

Adjustable Bonds A bond whose coupon is reset periodically—usually every six months to three years. At the reset date, the coupon is set equal to some base index, such as the one-year constant Treasury rate, plus a spread (or margin). When interest rates are falling, these bonds do better than an in-year Treasury, but when interest rates rise, they can lag Treasury yields.

Aggressive Growth (Objective) Funds that seek rapid growth of capital and that may invest in emerging market growth companies without specifying a market capitalization range. They often invest in small or emerging growth companies and are more likely than other funds to invest in IPO's or in companies with high price/earnings and price/book ratios. They may use such investment techniques as heavy sector concentrations, leveraging, and short-selling.

Alpha A measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates the fund's underperformance, given the expectations established by the fund's beta.

Annual Returns Total returns calculated on a calendar-year basis. The annual return for a fund will be the same as its trailing 12-month total return only at year-end.

Annualized Returns Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

Asset Allocation (Objective) Income and capital appreciation are dual goals for funds in this objective. Managers often use a flexible combination of stocks, bonds, and cash. Managers may shift assets based on analysis of business-cycle trends.

Average Credit Quality Gives a snapshot of the portfolio's overall credit quality. It is an average of each bond's credit rating, adjusted for its relative weighting in the portfolio.

Average Effective Duration A measure of a fund's interest-rate sensitivity—the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a five-year duration.

Average Effective Maturity Used for taxable fixed-income funds only, this figure takes into consideration all mortgage prepayments, puts, and adjustable coupons; it does not, however, account for call provisions. The number listed is a weighted average of all the maturities of the bonds in the portfolio, computed by weighing each maturity date (the date the security comes due) by the market value of the security.

Balanced (Objective) Funds that seek both income and capital appreciation by investing in a generally fixed combination of stocks and bonds. These funds generally hold a minimum of 25% of their assets in fixed-income securities at all times.

Basis Point One-hundredth of a percentage point. For example, 50 basis points equals .50%.

Beta A measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Beta is calculated by comparing a fund's excess return over Treasury bills to the market's excess return over Treasury bills, so a beta of 1.10 shows that the fund has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund's excess return is expected to perform 15% worse than the market's excess return during up markets and 15% better during down markets.

Bonds Interest-bearing certificates of indebtedness or IOUs. While bonds' rates of return remain fixed, bond prices change in relation to interest rates — when interest rates go up, bond prices go down, and vice versa. However, bond funds are variable funds and fluctuate with market conditions.

Bond funds Contrary to individual bonds, which offer a guaranteed rate of return, bond funds are variable funds and their returns may rise or fall depending on market conditions. Funds with 70% or more of their assets invested in bonds are classified as Bond Funds. Bond funds are divided into two main groups: Taxable Bond and Municipal Bond. Taxable Bond Fund categories include the following: Long-Term Government, Intermediate-Term Government, Short-Term Government, Long-Term Bond, Intermediate-Term Bond, Short-Term Bond, Ultrashort-Bond, International-Bond, High-Yield Bond, Emerging-Markets Bond and Multisector Bond.

Breakpoint The investment amount at which investors in a load fund qualify for a discount on the fund's sales charges.

Glossary

Broker A firm or individual that acts as an intermediary between a buyer and a seller of securities, thereby earning a commission on the transaction. Unlike a broker-dealer, a broker does not own the securities that he or she sells.

Callable Bond A bond that can be repaid early, at the issuer's discretion. A callable bond allows an issuer to refinance debt at a lower rate, should interest rates drop below the coupon rate on the bond. If interest rates have dropped significantly since the date of issue, a callable bond will trade as though its maturity were shortened to the call date, which is the earliest time at which the bond can be redeemed.

Capital Appreciation The taxable income generated when a security is sold. The amount of appreciation is measured by subtracting the purchase price from the sale price.

Capital Gains Taxable income generated only when a security is sold. This figure is calculated by subtracting the purchase price from the sale price. Under IRS regulations, funds must distribute 98% of their capital gains each year to avoid paying taxes on them. Shareholders pay taxes on these distributions, even if the gains are reinvested. Further capital gains can be generated by selling shares in a fund for more than the original purchase price.

Capitalization The total dollar value of all stock issued by a company. Small-cap stocks are issued by companies with market cap less than \$1 billion. Mid-cap stocks are issued by medium-sized companies with market cap anywhere from \$1 billion to \$5 billion. Large-cap stocks include companies with market cap greater than \$5 billion.

CMOs Collateralized mortgage obligations are derivative securities, created by chopping up mortgage pass-throughs or whole loans into various slices in order to redistribute the cash flows (both principal and interest payments) from the underlying bonds. The CMO group, except for adjustable-rate mortgage funds, includes PACs (planned amortization class bonds), floating- and inverse-floating-rate CMOs, and accrual or Z-tranche bonds, among other varieties.

Consumer Price Index (CPI) This index measures the changes in prices of goods and services purchased by urban households. Many pension and employment contracts are tied to changes in consumer prices, as protection against inflation and reduced purchasing power.

Corporate Bond--General (Objective) Funds that seek income by investing in fixed-income securities. Funds with this objective may hold a variety of issues, including but not limited to government bonds, high-quality corporates, mortgages, asset-backed, bank loans and junk bonds.

Corporate Bond--High Quality (Objective) Offerings that seek income by investing at least 65% of their assets in corporate debt securities rated A or higher. They generally maintain average ratings of AA or better.

Corporate Bond--High Yield (Objective) Funds that seek income by generally investing 65% or more of their assets in bonds rated below BBB. The price of these issues is generally affected more by the condition of the issuing company (similar to a stock) than by the interest-rate fluctuation that usually causes bond prices to move up and down.

Current income Results when a stock pays a dividend or a bond makes an interest payment. This is the value of your investment increased. With current income, you get a fairly stable pattern of income — which generally means reduced volatility. (Stock dividends must be declared, and are not predictable.)

Diversification Spreading your money over many different types of investments. Contrary to putting all your eggs in one basket, diversification can help protect your savings because when one investment is doing poorly, another may be doing well. This does not guarantee against loss of value in your investments.

Dividends The distribution of earnings to stockholders by a company. Dividends are usually paid out from current earnings.

Domestic equity funds are placed in a category based on the style and size of the stocks they typically own. The style and size parameters are based on the divisions used in the investment style box: Value, Blend, or Growth style and Small, Medium, or Large median market capitalization.

Domestic Hybrid Category Used for funds with stock holdings of greater than 20% but less than 70% of the portfolio.

Dow Jones Industrial Average Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value--one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities.

Duration A time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, for which maturity and duration are equal.

Equity-Income (Objective) Funds that are expected to pursue current income by investing at least 65% of their assets in dividend-paying equity securities.

Glossary

Equity style box is a matrix that shows a fund's investment style. Nine boxes represent two variables: the size of the companies invested in (small-cap, mid-cap, large-cap), and whether a fund is growth, value, or blend oriented. Morningstar recalculates the style of each fund on a monthly basis. The equity style box is shown below (areas are shaded according to risk — the darker the area, the higher the risk associated with the investment).

Value	Blend	Growth	
1	2	3	Large
4	5	6	Medium
7	8	9	Small

Excess Returns A component found in Morningstar Return, Morningstar Risk, and the Morningstar Rating. This figure is calculated by subtracting the monthly returns of the three-month Treasury-bill from the monthly returns of the fund during the same time period.

Exchange-Traded Funds (ETFs) are not mutual funds in the traditional sense; rather, they are hybrid instruments combining aspects of common stocks and mutual funds and offering many the benefits of both. ETFs are products that trade like stocks. They mimic stock indexes and are passively managed just like an index fund. Because ETFs trade throughout the day just like a stock, investors have the ability to choose the timing and know the price of the transaction.

Expense Ratio The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

FHLMC mortgages The Federal Home Loan Mortgage Commission, a federally-sponsored corporation that packages huge pools of individual mortgages and carves these pools up as mortgage-backed securities. This provides diversification, and consequently lower risk for mortgage investors. Although FHLMC securities are not directly backed by the federal government, it is implicitly recognized that the government would step in were there a likelihood that they would default.

Fixed-income style box is similar to the equity style box. Fixed income style boxes represent a bond fund's investment style. A fixed-income style would be the intersection of its duration (short, intermediate, and long) and the quality of the bonds selected for the portfolio (high, medium, low). Listed below is the matrix using the fixed-income style groupings (again, the darker the shading, the higher the risk).

Short	Int.	Long	
1	2	3	High
4	5	6	Medium
7	8	9	Low

Flagship Fund Not to be confused with the Flagship Family of funds, a flagship fund is typically the oldest of a management company's funds, or one that boasts the largest number of assets. Such funds often bear the management company's name.

Foreign Stock Category An international fund having no more than 10% of stocks invested in the United States.

Fund of Funds A fund that specializes in buying shares in other mutual funds rather than individual securities. Quite often this type of fund is not discernible from its name alone, but rather through prospectus wording (i.e.: the fund's charter).

Geometric Mean Return A compounded and annualized rate of return.

GNMA mortgages These are mortgage pass-through securities issued by the Government National Mortgage Association. These bonds are backed by the full faith and credit of the U.S. government.

Government Bond--General (Objective) Offerings that pursue income by investing in a combination of mortgage-backed securities, Treasuries, and agency securities.

Glossary

Government Bond--Mortgage (Objective) Funds that seek income by generally investing at least 65% of their assets in securities backed by mortgages, such as securities issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

Government Bond--Treasury (Objective) Treasury funds that seek income by generally investing at least 80% of their assets in U.S. Treasury securities.

Growth (Objective) Funds that pursue capital appreciation by investing primarily in equity securities. Current income, if considered at all, is a secondary concern.

Growth and Income (Objective) Growth of capital and current income are near-equal objectives for these funds. Investments are typically selected for both appreciation potential and dividend-paying ability.

Guaranteed Certificate Fund All money deposited into a certificate during a "deposit period" earns a guaranteed rate of return, credited daily until maturity. Backed by the general assets of the certificate issuer.

High-Yield Bond Category A fund with at least 65% or more of bond assets in bonds rated below BBB.

Index Fund A fund that tracks a particular index and attempts to match returns. While an index typically has a much larger portfolio than a mutual fund, the fund's management may study the index's movements to develop a representative sampling, and match sectors proportionately.

Individual Retirement Account (IRA) A personal retirement plan. Taxes on earnings are deferred until money from the account is withdrawn.

Industrial Cyclical Sector Includes aerospace and aerospace industries, building supplies, industrial-building products, business equipment, chemicals, machinery (both light and industrial), metals fabrication (iron, steel, coal, and rare metals), paper and packaging, and photo equipment. Some examples of companies in this sector include Boeing, Canon, Caterpillar, Eastman Kodak, Georgia Pacific, Potash, and Sherwin-Williams.

Information Ratio The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividing it by the standard deviation of excess return.

Institutional Fund Any fund that meets one of the following qualifications:

a) has the word "institutional" in its name.

b) has a minimum initial purchase of \$100,000 or more.

c) states in its prospectus that it is designed for institutional investors or those purchasing on a fiduciary basis.

International Equity Funds with 40% or more of their equity holdings in foreign stocks (on average over three years) are placed in the international equity class. These categories include Europe, Japan, International Hybrid, Latin America, Diversified Pacific, Pacific ex. Japan, Specialty Precious Metals, Diversified Emerging Markets, World Stock, and Foreign Stock. Foreign investments involve special risks, including currency fluctuations and political developments.

Lehman Brothers 1-3 Year Government Bond Comprised of both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government). These bonds also must have maturities of one to three years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Aggregate Index Composed of the Lehman Brothers Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Credit Listed for corporate bond-general and high-quality funds. This index tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Government Bond Index Listed for government-bond general and Treasury funds. Because it tracks the returns of U.S. Treasuries, agency bonds, and one- to three-year U.S. government obligations, this index is effective for tracking portfolios holding non-mortgage government securities. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Govt/Credit Represents a combination of the Government and Corporate Bond indices. The returns published for the index are total returns, which include reinvestment of dividends. For more information, view the Lehman Brothers Web site or call 212-526-1000.

Glossary

Lehman Brothers Intermediate Government Index Includes those indexes found in the LB Government Index which have a maturity of one to three years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Government/Corporate Index Includes both corporate (publicly-issued, fixed-rate, nonconvertible, investment grade, dollar-denominated, SEC-registered, corporate dept.) and government (Treasury Bond index, Agency Bond index, 1-3 Year Government index, and the 20+-Year treasury) indexes, including bonds with maturities up to ten years. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Intermediate Treasury This index includes treasury bonds with maturates of at least one year and up to 10 years with an outstanding par value of at least 100 million. They include fixed-rate debt issues, rated investment grade or higher by Moody's Investor Services, Standard & Poor's Corporation, or Fitch Investor's Service (in that order). Treasuries include all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long Credit Serves as a measure of all public-issued nonconvertible investment-grade corporate debts that have a maturity of 10 years or more. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Long Term Government Index Includes those indexes found in the LB Government index which have a maturity of 10 years or more. The returns published for the index are total returns, which include reinvestment of dividends.

Lehman Brothers Mortgage-Backed Securities Includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA). The returns published for the index are total returns, which include reinvestment of dividends.

Life Cycle These funds are geared toward investors of a certain age or with a specific time horizon for investing. Typically they are grouped together in sets (i.e. conservative, moderate, and aggressive portfolios).

Linear Scale Linear graphs are scaled so that equal vertical distances represent the same absolute dollar value change. A drop from \$10,000 to \$9,000, for example, is represented in the same way as a drop from \$100,000 to \$99,000.

Logarithmic Scale Used for graphs, a scale that reveals percentage changes. A given percentage move takes up the same amount of space as another move of equal percentage. A change from 100 to 200, for example, is presented in the same way as a change from 1000 to 2000.

Maturity Short-term bonds mature (or come due) in less than four years. Intermediate-term bonds mature in four to ten years. Long-term bonds mature more than ten years from the date of purchase. The longer the term, the higher the risk and the rate of potential return.

Management Fees The management fee is the percentage deducted from fund assets to pay an advisor or subadvisor. Often, as the fund's net assets grow, the percentage deducted for management fees decreases. For example, a particular fund may report a management fee of 0.40% on the first \$500 million in assets, 0.35% on all assets between \$500 million and \$1 billion, and 0.30% on assets in excess of \$1 billion. Thus, if the fund contains \$1.5 billion in total net assets, the advisor scales back its management fees accordingly. Alternatively, the fund may compute the fee as a flat percentage of average net assets. The management fee might also come in the form of a group fee (G), a performance fee (P), or a gross income fee (I). Note: The management fee is just one (albeit a major) component of a fund's costs. The overall expense ratio is the most useful number for investors. Actual fees are also noted in this section.

Market-Neutral Funds These are funds that attempt to eliminate the risks of the market by holding 50% of assets in long positions in stocks and 50% of assets in short positions. Funds in this group match the characteristics of their long and short portfolios, keeping factors such as price-to-earnings and industry exposure similar. Stock picking, rather than broad market moves, should drive a market-neutral fund's performance.

Median Market Capitalization The median market capitalization of a fund's equity portfolio gives you a measure of the size of the companies in which the fund invests. It is the trimmed mean of the market capitalizations of the stocks in the fund's portfolio.

Modern Portfolio Theory (MPT) Statistics Alpha, beta, and R-squared are modern-portfolio-theory measures of a fund's relative risk, based on least-squares regression of a fund's excess returns on the excess returns of a market index. Standard deviation is not considered an MPT statistic because it is not generated through the same formula or mathematical analysis as the other three statistics.

Money market funds Best described as short-term versions of bonds. These relatively low-risk variable funds hold very short-term securities such as U.S. government securities, certificates of deposit, cash and cash equivalents. Investments in Money Market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although they seek to preserve the value of your investment at \$1 per share, it is possible to lose money in Money Market funds.

Glossary

Morley Stable Value Index A hypothetical portfolio comprised of a weighted blend of 50% five-year stable value contracts, 30% three-year stable value contracts and 20% 30-day prime commercial paper. The five-year component consists of 60 hypothetical five-year stable value contracts, one purchased at the prior month end's illustrative rate at the beginning of each month for the prior 60 months. The three-year component consists of 36 hypothetical three-year stable value contracts, one purchased at the prior month end's illustrative rate at the beginning of each month for the prior 36 months.

Morningstar was founded in 1984 to provide investors with useful information for making intelligent, informed investment decisions. The company's first product, originally named the Mutual Fund Sourcebook, proved to be innovative in its ability to tap into an underserved market. Soon a demand grew for an even more in-depth and analytical publication, leading to the launch of Morningstar Mutual Funds in late 1986.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, we estimate where it will fall before assigning a more permanent category. When necessary, we may change a category assignment based on current information.

MSCI EAFE Ndrtr_D Listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns published for the index are total returns, which include reinvestment of dividends.

MSCI Europe Ndrtr_D Listed for Europe stock funds. This index measures the performance of stock markets in Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, Ireland, Portugal, and the United Kingdom. Total returns date back to December 1981. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

MSCI Pacific Ndrtr_D Formerly known as MS Pacific, this index is listed for Pacific stock funds and measures the performance of stock markets in Australia, Hong Kong, Japan, New Zealand, and Singapore, and Malaysia. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty. The returns we publish for the index are total returns, which include reinvestment of dividends.

MSCI World Ndrtr_D Includes all 23 MSCI developed market countries. Ndrtr_D indexes are calculated daily and take into account actual dividends reinvested daily before withholding taxes, but exclude special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

Mutual fund An investment option that pools money from many shareholders and invests it in a group of stocks, bonds, or other securities. Also known as an open-end investment management company, mutual funds are securities required to be registered with the SEC.

NASD (National Association of Securities Dealers) A self-regulatory organization for the securities industry with jurisdiction over certain broker-dealers. The NASD enforces broker-dealers' compliance with securities regulations, including the requirement that they maintain sufficient levels of net operating capital. It also conducts market surveillance of the over-the-counter (OTC) securities market.

NAV Stands for net asset value, which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares.

NASDAQ Composite Index Measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures.

Net Assets The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

Ndrtr_D: Noted for various Morgan Stanley indexes, Ndrtr_D indicates that the index is listed in US dollars, with net dividends reinvested. Ndrtr_D indexes take into account actual dividends before withholding taxes, but excludes special tax credits declared by companies. In addition, Ndrtr_D indexes subtract withholding taxes retained at the source, for foreigners who do not benefit from a double taxation treaty.

NYSE (New York Stock Exchange Composite) Serves as a comprehensive measure of the market trend for the benefit of investors who are concerned with general stock market price movements. The index is a composite of all common stocks listed on the NYSE and four sub-groups--Industrial, Transportation, Utility, and Finance.

Options/Futures/Warrants Options and futures may be used speculatively, to leverage a portfolio, or cautiously, as a hedge against risk.

Glossary

OTC (over the counter) A name for a security that is not listed on an exchange. The OTC is the major trading market for all US bonds, as well as many small- and large-capitalization stocks. Whereas non-OTC stocks trade on the floor of actual stock exchanges, OTC issues are traded via telephone and computer networks connecting dealers in stocks and bonds. The dealer may or may not be a member of a securities exchange, but he or she must be a member of the NASD.

Price/Book Ratio The weighted average of the price/book ratios of all the stocks in a 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. In theory, a high P/B ratio indicates that the price of the stock exceeds the actual worth of the company's assets, while a low P/B ratio indicates that the stock is a bargain.

Price/Earnings Ratio The weighted average of the price/earnings ratios of the stocks in a 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, so that larger positions have proportionately greater influence on the fund's final P/E.

Price/Cash Flow This represents the weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency. Because accounting conventions differ among nations, reported earnings (and P/E ratios) may not be comparable across national boundaries. Price/cash-flow attempts to provide an internationally-standard measure of a firm's stock price relative to its financial performance.

Prospectus A fund's formal written statement, generally issued on an annual basis. In this statement the fund sets forth its proposed purposes and goals, and other facts (e.g.: history and investment objective) that an investor should know in order to make an informed decision.

Prospectus Objective Indicates a particular fund's investment goals, based on the wording in a fund's prospectus.

R-Squared Reflects the percentage of a fund's movements that can be explained by movements in its benchmark index. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index. Thus, index funds that invest only in S&P 500 stocks will have an R-squared very close to 100. Conversely, a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index. An R-squared measure of 35, for example, means that only 35% of the fund's movements can be explained by movements in the benchmark index.

Regression A mathematical tool used to study the way that two sets of numbers interact with each other. Regression measures how much of one number's changes might be caused by or linked to how much another number changes.

Returns Based Style Analysis In 1988, William F. Sharpe, Nobel Laureate and Professor of Finance at Stanford University, wrote an article for the Investment Analyst Review entitled "Determining a Fund's Effective Asset Mix". In this article, he demonstrated that a manager's style could be determined by analyzing portfolio returns, as opposed to holdings. This was done mathematically by comparing the manager's returns to the returns of a number of style indexes. This discovery revolutionized style and performance analysis and provided the basis for the StyleADVISOR suite of software.

Since its debut in 1993, StyleADVISOR has been the style analysis package of choice for the large institutional marketplace. Our client list has grown to include over 250 plan sponsors, consultants, and money managers. They use StyleADVISOR to determine, for themselves, using only monthly or quarterly returns, the style and consistency of managers and funds. They create custom style benchmarks, do performance, risk-return, upside downside market capture analyses, manager to peer universe comparisons, asset allocation, and much more. StyleADVISOR also enables them to perform manager searches, create custom universes, evaluate competitors, and monitor aggregate portfolios.

Risk Basically there are four types of risk: 1) inflation risk means your money may not earn enough in the long run because as prices go up the value of your money goes down; 2) market risk means you could lose money because the price of a stock may go down; 3) credit risk means a company or organization that borrowed your money may not be able to pay it back; and 4) interest rate risk means you could lose money because as interest rates go up the value of bond investments goes down.

Risk-Free Rate of Return Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Risk/Return Graph The Manager Risk/Return Graph displays the risk/return characteristics of a manager and compares them to a benchmark, universe or other managers. It plots Return on the vertical axis and a Risk Statistic on the horizontal axis.

The chart has crosshairs that provide a basis for comparison by dividing the graph into four quadrants. The crosshairs are centered at either the Market Benchmark, the Style Benchmark or the median of the Universe, depending on the options you select. A relatively aggressive manager, for example, is likely to fall in the Northeast corner relative to the crosshairs centered at the universe median, with both more risk and more return.

Glossary

Russell 1000 Consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 1000 Growth Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 1000 Value Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

Russell 2000 Consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization. The returns published for the index are total returns, which include reinvestment of dividends.

Russell 2000 Growth Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 2000 Value Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the of the investable US equity market.

Russell 3000 Composed of the 3000 largest U.S. companies by market capitalization, representing approximately 98% of the U.S. equity market. The returns published for the index are total returns, which include reinvestment of dividends.

S&P 500/BARRA Growth Index A subset of the Standard & Poor's 500 Index®. Each year, all the stocks in the S&P 500® are classified as either growth or value. The stocks classified as growth make up the S&P 500/BARRA Growth Index. In general, growth companies tend to have high price-to-earnings (P/E) ratios, low dividend yields, and above-average earnings growth rates.

S&P 500/BARRA Value Index A subset of the Standard & Poor's 500 Index®. Each year, all the stocks in the S&P 500® are classified as either growth or value. The stocks classified as value make up the S&P 500/BARRA Value Index. In general, value companies tend to have low P/E ratios, high dividend yields, and below-average earnings growth rates.

S&P 400 MidCap Index The S&P 400 MidCap Index consists of 400 U.S. companies that have market capitalization from \$1 billion to \$5 billion. The index includes approximately 312 industrial companies, 10 transportation companies, 41 utilities, and 37 financial companies.

S&P 500 Index® Standard & Poor's 500 Index® is a benchmark for the United States stock market. It's a list of the 500 largest publicly traded companies, which include 400 industrial companies, 20 transportation companies, 40 utilities, and 40 financial companies.

S&P Small Cap 600 Index The Standard & Poor's SmallCap 600 Index consists of 600 U.S. companies that have market capitalization less than \$1 billion. The index includes approximately 499 industrial companies, 18 transportation companies, 27 utilities, and 56 financial companies. Equity securities of companies with small market capitalization may be more volatile than securities of larger, more established companies.

SEC Yield A calculation based on a 30-day period ending on the last of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

Share Classes Shares of the same fund that offer different shareholder rights and obligations, such as different fee and load charges. Common share classes are A (front-end load), B (deferred fees), C (no sales charge and a relatively high annual 12b-1 fee, such as 1.00%). Multi-class funds hold the same investment portfolio for all classes, and differ only in their surrounding fee structure.

Sharpe Ratio A risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 36-month period by dividing a fund's annualized excess returns by its annualized standard deviation.

Glossary

Socially Conscious Any fund that invests according to non-economic guidelines. Such funds may make investments based on such issues as environmental responsibility, human rights, or religious views. A socially conscious fund may take a pro-active stance by selectively investing in, for example, environmentally-friendly companies, or firms with good employee relations. This group also includes funds that avoid investing in companies involved in promoting alcohol, tobacco, or gambling, or in the defense industry.

Standard Deviation A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Stocks Ownership in a company. Stocks are sold by the company and then bought/sold among investors. Risks involved include the company not performing up to expectations or that the price of your stock will fall.

Style Benchmark The concept of the style benchmark was first introduced by Nobel Laureate William F. Sharpe in 1988 and referred to as the "Effective Asset Mix". A quadratic optimizer is used to find a combination of the selected indices that would best track (have the highest correlation to) a given return series. For example, if a domestic equity manager optimization found that a weighted composite of 20% Russell Large Value, 10% Russell Large Growth, 60% Russell Small Value, 5% Russell Small Growth, and 5% T-bills had a 92% R-squared to that manager's returns, it could be said that 92% of this manager's performance may be attributed to his "style". The remaining 8% is unexplained variance due to stock selection, etc.

Tax-deferred earnings You don't have to pay taxes on any earnings in your 401(k) until you withdraw your money. The money in a 401(k) can grow faster than with other types of savings plans, because the earnings you accumulate, if any, are also tax-deferred.

Treynor Ratio The Treynor Ratio is a measure of performance per unit of market risk. It is the portfolio's excess return over the risk-free rate divided by the portfolio's beta to the selected benchmark. Also known as the Reward to Volatility Ratio.

Turnover Ratio The turnover rate of a fund 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 that fund. If a fund consistently showed a 20% turnover ratio, for example, it would suggest that--on average--that fund holds a security for five years before selling it. A fund with a 200% turnover ratio pretty much changes its portfolio wholesale every six months.

Upside / Downside Market Capture Graph StyleADVISOR's Upside / Downside Market Capture graph displays the percentage of benchmark movement captured by a manager in both up and down markets. The graph plots the manager's upside capture ratio (vertical axis) against the downside capture ratio (horizontal axis). The capture ratio is the manager's return divided by the benchmark's return, or the percentage of the benchmark's return that was "captured" by the manager. The Upside capture ratio is computed for periods when the market has a positive return. The Downside capture ratio is computed for periods when the market has a negative return.

Variable funds Investments that fluctuate with market conditions. Unlike guaranteed investments, such as bonds or CDs, variable funds don't guarantee a specific rate of return. They do offer potential for higher earnings in return for higher degree of market risk.

Wilshire 4500 Listed for small-company funds, measures the performance of all U.S. common equity securities excluding the stocks in the S&P 500. The returns published for the index are total returns, which include reinvestment of dividends.

Wilshire 5000 Measures the performance of all U.S. common equity securities, and so serves as an index of all stock trades in the United States. The returns published for the index are total returns, which include reinvestment of dividends.

World Stock Category An international fund having more than 10% of stocks invested in the US. Also known as global funds. Foreign Investments involve special risks, including currency fluctuations and political developments.

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Galliard Capital Management, Inc.



GALLIARD CAPITAL
MANAGEMENT

Experience. Consistency.
Performance.

State of Wisconsin Deferred Compensation Plan

February 3, 2009

Presenters:
Mike Norman
Principal

John Caswell, CFA
Managing Partner

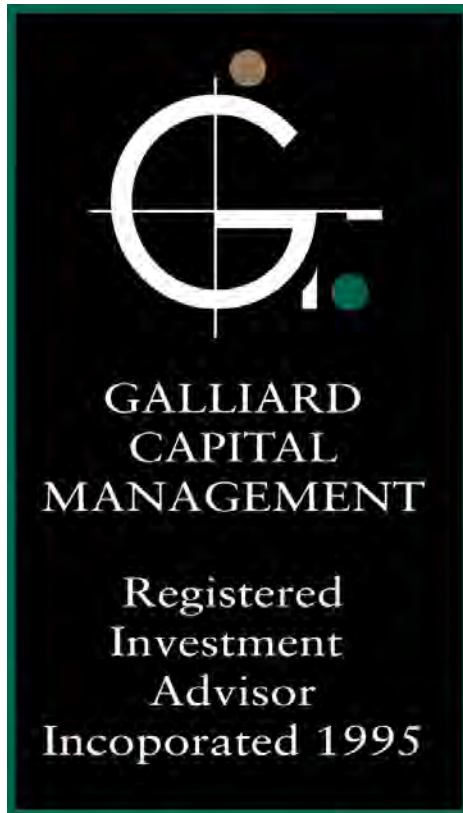
Galliard Capital Management

- Section I:** Galliard Update
- Section II:** Understanding Stable Value Investments
- Section III:** The Wisconsin Portfolio – A Multi-Manager Approach
- Appendix:** Additional Stable Value Investment Process

Section I

Galliard Overview

Fixed Income and Stable Value Specialists



Galliard At A Glance

- Founded in 1995 as a wholly owned subsidiary of Wells Fargo & Co
 - One of the nation's leading fixed income and stable value managers
 - Currently managing in excess of \$41.0 Billion for over 180 clients
 - Superior investment performance in all strategies
- Experienced team focused on managing money and servicing clients
 - Senior management team managing portfolios together since 1988
 - 57 professionals on staff with additional support from Wells Fargo (20+)
- Our firm is independently managed and operated
 - Operating agreement with parent provides management autonomy
 - Provides ability to leverage support services at cost from Wells Fargo
- No changes in ownership since inception – none contemplated

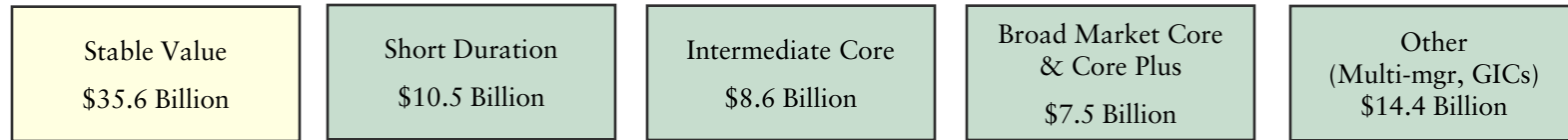
Our client focus and organizational stability have been the key to our long term success

Galliard Overview

Assets Under Management

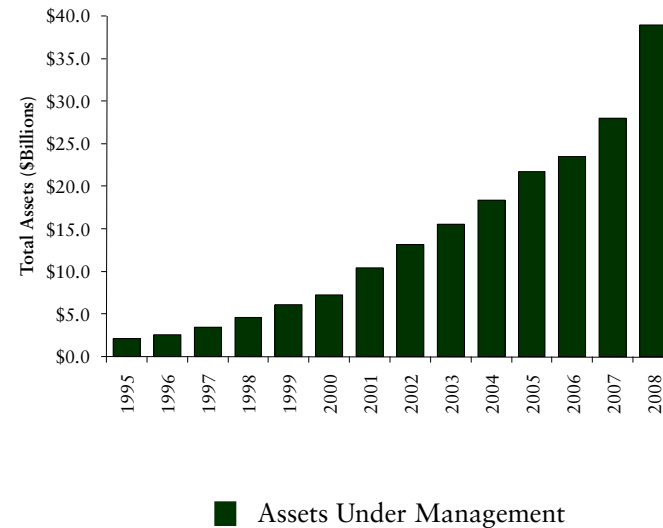
Galliard Firm Assets: \$41.0 Billion

Specialists in Stable Value
\$35.6 Billion
44 Separate Accounts



Galliard Stable Value Clients Include:

- Archer Daniels Midland
- City of Los Angeles
- Fluor Corporation
- Metropolitan Transportation Authority of New York
- New Jersey Transit Authority
- PepsiAmericas
- R.R. Donnelley
- Savannah River Nuclear Solutions
- State of Minnesota
- SYSCO Corporation
- Target Corporation
- Virginia Retirement System



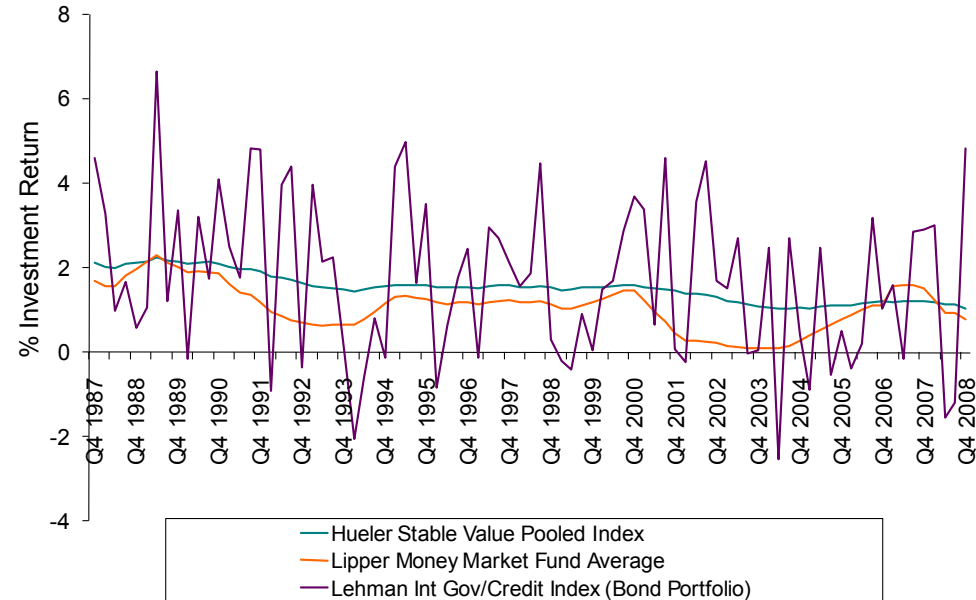
Stable Value Business Overview

- One of the nation's leading stable value managers
 - Senior team in place since 1988
- 2008 account growth
 - \$4.9B assets
 - 13 new stable value separate accounts
 - No lost separate accounts
- Manage \$7.4B+ in Galliard Alliance (Multi-Manager)
 - Both separate accounts and commingled fund

Section II

Understanding Stable Value Investments

Why Stable Value



- A typical investment option provided in 401(k) and 457 plans offering investors a fund choice that seeks principal preservation and a competitive rate of return
- Stable value funds are considered lower risk than bond funds and are comparable to the lower risk levels associated with money market funds
- Expected returns are generally higher than a money market fund

Understanding Stable Value Investments

Goals of Stable Value

- **Conservative option for 404(c) in defined contribution plans**
 - “an income producing, low-risk, liquid fund”
- **Stable Value Objectives**
 - Principal preservation/stability
 - Positive, reasonable stable return
 - Liquidity for participant transactions
- **Key to Meeting These Objectives**
 - Benefit responsive contracts which guarantee participants can transact at book value (i.e., principal value plus accrued interest)
 - High quality, liquid fixed income securities backing contracts
 - Current accounting regulations (S.O.P. 94-4) allow valuation of benefit responsive contracts at “contract value” or “book value” in defined contribution plans

Understanding Stable Value Investments

Various Stable Value Investments

➤ Traditional Stable Value Contracts

- GICs – insurance companies
- BICs - banks

➤ Alternative Stable Value Contracts (i.e. synthetics)

- Insurance company separate account GICs
- Security backed contracts
 - Buy & hold (passive)
 - Targeted duration (active)
 - Actively managed to a benchmark

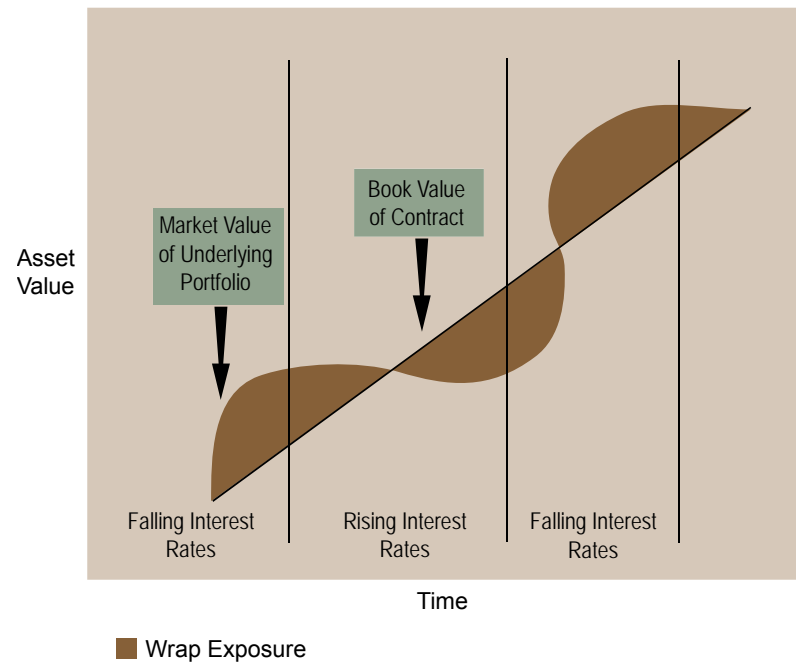
➤ Stable Value Funds

- Pooled insurance company separate accounts
- Bank or trust company collective funds

Understanding Stable Value Investments

How Security Backed Contracts Work

Contracts Provide Book Value



- Contracts allow participants to transact at book value in all market environments
- Why do contract providers require an equity wash for transfers to competing funds?
 - To protect remaining fund holders

Understanding Stable Value Investments

How Synthetic Wrap Contracts Work

➤ Initial Crediting Rate

- Initial crediting rate reflects yield of underlying security/portfolio (or benchmark plus a spread)

➤ Crediting Rate Resets

- Typically occur quarterly (also annual, semi-annual or monthly)
- Equal to the rate that converges market value and book value over duration of portfolio

$$\text{CR} = (\text{MV}/\text{BV})^{1/d} \times (1+i)^{-1}$$

- CR = crediting rate
- MV = market value
- BV = book value
- d = portfolio duration
- i = annualized yield to maturity

➤ What is Guaranteed

- 0% interest rate
- Participants receive full principal value if contract is accessed after fully exhausting other liquidity sources

Understanding Stable Value Investments

Wrap Contract Provider Update

- Recent events have constrained wrap contract capacity
 - Government intervention of AIG
 - Low market/book value ratios
- Wrap contract market is undergoing permanent, fundamental change
 - More restrictive terms and investment guidelines
 - Increased demand for data and increased monitoring
 - Fees likely to increase (15-20 bp possible)
 - Life insurance companies will gain market share (traditional GICs/separate account GICs)
- Wisconsin portfolio currently utilizes 3 different providers plus a stable value collective fund
 - JP Morgan (AA-)
 - Natixis (A+)
 - Monumental Life (AA)
 - Wells Fargo Stable Return Fund – uses 18 different providers

Section III

Stable Value Investment Approach

Philosophy and Objectives

Consistent with the role of stable value as the “safe option,” we manage stable value portfolios conservatively, seeking to consistently outperform our benchmarks while minimizing crediting rate volatility.

Key Objectives:

- Capital preservation
- Maintain sufficient liquidity
- Consistently outperform benchmarks and peer group

Hallmarks of Our Approach:

- High quality and broad diversification
- Disciplined value investing
- Stringent risk control
- Minimal crediting rate volatility

Same philosophy and team since 1988

Investment Approach Asset Allocation

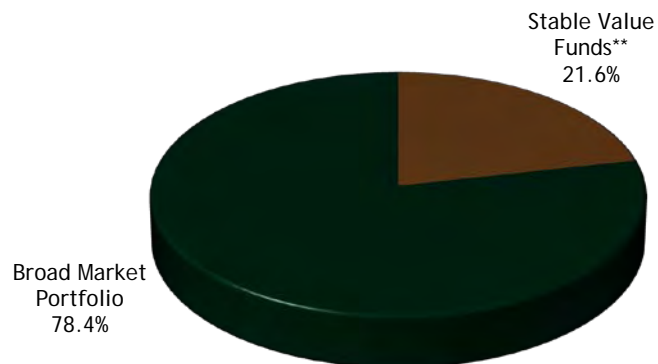
	Global Contract Structure			
Segment	Wells Fargo Stable Return Fund 20 - 25%	Intermediate Portfolio 20 - 30%	Broad Market Portfolio 50 - 60%	
Benchmark	Fund Benchmark	Lehman Brothers Int. Gov't/Credit	Lehman Brothers Aggregate	
Approx. Duration	1.0 yrs	3.5 yrs	4.5 yrs	3.0 - 4.0 yrs
Manager(s)	Galliard	Galliard	Galliard PIMCO Aberdeen	

- Structure has three components – liquidity buffer and (2) core bond segments
 - Global contract structure (similar terms)
- Portfolio is broadly diversified by:
 - Liquidity buffer – uses \$14+ Billion Wells Fargo Stable Return Fund
 - Yield curve – portfolio has both intermediate and broad market portfolios
 - Style – utilizes 3 complementary management approaches
- Assets are allocated among segments based on overall portfolio duration target
 - Ranges between 3.0 – 4.0 years
 - Specific duration target determined by analysis of plan demographics and cash flows

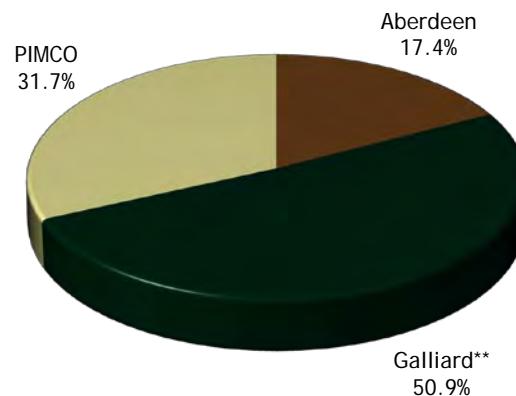
Stable Value Fund Review

Fourth Quarter 2008

Portfolio Distribution*



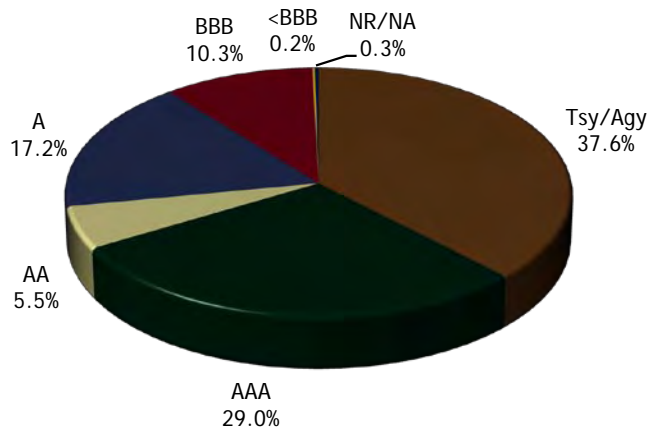
Manager Breakdown*



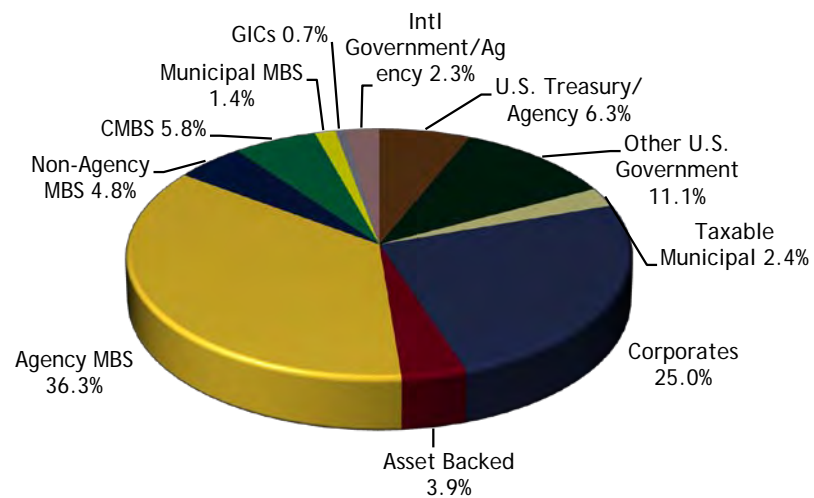
*Book value

**Includes Stable Value Collective Funds, Receivables, and Payables

Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation*

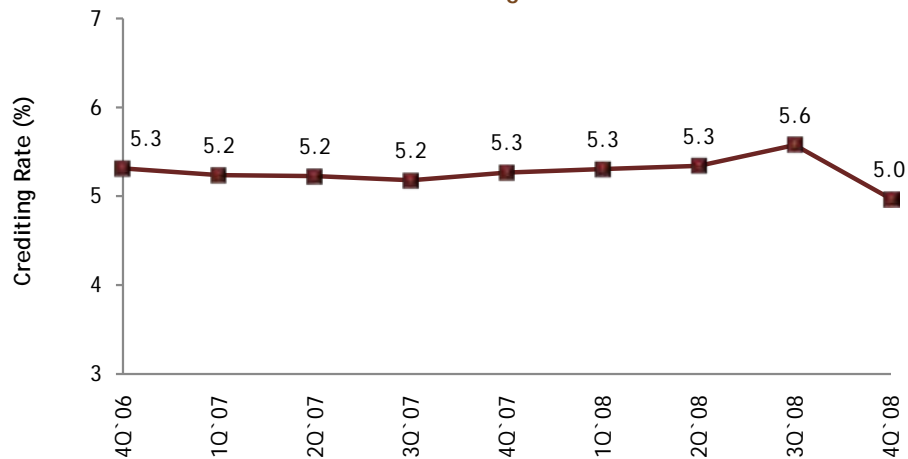


*Market value. Total % of portfolio may not add to 100% due to rounding

Stable Value Fund Review

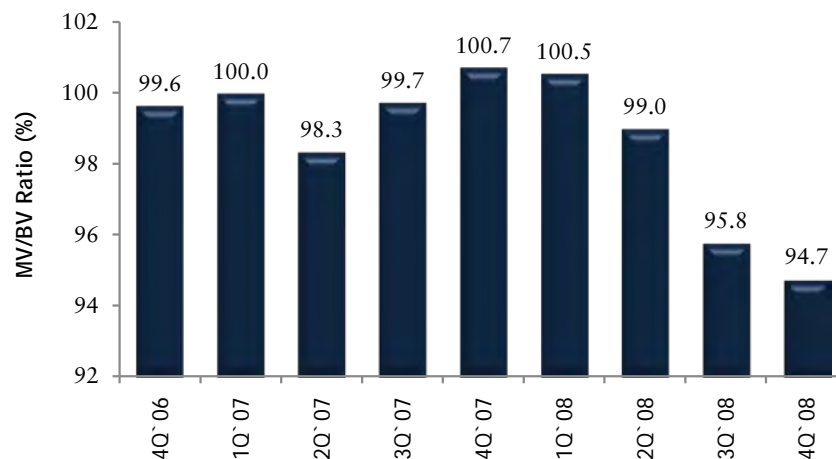
Fourth Quarter 2008

Historical Crediting Rates*

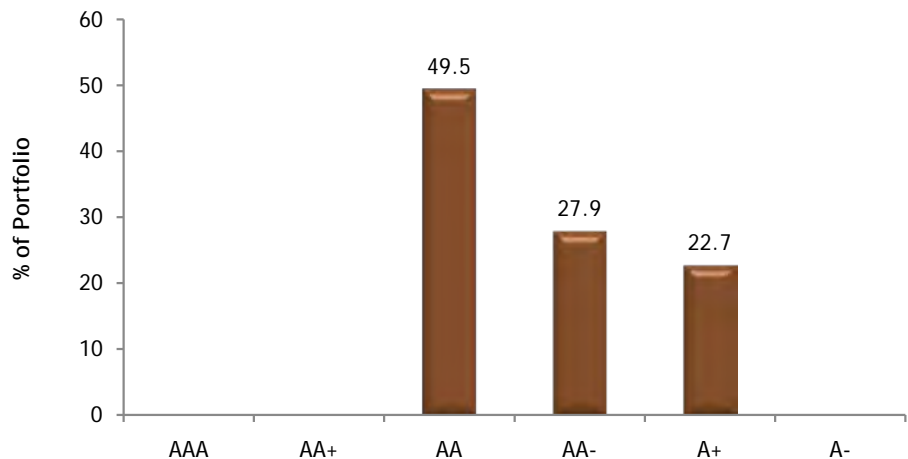


*As of quarter end. Before fees.

Market Value to Book Value Ratio

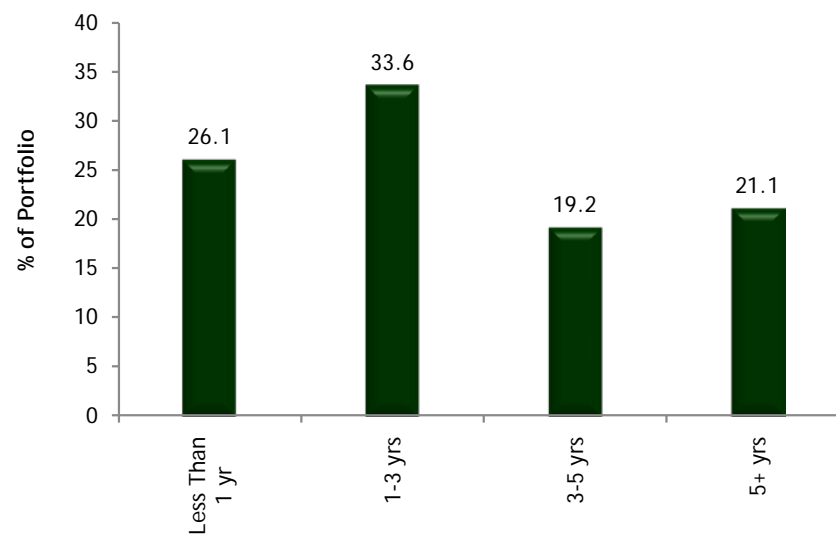


Contract Quality Distribution*



*Total % of portfolio may not add to 100% due to rounding

Duration Distribution*



State of Wisconsin Deferred Compensation Plan Portfolio Review
Portfolio Holdings

12/31/2008

Security Description	Contract Value (\$)	% of Portfolio	Crediting Rate / Yield (%)	Maturity	Effective Duration (yrs)	Moody's Rating	S&P Rating
Money Market							
Cash Receivable / (Payable)	-140,774	0.0	4.12		0.10	Aaa	AAA
Total Money Market	-140,774	0.0	4.12		0.10	Aaa	AAA
Stable Value Funds							
Wells Fargo Stable Return Fund G	91,234,633	21.6	4.12		1.00	Aa2	AA
Total Stable Value Funds	91,234,633	21.6	4.12		1.00	Aa2	AA
Security Backed Contracts							
Broad Market Portfolio							
J.P. Morgan Chase Bank N.A.	117,834,853	27.9	5.22	9/29/2012	3.75	Aaa	AA-
Natixis Financial Products Inc.	95,922,475	22.7	5.17	9/29/2012	3.75	Aa3	A+
Monumental Life Ins. Co.	117,834,853	27.9	5.22	9/29/2012	3.75	Aa3	AA
Total Broad Market Portfolio	331,592,181	78.4	5.21		3.75	Aa2	AA-
Total Security Backed Contracts	331,592,181	78.4	5.21		3.75	Aa2	AA-
Total Fund	422,686,040	100.0	4.97		3.16	Aa2	AA-

Stable Value Portfolio Review

Fourth Quarter 2008

Annualized Investment Performance *

Periods Ending December 31, 2008

	<u>4Q08</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception</u> **
Portfolio (before inv. mgmt. fees)	1.32	5.44	5.44	5.38	5.30	5.84
Portfolio (net of inv. mgmt. fees)	1.28	5.26	5.26	5.19	5.11	5.64
5 Year Constant Maturity Treasury Yield	0.55	2.79	2.79	3.96	3.87	4.25

Calendar Year Performance

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Portfolio (before inv. mgmt. fees)	5.44	5.30	5.39	5.19	5.18
Portfolio (net of inv. mgmt. fees)	5.26	5.11	5.20	4.99	4.97
5 Year Constant Maturity Treasury Yield	2.79	4.35	4.74	4.05	3.43

Market Indices

3 Month Treasury Bills	4.55	4.95	3.54	1.67	1.07
Consumer Price Index	4.08	2.54	3.42	3.26	1.88

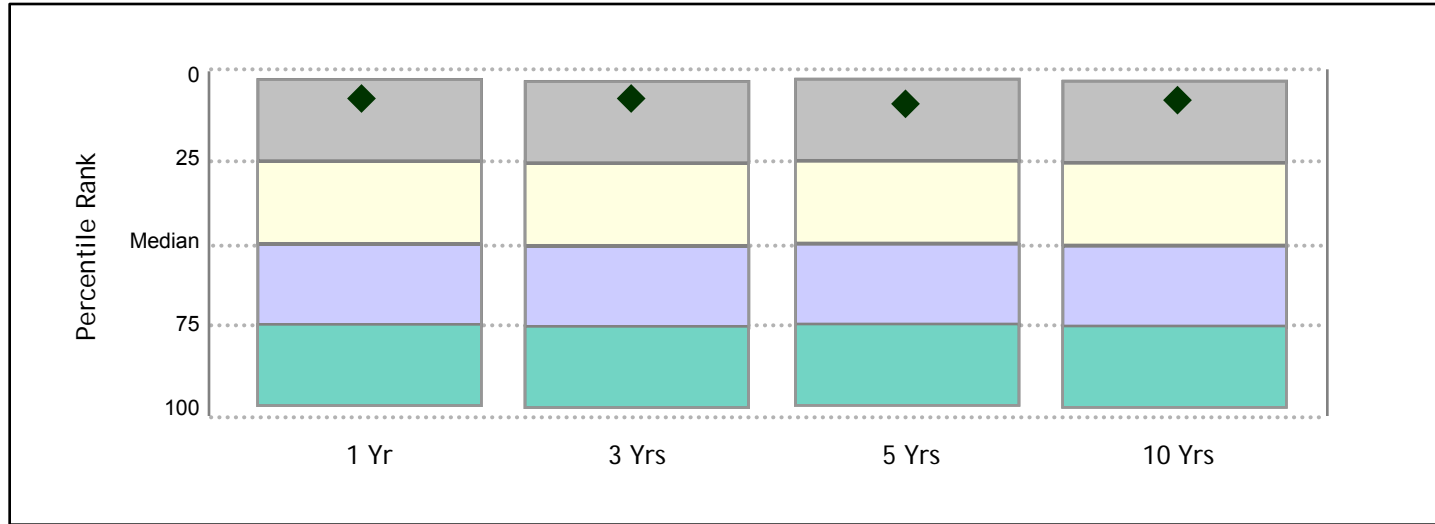
* Returns for periods of less than one year are not annualized.

** Galliard's management of this portfolio began July 1, 1998.

Galliard Performance

Performance versus Peers

PEER GROUP STATISTICS AND RANKING vs. eA STABLE VALUE FIXED INCOME UNIVERSE*



	1 Yr		3 Yr		5 Yr		10 Yr	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
State of Wisconsin ◆	5.44	9th	5.37	9th	5.30	11th	5.83	10th
eVestment Alliance Universe Median	4.90		4.85		4.68		5.34	
Value Added	+0.54		+0.52		+0.62		+0.49	

The State of Wisconsin portfolio has consistently outperformed the median manager by 49-62 bps per year

*Source eVestment Alliance. Data as of 9/30/08.

Section IV

Investment Approach

Wrap Contract Negotiation

- Extensive contract negotiation experience
 - Negotiating contracts since the mid 1980's
 - One of the first managers to develop and use synthetics

- Key contract terms
 - “Contingency” wraps in place in event of issuer breach, downgrade or merger (with other wrap provider)
 - Illiquid/impaired security bucket (5%)
 - Withdrawal corridor (15% - 20%) for sponsor initiated events
 - Cure periods for termination events

Our key objectives include enforceability, risk control, and flexibility

External Manager Program

Overview

Galliard's External Manager Program:

- Began in 1998
- Managers include PIMCO, WAMCO, Aberdeen, and Pyramis
- Dedicated external manager review team, including our investment professionals
- Approach combines quantitative and qualitative review
- Emphasis on building deep understanding of style via rigorous analysis and consistent communication

Our program is comprehensive: Selection – Monitoring – Change Recommendations

External Manager Program Manager Screening and Selection

Criteria:

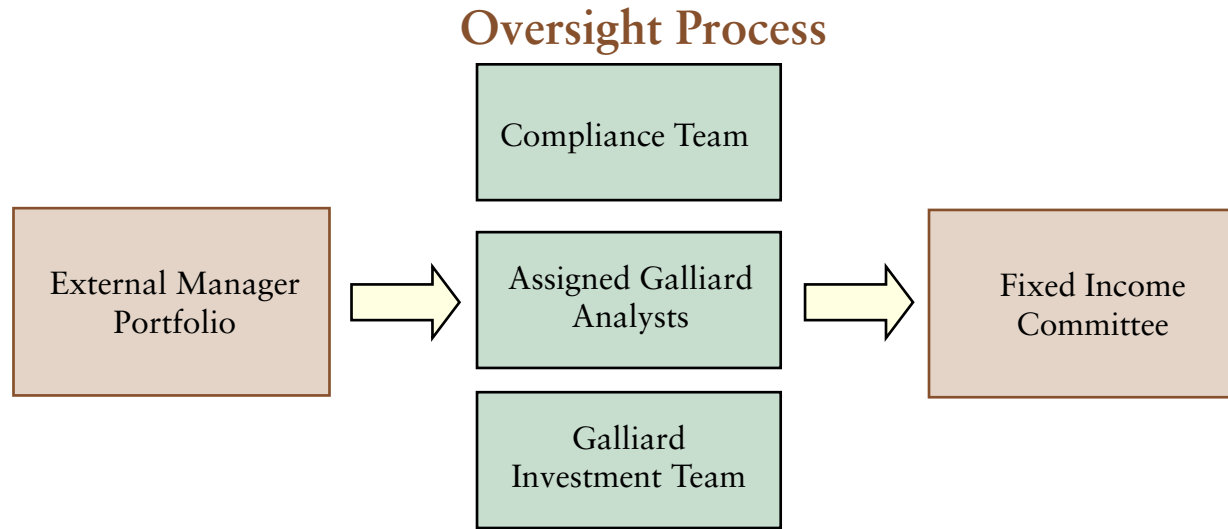
- We continually screen manager universes
- Maintain an internal short list of managers
- Leverage consultant relationships to access additional manager research

Managers must exhibit:

- Understanding of stable value
- Complementing style
- Low excess return correlation
- Strong performance
- Stable organization

Our program is comprehensive: Selection – Monitoring – Change Recommendations

Manager Oversight



- External manager portfolios assigned to Galliard analysts
- Portfolios reviewed by investment team and compliance
- Fixed Income Committee reviews performance and compliance

Manager oversight is fully integrated into our investment process

Manager Oversight

Weekly Review

- Transactions
- Research

Monthly Review

- Holdings and statistics
- Performance

Quarterly Review

- Formal compliance
- Performance grading

Formal Semi-Annual Review

- Portfolio review with manager
- Analyst write-up

Annual Due Diligence Visit

Formal Recommendation

Approve, Watch, Terminate

Our multi-step review process is comprehensive and rigorous

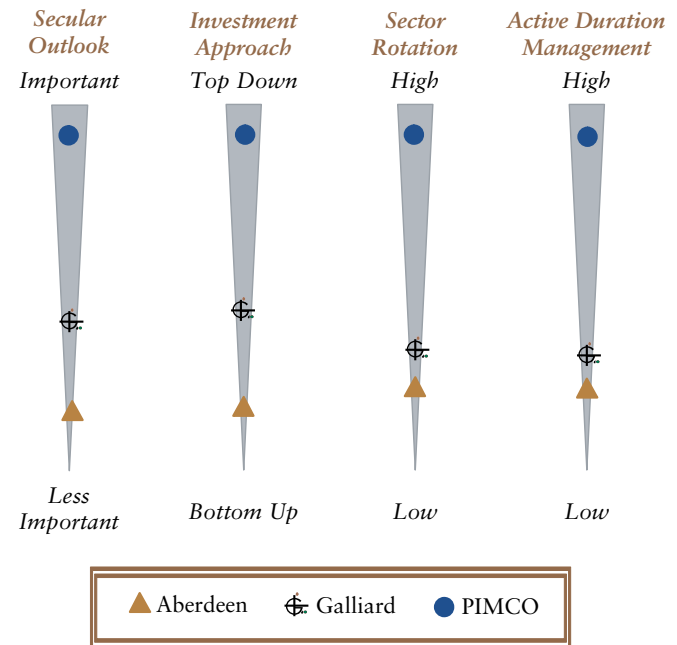
Galliard Alliance Manager Screening

Style Analysis & Manager Comparison

Correlation Matrix:
10/1998 to 9/2008 using
Barclays Capital Aggregate

	Aberdeen	Galliard	PIMCO
Aberdeen	1.00	0.81	0.10
Galliard	0.81	1.00	0.18
PIMCO	0.10	0.18	1.00

Fixed Income Style Diversification



Managers selected have strong performance and complementary styles

*10 years



US Micro Cap Review for Wisconsin Deferred Compensation Program

February 3, 2009

Lawrence Speith, Vice President

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Value-Added Management

\$116 Billion Under Management

- Founded in 1981.
- Primarily owned by employees and directors.
- Headquartered in Austin.
- Investment operations in Santa Monica, London, and Sydney.

Investment Philosophy

- Markets work: risk and return are related.
- Your investment return is the company's cost of capital.

Investment Goals

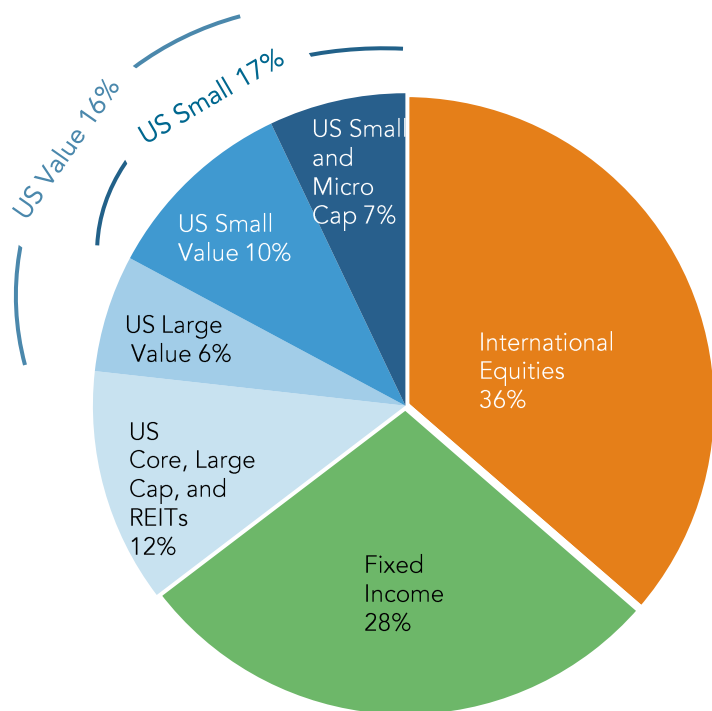
- Reliable exposure to asset classes worldwide.
- Broadly diversified.
- Strategies outperform their benchmarks after fees.

Sources of Value-Added Returns

- Portfolio engineering through risk dimensions.
- Drawing the boundaries for qualifying countries and companies.
- Trading expertise.

Assets Under Management

\$116 Billion as of December 31, 2008



BY STRATEGY (\$ BILLIONS)

US Equities	\$40.9	International Equities	\$41.9
Micro Cap	3.3	Developed	\$31.2
Small Cap	5.1	Small Cap	5.6
Small Cap Value	11.4	Small Cap Value	7.4
Large Cap	3.2	Large Cap	2.4
Large Cap Value	6.7	Large Cap Value	7.4
Marketwide	3.4	Marketwide Value	2.9
Real Estate	1.6	Real Estate	0.6
Core	6.2	Core	5.0
Fixed Income	\$32.0	Emerging	\$10.7
Tax-Managed Separate Accounts	\$1.0	Small Cap	0.6
		Large Cap	1.9
		Marketwide Value	6.4
		Core	1.7
		Global Portfolios¹	\$1.7

The asset values, while derived from sources believed to be accurate, are approximate and may contain unaudited or unreconciled data.

1. Global Portfolios assets are for information only; these assets are an aggregate of underlying funds and are not counted in totals.

All assets in US dollars. Numbers may not total 100% due to rounding.

See *Appendix: Standardized Performance Data and Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Leading Financial Economists

Professor	Affiliation	Expertise
George M. Constantinides Leo Melamed Professor of Finance University of Chicago, Booth School of Business	Board Member, Dimensional's US Mutual Funds	Asset Pricing; Capital Markets Research
Eugene F. Fama Robert R. McCormick Distinguished Service Professor of Finance University of Chicago, Booth School of Business	Board Member, Dimensional Fund Advisors Consultant, Fixed Income and Value Strategies	Efficient Markets Hypothesis; Random Walk Hypothesis; Capital Markets Research; Multifactor Model; Definitive Finance Text; Tax Research
Kenneth R. French Heidt Professor of Finance Dartmouth College, Tuck School of Business	Board Member, Dimensional Fund Advisors Director of Investment Strategy, Consultant	Capital Markets Research; Multifactor Model; Tax Research
John P. Gould Steven G. Rothmeier Distinguished Service Professor of Economics University of Chicago, Booth School of Business	Board Member, Dimensional's US Mutual Funds	Applied Price Theory; Former Dean of University of Chicago Booth School of Business
Roger G. Ibbotson Professor in Practice of Finance Yale University, School of Management	Board Member, Dimensional's US Mutual Funds	Capital Markets Research; Comprehensive "SBBI" Database (with Sinquefeld); Data Consultant Firm
Donald B. Keim John B. Neff Professor of Finance University of Pennsylvania, The Wharton School	Consultant, Real Estate Securities Strategy, Trading Cost Studies	Capital Markets Research; Real Estate Securities; Small Stock "January Effect"
Robert C. Merton Nobel laureate John and Natty McArthur University Professor Harvard University, Harvard Business School	Board Member, Dimensional's US Mutual Funds	Asset Pricing Theory; Valuation of Derivative Securities
Myron S. Scholes Nobel laureate Frank E. Buck Professor Emeritus of Finance and Law Stanford University, Graduate School of Business	Board Member, Dimensional's US Mutual Funds	Capital Markets Research; Options Pricing Model
Abbie J. Smith Boris and Irene Stern Professor of Accounting University of Chicago, Booth School of Business	Board Member, Dimensional's US Mutual Funds	Capital Markets Research; Financial Accounting Information; Corporate Restructuring; Corporate Governance
Marvin Zonis Professor University of Chicago, Booth School of Business	Consultant, International Economics	Capital Markets Research; World Political Affairs; Foreign Policy Analysis

Performance against Conventional Benchmarks

As of December 31, 2008

Dimensional Strategy	Inception	Conventional Benchmark	Annualized Difference (basis points)		R ²
			Last Five Years	Since Inception	
US Micro Cap Portfolio	1982	Russell 2000	-178	166	0.92
US Micro Cap Portfolio	1982	Russell Microcap	274	-	-
US Small Cap Portfolio	1992	Russell 2000	-106	95	0.98
US Small Cap Value Portfolio	1993	Russell 2000 Value	-178	122	0.92
US Large Cap Value Portfolio	1993	Russell 1000 Value	-125	-44	0.90
International Small Company Portfolio	1996	MSCI EAFE Small Cap (price-only)	425	412	0.96
International Small Cap Value Portfolio	1995	MSCI EAFE Small Cap (price-only)	591	550	0.92
International Value Portfolio	1994	MSCI World ex US (net dividends)	143	202	0.89
Emerging Markets Small Cap Portfolio	1998	MSCI Emerging Markets (gross dividends)	-111	438	0.88
Emerging Markets Value Portfolio	1998	MSCI Emerging Markets (gross dividends)	303	610	0.90
Emerging Markets Portfolio	1994	MSCI Emerging Markets (gross dividends)	51	182	0.92

- Long-term outperformance of popular benchmarks with reasonable tracking.

Dimensional portfolios are net of all fees. R² are since Dimensional strategy inception.

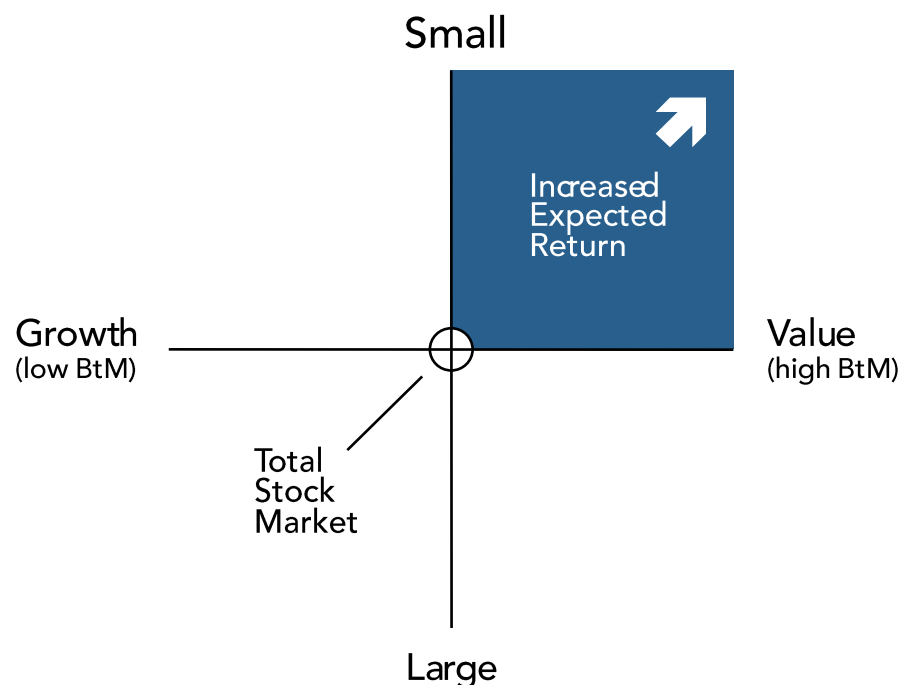
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The Dimensions of Stock Returns

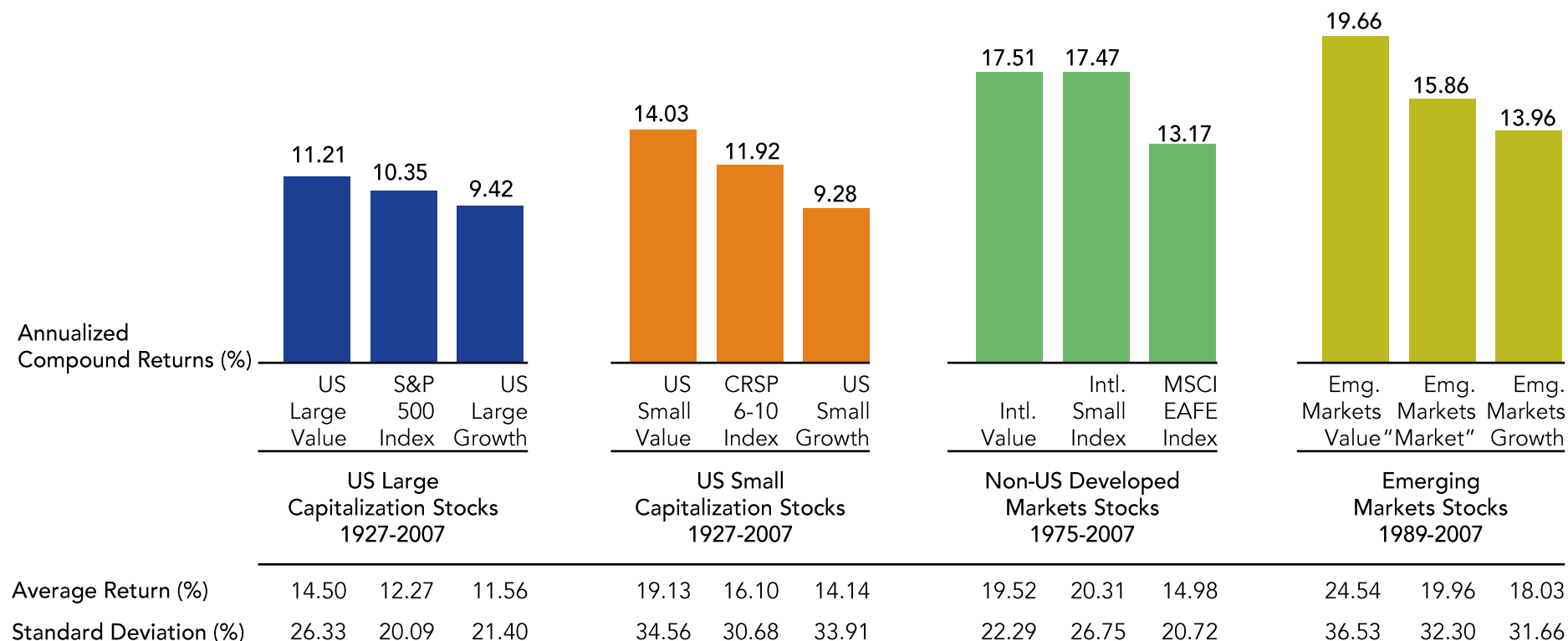
THREE DIMENSIONS AROUND THE WORLD

- **Equity Market**
(complete value-weighted universe of stocks)
Stocks have higher expected returns than fixed income.
- **Company Size**
(measured by market capitalization)
Small company stocks have higher expected returns and risk than large company stocks.
- **Company Price**
(measured by ratio of company book value to market equity)
Lower-priced "value" stocks have higher expected returns and risk than higher-priced "growth" stocks.



Size and Value Effects Are Strong around the World

Annual Data



In US dollars.

Developed markets value and growth index data provided by Fama/French (ex utilities). The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Small Index data: 1970-June 1981, 50% UK small cap stocks provided by the London Business School and 50% Japan small cap stocks provided by Nomura Securities; July 1981-present, simulated by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE Index countries, market-capitalization weighted, each country capped at 50%. MSCI data copyright MSCI 2008, all rights reserved. Emerging markets index data simulated by Fama/French from countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries.

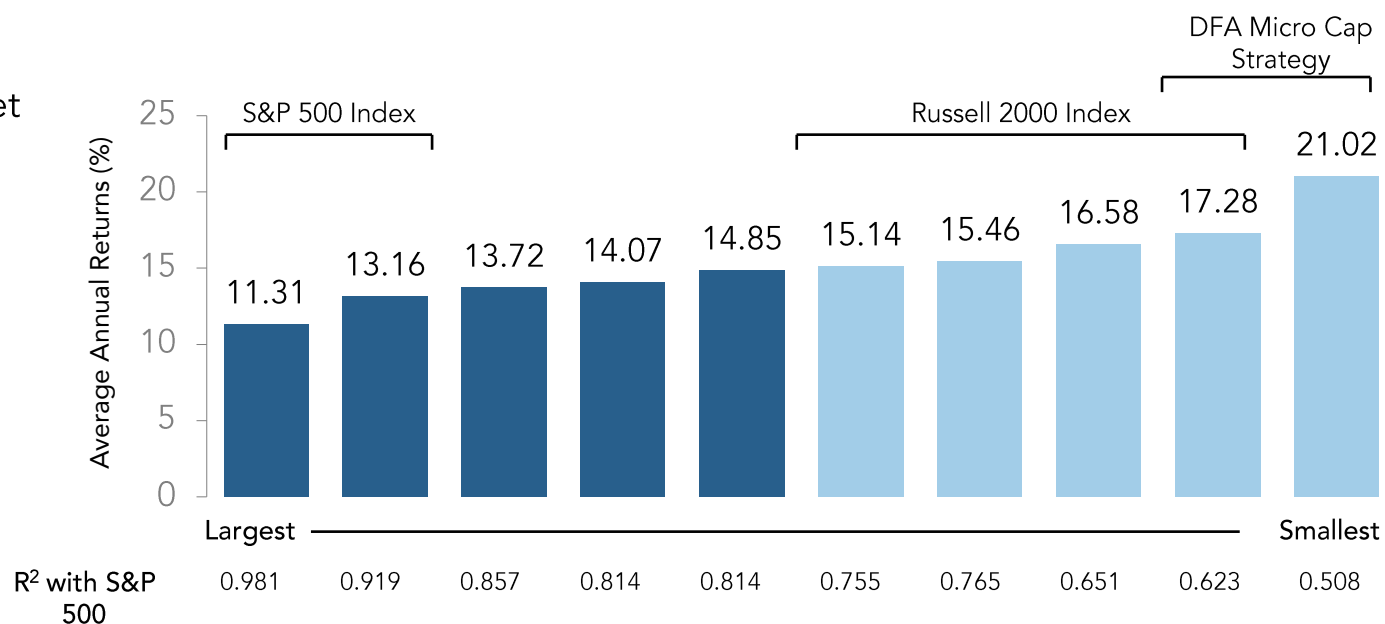
Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

The Size Effect

Market Cap Deciles

Annual: 1926-2007

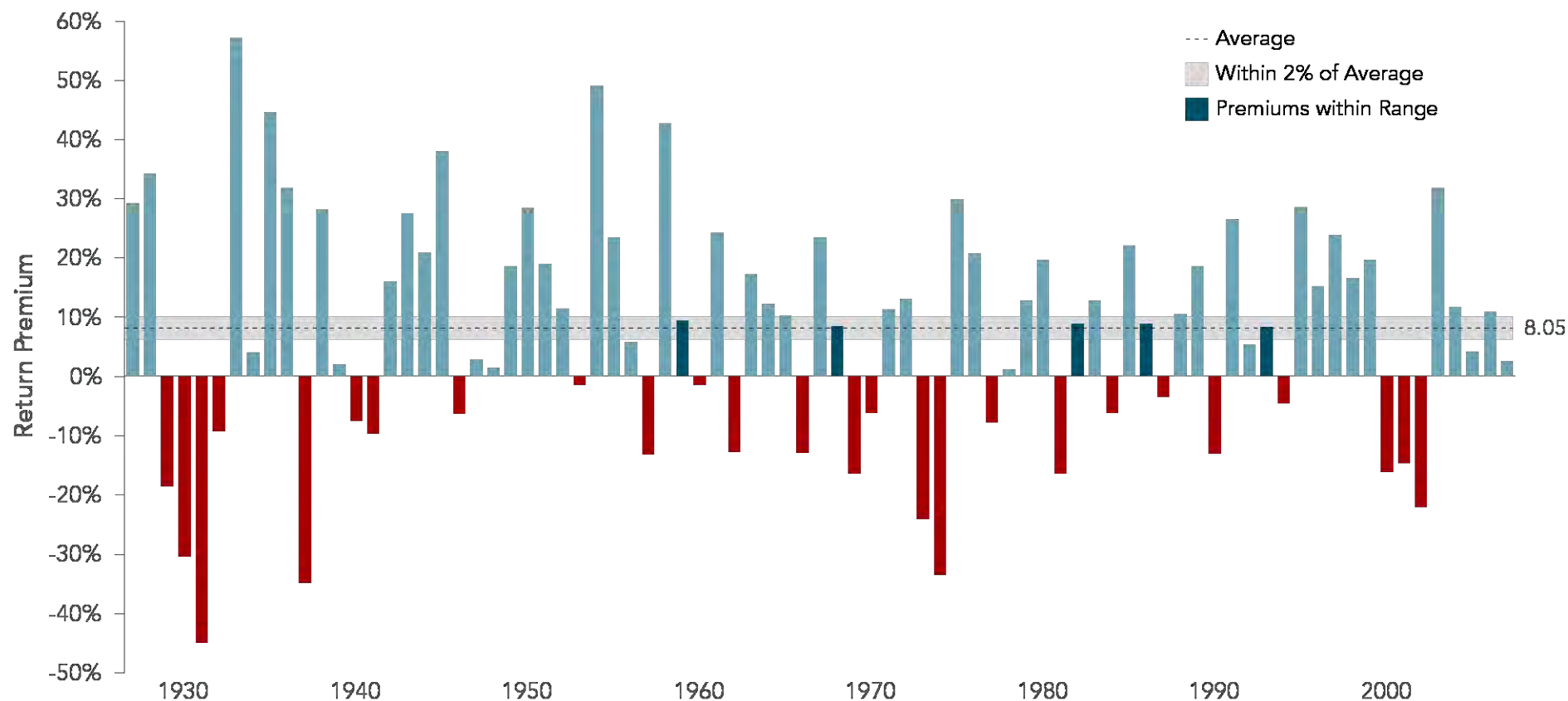
- Historically, smaller market capitalization deciles have outperformed larger market cap deciles.
- The correlation between each decile and the S&P 500 is significantly lower for smaller market capitalization stocks.
- Portfolio structure can be improved by adding asset classes with low correlation and higher expected returns.



Yearly Observations of the Market Premium

Market minus One-Month Treasury Bills

1927-2007

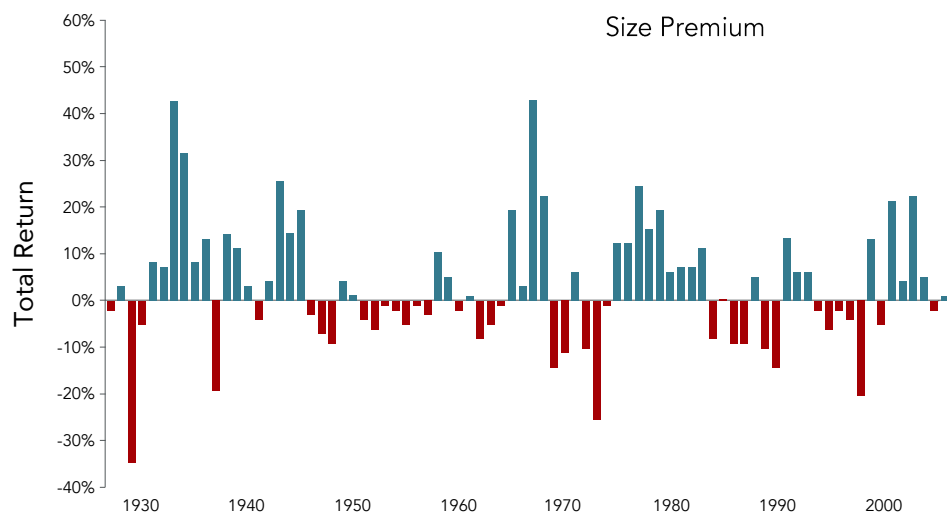
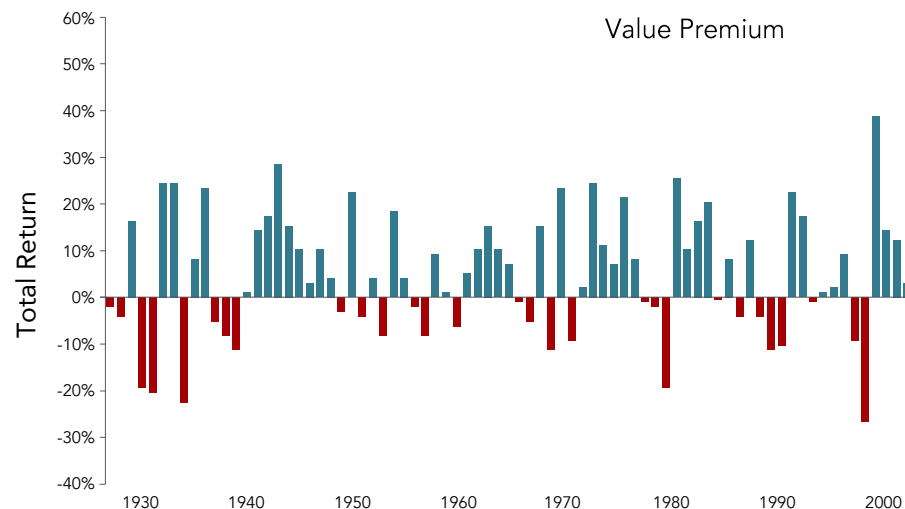


- The market premium was positive in 68% of the periods (55 of 81 years).
- The premium varies widely. Only 5 of the 81 years have been within 2% of the average.
- The premium is greater on the upside. The average of up years is 18.91% while the average of down years is -14.91%.

Risk Factors Have Periods of Under- and Over-Performance

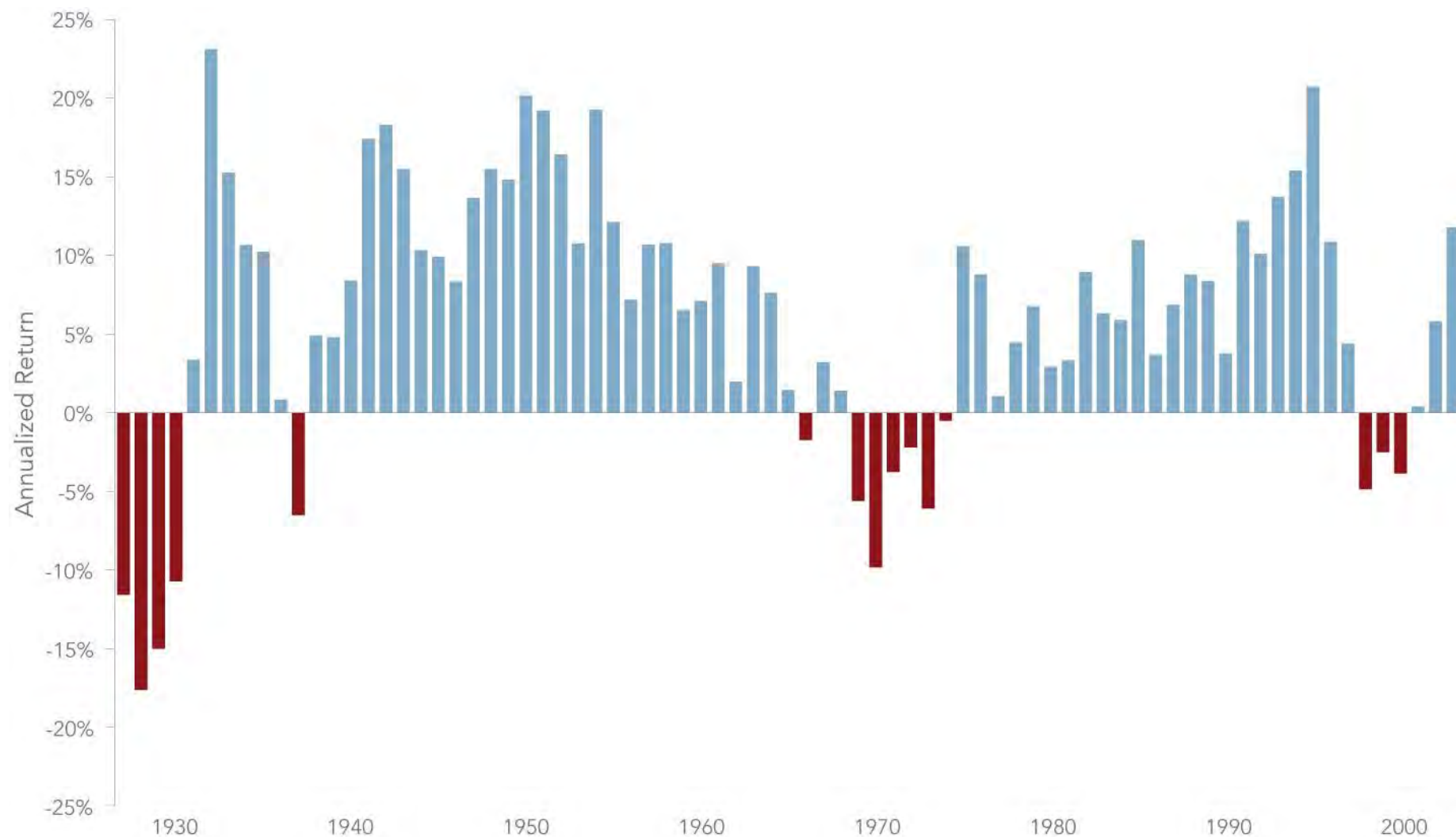
Annual: 1927-2007

- From year to year, stocks with high book-to-market ratios and smaller market caps do not always produce higher returns.
- Over longer time periods, the size and value premiums are more prevalent.
- Investors that maintained disciplined size and value exposure were ultimately rewarded.



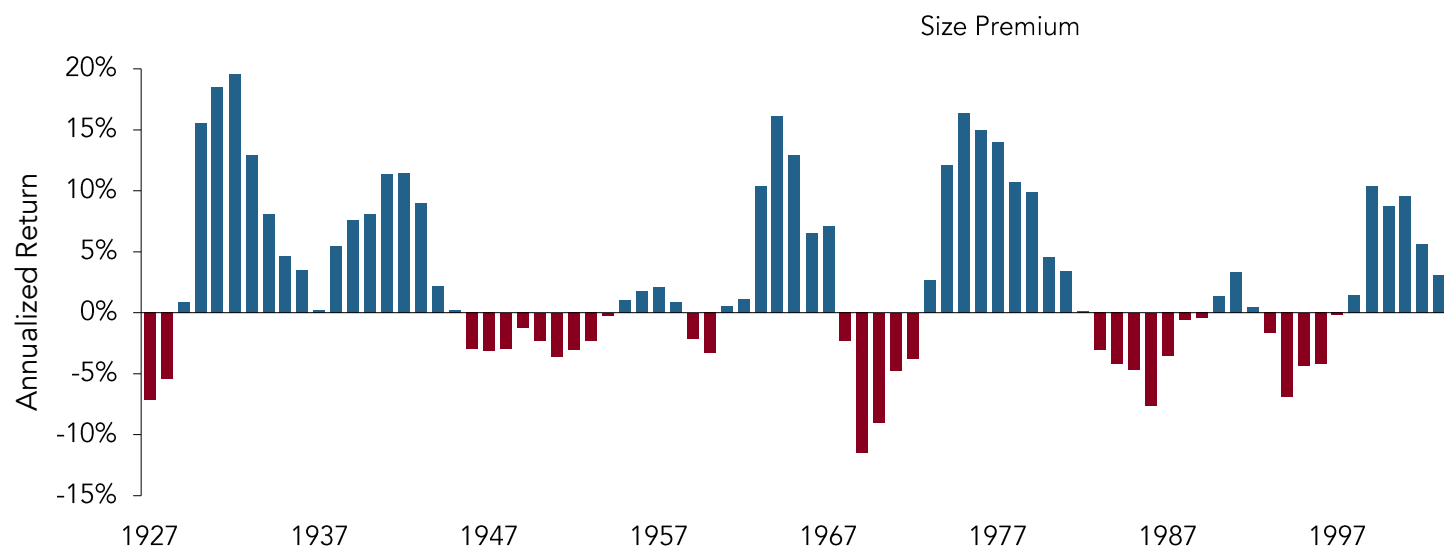
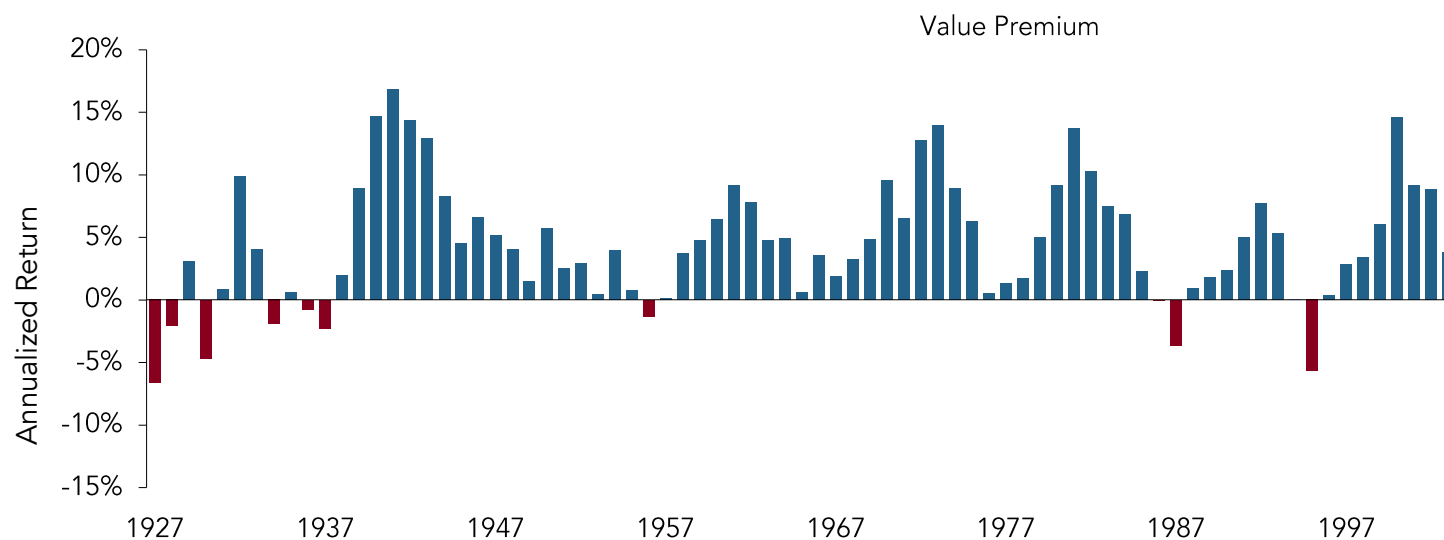
Five-Year Moving Average of the Market Premium

1927-2007



Five-Year Moving Average of the Value and Size Premium

1927-2007



Access to Dimensions of Risk and Higher Expected Returns

Dimensional's US small cap strategies are built on specific core principles.

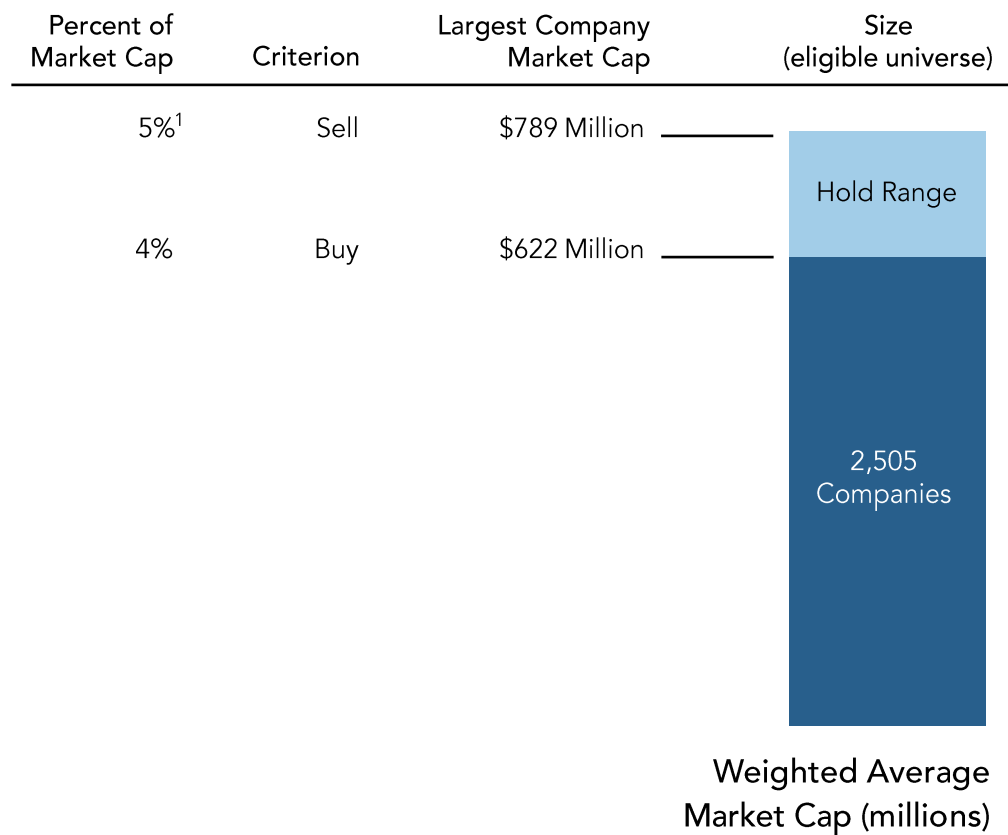
- Targeting the factors that generate expected returns:
 - Market exposure.
 - Size exposure.
- Broad diversification across and within sectors.
- Disciplined and patient trading strategy.

US Micro Cap Strategy

- December 23, 1981 inception.
- Targets companies in bottom 5% of market universe.
- 2,433 holdings.
- \$4.9 billion in assets.

Portfolio Construction

As of December 31, 2008



1. Hold range limit is the higher of 5% or the 1,500th largest company. Currently, the break is at 5%.

Number of companies excludes asset class concerns.

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See *Appendix: Standardized Performance Data and Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

US Portfolio Exclusion Rules

Asset Class Concerns

- Foreign stocks.
- ADRs.
- REITs.
- Closed-end investment companies.

Pricing Concerns

- Recent IPO.
- Financial difficulty.
- Extreme distressed or in bankruptcy.
- Merger/tender or corporate action.

Trading Concerns

- Listing requirements.
- Limited operating history.

Additional Concerns

- Limited partnerships.
- Under consideration/inadequate data.

- Exclusion rules keep the strategies precisely focused on the risk dimensions.

Portfolio Characteristics

As of December 31, 2008

	US Micro Cap Portfolio	Russell 2000 Index	Russell Microcap Index
Market Characteristics			
Total Value of Eligible Universe (millions)	\$375,017	\$747,243	\$205,029
Number of Holdings	2,433	1,934	1,937
Average Price/Share	\$8.98	\$14.86	\$7.80
Size Characteristics			
Wtd. Average Market Cap (millions)	\$406	\$895	\$286
Median Market Cap (millions)	\$95	\$322	\$81
Valuation Characteristics			
Wtd. Average Book-to-Market	1.12	0.84	1.04
Median Book-to-Market	1.13	0.79	1.06
Price/Earnings (excludes negatives)	10.4	11.7	11.4
Wtd. Average Dividend-to-Price	1.41%	1.84%	1.67%

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See *Appendix: Standardized Performance Data & Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Sector Allocations

Portfolio Weights (%)

As of December 31, 2008

	US Micro Cap Portfolio	Russell 2000 Portfolio	Russell Microcap Portfolio
Consumer Discretionary	13.7	11.0	10.4
Consumer Staples	5.8	3.9	3.9
Energy	2.7	4.4	2.5
Financials	20.6	17.5	24.3
Health Care	13.3	15.3	20.2
Industrials	18.2	16.8	13.6
Information Technology	18.7	15.8	16.1
Materials	3.8	3.7	2.7
REITs	0.0	5.9	2.7
Telecommunications Services	1.1	1.2	1.8
Utilities	2.1	4.4	1.6
Other	0.0	0.1	0.2
Total	100.0	100.0	100.0

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See *Appendix: Standardized Performance Data & Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Trading Costs Matter

- Trading costs can exceed management fees.
- Trading costs for small cap stocks are generally greater than trading costs for large cap stocks.
- Unlike large cap stocks, the market impact costs for small cap stocks can easily exceed 10%.

$$\text{Trading Costs} = \text{Agency Costs (Commissions)} + \text{Market Impact}$$

Trading US Small Cap Stocks Can Be Costly

Market Cap Range (\$ millions)	Names	Percent of Market Cap	Average Price (\$)	Average Bid/Ask Spread (%)	Average Daily Trading Volume per Issue	
					Shares	Dollars (\$)
31,744-451,942	100	50.04	62.86	0.03	10,066,565	475,448,995
5,681-31,744	400	30.70	58.72	0.05	3,443,055	129,018,899
2,156-5,681	500	9.94	51.32	0.06	1,240,837	42,420,169
602-2,156	1,000	6.77	31.11	0.11	618,082	8,950,788
182-602	1,000	2.01	17.92	0.24	301,577	2,525,654
0-182	1,202	0.54	7.95	2.40	152,202	248,732

- Price and trading volume are typically higher for large cap stocks than for small cap stocks.
- Initiating trades is usually more expensive for small cap stocks than for large cap stocks.

Performance

As of December 31, 2008

Average Annual Total Return (%)	Fourth Quarter	1 Year	3 Years	5 Years	10 Years	Since 3/97 Account Inception	Since 1/82 Micro Cap Inception
US Micro Cap Portfolio	-26.98	-36.72	-11.35	-2.71	6.44	6.39	10.84
Russell 2000 Index	-26.12	-33.79	-8.28	-0.93	3.02	4.13	9.18
Russell Microcap Index	-28.12	-39.78	-13.57	-5.45	–	–	–

Calendar Year Returns (%)	US Micro Cap Portfolio	Russell 2000 Index	Russell Microcap Index
1999	29.79	21.26	–
2000	-3.60	-3.03	–
2001	22.77	2.49	17.59
2002	-13.27	-20.48	-16.11
2003	60.72	47.25	66.37
2004	18.39	18.32	14.13
2005	5.69	4.55	2.56
2006	16.16	18.37	16.54
2007	-5.22	-1.56	-8.00
2008	-36.72	-33.79	-39.78

Account Value as of December 31, 2008

US Micro Cap Portfolio \$87,612,899

Returns for periods shorter than one year are not annualized. Portfolio inception returns are from first full month.

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See *Appendix: Standardized Performance Data & Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Detailed Attributions by Size

US Micro Cap Portfolio vs. Russell Microcap Index

Fourth Quarter 2008

	MCap Percentile	Portfolio Average Weights	Benchmark Average Weights	Portfolio Return	Benchmark Return	Allocation	Composition	Interaction	Total
Large	30-100	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	10-30	0%	0%	-41.93%	0.00%	0.05%	-0.07%	0.00%	-0.02%
	5-10	5%	1%	-24.49%	-37.54%	-0.36%	0.63%	0.00%	0.27%
	2.5-5	42%	19%	-25.70%	-18.25%	2.42%	-3.07%	0.00%	-0.64%
Small	0-2.5	52%	80%	-28.93%	-30.02%	0.59%	0.56%	0.03%	1.17%
	Cash	1%	0%	0.04%	0.00%	0.36%	0.00%	0.00%	0.36%
Estimated Total		100%	100%	-26.97%	-28.11%	3.06%	-1.95%	0.03%	1.14%
Expenses and Fees				-0.10%	0.00%				-0.10%
Trading, Turnover, and Other				0.09%	-0.01%				0.10%
Total				-26.98%	-28.12%				1.14%

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Detailed Attributions by Sector

US Micro Cap Portfolio vs. Russell Microcap Index

Fourth Quarter 2008

	Portfolio Average Weights	Benchmark Average Weights	Portfolio Return	Benchmark Return	Allocation	Composition	Interaction	Total
Consumer Discretionary	14%	11%	-37.88%	-39.70%	-0.30%	0.30%	0.00%	0.00%
Consumer Staples	5%	4%	-11.70%	-12.75%	0.20%	0.07%	0.00%	0.27%
Energy	4%	3%	-50.13%	-55.03%	-0.15%	0.24%	0.00%	0.08%
Financials	19%	23%	-18.20%	-21.24%	-0.39%	0.54%	0.01%	0.16%
Health Care	14%	19%	-23.23%	-24.37%	-0.25%	0.15%	0.01%	-0.08%
Industrials	17%	13%	-25.11%	-23.37%	0.22%	-0.37%	0.01%	-0.15%
Information Technology	19%	17%	-30.83%	-32.18%	-0.06%	0.29%	0.00%	0.23%
Materials	4%	3%	-35.55%	-32.75%	-0.05%	-0.11%	0.00%	-0.16%
REIT	0%	3%	0.00%	-34.79%	0.20%	0.00%	0.00%	0.20%
Telecommunication Services	1%	2%	-29.10%	-22.00%	-0.03%	-0.08%	0.00%	-0.11%
Utilities	2%	2%	-4.12%	-18.95%	0.06%	0.30%	0.00%	0.36%
Other	0%	0%	-91.00%	-28.68%	0.00%	-0.01%	0.00%	-0.01%
Cash	1%	0%	0.04%	0.00%	0.36%	0.00%	0.00%	0.36%
Estimated Total	100%	100%	-26.97%	-28.11%	-0.20%	1.31%	0.03%	1.14%
Expenses and Fees			-0.10%	0.00%				-0.10%
Trading, Turnover, and Other			0.09%	-0.01%				0.10%
Total			-26.98%	-28.12%				1.14%

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Detailed Attributions by Size

US Micro Cap Portfolio vs. Russell Microcap Index

One Year as of December 31, 2008

	MCap Percentile	Portfolio Average Weights	Benchmark Average Weights	Portfolio Return	Benchmark Return	Allocation	Composition	Interaction	Total
Large	30-100	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	10-30	0%	0%	-75.13%	-26.73%	0.05%	-0.27%	0.00%	-0.21%
	5-10	4%	3%	-38.30%	-23.09%	0.54%	-1.22%	0.01%	-0.66%
	2.5-5	38%	19%	-33.80%	-30.76%	2.10%	-0.93%	-0.07%	1.11%
Small	0-2.5	57%	79%	-39.07%	-41.82%	0.65%	2.10%	-0.69%	2.05%
	Cash	1%	0%	1.08%	0.00%	0.36%	0.00%	0.00%	0.36%
Estimated Total		100%	100%	-36.78%	-39.44%	3.72%	-0.30%	-0.75%	2.66%
Expenses and Fees				-0.33%	0.00%				-0.33%
Trading, Turnover, and Other				0.39%	-0.34%				0.73%
Total				-36.72%	-39.78%				3.06%

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Detailed Attributions by Sector

US Micro Cap Portfolio vs. Russell Microcap Index

One Year as of December 31, 2008

	Portfolio Average Weights	Benchmark Average Weights	Portfolio Return	Benchmark Return	Allocation	Composition	Interaction	Total
Consumer Discretionary	14%	11%	-50.37%	-53.54%	-0.49%	0.71%	-0.14%	0.08%
Consumer Staples	4%	3%	-13.55%	-15.89%	0.27%	0.11%	-0.01%	0.37%
Energy	5%	5%	-53.97%	-60.25%	-1.10%	0.41%	-0.04%	-0.73%
Financials	16%	20%	-20.85%	-27.26%	-0.94%	1.12%	-0.12%	0.07%
Health Care	16%	18%	-32.27%	-35.81%	-0.26%	0.71%	-0.11%	0.34%
Industrials	18%	13%	-34.00%	-34.51%	0.23%	0.13%	-0.08%	0.28%
Information Technology	20%	18%	-47.14%	-51.63%	-0.26%	1.51%	-0.18%	1.07%
Materials	4%	3%	-44.12%	-51.36%	-0.14%	0.56%	-0.03%	0.38%
REIT	0%	3%	0.00%	-40.13%	-0.06%	0.00%	-0.03%	-0.09%
Telecommunication Services	1%	2%	-41.53%	-41.98%	-0.01%	0.04%	-0.01%	0.02%
Utilities	2%	1%	-0.25%	-28.07%	0.07%	0.53%	-0.01%	0.59%
Other	0%	1%	-93.98%	-49.05%	-0.08%	-0.01%	0.00%	-0.09%
Cash	1%	0%	1.08%	0.00%	0.36%	0.00%	0.00%	0.36%
Estimated Total	100%	100%	-36.78%	-39.44%	-2.42%	5.83%	-0.75%	2.66%
Expenses and Fees			-0.33%	0.00%				-0.33%
Trading, Turnover, and Other			0.39%	-0.34%				0.73%
Total			-36.72%	-39.78%				3.06%

Sectors defined by MSCI.

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Standardized Performance Data and Disclosures

As of December 31, 2008 Average Annual Total Returns (%)	One Year	Five Years	Ten Years	Since Inception	Inception Date	As of December 31, 2008 Average Annual Total Returns (%)	One Year	Five Years	Ten Years	Since Inception	Inception Date
US Core Equity 1 Portfolio	-36.53	-	-	-7.48	9/15/2005	Emerging Markets Social Core Equity Portfolio	-52.00	-	-	-9.28	8/31/2006
US Core Equity 2 Portfolio	-36.86	-	-	-7.88	9/15/2005	Emerging Markets Small Cap Portfolio	-54.53	6.91	11.37	9.81	3/5/1998
US Sustainability Core 1 Portfolio	-	-	-	-30.45	3/12/2008	Emerging Markets Value Portfolio	-53.94	11.05	13.33	10.85	4/1/1998
US Social Core Equity 2 Portfolio	-38.15	-	-	-36.09	10/1/2007	Emerging Markets Portfolio	-49.20	8.53	9.44	5.28	4/25/1994
TA US Core Equity 2 Portfolio	-35.62	-	-	-33.62	10/4/2007	One-Year Fixed Income Portfolio	4.02	3.42	3.96	6.03	7/25/1983
US Vector Equity Portfolio	-37.18	-	-	-9.68	12/30/2005	Two-Year Global Fixed Income Portfolio	4.08	3.28	4.06	4.59	2/9/1996
US Micro Cap Portfolio	-36.72	-2.71	6.44	10.74	12/23/1981	Five-Year Government Portfolio	8.36	4.24	5.29	6.40	6/1/1987
US Small Cap Portfolio	-36.01	-1.99	4.84	7.68	3/19/1992	Five-Year Global Fixed Income Portfolio	4.02	3.54	4.71	6.41	11/6/1990
US Small Cap Value Portfolio	-36.79	-1.51	7.32	9.91	3/2/1993	Intermediate Government Fixed Income Portfolio	12.88	6.30	6.60	7.73	10/19/1990
US Targeted Value Portfolio	-33.78	-0.18	-	8.16	2/23/2000	Inflation-Protected Securities Portfolio	-1.42	-	-	4.04	9/18/2006
US Large Cap Value Portfolio	-40.80	-2.05	2.15	7.38	2/19/1993	Short-Term Municipal Bond Portfolio	2.90	2.34	-	2.36	8/20/2002
US Large Company Portfolio	-36.78	-2.19	-1.47	7.74	12/28/1990	California Short-Term Municipal Bond Portfolio	3.13	-	-	3.24	4/2/2007
Enhanced US Large Company Portfolio	-37.28	-2.88	-1.70	4.19	7/2/1996	Selectively Hedged Global Fixed Income Portfolio	-	-	-	-8.87	1/9/2008
Real Estate Securities Portfolio	-37.36	0.59	7.55	7.78	1/5/1993	Global 25/75 Portfolio	-8.70	2.65	-	2.69	12/24/2003
International Core Equity Portfolio	-44.01	-	-	-5.77	9/15/2005	Global 60/40 Portfolio	-25.74	1.10	-	1.30	12/24/2003
International Sustainability Core 1 Portfolio	-	-	-	-38.18	3/12/2008	Global Equity Portfolio	-39.99	-0.07	-	0.29	12/24/2003
TA World ex US Core Equity Portfolio	-	-	-	-39.85	3/6/2008	Tax-Managed US Small Cap Portfolio	-38.43	-2.40	4.49	4.96	12/15/1998
International Vector Equity Portfolio	-	-	-	-32.02	8/14/2008	After Taxes on Distributions	-38.73	-2.79	4.24	4.71	12/15/1998
International Small Company Portfolio	-43.87	3.41	6.96	3.66	9/30/1996	After Taxes on Distributions and Sale of Fund Shares	-24.95	-1.92	3.95	4.37	12/15/1998
Continental Small Company Portfolio	-47.96	5.77	6.87	8.39	4/15/1988	Tax-Managed US Targeted Value Portfolio	-37.76	-2.28	5.67	6.08	12/11/1998
Japanese Small Company Portfolio	-12.12	4.97	5.53	4.09	1/31/1986	After Taxes on Distributions	-38.09	-3.20	5.10	5.51	12/11/1998
Asia Pacific Small Company Portfolio	-57.04	2.35	10.58	5.62	1/5/1993	After Taxes on Distributions and Sale of Fund Shares	-24.51	-1.59	5.13	5.50	12/11/1998
United Kingdom Small Company Portfolio	-53.02	-2.13	4.35	8.76	3/4/1986	Tax-Managed US Equity Portfolio	-35.53	-1.68	-	0.84	9/25/2001
International Small Cap Value Portfolio	-41.68	5.07	9.44	5.20	12/29/1994	After Taxes on Distributions	-36.03	-1.99	-	0.57	9/25/2001
International Value Portfolio	-46.33	3.34	4.75	5.36	2/15/1994	After Taxes on Distributions and Sale of Fund Shares	-23.03	-1.44	-	0.68	9/25/2001
Large Cap International Portfolio	-41.44	2.08	1.25	4.62	7/17/1991	Tax-Managed US Marketwide Value Portfolio	-41.58	-1.79	0.80	1.10	12/14/1998
International Real Estate Securities Portfolio	-51.92	-	-	-36.70	3/1/2007	After Taxes on Distributions	-42.09	-2.15	0.45	0.75	12/14/1998
Global Real Estate Securities Portfolio	-	-	-	-43.68	6/4/2008	After Taxes on Distributions and Sale of Fund Shares	-26.95	-1.49	0.59	0.86	12/14/1998
Emerging Markets Core Equity Portfolio	-50.66	-	-	2.38	4/5/2005	Tax-Managed International Value Portfolio	-44.38	4.01	-	4.16	4/16/1999
						After Taxes on Distributions	-45.19	3.06	-	3.48	4/16/1999
						After Taxes on Distributions and Sale of Fund Shares	-28.65	3.79	-	3.69	4/16/1999

Standardized Performance Data and Disclosures

Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price.

Performance data shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month end, access our website at www.dimensional.com. Average annual total returns include reinvestment of dividends and capital gains.

Dimensional Fund Advisors is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (310) 395-8005; on the Internet at www.dimensional.com; or, by mail, DFA Securities Inc., c/o Dimensional Fund Advisors, 1299 Ocean Avenue, Santa Monica, CA 90401. Dimensional funds are distributed by DFA Securities Inc.

Prior to April 1, 2002, the following reimbursement fees may have been charged to purchasers of the respective portfolios: Intl. Small Company Portfolio 0.675%; Continental Small Company Portfolio 1.00%; Japanese Small Company Portfolio 0.50%; Pacific Rim Small Company Portfolio 1.00%; Intl. Small Cap Value Portfolio 0.675%; Emerging Markets Small Cap Portfolio 1.00%; Emerging Markets Value Portfolio 0.50%; Emerging Markets Portfolio 0.50%. Prior to April 1998, the reimbursement fees were as follows:

Intl. Small Company Portfolio 0.70%; Intl. Small Cap Value Portfolio 0.70%. Prior to July 1995, the reimbursement fees were as follows: Intl. Small Cap Value Portfolio 1.00%; Continental Small Company Portfolio 1.50%; Japanese Small Company Portfolio 1.00%; Asia Pacific Small Company Portfolio 1.50%; UK Small Company Portfolio 1.50%; Emerging Markets Portfolio 1.50%. Returns for these portfolios are presented net of these reimbursement fees.

All reimbursement fees are based on the net asset value of the shares purchased. The standardized returns presented reflect deduction, where applicable, of the reimbursement fees for the portfolios. Non-standardized performance data reported by Dimensional Fund Advisors does not reflect deduction of the reimbursement fee. If reflected, the fee would reduce the performance quoted.

Investments in foreign issuers are subject to certain considerations that are not associated with investments in US public companies. Investments of the foreign equity portfolios and the global fixed income portfolios are denominated in foreign currencies. Changes in the relative values of these foreign currencies and the US dollar, therefore, may affect the value of investments in these portfolios. However, the global fixed income portfolios may utilize forward currency contracts to minimize these changes. Further, foreign issuers are not generally subject to uniform accounting, auditing, and financial reporting standards comparable to those of US public corporations and there may be less publicly available information about such companies than comparable US companies. Also, legal, political, or diplomatic actions of foreign governments, including expropriation, confiscatory taxation, and limitations on the removal of securities, property, or other assets of the portfolios could adversely affect the value of the assets of these portfolios.

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 Stephen A. Quance, Portfolio Manager
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 Joseph H. Chi, Portfolio Manager
 Jed S. Fogdall, Portfolio Manager and Vice President
 Daniel C. Ong, Portfolio Manager
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 Anna Kovzik, Portfolio Manager
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 Christine W. Ho, Vice President

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Education: Graduate Diploma in marketing and
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Sources and Descriptions of Data

All Dimensional fund returns are net of all fees and expenses unless otherwise indicated. All Dimensional subtrust returns are net of administrative expenses only unless otherwise indicated. Prior to April 2002, certain international equity funds charged a reimbursement fee to the purchasers of shares of those funds.

Australian Bureau of Statistics (ABS)

Australian inflation rate provided by the Australian Bureau of Statistics.

Australian Financial Markets Association (AFMA)

Australian risk-free rate provided by Australian Financial Markets Association.

Barclays Capital

Barclays Capital data, formerly Lehman Brothers, provided by Barclays Bank PLC. Includes US fixed income indices of various issuers and maturities.

Barra

Canadian Barra data provided by MSCI Barra. Includes size- and style-based indices of Canadian companies.

Bloomberg

Securities and commodities data provided by Bloomberg.

British Bankers' Association

LIBOR data provided by the British Bankers' Association.

Center for Research in Security Prices (CRSP)

CRSP data provided by the Center for Research in Security Prices, University of Chicago. Includes indices of securities in each decile as well as other segments of NYSE securities (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973). Additionally, includes US Treasury constant maturity indices.

Citigroup

Citigroup bond indices copyright 2009 by Citigroup. Includes the World Government Bond Index and all subsets of countries, maturities, and currencies (hedged and unhedged).

Datastream

Individual country stock exchange indices provided by Datastream.

DEX Indices

Canadian fixed income data provided by PC-Bond, a business unit of TSX Inc.; copyright © TSX Inc., all rights reserved. The information contained herein may not be redistributed, sold, modified, or used to create any derivative work without the prior written consent of TSX Inc. Includes DEX bond indices and Canadian Treasury bills.

Dimensional Indices

Dimensional index data simulated by Dimensional from StyleResearch securities data; not available for direct investment. Includes size- and style-based indices of various countries and regions.

Dow Jones Wilshire

Dow Jones Wilshire data provided by Dow Jones Indexes. Includes the Dow Jones Industrial Average, marketwide US data (2500, 4500, and 5000), and size- and style-based US indices. Additionally, includes real estate indices.

Fama/French

Fama/French and multifactor data provided by Fama/French. Includes value, neutral, and growth indices of various countries and regions. For US data, includes many size- and style-based subsets, with and without utilities. Additionally, includes factors (premiums) for the US and the world.

Federal Reserve

Certificates of deposit provided by the Federal Reserve Statistical Release H.15: Selected Interest Rates.

FTSE International Limited

FTSE data published with the permission of FTSE. Includes size- and style-based indices of UK companies. Also includes UK government bond indices and UK Treasury bills. Additionally, includes a variety of regional and country equity indices.

Ibbotson Associates

US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Sources and Descriptions of Data

Macquarie Research

Macquarie Research data provided by Macquarie Research. Includes style-based indices of Australian companies.

Mercer

Mercer data provided by Mercer. Includes Australian direct property data.

Merrill Lynch

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Morningstar, Inc.

Mutual fund universe statistical data and non-Dimensional money managers' fund data provided by Morningstar, Inc.

New Zealand Stock Exchange (NZSX)

NZSX data provided by the New Zealand Stock Exchange.

Office for National Statistics

UK inflation rate provided by the Office for National Statistics in the UK; Crown copyright material is reproduced with the permission of the Controller of HMSO.

Reserve Bank of New Zealand (RBNZ)

New Zealand risk-free rate provided by the Reserve Bank of New Zealand.

Russell

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S&P/ASX

S&P/ASX data provided by Standard & Poor's Index Services Group. Includes size-based indices of Australian companies, including specialty subsets, both accumulation and price.

S&P/Barra

US S&P/Barra data provided by Standard & Poor's Index Services Group.

S&P/TSX

S&P/TSX data provided by S&P/TSX. Includes size-based indices of Canadian companies.

Standard & Poor's (S&P)

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UBS Australia (UBSA)

UBSA data provided by UBS Australia. Includes Australian bank bills and bonds of various maturity ranges.

WM/Reuters

Currency data provided by WM/Reuters.