



ADVISED ASSETS  
GROUP

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# Wisconsin Deferred Compensation Plan

*Fourth Quarter, 2012*



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Advised Assets Group, LLC

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# EXECUTIVE SUMMARY



# Fund Compliance Report Card

## 12/31/2012



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Name	Total Ret	Total Ret	Total Ret	Total Ret	Total Ret	Total Net	Expense
	3 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Assets \$M	Ratio
American Funds EuroPacific Gr R6	5.65	19.64	4.42	-1.16	10.18	107,977	0.50
MSCI AC World Ex USA NR USD	5.85	16.83	3.87	-2.89	9.74	-	-
MSCI EAFE Free NR USD	6.57	17.32	3.56	-3.69	8.21	-	-
Lipper International Index	6.64	19.70	4.36	-2.82	8.81	-	-
US OE Foreign Large Blend	6.50	18.29	3.89	-3.60	7.92	-	1.40
Blackrock EAFE Equity Index Coll T	7.37	18.46	4.07	-3.30	8.40	-	0.10
MSCI EAFE NR USD	6.57	17.32	3.56	-3.69	8.21	-	-
DFA US Micro Cap I	2.63	18.24	14.52	4.01	10.42	3,796	0.52
Russell 2000 TR USD	1.85	16.35	12.25	3.56	9.72	-	-
Russell Micro Cap TR USD	0.04	19.75	11.87	1.46	8.42	-	-
Blackrock Russell 2000 Index Coll T	1.85	16.54	12.31	3.65	9.69	-	0.06
Russell 2000 TR USD	1.85	16.35	12.25	3.56	9.72	-	-
T. Rowe Price Mid-Cap Growth	1.65	13.91	12.96	4.80	11.55	19,117	0.80
Lipper Mid Cap Growth Index	0.21	13.36	10.50	1.49	9.40	-	-
Russell Mid Cap Growth TR USD	1.69	15.81	12.91	3.23	10.32	-	-
S&P MidCap 400 TR	3.61	17.88	13.62	5.15	10.53	-	-
US OE Mid-Cap Growth	1.18	14.07	11.08	1.73	8.98	-	1.39
Blackrock Midcap Equity Index Coll F	3.62	17.86	13.66	5.23	10.64	-	0.04
S&P MidCap 400 TR	3.61	17.88	13.62	5.15	10.53	-	-
Calvert Equity I	0.18	16.14	10.40	3.20	7.08	2,531	0.68
S&P 500 TR	-0.38	16.00	10.87	1.66	7.10	-	-
Calvert Social	-0.09	18.00	10.46	2.44	-	-	-
Lipper MultiCap Core Index	1.70	16.15	9.60	1.53	7.62	-	-
Morningstar Socially Resp Large Cap Index	0.41	14.44	9.12	0.90	6.71	-	-
Fidelity Contrafund	-1.59	16.26	10.73	1.97	9.68	89,033	0.81
S&P 500 TR	-0.38	16.00	10.87	1.66	7.10	-	-
Lipper Large Growth Index	-0.79	15.92	9.02	1.01	6.39	-	-



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

Gray bars indicate fund benchmarks; white indicates current funds


DATA SOURCE:  
Morningstar  
12/31/2012

# Fund Compliance Report Card

## 12/31/2012



Name	Total Ret 3 Mth	Total Ret 1 Yr	Total Ret 3 Yr	Total Ret 5 Yr	Total Ret 10 Yr	Total Net Assets \$M	Expense Ratio
Vanguard Institutional Index Instl PI	-0.37	16.00	10.88	1.72	7.14	124,585	0.02
S&P 500 TR	-0.38	16.00	10.87	1.66	7.10	-	-
Vanguard Wellington Adm	1.01	12.67	9.15	4.35	8.32	67,890	0.19
Lipper Balanced Index	1.22	11.94	8.06	2.82	6.51	-	-
US OE Moderate Allocation	1.13	11.72	7.70	2.32	6.39	-	1.34
65% S&P Barra Value / 35% BarCap Agg	1.14	12.97	8.97	1.99	6.39	-	-
Vanguard Long-Term Investment-Grade Adm	0.64	11.77	13.27	10.13	7.78	13,540	0.12
BarCap US Corp A Long TR USD	0.21	11.10	12.83	9.40	7.29	-	-
US OE Long-Term Bond	1.45	12.97	11.84	8.75	7.83	-	0.98
Blackrock US Debt Index Fund Coll W	0.20	4.24	6.23	5.99	5.21	-	0.05
BarCap US Agg Bond TR USD	0.21	4.21	6.19	5.95	5.18	-	-
Federated US Govt 2-5 Yr Instl	0.03	1.16	3.35	4.14	3.77	685	0.59
ML US 3-5 Yr Treasury Index USD	0.02	1.58	4.48	4.90	4.31	-	-
Lipper Short-Interm US Govt Index	-0.06	1.69	3.02	3.85	3.31	-	-
US OE Short Government	-0.10	1.06	2.11	2.86	2.78	-	0.84
Vanguard Admiral Treasury Money Mkt Inv	0.01	0.02	0.01	0.48	1.68	12,361	0.10
iMoney Net Average Treasury MM	0.00	0.00	0.00	0.23	1.25	-	-


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

Gray bars indicate fund benchmarks; white indicates current funds

DATA SOURCE: Morningstar  
 12/31/2012



# Rolling 3 Year Quartile Rankings 12/31/2012



<u>Name</u>	<u>2012</u> <u>Q4</u>	<u>2012</u> <u>Q3</u>	<u>2012</u> <u>Q2</u>	<u>2012</u> <u>Q1</u>	<u>2011</u> <u>Q4</u>	<u>2011</u> <u>Q3</u>	<u>2011</u> <u>Q2</u>	<u>2011</u> <u>Q1</u>	<u>2010</u> <u>Q4</u>	<u>2010</u> <u>Q3</u>	<u>2010</u> <u>Q2</u>	<u>2010</u> <u>Q1</u>
American Funds EuroPacific Gr R5	64	69	71	60	79	87	93	92	92	95	97	98
Calvert Equity I	69	51	58	70	61	65	80	84	87	91	88	84
DFA U.S. Micro Cap	89	83	78	77	63	54	77	64	53	33	31	30
Federated U.S. Govt: 2-5 Yr Instl	84	80	79	71	70	91	85	74	87	93	98	97
Fidelity Contrafund	74	78	75	51	46	66	43	56	60	79	84	74
T. Rowe Price Mid-Cap Growth	77	72	81	75	87	87	80	87	89	86	84	93
Vanguard Institutional Index Instl PI	84	85	87	80	75	75	68	65	61	56	57	57
Vanguard Long-Term Inv Grade Adm	67	60	66	68	56	72	64	62	52	67	63	48
Vanguard Wellington Adm	84	83	81	68	63	87	76	72	82	84	87	92

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

DATA SOURCE: Morningstar  
12/31/2012





# Plan Asset Summary

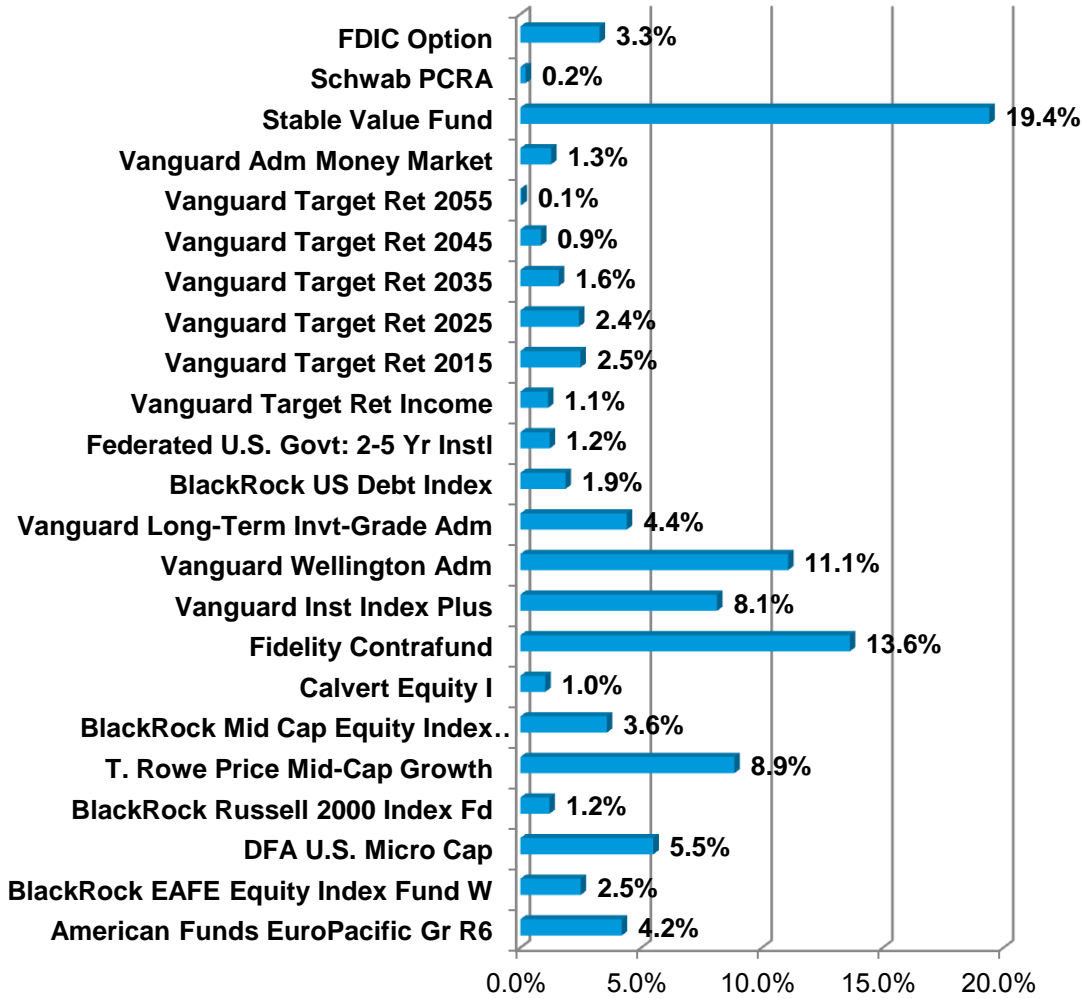
## 12/31/2012



	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 R6	1/28/2005	\$107,977,174,005	\$124,794,974	0.12%	4.20%	15,311	6.92%
BlackRock EAFE Equity Index Fund W	2/1/2001	N/A	\$74,361,410	N/A	2.50%	11,703	5.29%
DFA U.S. Micro Cap	2/1/1997	\$3,795,597,324	\$163,616,377	4.31%	5.50%	19,600	8.85%
BlackRock Russell 2000 Index Fd	2/20/2004	N/A	\$35,839,164	N/A	1.21%	5,900	2.66%
T. Rowe Price Mid-Cap Growth	2/1/1998	\$19,116,612,637	\$263,466,540	1.38%	8.86%	18,961	8.56%
BlackRock Mid Cap Equity Index Fund W	2/1/2001	N/A	\$106,514,324	N/A	3.58%	13,440	6.07%
Calvert Equity I	4/18/2003	\$2,530,662,036	\$30,671,828	1.21%	1.03%	3,272	1.48%
Fidelity Contrafund	1/31/1994	\$89,033,175,687	\$405,451,124	0.46%	13.64%	21,676	9.79%
Vanguard Inst Index Plus	9/9/1990	\$124,584,714,861	\$242,182,508	0.19%	8.15%	19,710	8.90%
Vanguard Wellington Adm	10/26/2001	\$67,889,898,047	\$329,403,548	0.49%	11.08%	18,027	8.14%
Vanguard Long-Term Invt-Grade Adm	10/26/2001	\$13,540,141,705	\$130,984,350	0.97%	4.41%	12,131	5.48%
BlackRock US Debt Index	2/1/2001	N/A	\$55,511,914	N/A	1.87%	8,330	3.76%
Federated U.S. Govt: 2-5 Yr Instl	2/3/1992	\$684,566,833	\$36,151,224	5.28%	1.22%	5,938	2.68%
Vanguard Target Ret Income	7/29/2005	\$9,988,010,606	\$34,061,233	0.34%	1.15%	1,210	0.55%
Vanguard Target Ret 2015	7/29/2005	\$18,549,969,905	\$74,059,423	0.40%	2.49%	2,958	1.34%
Vanguard Target Ret 2025	7/29/2005	\$22,835,770,826	\$72,112,419	0.32%	2.43%	4,649	2.10%
Vanguard Target Ret 2035	7/29/2005	\$16,436,022,397	\$47,270,986	0.29%	1.59%	4,233	1.91%
Vanguard Target Ret 2045	7/29/2005	\$9,453,575,524	\$25,356,619	0.27%	0.85%	3,353	1.51%
Vanguard Target Ret 2055	8/18/2010	\$566,637,847	\$1,488,678	0.26%	0.05%	305	0.14%
Vanguard Adm Money Market	10/1/1993	\$12,360,700,000	\$37,914,615	0.31%	1.28%	8,508	3.84%
Stable Value Fund	9/1/1996	N/A	\$577,042,798	N/A	19.41%	15,873	7.17%
Schwab PCRA	2/17/2000	N/A	\$6,583,095	N/A	0.22%	1,420	0.64%
FDIC Option	12/31/1996	N/A	\$97,645,248	N/A	3.28%	4,903	2.21%

# Assets Chart

## 12/31/2012



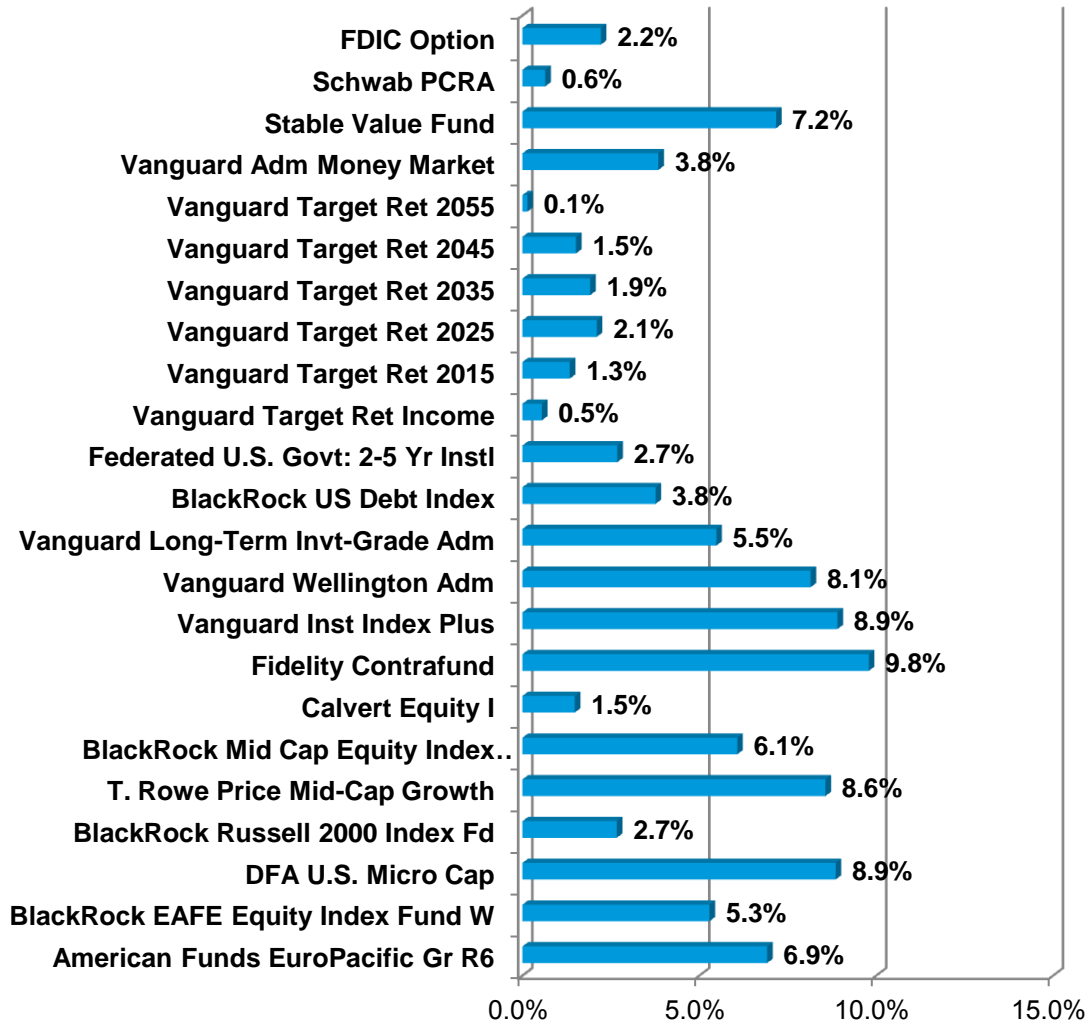
Total WDC Assets  
(as of 12/31/2012)

**\$2,972,484,401**

Domestic Equity	\$1,247,741,865	42%
Intl Equity	\$199,156,384	7%
Asset Allocation	\$583,752,908	20%
Fixed Income	\$222,647,487	7%
Cash Equiv.	\$712,602,661	24%
Self-Directed Brok.	\$6,583,095	0%

# Participant Account Chart

## 12/31/2012



Total WDC Participant  
Accounts  
(as of 12/31/2012)

**221,411**

# Fund Expense v. Category

## 12/31/2012

Name	Expense Ratio
American Funds EuroPacific Gr R6	0.50
Cat: Foreign Large Blend	1.40
Blackrock EAFE Equity Index Fund W	0.10
Cat: Foreign Large Blend Index	0.80
DFA U.S. Micro Cap	0.52
Cat: Small Blend	1.35
Blackrock Russell 2000 Index Fd	0.05
Cat: Small Cap Blend Index	0.75
T. Rowe Price Mid-Cap Growth	0.80
Cat: Mid Growth	1.39
Blackrock Mid Cap Equity Index Fund W	0.04
Cat: Mid Cap Blend Index	0.60
Calvert Equity I	0.68
Cat: Socially Resp Large Cap Index	1.16
Fidelity Contrafund	0.81
Cat: Large Growth	1.28
Vanguard Inst Index Plus	0.02
Cat: Large Cap Blend Index	0.63
Vanguard Wellington Adm	0.19
Cat: Moderate Allocation	1.34

Name	Expense Ratio
Vanguard Target Retirement 2055 Inv	0.18
Cat: Target Date 2050+	0.58
Vanguard Target Retirement 2045 Inv	0.18
Cat: Target Date 2041-2045	0.49
Vanguard Target Retirement 2035 Inv	0.18
Cat: Target Date 2031-2035	0.45
Vanguard Target Retirement 2025 Inv	0.17
Cat: Target Date 2021-2025	0.49
Vanguard Target Retirement 2015 Inv	0.16
Cat: Target Date 2011-2015	0.39
Vanguard Target Retirement Income Inv	0.16
Cat: Retirement Income	0.36
Vanguard Long-Term Invmt-Grade Adm	0.12
Cat: Long-Term Bond	0.98
Blackrock US Debt Index	0.05
Cat: Intermediate Bond Index	0.41
Federated U.S. Govt: 2-5 Yr Instl	0.59
Cat: Short Government	0.84
Vanguard Adm Money Market	0.10
Average US Taxable Money Market Fund	0.58

**Asset-Weighted Average Expense Ratio: 0.29%**

# Participant Weighted Average Return

## 12/31/2012



- The 1 year asset-weighted return for the WDC plan as of 12/31/2012 was 12.7%.
- Much of this can be attributed to a 13.6% weighting in Fidelity Contrafund which returned 16.2%.
- Other contributing factors were:
  - A 8.1% weighting to Vanguard Institutional Index, which had a return of 16.0%
  - An 11.1% weighting to the Vanguard Wellington Fund which returned 12.7%
  - An 8.9% weighting to the T. Rowe Price Midcap Growth Fund, which returned 13.9%.

\*Note: Participant weighted average return excludes the self directed brokerage accounts



# FUND HIGHLIGHTS AND OBSERVATIONS

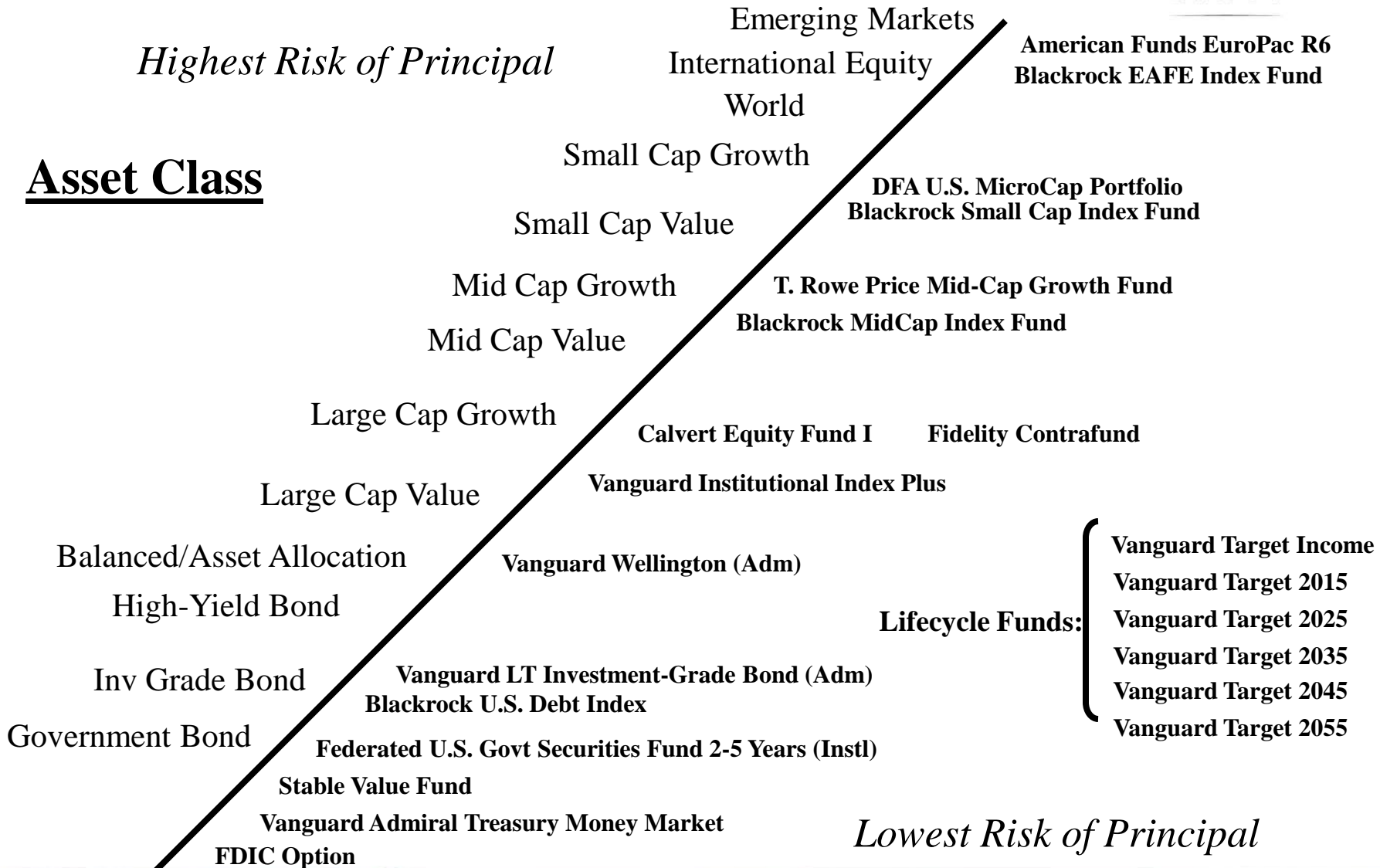




# Wisconsin Plan Options



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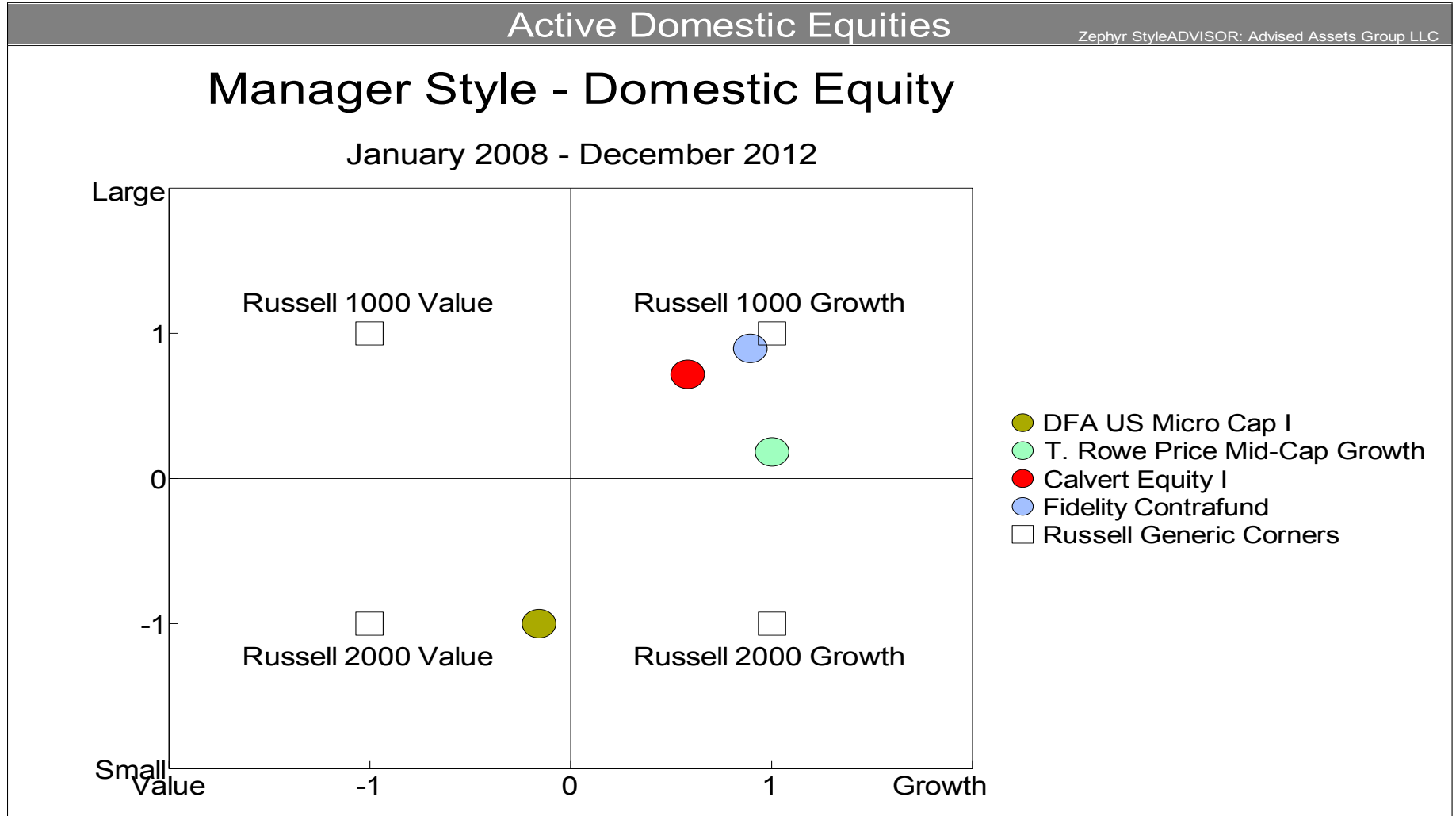


# Manager Style



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**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.

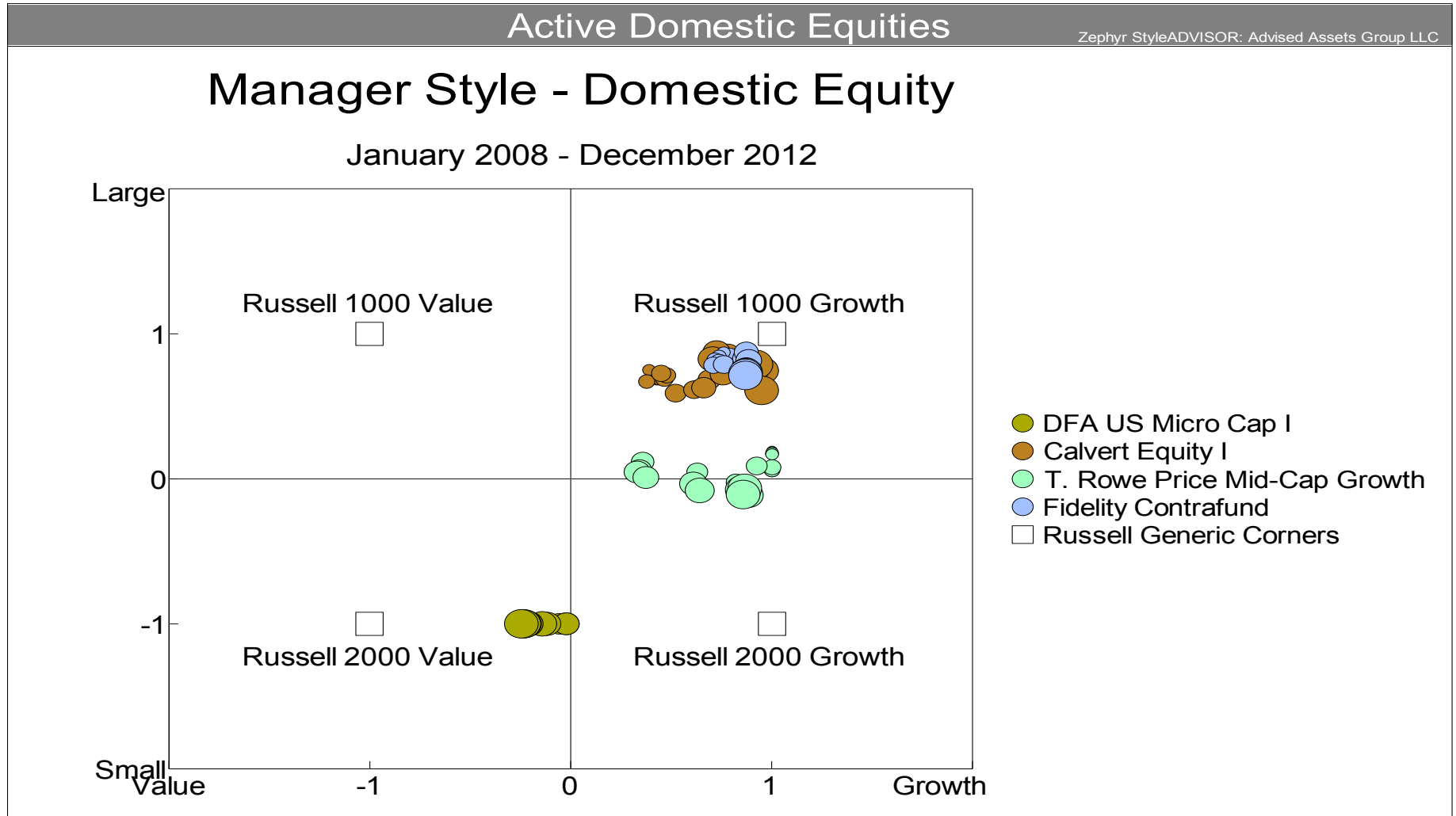


# Manager Style



ADVISED ASSETS  
GROUP

**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.



# Fund Observations



**American Funds EuroPacific Growth R6** 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. In addition, it sports one of the lowest expense ratios in the category.

**Blackrock EAFE Equity Index Fund** outperformed its index by 1.14 bps (net of fees) 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 \$467 million. The fund contained 1,995 holdings giving it an index like approach to investing. The fund has outpaced its microcap benchmark for the 1, 3, 5, and 10 year periods.

**Blackrock Russell 2000 Index Fund** outperformed its index by 21 bps (net of fees) over the past 12 months.



# Fund Observations



**T. Rowe Price Mid Cap Growth** continues to outperform its benchmarks over the 3, 5, and 10 year time periods, but continued to trail the benchmark over the past year. Still, overall the fund outpaces most of its benchmarks over all time frames. The fund has trailed the Russell Mid Cap Growth Index over the past year, mainly as a result of its lower-beta style. While offering favorable protection when markets are volatile, the style typically trails when markets advance aggressively.

**Blackrock Mid-Cap Equity Index** underperformed its index by 1 bp (net of fees) over the past 12 months.

**Calvert Equity** outperformed its benchmarks over the previous 1, 3, 5, and 10 year time periods. This concentrated, socially conscious fund looks for companies with solid balance sheets and strong earnings growth while being mindful of valuations. Stock selection was strong and was the source of its outperformance in the 4<sup>th</sup> quarter while weak sector positioning offsetting some of the stock selection benefits.

**Fidelity Contrafund** continues to outpace its peer group over all time periods. The fund remains one of the best-performing funds in the category over longer-term time periods, outpacing its Lipper peer group by more than 265 basis points over the past 10 years.



# Fund Observations



**Vanguard Instl Index Plus Fund** outperformed the performance of its index (net of fees) by 1 basis point over the past 12 months.

**Vanguard Wellington** continues to outperform its benchmarks over the 1, 3, 5, and 10 year time periods. This fund practices a value oriented, long-term investing style. The low expense ratio is also a distinct advantage for this fund.

**Vanguard Long-Term Investment Grade Bond** outpaced its peer group over the 3, 5, and 10 year time frames. The 1 year performance number was right on top of the peer group average. This fund provides diversified exposure to medium-and high-quality investment-grade corporate bonds with an average maturity of 15 to 25 years. Reflecting this goal, the fund invests primarily in corporate bonds, with a small percentage in taxable municipal bonds, within that maturity range. Corporate bond yields were low at the start of 2012, but moved even lower as stock market volatility increased.

**Blackrock US Debt Index** outperformed its index (net of fees) by 3 basis points over the past 12 months.





# Fund Observations



**Federated U.S. Government: 2-5 Year Institutional** beats its Lipper and Morningstar peer groups over the 1, 3, 5, and 10 year time periods. The Institutional Shares posted a total return of 0.03% after fees for the quarter. The fund's performance compares to a return of 0.01% for the BofA Merrill Lynch 3-5 Year Treasury Index (the Index) over the same period and a -0.7% return for the peer group average.

**Vanguard Admiral Treasury Money Market Fund** posted a 0.02% return over the 1 year period.

**FDIC Bank Option** return for the quarter ending 12/31/12 was 0.45%. The interest rate is calculated by taking 75% of 12 month LIBOR less 40 bps plus 25% 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, 5, & 10 year periods returning 2.63%, 3.23%, 3.85%, & 4.47%, respectively. While the total return of the fund has decreased over the past few years due to the low level of short-term interest rates, the fund continues to provide superior relative performance when measured against other cash-equivalent investments.



# PERFORMANCE BENCHMARKING OF ACTIVE OPTIONS



# Performance Benchmarking Of Active Options

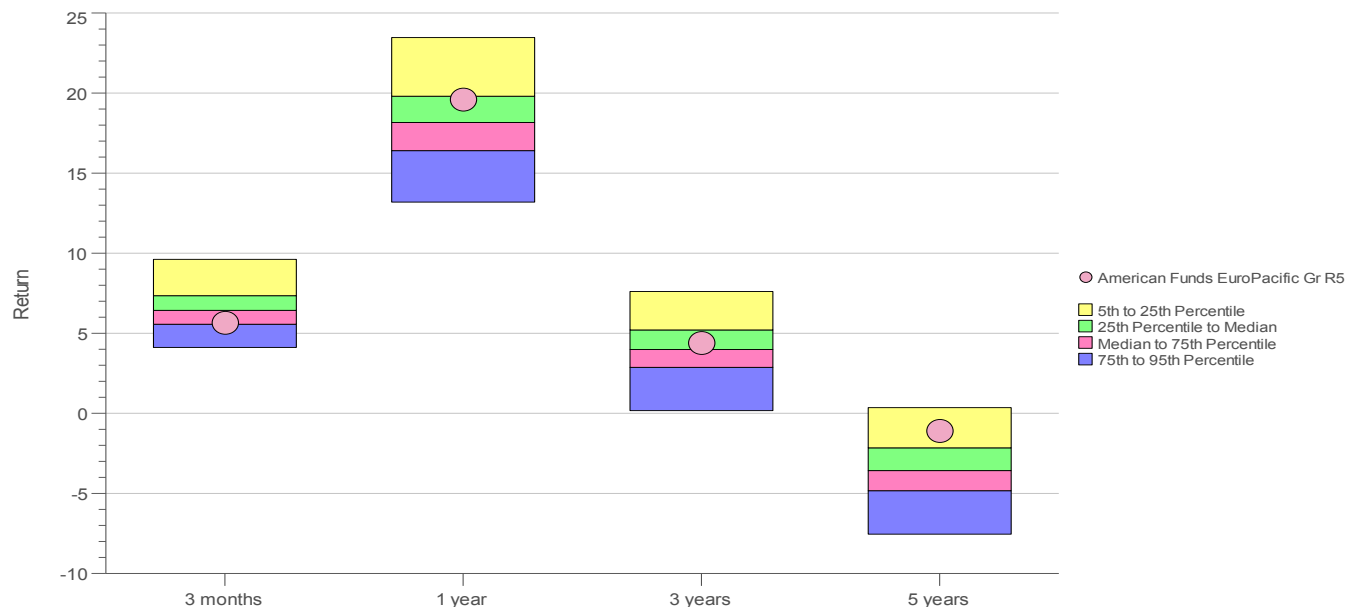
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Advised Assets Group LLC

## American Funds EuroPacific Growth R5

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.

## Manager vs Morningstar Foreign Large Blend: Return January 2008 - December 2012 (not annualized if less than 1 year)



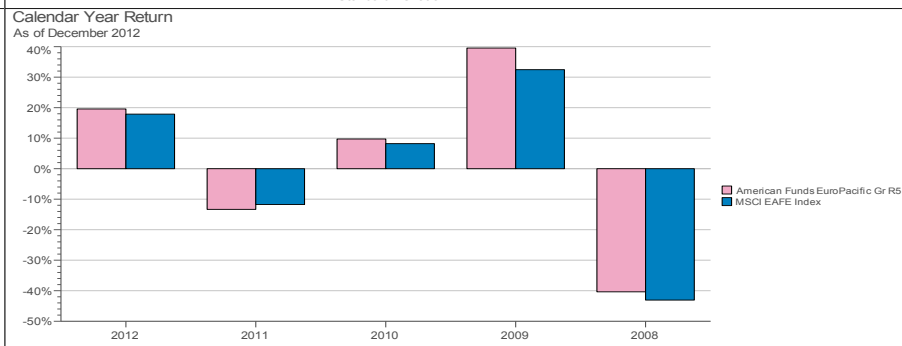
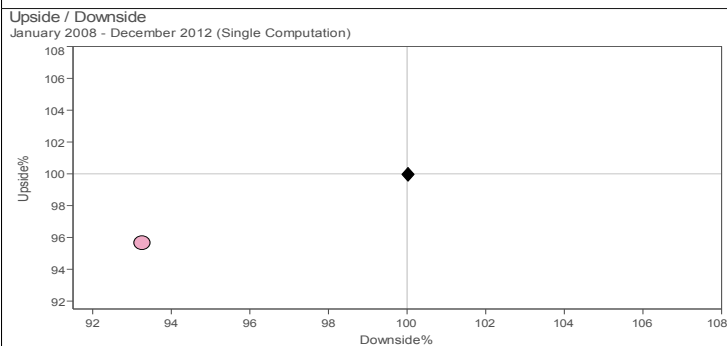
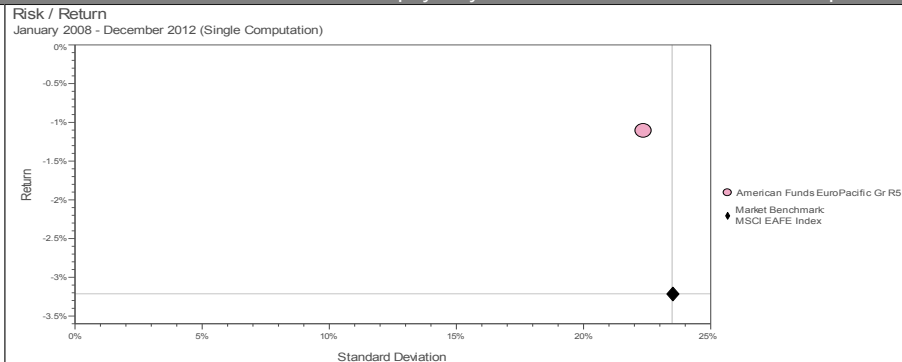
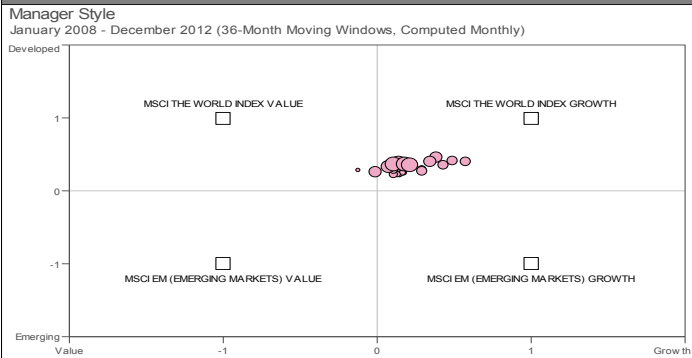
## Manager vs Benchmark: Return January 2008 - December 2012 (not annualized if less than 1 year)

	3 months	YTD	1 year	3 years	5 years
American Funds EuroPacific Gr R5	5.63%	19.57%	19.57%	4.37%	-1.10%
Morningstar Foreign Large Blend	6.49%	18.30%	18.30%	3.94%	-3.83%

# Performance Benchmarking Of Active Options

## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC



**Portfolio Statistics**  
January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
American Funds EuroPacific Gr R5	-5.40%	1.86%	-3.17%	0.93	1.07	96.15%	85.44%	-0.07	22.34%
MSCI EAFE Index	-15.07%	0.00%	-4.93%	1.00	1.12	100.00%	85.63%	-0.16	23.48%

# Performance Benchmarking Of Active Options

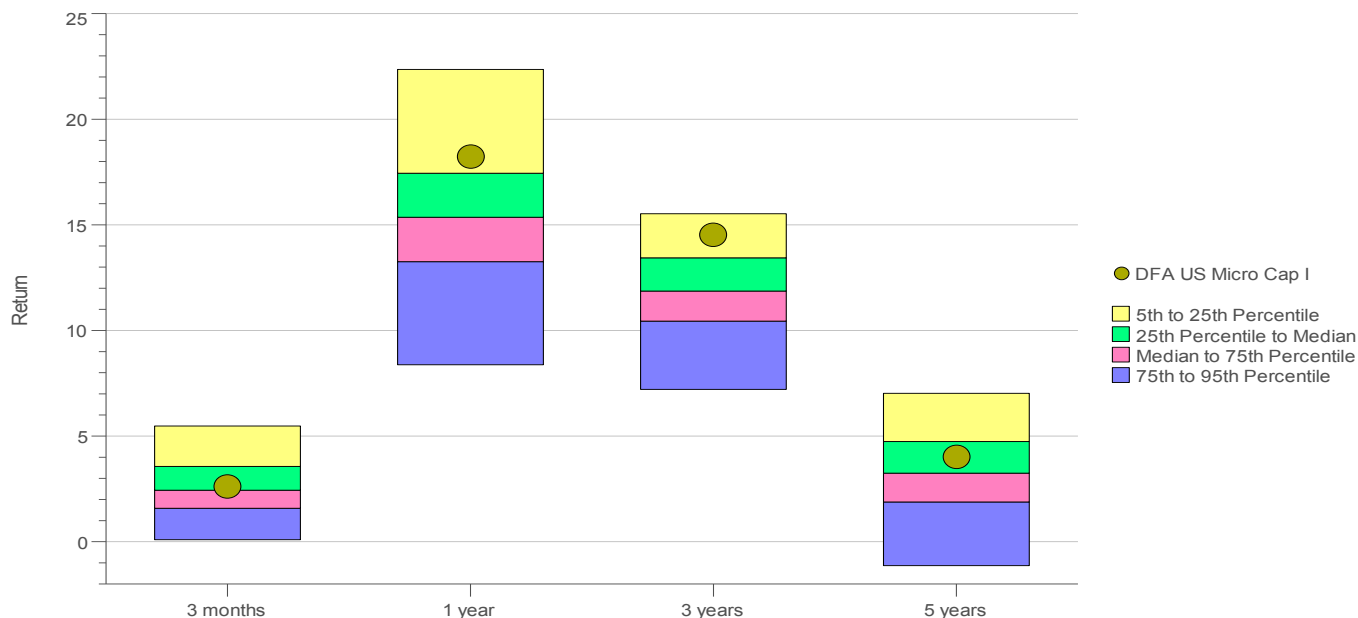
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Advised Assets Group LLC

## DFA U.S. Microcap I

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.

Manager vs Morningstar Small Blend: Return  
January 2008 - December 2012 (not annualized if less than 1 year)



Manager vs Benchmark: Return  
January 2003 - December 2012 (not annualized if less than 1 year)

	3 months	YTD	1 year	3 years	5 years	10 years
DFA US Micro Cap I	2.63%	18.24%	18.24%	14.52%	4.01%	10.42%
Morningstar Small Blend	2.52%	15.30%	15.30%	11.50%	2.94%	9.09%

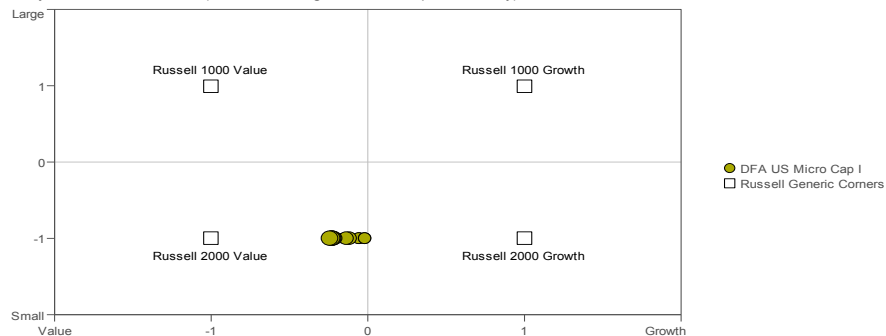
# Performance Benchmarking Of Active Options

## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC

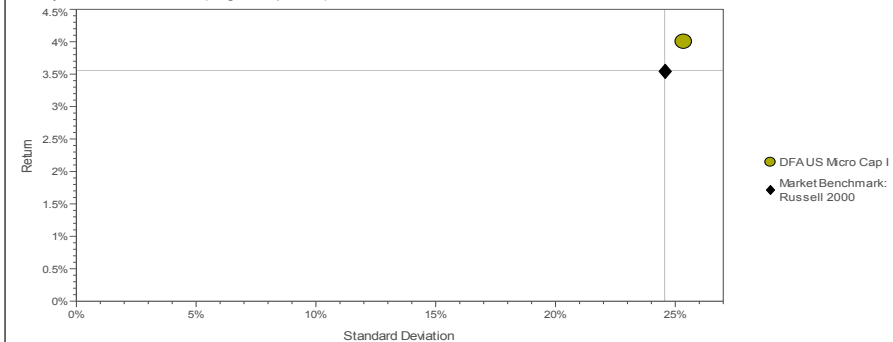
### Manager Style

January 2008 - December 2012 (36-Month Moving Windows, Computed Monthly)



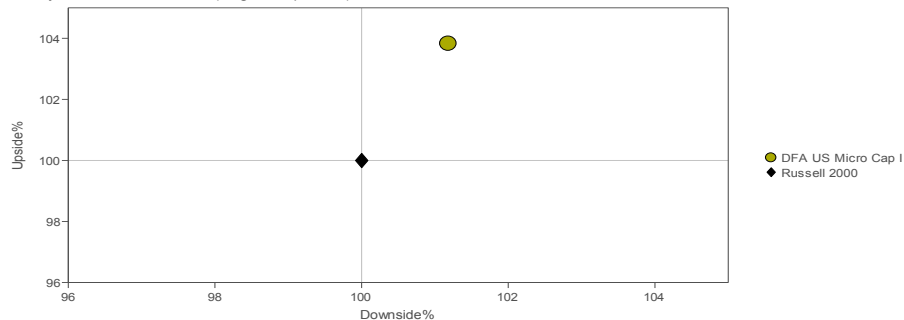
### Risk / Return

January 2008 - December 2012 (Single Computation)



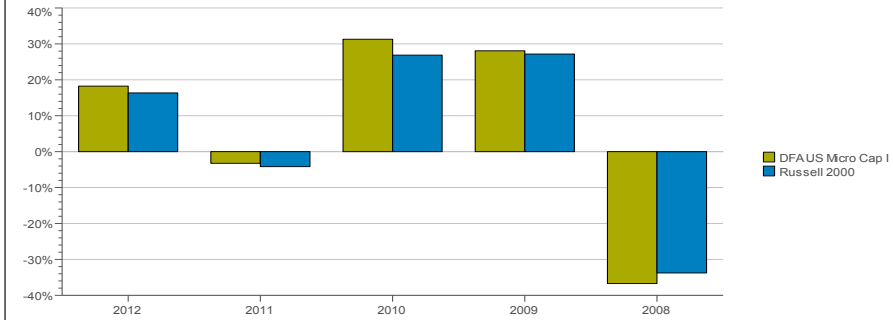
### Upside / Downside

January 2008 - December 2012 (Single Computation)



### Calendar Year Return

As of December 2012



### Portfolio Statistics

January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
DFA US Micro Cap I	21.71%	0.45%	0.40%	1.03	1.03	99.12%	99.16%	0.14	25.34%
Russell 2000	19.09%	0.00%	-0.04%	1.00	1.00	100.00%	100.00%	0.13	24.55%

# Performance Benchmarking Of Active Options

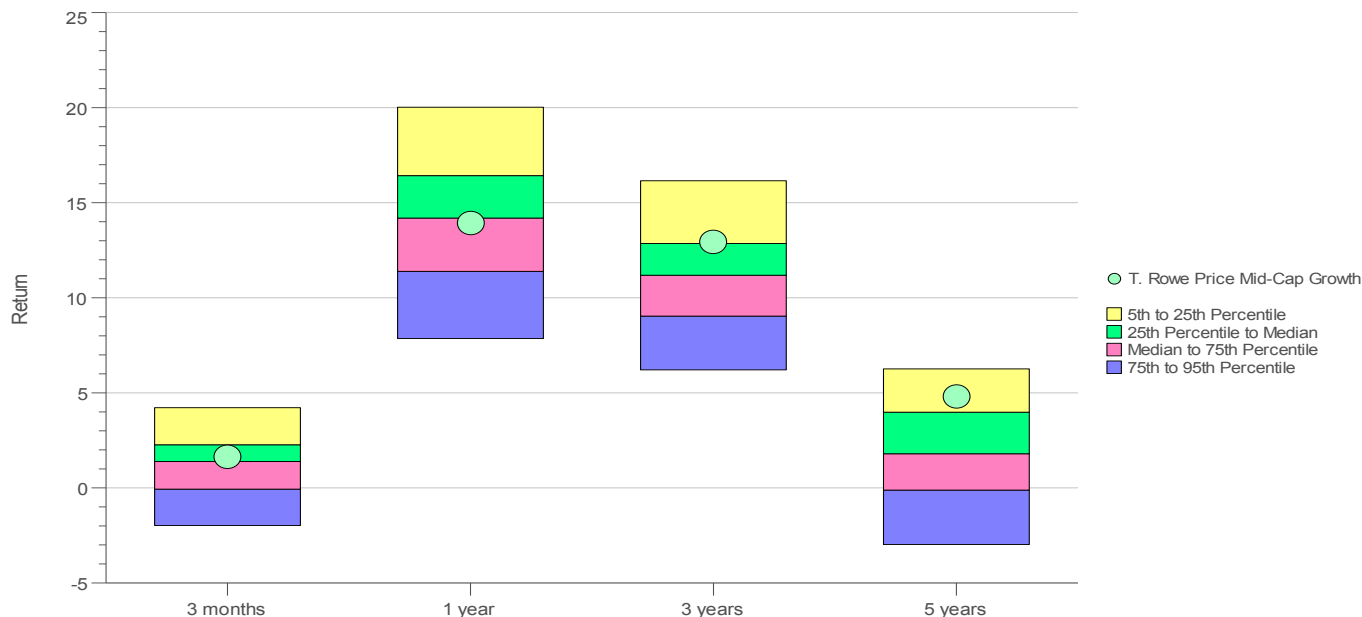
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Advised Assets Group LLC

## T. Rowe Price Mid-Cap Growth

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.

### Manager vs Morningstar Mid-Cap Growth: Return January 2008 - December 2012 (not annualized if less than 1 year)



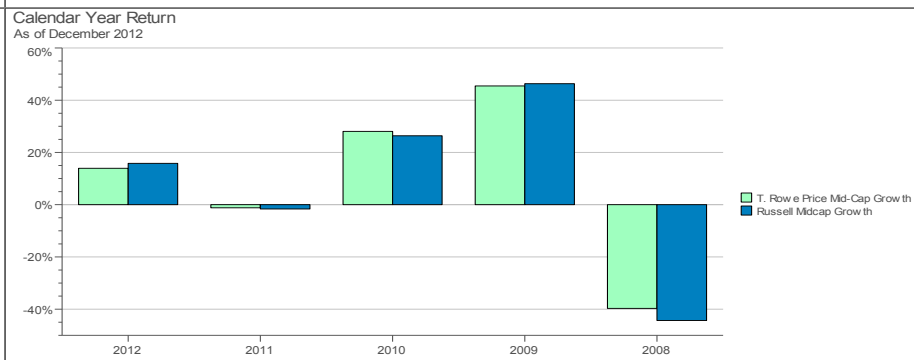
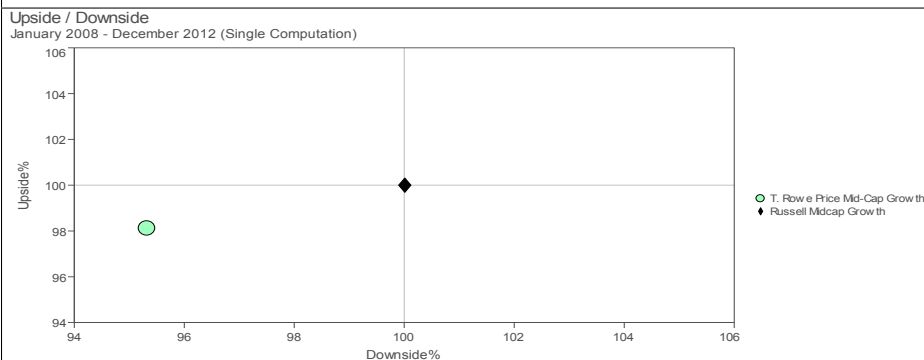
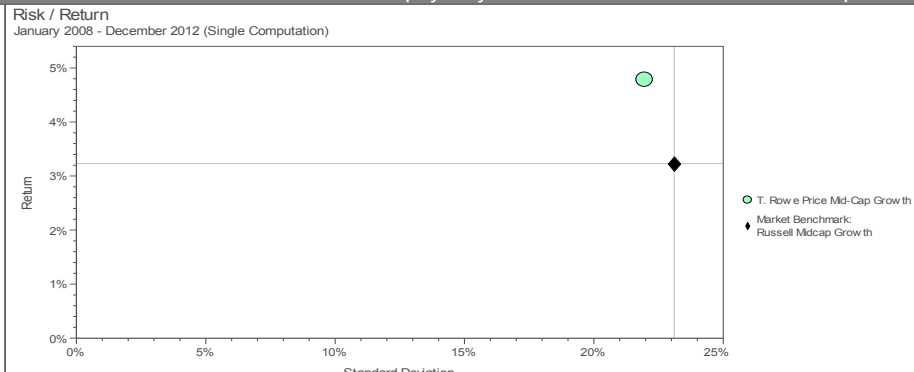
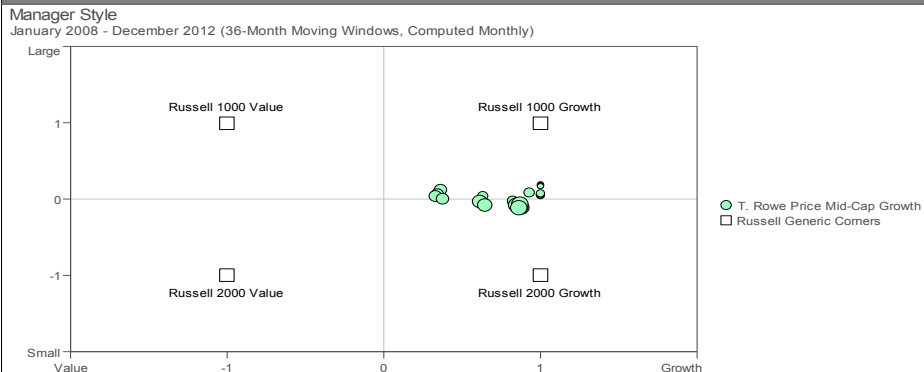
### Manager vs Benchmark: Return January 2003 - December 2012 (not annualized if less than 1 year)

	3 months	YTD	1 year	3 years	5 years	10 years
T. Rowe Price Mid-Cap Growth	1.65%	13.91%	13.91%	12.96%	4.80%	11.55%
Morningstar Mid-Cap Growth	1.17%	13.97%	13.97%	10.87%	1.20%	8.39%

# Performance Benchmarking Of Active Options

## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC



**Portfolio Statistics**  
January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
T. Rowe Price Mid-Cap Growth	26.42%	1.60%	1.86%	0.94	1.02	98.32%	96.85%	0.20	21.94%
Russell Midcap Growth	17.24%	0.00%	0.11%	1.00	1.06	100.00%	97.33%	0.12	23.11%



# Performance Benchmarking Of Active Options

## Zephyr StyleADVISOR

Zephyr StyleADVISOR: Advised Assets Group LLC

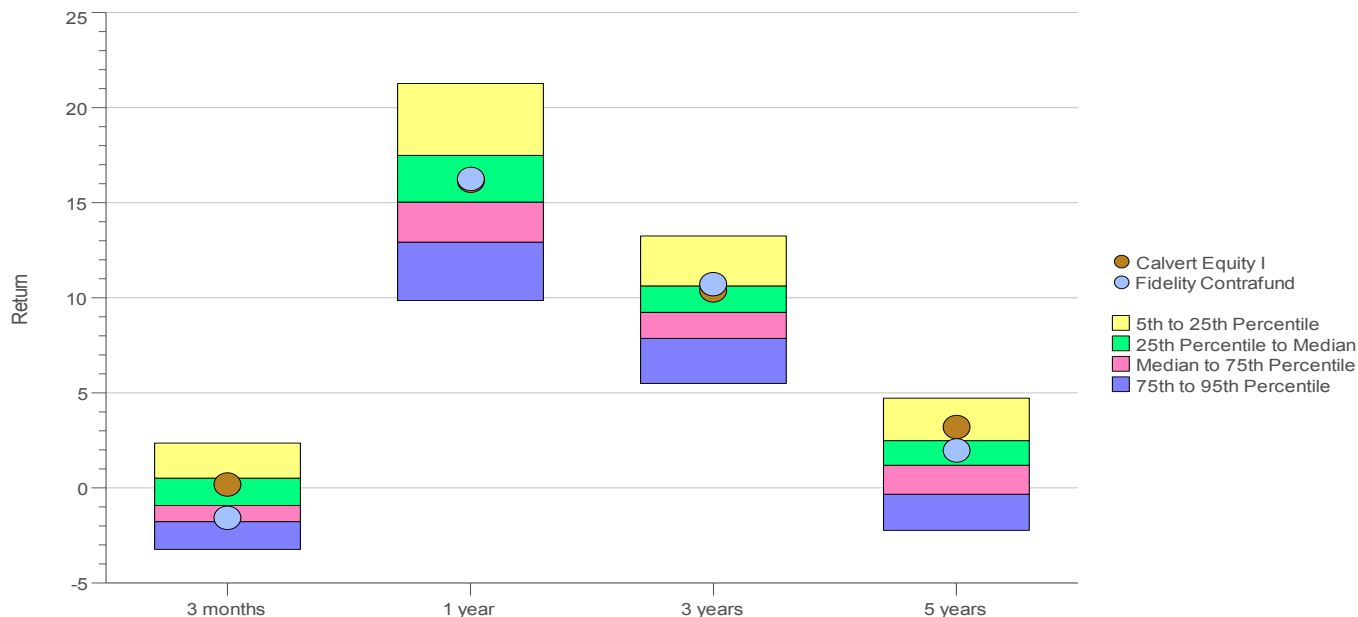
### Calvert Equity I

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

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.

Manager vs Morningstar Large Growth: Return  
January 2008 - December 2012 (not annualized if less than 1 year)



Manager vs Benchmark: Return  
January 2003 - December 2012 (not annualized if less than 1 year)

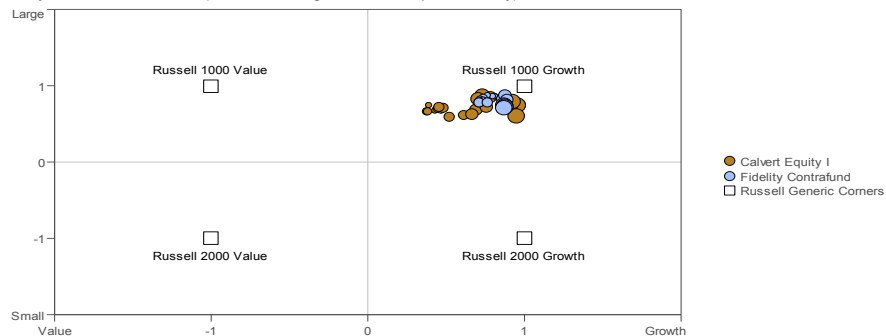
	3 months	YTD	1 year	3 years	5 years	10 years
Calvert Equity I	0.18%	16.14%	16.14%	10.40%	3.20%	7.08%
Fidelity Contrafund	-1.59%	16.26%	16.26%	10.73%	1.97%	9.68%
Morningstar Large Growth	-0.61%	15.24%	15.24%	9.02%	0.70%	6.36%

# Performance Benchmarking Of Active Options

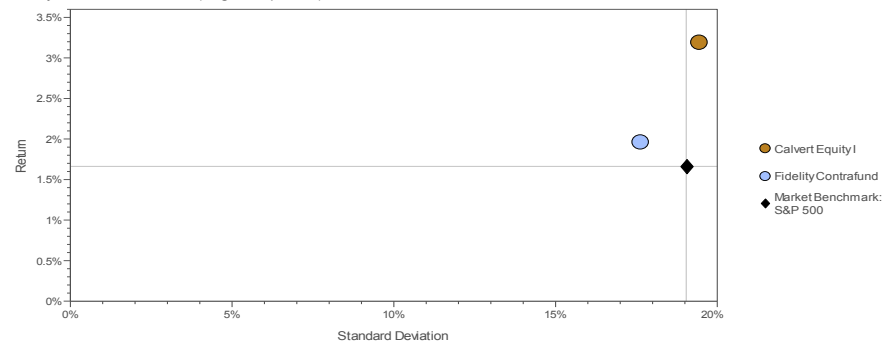
## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC

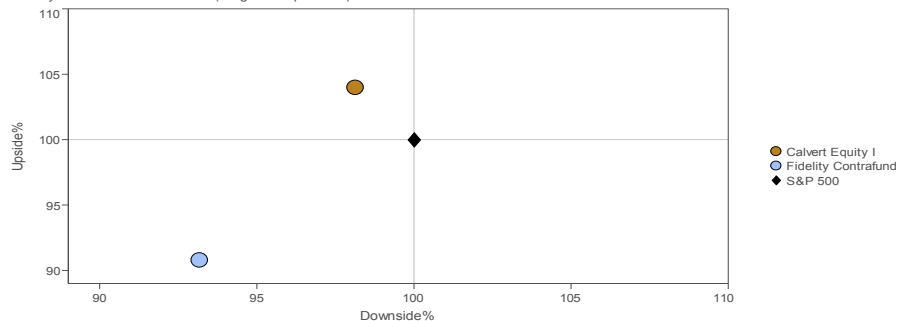
**Manager Style**  
January 2008 - December 2012 (36-Month Moving Windows, Computed Monthly)



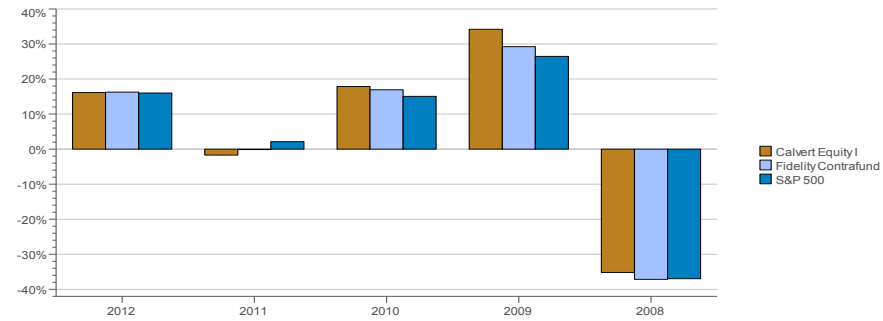
**Risk / Return**  
January 2008 - December 2012 (Single Computation)



**Upside / Downside**  
January 2008 - December 2012 (Single Computation)



**Calendar Year Return**  
As of December 2012



**Portfolio Statistics**  
January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
Calvert Equity I	17.03%	1.61%	0.61%	0.99	1.00	94.40%	96.35%	0.14	19.44%
Fidelity Contrafund	10.23%	0.44%	-0.89%	0.89	1.02	91.55%	95.96%	0.09	17.61%
S&P 500	8.59%	0.00%	-0.11%	1.00	1.00	100.00%	99.87%	0.06	19.04%

# Performance Benchmarking Of Active Options

## Zephyr StyleADVISOR

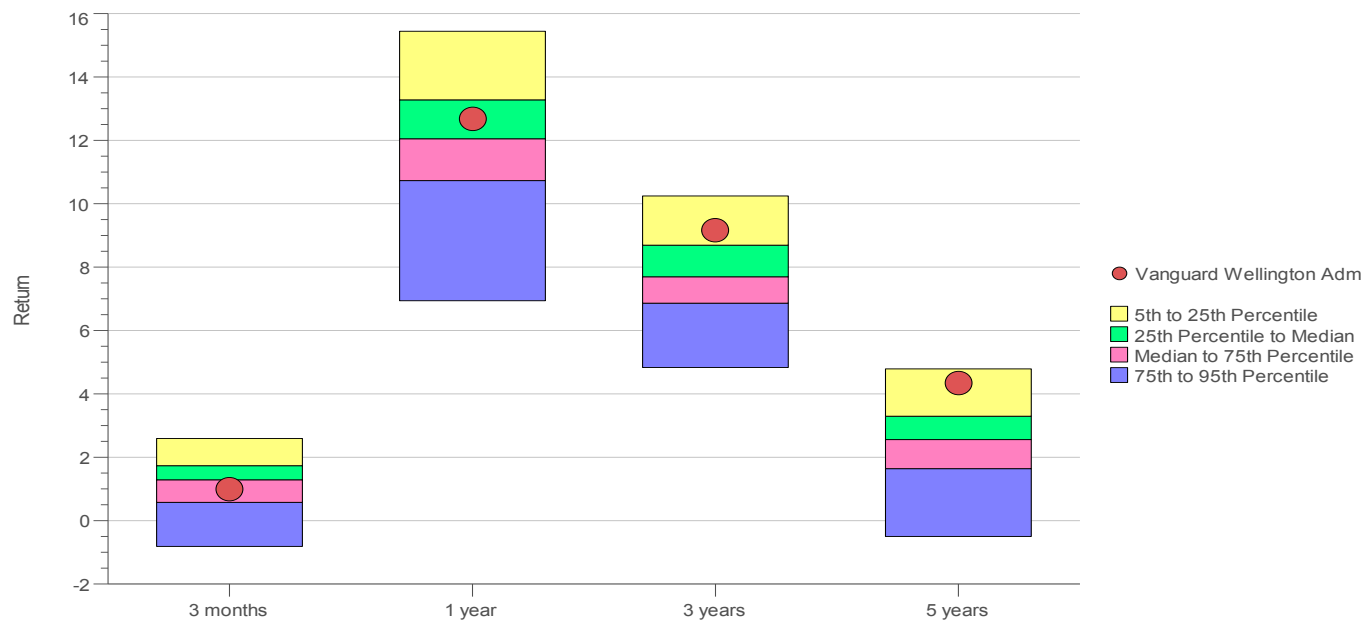
Zephyr StyleADVISOR: Advised Assets Group LLC

### Vanguard Wellington

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.

### Manager vs Morningstar Moderate Allocation: Return

January 2008 - December 2012 (not annualized if less than 1 year)



### Manager vs Benchmark: Return

January 2003 - December 2012 (not annualized if less than 1 year)

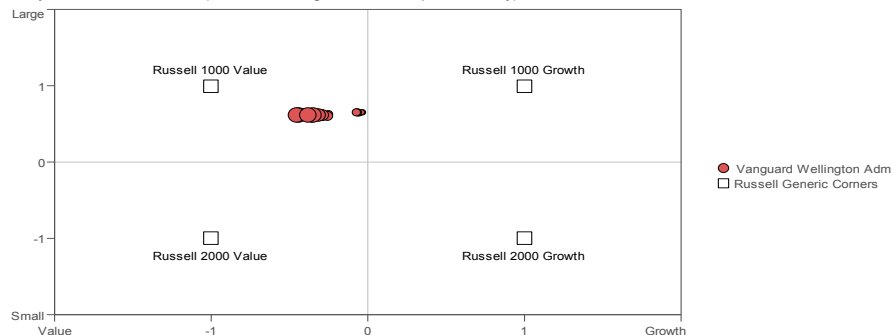
	3 months	YTD	1 year	3 years	5 years	10 years
Vanguard Wellington Adm	1.01%	12.67%	12.67%	9.15%	4.35%	8.32%
Morningstar Moderate Allocation	1.17%	11.85%	11.85%	7.57%	2.08%	6.04%

# Performance Benchmarking Of Active Options

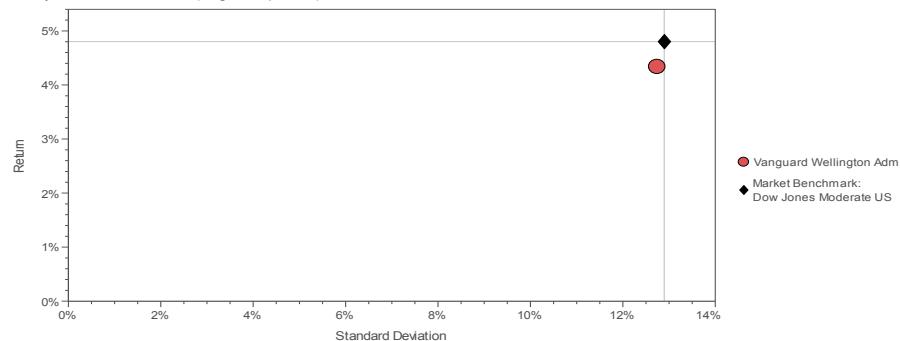
## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC

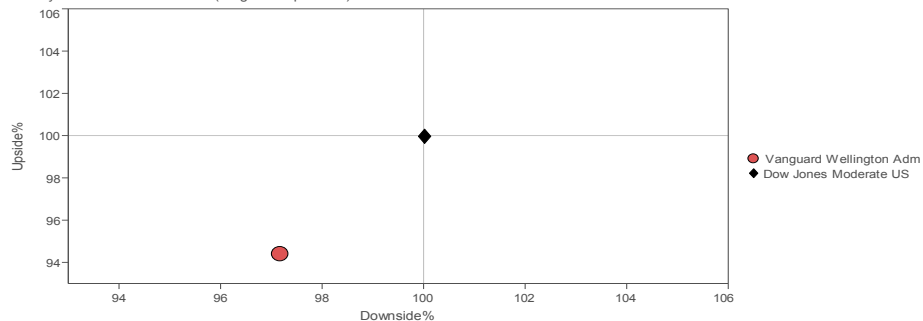
**Manager Style**  
January 2008 - December 2012 (36-Month Moving Windows, Computed Monthly)



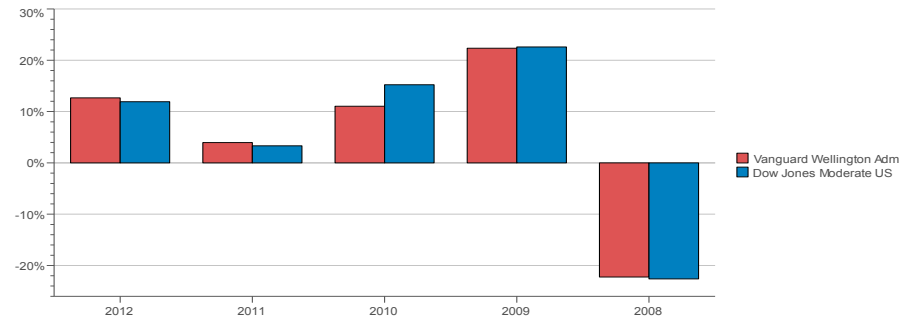
**Risk / Return**  
January 2008 - December 2012 (Single Computation)



**Upside / Downside**  
January 2008 - December 2012 (Single Computation)



**Calendar Year Return**  
As of December 2012



**Portfolio Statistics**  
January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
Vanguard Wellington Adm	23.72%	-0.21%	2.66%	0.96	1.00	93.65%	94.72%	0.31	12.73%
Dow Jones Moderate US	26.43%	0.00%	3.07%	1.00	1.00	100.00%	97.61%	0.34	12.90%

# Performance Benchmarking Of Active Options

## Zephyr StyleADVISOR

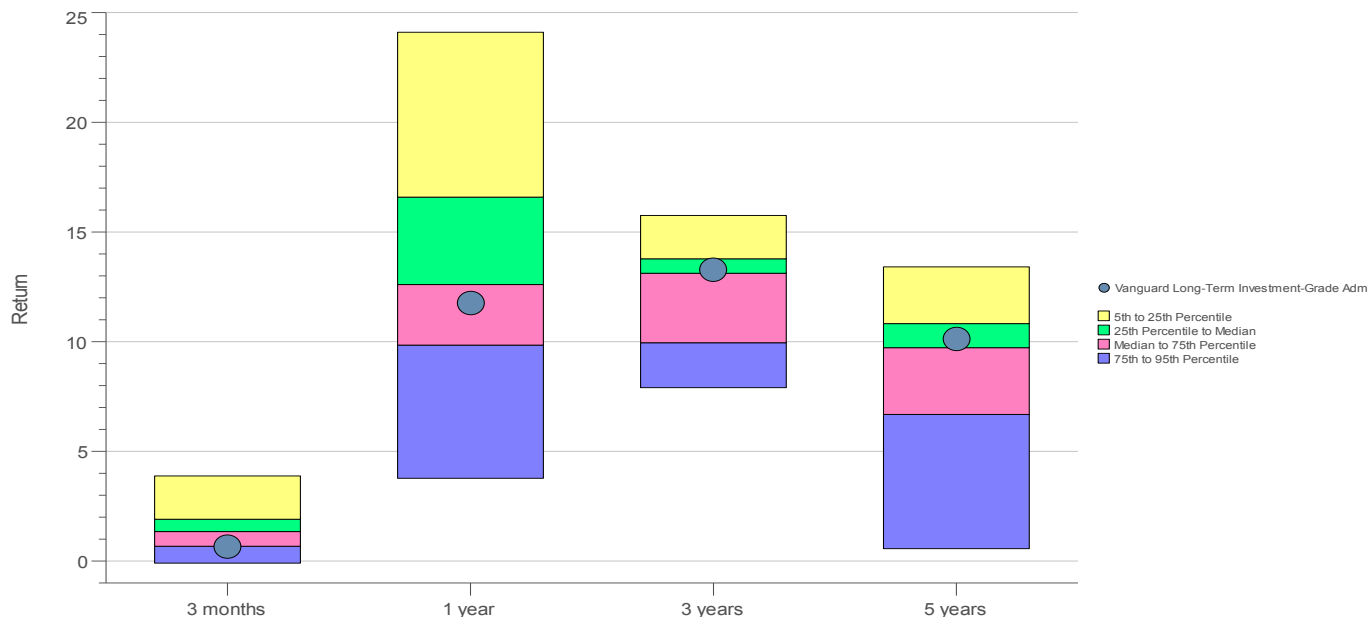
Zephyr StyleADVISOR: Advised Assets Group LLC

### Vanguard Long-Term Investment-Grade Bond Adm

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

### Manager vs Morningstar Long-Term Bond: Return

January 2008 - December 2012 (not annualized if less than 1 year)



### Manager vs Benchmark: Return

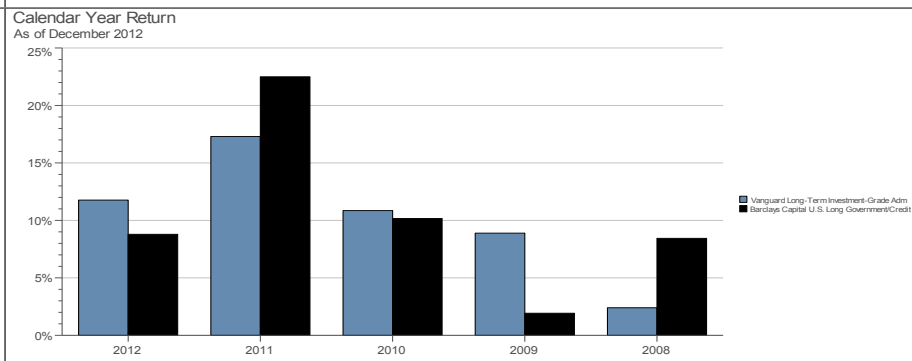
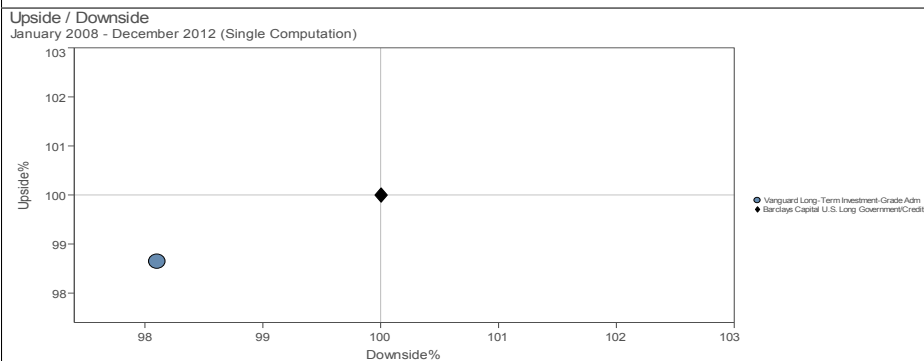
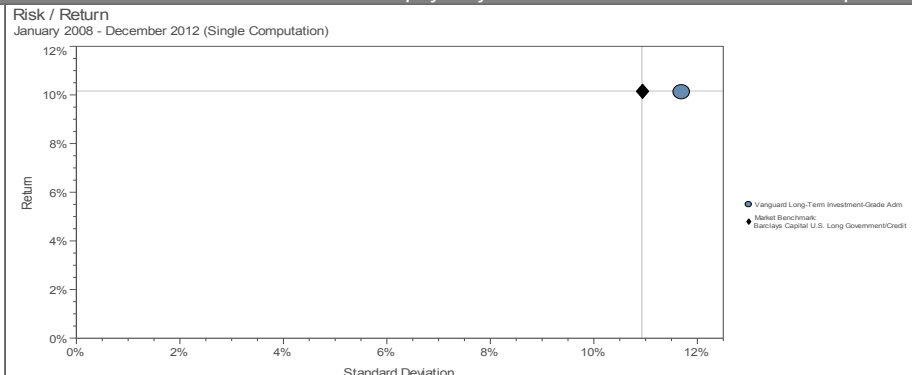
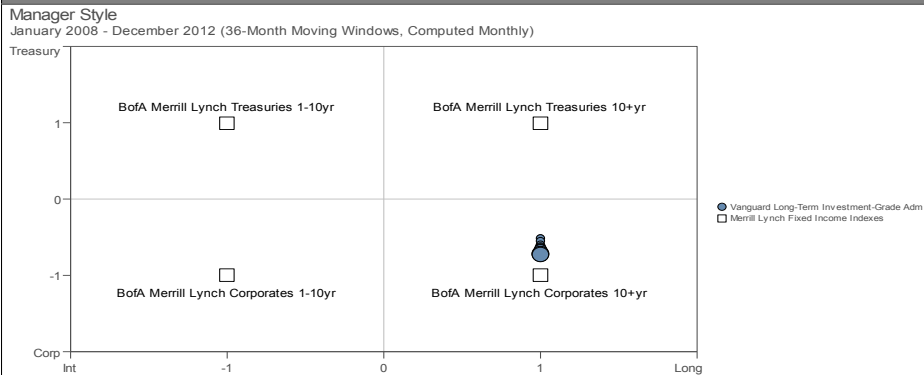
January 2003 - December 2012 (not annualized if less than 1 year)

	3 months	YTD	1 year	3 years	5 years	10 years
Vanguard Long-Term Investment-Grade Adm	0.64%	11.77%	11.77%	13.27%	10.13%	7.78%
Morningstar Long-Term Bond	1.38%	12.49%	12.49%	11.63%	9.47%	7.13%

# Performance Benchmarking Of Active Options

## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC



### Portfolio Statistics

January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
Vanguard Long-Term Investment-Grade Adm	62.03%	-0.01%	-0.59%	1.01	1.03	88.65%	97.90%	0.83	11.69%
Barclays Capital U.S. Long Government/Credit	62.22%	0.00%	0.05%	1.00	1.00	100.00%	99.63%	0.89	10.93%

# Performance Benchmarking Of Active Options

## Zephyr StyleADVISOR

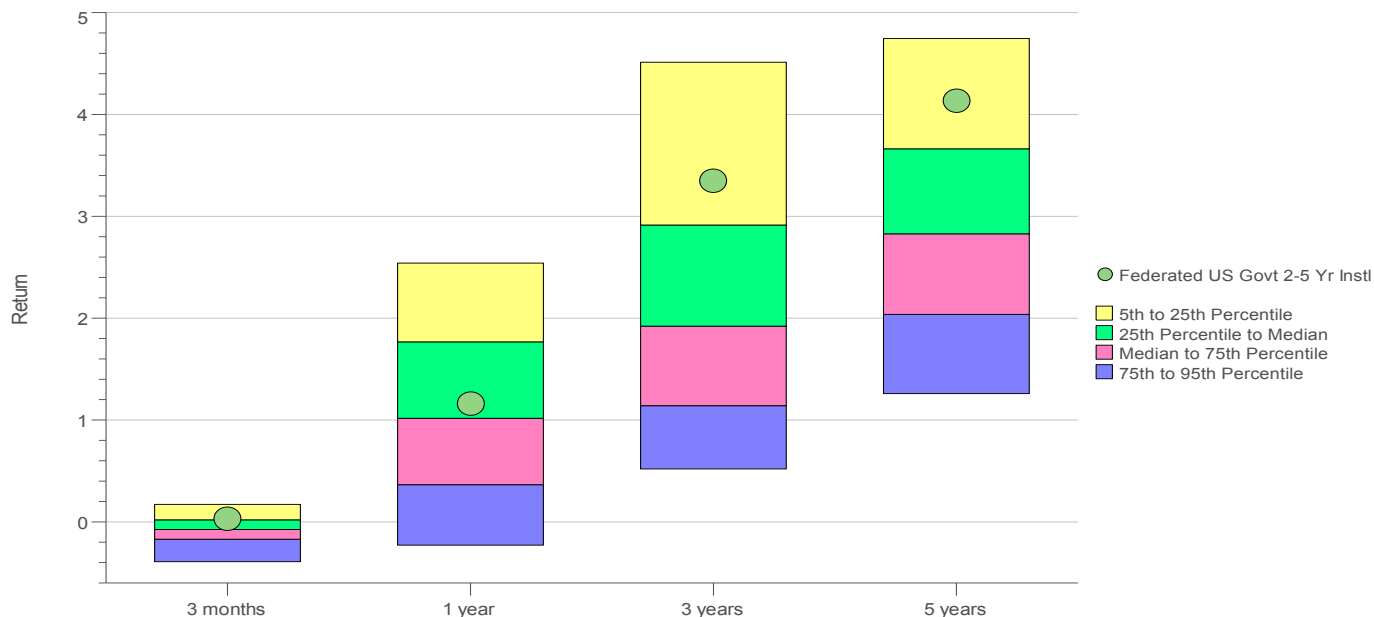
Zephyr StyleADVISOR: Advised Assets Group LLC

### Federated US Govt 2-5 Yr Instl

The Federated US Govt 2-5 Yr fund seeks current income. The fund buys and sells portfolio securities based primarily on its market outlook and analysis of how securities may perform under different market conditions. It may also use derivative contracts and/or hybrid instruments to implement elements of its strategies. The fund may also purchase bonds from the U.S. government backed by the FDIC.

### Manager vs Morningstar Short Government: Return

January 2008 - December 2012 (not annualized if less than 1 year)



### Manager vs Benchmark: Return

January 2003 - December 2012 (not annualized if less than 1 year)

	3 months	YTD	1 year	3 years	5 years	10 years
Federated US Govt 2-5 Yr Instl	0.03%	1.16%	1.16%	3.35%	4.14%	3.77%
Morningstar Short Government	-0.10%	0.99%	0.99%	2.04%	2.73%	2.73%



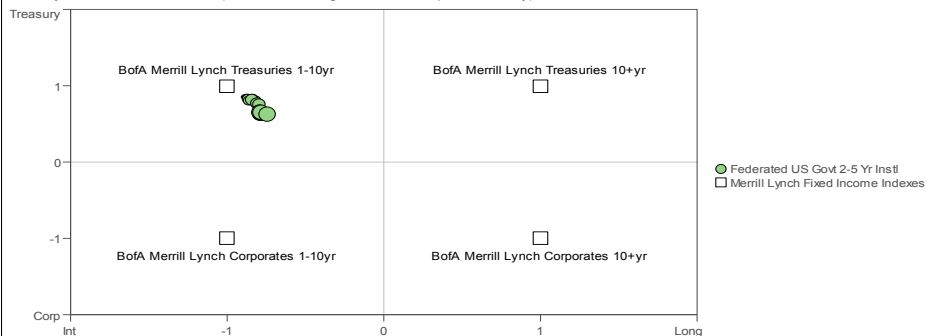
# Performance Benchmarking Of Active Options

## Risk Analysis

Zephyr StyleADVISOR: Advised Assets Group LLC

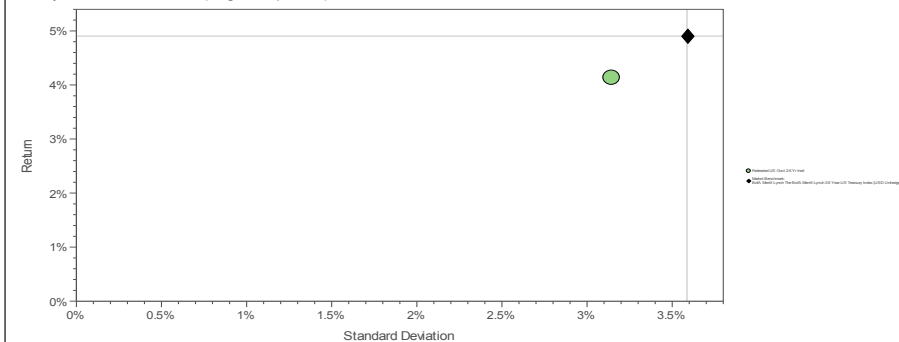
### Manager Style

January 2008 - December 2012 (36-Month Moving Windows, Computed Monthly)



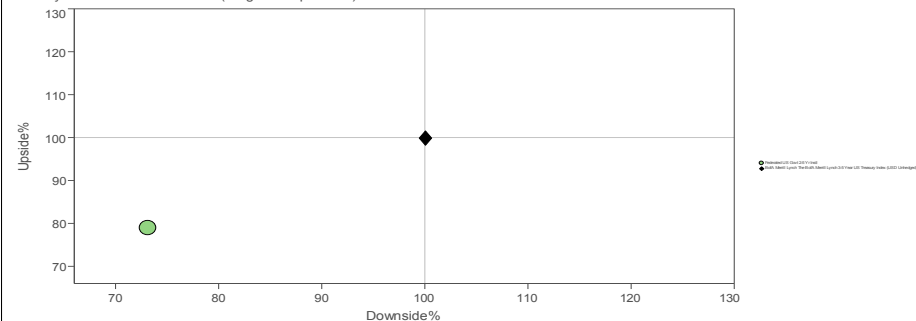
### Risk / Return

January 2008 - December 2012 (Single Computation)



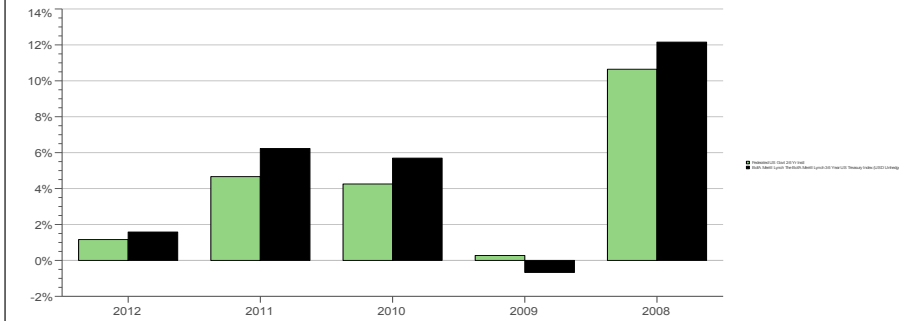
### Upside / Downside

January 2008 - December 2012 (Single Computation)



### Calendar Year Return

As of December 2012



### Portfolio Statistics

January 2008 - December 2012: Summary Statistics

	Cumulative Return	Alpha vs. Market	Alpha vs. Style	Beta vs. Market	Beta vs. Style	R-Squared vs. Market	R-Squared vs. Style	Sharpe Ratio	Standard Deviation
Federated US Govt 2-5 Yr Instl	22.47%	0.10%	2.50%	0.82	3.68	88.85%	6.50%	1.18	3.14%
BofA Merrill Lynch U.S. Treasuries 3-5 Yrs (USD Unhedged)	27.05%	0.00%	2.83%	1.00	4.64	100.00%	7.90%	1.24	3.59%



# LIFECYCLE OPTIONS



# Lifecycle Option Report Card

## 12/31/2012

Name	3 Mo	1 Yr	3 Yr	5 Yr	Annual Return (2011)	Annual Return (2010)	Annual Return (2009)	% Short-Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
<b>Vanguard Target Retirement Income Inv</b>	<b>3.06</b>	<b>11.74</b>	<b>8.09</b>	<b>5.06</b>	<b>5.25</b>	<b>9.39</b>	<b>14.28</b>	<b>9</b>	<b>21</b>	<b>9</b>	<b>61</b>	<b>0</b>
Fidelity Freedom Income	2.49	8.53	5.97	3.49	2.02	7.63	16.12	27	12	6	49	5
T. Rowe Price Retirement Income	3.95	14.36	7.72	3.87	1.43	10.10	22.07	8	28	13	46	5
Composite Returns*	2.72	9.91	6.10	3.24	3.32	7.67	11.61	-	-	-	-	-
DJ US Target Today TR USD	2.61	9.30	7.53	6.30	6.42	8.72	11.04	-	-	-	-	-
<b>Vanguard Target Retirement 2015 Inv</b>	<b>4.31</b>	<b>16.76</b>	<b>9.18</b>	<b>2.88</b>	<b>1.71</b>	<b>12.47</b>	<b>21.30</b>	<b>3</b>	<b>39</b>	<b>16</b>	<b>41</b>	<b>0</b>
Fidelity Freedom 2015	4.44	15.32	8.21	2.15	-0.34	11.75	25.62	14	30	14	37	5
T. Rowe Price Retirement 2015	5.28	19.92	9.81	2.76	-0.32	13.79	31.35	4	42	20	28	7
Composite Returns*	3.87	14.55	6.80	1.21	0.49	9.42	17.10	-	-	-	-	-
DJ US Target 2015 TR USD	3.21	13.16	9.11	4.70	5.44	11.54	16.75	-	-	-	-	-
<b>Vanguard Target Retirement 2025 Inv</b>	<b>5.06</b>	<b>19.89</b>	<b>9.66</b>	<b>1.70</b>	<b>-0.37</b>	<b>13.84</b>	<b>24.81</b>	<b>2</b>	<b>49</b>	<b>22</b>	<b>27</b>	<b>0</b>
Fidelity Freedom 2025	5.58	19.38	9.02	1.16	-2.65	13.82	30.03	11	40	19	23	7
T. Rowe Price Retirement 2025	5.95	23.04	10.49	1.87	-2.06	15.37	36.29	4	51	25	16	4
Composite Returns*	4.57	17.17	6.97	-0.27	-1.60	10.27	20.44	-	-	-	-	-
DJ US Target 2025 TR USD	4.07	18.98	11.02	3.68	3.53	15.44	23.85	-	-	-	-	-
<b>Vanguard Target Retirement 2035 Inv</b>	<b>5.75</b>	<b>22.98</b>	<b>10.10</b>	<b>0.83</b>	<b>-2.24</b>	<b>15.14</b>	<b>28.17</b>	<b>1</b>	<b>60</b>	<b>26</b>	<b>13</b>	<b>0</b>
Fidelity Freedom 2035	6.31	21.87	9.05	-0.11	-4.59	14.46	31.26	12	48	23	10	7
T. Rowe Price Retirement 2035	6.44	25.23	10.88	1.32	-3.26	16.34	39.04	4	58	29	7	2
Composite Returns*	5.21	19.74	7.23	-1.59	-3.43	11.14	23.52	-	-	-	-	-
DJ US Target 2035 TR USD	4.88	24.30	12.47	2.87	1.50	18.62	29.98	-	-	-	-	-
<b>Vanguard Target Retirement 2045 Inv</b>	<b>5.95</b>	<b>23.47</b>	<b>10.14</b>	<b>0.88</b>	<b>-2.51</b>	<b>15.19</b>	<b>28.15</b>	<b>1</b>	<b>62</b>	<b>27</b>	<b>10</b>	<b>0</b>
Fidelity Freedom 2045	6.58	22.64	9.12	-0.47	-5.02	14.72	32.04	12	50	24	6	9
T. Rowe Price Retirement 2045	6.47	25.45	10.88	1.33	-3.47	16.44	39.10	4	59	30	6	2
Composite Returns*	5.35	20.32	7.29	-1.89	-3.84	11.33	24.20	-	-	-	-	-
DJ US Target 2045 TR USD	5.28	26.72	12.99	2.77	0.56	19.83	31.97	-	-	-	-	-
<b>Vanguard Target Retirement 2055 Inv</b>	<b>5.98</b>	<b>23.56</b>	<b>-</b>	<b>-</b>	<b>-2.27</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>62</b>	<b>27</b>	<b>10</b>	<b>0</b>
Fidelity Freedom 2055 (begun 6/11)	6.76	23.46	-	-	-	-	-	12	53	25	1	9
T. Rowe Price Retirement 2055	6.48	25.47	10.91	1.33	-3.35	16.41	38.97	4	60	29	6	2
Composite Returns*	5.34	20.31	7.29	-1.89	-3.84	11.32	24.19	-	-	-	-	-
DJ US Target 2055 TR USD	5.29	26.74	12.99	2.77	0.55	19.83	31.97	-	-	-	-	-

# Lifecycle Option Observations

- Vanguard Target Retirement Funds outperform their composite indices by a substantial margin over all time periods.
- The Vanguard Target Retirement Funds continue to compare favorably to the Fidelity Freedom Fund across almost all time periods. With the exception of 2011, however, they trailed the T. Rowe Price Target Date Funds across most time periods. The larger equity exposure means that the T. Rowe funds have typically outperformed in a “Risk” on environment while underperforming in “Defensive” environments.
- Vanguard’s target allocations give them equity exposure that is in-line with 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

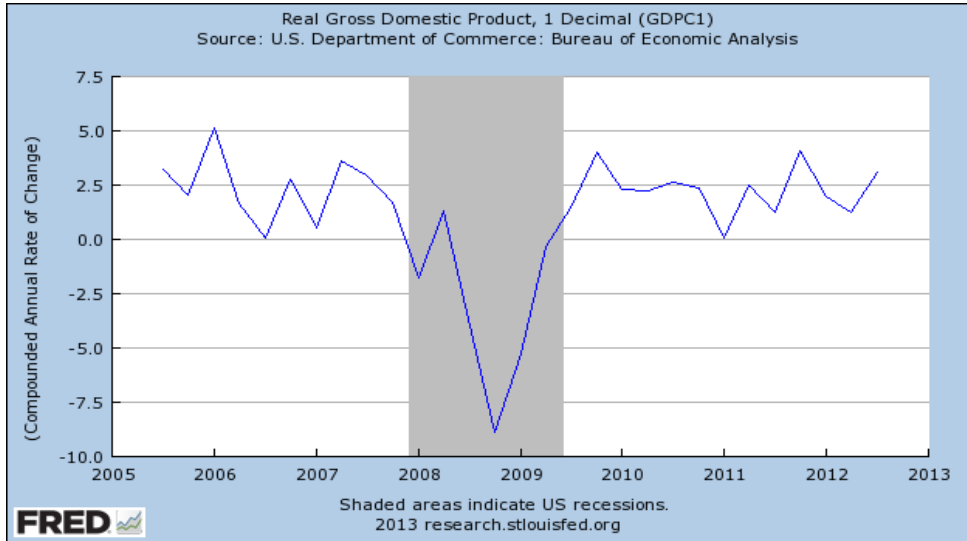




# Current Economic Conditions



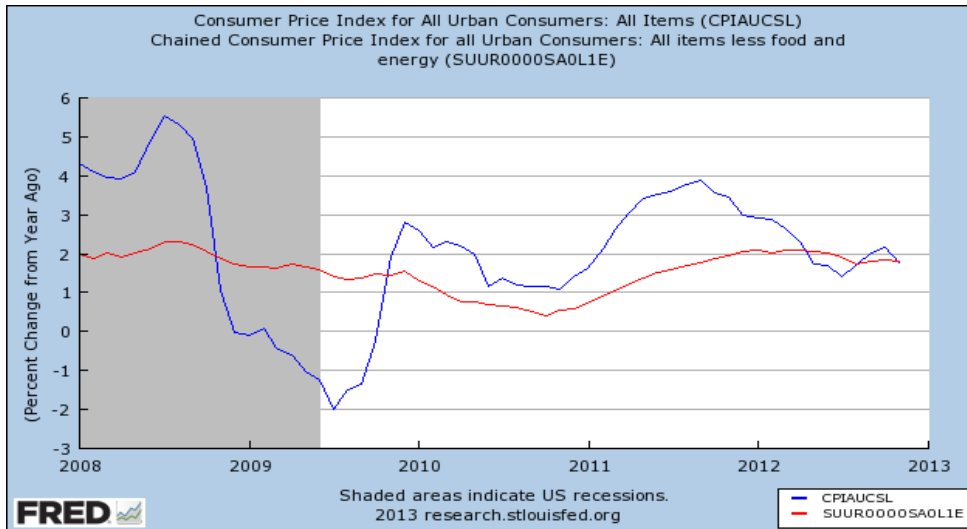
ADVISED ASSETS  
GROUP



## GDP

- Real Gross Domestic Product increased at an annual rate of 3.1% in the third quarter of 2012.<sup>1</sup>
  - Among the largest contributors to GDP for the quarter were personal consumption, private inventory investment, federal government spending, residential fixed investment, and exports.
  - The downturn in nonresidential fixed investments and a deceleration in exports detracted from GDP in the quarter.

Source: St. Louis Fed, <http://research.stlouisfed.org/fredgraph.png?g=eoX>



## Inflation

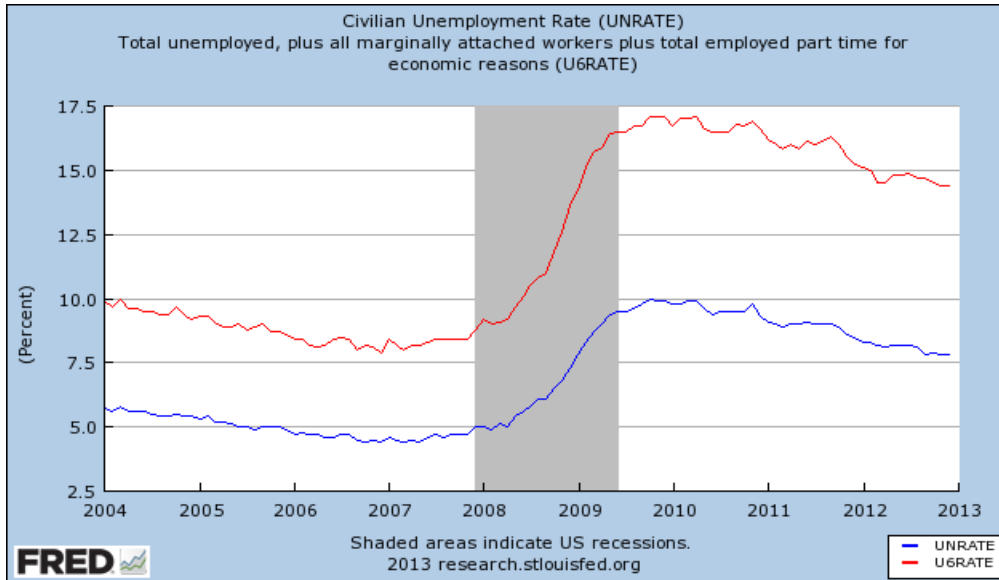
- The Consumer Price Index (CPI) increased 1.8% for the 12 months ending in November.<sup>2</sup>
  - The 12 month change in Core CPI (CPI ex food & energy) was 1.9% over the previous 12 months.
  - The gasoline index fell 7.4% in November. The energy index fell 4.1% in the month despite increases in the indexes for natural gas and electricity.
  - Over the last 12 months, the energy index has risen 0.3% while the food index has risen 1.8%.

Source: St. Louis Fed, <http://research.stlouisfed.org/fredgraph.png?g=ep6>

# Current Economic Conditions



ADVISED ASSETS  
GROUP

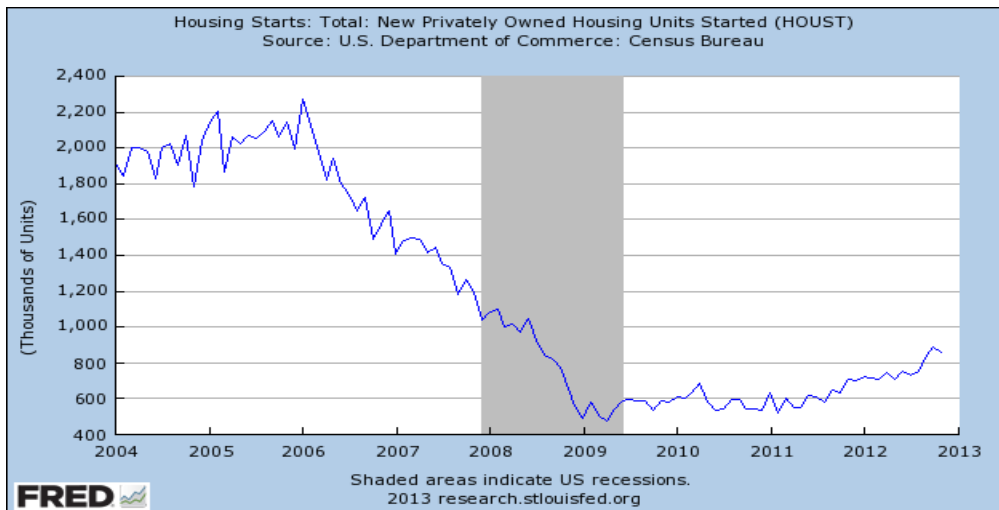


## Employment Statistics

- The official unemployment rate (U-3) was unchanged at 7.8% at the end of December.<sup>3</sup>
  - Non-farm payrolls increased by 155,000 in December. For the fourth quarter, employment increased in healthcare, food services and drinking places, construction and manufacturing.
  - The “U-6 Rate”, the most comprehensive measure of the nation’s employment situation, remained steady for the second consecutive month at 14.4% in December. The U-6 fell by 0.30% in the fourth quarter.

## Housing

- November Housing Starts decreased 3.0% from the October measure.<sup>4</sup>
  - This number represents a 21.6% increase from the November 2011 measure.
  - Building permits increased 3.6% from the revised October estimate. This represents a 26.8% increase over the previous 12 months.



Source: St. Louis Fed, <http://research.stlouisfed.org/fredgraph.png?g=epi>



### Calendar Year Returns of Various Asset Classes

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Lg Growth 38.7	Emrg Mkt 66.4	Sm Value 22.8	Sm Value 14.0	Bonds 10.3	Emrg Mkt 56.3	Emrg Mkt 26.0	Emrg Mkt 34.5	Emrg Mkt 32.6	Emrg Mkt 39.8	Bonds 5.2	Emrg Mkt 79.0	Sm Growth 29.1	Bonds 7.8	Emrg Mkt 18.6
Emrg Mkt 25.3	Mid Growth 51.30	Mid Val 19.2	Bonds 8.4	Emrg Mkt -6.0	Sm Growth 48.5	Mid Val 23.7	EAFE 14.0	EAFE 26.9	EAFE 11.6	Sm Value -28.9	Mid Growth 46.3	Mid Growth 26.4	Lg Growth 2.6	Mid Val 18.5
EAFE 20.3	Sm Growth 43.1	Bonds 11.6	Mid Val 2.3	Mid Val -9.6	Sm Value 46.0	Sm Value 22.3	Mid Val 12.7	Sm Value 23.5	Lg Growth 11.8	Lg Value -36.9	Lg Growth 37.2	Mid Val 24.8	Lg Value 0.4	Sm Value 18.1
Mid Growth 17.9	Lg Growth 33.2	Lg Value 7.0	Emrg Mkt -2.4	Sm Value -11.4	Mid Growth 42.7	EAFE 20.7	Mid Growth 12.1	Lg Value 22.3	Mid Growth 11.4	Mid Val -38.4	Sm Growth 34.5	Sm Value 24.5	Mid Val -1.4	EAFE 17.9
Lg Value 15.6	EAFE 27.3	Mid Growth -11.8	Lg Value -5.6	Lg Value -15.5	EAFE 39.2	Lg Value 16.5	Lg Value 7.1	Mid Val 20.2	Sm Growth 7.1	Lg Growth -38.4	Mid Val 34.2	Emrg Mkt 18.9	Mid Growth -1.7	Lg Value 17.5
Bonds 8.7	Lg Value 7.4	EAFE -14.0	Sm Growth -9.2	EAFE -15.7	Mid Val 38.1	Mid Growth 15.5	Lg Growth 5.3	Sm Growth 13.4	Bonds 7.0	Sm Growth -38.5	EAFE 32.5	Lg Growth 16.7	Sm Growth -2.9	Mid Growth 15.8
Mid Val 5.1	Mid Val -0.1	Lg Growth -22.4	Mid Growth -20.2	Mid Growth -27.4	Lg Value 30.0	Sm Growth 14.3	Sm Value 4.7	Mid Growth 10.7	Lg Value -0.2	EAFE -43.1	Sm Value 20.6	Lg Value 15.5	Sm Value -5.5	Lg Growth 15.3
Sm Growth 1.2	Bonds -0.8	Sm Growth -22.4	Lg Growth -20.4	Lg Growth -27.9	Lg Growth 29.8	Lg Growth 6.3	Sm Growth 4.2	Lg Growth 9.1	Sm Value -9.8	Mid Growth -44.3	Lg Value 19.7	EAFE 7.8	EAFE -12.1	Sm Growth 14.6
Sm Value -6.5	Sm Value -1.5	Emrg Mkt -30.6	EAFE -21.2	Sm Growth -30.3	Bonds 4.1	Bonds 4.3	Bonds 2.4	Bonds 4.3	Mid Val -1.4	Emrg Mkt -53.2	Bonds 5.9	Bonds 6.5	Emrg Mkt -18.4	Bonds 4.2

Key: Large Growth - Russell 1000 Growth Index  
 Large Value - Russell 1000 Value Index  
 Mid Growth - Russell Midcap Growth Index  
 Mid Value - Russell Midcap Value Index

Small Growth - Russell 2000 Growth Index  
 Small Value - Russell 2000 Value Index  
 EAFE - MSCI EAFE Index  
 Emerging Markets - MSCI Emerging Markets Index

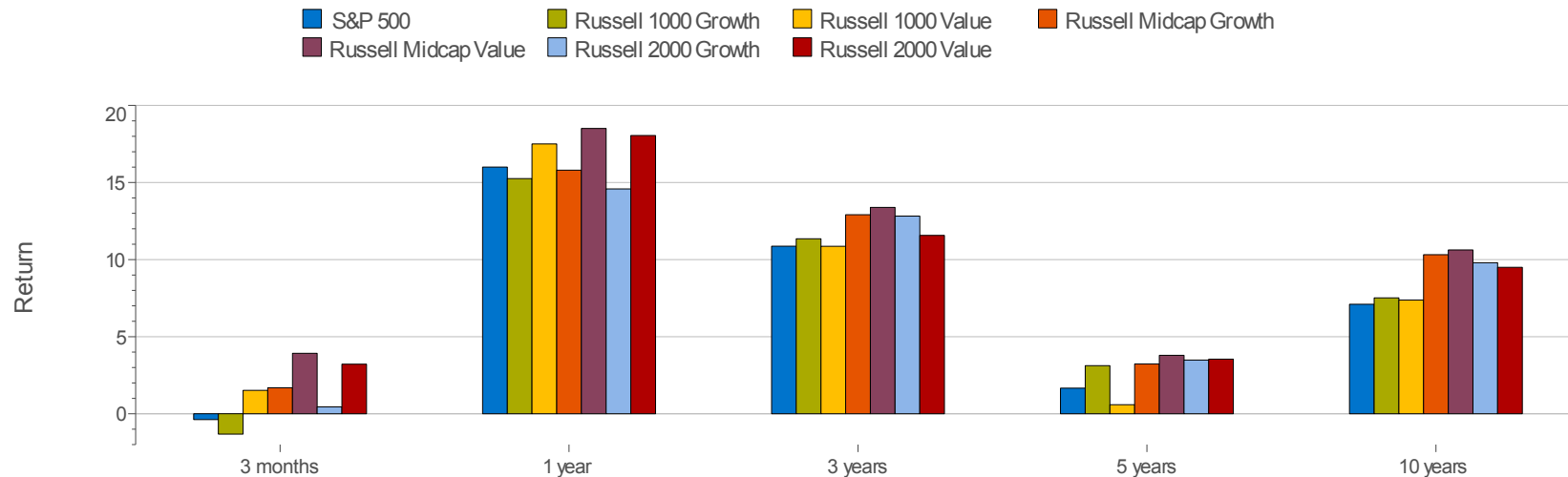
Source: ZephyrStyleADVISOR



## Zephyr StyleADVISOR

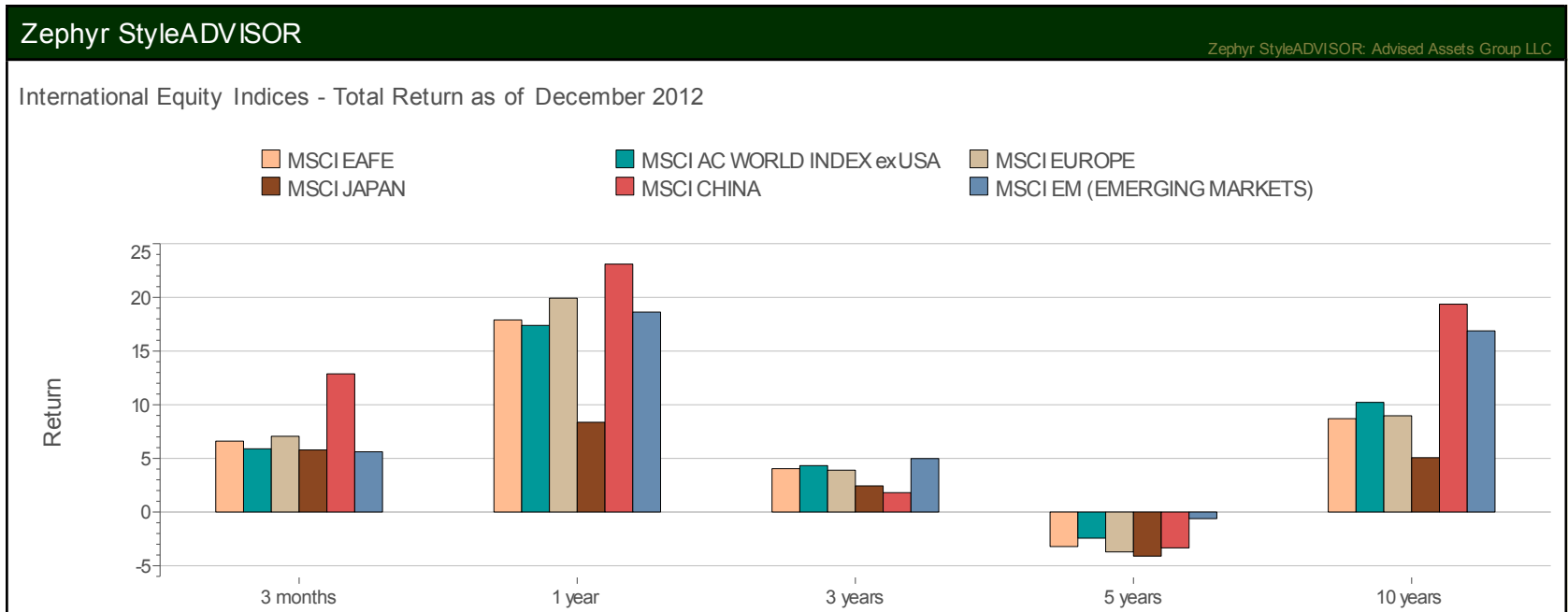
Zephyr StyleADVISOR: Advised Assets Group LLC

Domestic Equity Indices - Total Return as of December 2012



➤ Domestic equity markets were mixed in the fourth quarter.

- Large cap stocks underperformed versus mid and small caps in the fourth quarter.
- Value stocks continued the third quarter trend, outperforming growth stocks by a slight margin.
- 2012 was a good year for stocks, with most major categories generating returns in excess of 15%.



International stocks saw solid gains for the fourth quarter.

- The Chinese stock market saw tremendous gains in the fourth quarter.
- Japanese stocks continue to lag most other major countries.
- China was the best performing market in 2012. Outside of Japan, most foreign economies generated solid +15% returns on stocks.

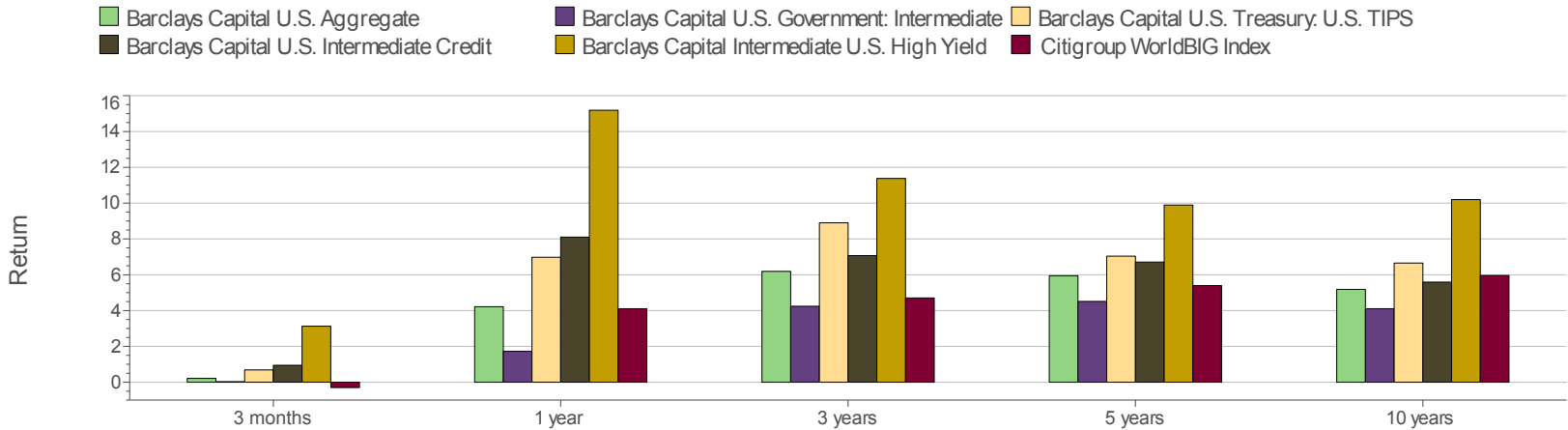




## Zephyr StyleADVISOR

Zephyr StyleADVISOR: Advised Assets Group LLC

Fixed Income Returns as of December 2012

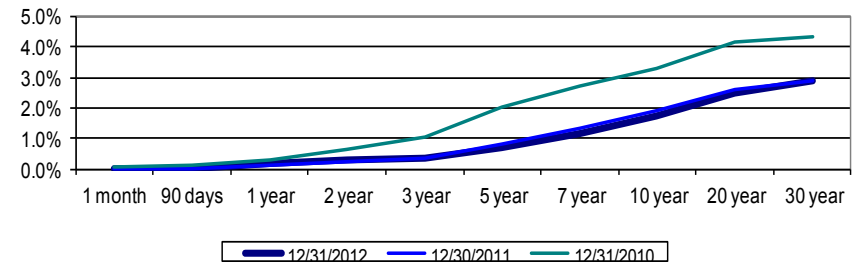


➤ Fixed Income markets saw small gains for the quarter.

- Investors showed little interest in “safer” instruments, as government bonds lagged other categories.
- High Yield bonds have shown the best returns across all time periods over the past 10 years on a rolling basis.

## Treasury Yield Curve<sup>5</sup>

[www.treasury.gov](http://www.treasury.gov)



<sup>1</sup> Bureau of Economic Analysis, U.S. Department of Commerce, News Release, December 20, 2012, [www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm](http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm)

<sup>2</sup> Bureau of Labor Statistics, U.S. Department of Labor, Economic News Release “Consumer Price Index – November 2012”, December 14, 2012, [www.bls.gov/news.release/pdf/cpi.pdf](http://www.bls.gov/news.release/pdf/cpi.pdf)

<sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor, Economic News Release “Employment Situation Summary”, January 4, 2013. [www.bls.gov/news.release/empisit.nr0.htm](http://www.bls.gov/news.release/empisit.nr0.htm)

<sup>4</sup> U.S. Census Bureau, U.S. Department of Housing and Urban Development, Economic News Release “New Residential Construction in August, 2012”, December 19, 2012. <http://www.census.gov/construction/nrc/>

<sup>5</sup> U.S. Department of the Treasury, Data and Charts Center, <http://www.treasury.gov/resource-center/data-chart-center/Pages/index.aspx>



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# American Funds EuroPacific Gr R6 (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 07-26-2012 **★★★★**  
 712 US OE Foreign Large Blend

**Standard Index**  
 MSCI EAFE NR  
 USD

**Category Index**  
 MSCI ACWI Ex  
 USA NR USD

**Morningstar Cat**  
 US OE Foreign Large  
 Blend

## Performance 02-28-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	3.58	1.05	-20.81	4.59	-13.31
2012	12.38	-6.13	7.34	5.65	19.64
2013	—	—	—	—	2.38

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	8.96	7.31	—	—	12.85
Std 12-31-2012	19.64	—	—	—	12.73
Total Return	8.96	7.31	0.81	11.26	12.85

+/- Std Index	-0.87	0.46	2.07	1.88	—
+/- Cat Index	2.30	0.66	1.69	0.58	—

% Rank Cat — — — —

No. in Cat — — — —

7-day Yield —

## Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-4225 or visit [www.americanfunds.com](http://www.americanfunds.com).

## Fees and Expenses

### Sales Charges

**Front-End Load %** **NA**  
**Deferred Load %** **NA**

### Fund Expenses

Management Fees % 0.42  
 12b1 Expense % NA

**Gross Expense Ratio %** **0.50**

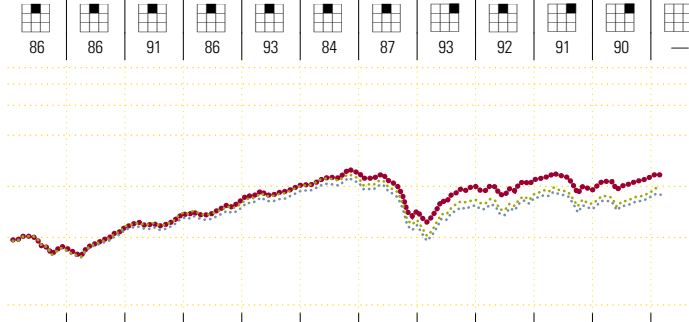
## Risk and Return Profile

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

	3 Yr	5 Yr	10 Yr
Standard Deviation	18.69	22.14	17.65
Mean	7.31	0.81	11.26
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	—	—
Beta	—	—
R-Squared	—	—

12-Month Yield	2.00%
30-day SEC Yield	1.54%
Potential Cap Gains Exp	13.58%



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13	History
NAV/Price	—	—	—	—	—	—	—	38.34	41.37	35.13	41.18	42.16	NAV/Price
Total Return %	-13.61	32.91	19.69	21.12	21.87	18.96	-40.53	39.35	9.76	-13.31	19.64	2.38	Total Return %
+/- Standard Index	2.33	-5.68	-0.56	7.58	-4.47	7.79	2.85	7.58	2.01	-1.16	2.32	-1.90	+/- Standard Index
+/- Category Index	1.34	-7.92	-1.22	4.50	-4.78	2.30	5.00	-2.10	-1.39	0.40	2.81	-0.59	+/- Category Index
% Rank Cat	—	—	—	—	—	—	—	—	54	40	26	—	% Rank Cat
No. of Funds in Cat	—	—	—	—	—	—	—	—	829	817	786	—	No. of Funds in Cat

## Portfolio Analysis 12-31-2012

Asset Allocation %	Net %	Long %	Short %	Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
Cash	6.35	6.35	0.00			297 Total Stocks, 97 Total Fixed-Income, 24% Turnover Ratio	
US Stocks	0.11	0.11	0.00				
Non-US Stocks	90.28	90.28	0.00	⊕	23 mil	Novo Nordisk A/S	3.74
Bonds	1.03	1.03	0.00	⊖	2 mil	Samsung Electronics Co Ltd	2.79
Other/Not Clsfd	2.22	2.22	0.00	⊖	31 mil	Novartis AG	2.01
Total	100.00	100.00	0.00	⊕	54 mil	SOFTBANK Corp	2.00
				⊖	18 mil	Bayer AG	1.76
				⊖	24 mil	Nestle SA	1.55
				⊕	425 mil	Taiwan Semiconductor Manufacturing	1.44
				⊖	16 mil	Anheuser-Busch Inbev SA	1.41
					92 mil	Prudential PLC	1.30
					25 mil	British American Tobacco PLC	1.28
				⊕	256 mil	Barclays PLC	1.12
					72 mil	Housing Development Finance Corp L	1.10
					5 mil	Volkswagen AG	1.07
				⊖	27 mil	Honda Motor Co Ltd	1.00
				⊖	140 mil	BP PLC	0.98

Equity Style	Value	Blend	Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	15.1	1.17	1.15			
P/C Ratio TTM	10.0	1.31	1.23			
P/B Ratio TTM	1.7	1.16	1.03			
Geo Avg Mkt Cap \$mil	34926	1.04	1.04			

Fixed-Income Style	Ltd	Mod	Ext	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
				—	—	—	—
				—	0.72	—	100.25

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stock %	Rel Std Index
Americas	4.9	—
Greater Europe	55.4	—
Greater Asia	39.7	—

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>39.1</b>	—
Basic Materials	5.9	—
Consumer Cyclical	14.0	—
Financial Services	17.6	—
Real Estate	1.5	—
<b>Sensitive</b>	<b>34.7</b>	—
Communication Services	7.6	—
Energy	4.9	—
Industrials	10.9	—
Technology	11.3	—
<b>Defensive</b>	<b>26.3</b>	—
Consumer Defensive	11.1	—
Healthcare	13.6	—
Utilities	1.6	—

## Operations

Family: American Funds  
 Manager: Multiple  
 Tenure: 28.8 Years  
 Objective: Foreign Stock

Base Currency: USD  
 Ticker: RERGX  
 Minimum Initial Purchase: \$0  
 Minimum IRA Purchase: \$0

Purchase Constraints: A  
 Incept: 05-01-2009  
 Type: MF  
 Total Assets: \$107,977.20 mil

# DFA US Micro Cap I (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
★ **Gold** 04-04-2012 **★★★**  
 603 US OE Small Blend

**Standard Index**  
S&P 500 TR

**Category Index**  
Russell 2000 TR  
USD

**Morningstar Cat**  
US OE Small Blend

## Performance 02-28-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	8.12	-2.42	-20.75	15.72	-3.25
2012	12.25	-3.59	6.46	2.63	18.24
2013	—	—	—	—	6.85

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	15.91	16.56	7.77	11.73	11.81
Std 12-31-2012	18.24	—	4.01	10.42	11.63
Total Return	15.91	16.56	7.77	11.73	11.81

+/- Std Index	2.45	3.07	2.82	3.49	—
+/- Cat Index	1.89	1.85	0.41	0.57	—

% Rank Cat	—	—	—	—	—
No. in Cat	—	—	—	—	—

7-day Yield —

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-576-1167 or visit [www.dimensional.com](http://www.dimensional.com).

### Fees and Expenses

#### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

#### Fund Expenses

Management Fees %	0.50
12b1 Expense %	NA

Gross Expense Ratio %	0.52
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### Risk and Return Profile

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

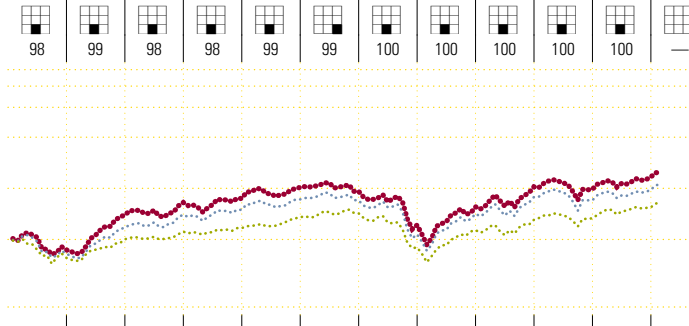
	3 Yr	5 Yr	10 Yr
Standard Deviation	20.54	25.10	20.80
Mean	16.56	7.77	11.73
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	—	—
Beta	—	—
R-Squared	—	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	22.24%

### Operations

Family:	Dimensional Fund Advisors
Manager:	Multiple
Tenure:	4.9 Years
Objective:	Small Company



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13	History
NAV/Price	8.53	13.32	15.12	14.77	15.70	13.47	8.31	10.56	13.77	13.22	14.60	15.60	NAV/Price
Total Return %	-13.27	60.72	18.39	5.69	16.16	-5.22	-36.72	28.06	31.29	-3.25	18.24	6.85	Total Return %
+/- Standard Index	8.83	32.03	7.51	0.77	0.37	-10.71	0.28	1.60	16.22	-5.36	2.24	0.24	+/- Standard Index
+/- Category Index	7.21	13.46	0.06	1.13	-2.21	-3.65	-2.93	0.89	4.43	0.92	1.89	-0.58	+/- Category Index
% Rank Cat	32	7	53	61	37	74	58	54	8	49	21	—	% Rank Cat
No. of Funds in Cat	382	446	521	563	608	645	670	649	649	650	662	—	No. of Funds in Cat

### Portfolio Analysis 11-30-2012

Asset Allocation %	10-31-2012	Net %	Long %	Short %
Cash		0.21	0.21	0.00
US Stocks		99.19	99.19	0.00
Non-US Stocks		0.60	0.60	0.00
Bonds		0.00	0.00	0.00
Other/Not Clsfd		0.00	0.00	0.00
Total		100.00	100.00	0.00

### Top Holdings 10-31-2012

Share Chg since 10-2012	Share Amount	Holdings:	% Net Assets
		1,938 Total Stocks, 0 Total Fixed-Income, 15% Turnover Ratio	
	727,009	Ariad Pharmaceuticals	0.46
	216,969	Manhattan Associates, Inc.	0.38
	115,182	Air Methods Corp.	0.37
	261,981	Elizabeth Arden, Inc.	0.36
	251,629	Tyler Technologies, Inc.	0.35
	150,502	OSI Systems, Inc.	0.35
	214,930	Papa John's International Inc.	0.33
	94,413	Altisource Portfolio Solutions SA	0.31
	306,580	Ryland Group, Inc.	0.30
	179,640	J&J Snack Foods Corp.	0.30
	153,471	World Acceptance Corporation	0.30
	194,367	MGE Energy, Inc.	0.30
	227,661	3D Systems Corporation	0.29
	301,134	Bank of the Ozarks, Inc.	0.29
	211,757	Cyberonics, Inc.	0.28

### Equity Style

Value	Blend	Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM			15.0	0.96	0.87
P/C Ratio TTM			7.9	0.83	0.80
P/B Ratio TTM			1.5	0.70	0.81
Geo Avg Mkt Cap \$mil			533	0.01	0.29

### Fixed-Income Style

Ltd	Mod	Ext	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
			—	—	—	—

### Credit Quality Breakdown

	Stock %	Bond %
AAA	—	—
AA	—	—
A	—	—
BBB	—	—
BB	—	—
B	—	—
Below B	—	—
NR/NA	—	—

### Regional Exposure

	Stock %	Rel Std Index
Americas	99.6	1.01
Greater Europe	0.4	0.33
Greater Asia	0.0	—

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>42.6</b>	<b>1.41</b>
Basic Materials	7.0	2.13
Consumer Cyclical	18.2	1.76
Financial Services	16.6	1.14
Real Estate	1.0	0.48
<b>Sensitive</b>	<b>40.0</b>	<b>0.93</b>
Communication Services	1.4	0.34
Energy	3.8	0.34
Industrials	17.9	1.61
Technology	16.9	1.02
<b>Defensive</b>	<b>17.3</b>	<b>0.65</b>
Consumer Defensive	6.0	0.54
Healthcare	9.3	0.77
Utilities	1.9	0.58

# T. Rowe Price Mid-Cap Growth (USD)

**Morningstar Analyst Rtg™**  
★ **Gold**  
 01-24-2013

**Overall Morningstar Rtg™**  
 ★★★★★  
 659 US OE Mid-Cap Growth

**Standard Index**  
 S&P 500 TR

**Category Index**  
 Russell Mid Cap Growth TR USD

**Morningstar Cat**  
 US OE Mid-Cap Growth

Performance 02-28-2013					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	8.71	-1.21	-16.99	10.81	-1.21
2012	13.22	-4.89	4.07	1.65	13.91
2013	—	—	—	—	7.56

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	10.52	15.38	8.53	12.76	13.35
Std 12-31-2012	13.91	—	4.80	11.55	13.06
Total Return	10.52	15.38	8.53	12.76	13.35

+/- Std Index	-2.94	1.88	3.58	4.52	—
+/- Cat Index	-0.32	0.11	1.77	1.45	—

% Rank Cat	—	—	—	—	—
No. in Cat	—	—	—	—	—

7-day Yield —

### Performance Disclosure

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### Fees and Expenses

#### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

#### Fund Expenses

Management Fees %	0.64
12b1 Expense %	NA
Gross Expense Ratio %	0.80

### Risk and Return Profile

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

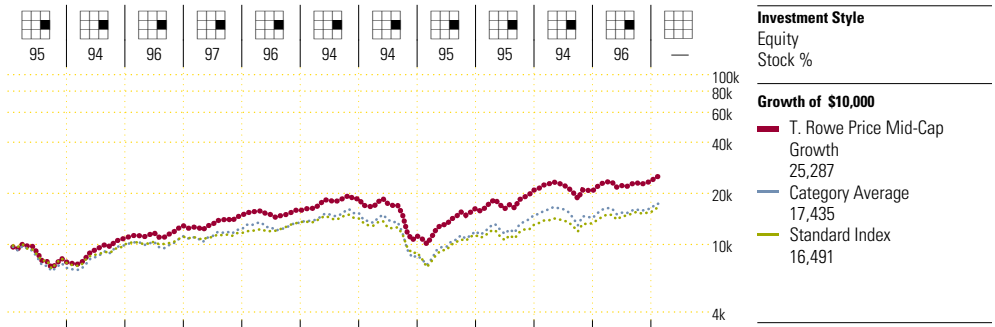
	3 Yr	5 Yr	10 Yr
Standard Deviation	17.14	21.66	17.38
Mean	15.38	8.53	12.76
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	—	—
Beta	—	—
R-Squared	—	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	29.32%

### Operations

Family:	T. Rowe Price	Ticker:	RPMGX
Manager:	Brian Berghuis	Minimum Initial Purchase:	\$2,500
Tenure:	20.7 Years	Min Auto Investment Plan:	\$0
Objective:	Growth	Minimum IRA Purchase:	\$1,000
Base Currency:	USD	Purchase Constraints:	C



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13	History
NAV/Price	31.04	42.90	49.88	54.14	53.69	57.67	32.67	47.49	58.53	52.73	56.47	60.74	NAV/Price
Total Return %	-21.22	38.21	18.39	14.82	6.79	17.65	-39.69	45.44	28.06	-1.21	13.91	7.56	Total Return %
+/- Standard Index	0.88	9.52	7.51	9.91	-9.00	12.16	-2.69	18.98	13.00	-3.32	-2.09	0.95	+/- Standard Index
+/- Category Index	6.19	-4.50	2.91	2.72	-3.86	6.22	4.63	-0.85	1.68	0.44	-1.89	0.33	+/- Category Index
% Rank Cat	24	33	13	15	64	37	20	28	27	30	53	—	% Rank Cat
No. of Funds in Cat	786	890	903	936	994	967	934	812	759	751	737	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation %	Net %	Long %	Short %	Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
Cash	3.15	3.15	0.00			136 Total Stocks, 0 Total Fixed-Income, 30% Turnover Ratio	
US Stocks	89.69	89.69	0.00				
Non-US Stocks	6.63	6.63	0.00	⊖	9 mil	Ametek, Inc.	1.87
Bonds	0.00	0.00	0.00	⊕	8 mil	DENTSPLY International, Inc.	1.76
Other/Not Clsfd	0.53	0.53	0.00		3 mil	IHS, Inc. Class A	1.70
Total	100.00	100.00	0.00	⊖	3 mil	Roper Industries, Inc.	1.54
				⊕	4 mil	Fiserv, Inc.	1.53
					6 mil	Gartner, Inc. Class A	1.53
					5 mil	Trimble Navigation Ltd.	1.49
				⊕	7 mil	CarMax, Inc.	1.46
				⊖	10 mil	Quanta Services, Inc.	1.45
				⊖	14 mil	Calpine Corp	1.45
				⊖	10 mil	Textron Inc	1.38
				⊕	4 mil	Gardner Denver, Inc.	1.37
				⊕	5 mil	Fastenal Company	1.36
				⊖	6 mil	Dollar General Corporation	1.34
				⊕	3 mil	Laboratory Corporation of America	1.32

Equity Style	Value	Blend	Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	21.3	1.36	1.02			
P/C Ratio TTM	13.0	1.36	0.95			
P/B Ratio TTM	2.9	1.33	0.95			
Geo Avg Mkt Cap \$mil	6371	0.11	0.95			

Fixed-Income Style	Ltd	Mod	Ext	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
				—	—	—	—
				—	—	—	—
				—	—	—	—

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stock %	Rel Std Index
Americas	98.7	1.00
Greater Europe	1.0	0.91
Greater Asia	0.4	—

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>21.4</b>	<b>0.71</b>
Basic Materials	3.7	1.13
Consumer Cyclical	11.7	1.14
Financial Services	5.4	0.37
Real Estate	0.6	0.27
<b>Sensitive</b>	<b>56.0</b>	<b>1.30</b>
Communication Services	0.9	0.22
Energy	5.4	0.48
Industrials	27.4	2.47
Technology	22.2	1.34
<b>Defensive</b>	<b>22.5</b>	<b>0.85</b>
Consumer Defensive	4.0	0.36
Healthcare	17.0	1.41
Utilities	1.5	0.45

# Calvert Equity I (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™** **Standard Index** **Category Index** **Morningstar Cat**  
 Neutral 09-04-2012 ★★★ S&P 500 TR Russell 1000 US OE Large Growth  
 1,502 US OE Large Growth Growth TR USD

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	7.08	1.44	-14.99	6.44	-1.70
2012	15.71	-5.55	6.08	0.18	16.14
2013	—	—	—	—	4.58

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	15.07	13.08	5.64	8.02	6.22
Std 12-31-2012	16.14	—	3.20	7.08	5.90
Total Return	15.07	13.08	5.64	8.02	6.22

+/- Std Index	—	—	—	—	—
+/- Cat Index	—	—	—	—	—

% Rank Cat	33	44	19	41
No. in Cat	1689	1502	1303	876

7-day Yield —

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-368-2748 or visit www.calvert.com.

### Fees and Expenses

**Sales Charges**

**Front-End Load %** NA

**Deferred Load %** NA

### Fund Expenses

Management Fees % 0.60

12b1 Expense % NA

**Gross Expense Ratio %** 0.68

### Risk and Return Profile

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

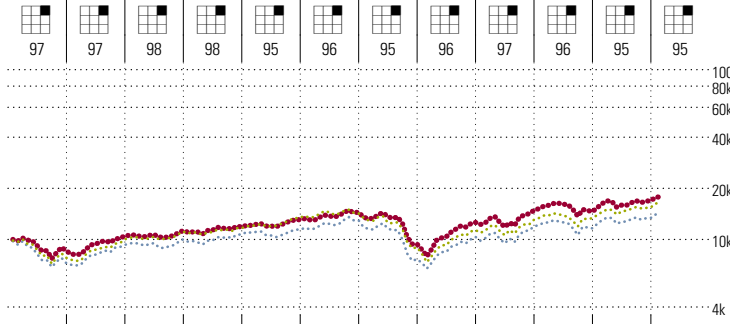
	3 Yr	5 Yr	10 Yr
Standard Deviation	16.10	19.23	14.91
Mean	13.08	5.64	8.02
Sharpe Ratio	0.84	0.36	0.48

MPT Statistics	Standard Index	Best Fit Index Morningstar US Growth TR USD
Alpha	-1.09	-0.69
Beta	1.02	0.92
R-Squared	93.21	96.15

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	20.37%

### Operations

Family:	Calvert Investments, Inc.	Base Currency:	USD
Manager:	Multiple	Ticker:	CEYIX
Tenure:	6.6 Years	Minimum Initial Purchase:	\$1 mil
Objective:	Growth	Purchase Constraints:	—



**Investment Style**  
Equity Stock %

### Growth of \$10,000

Calvert Equity I 17,837  
 Category Average 14,126  
 Standard Index 16,491

**Performance Quartile**  
(within category)

History	NAV/Price	Total Return %	+/- Standard Index	+/- Category Index	% Rank Cat	No. of Funds in Cat
2002	26.74	-14.52	7.58	13.36	—	—
2003	32.89	23.00	-5.69	-6.75	—	—
2004	35.30	7.33	-3.55	1.03	—	—
2005	36.39	4.74	-0.17	-0.52	64	1495
2006	38.72	10.77	-5.03	1.69	18	1642
2007	40.40	10.53	5.04	-1.28	66	1748
2008	24.20	-35.19	1.81	3.25	12	1809
2009	32.37	34.21	7.75	-3.00	51	1796
2010	38.15	17.86	2.79	1.15	27	1718
2011	35.84	-1.70	-3.81	-4.34	47	1683
2012	41.53	16.14	0.14	0.89	37	1681
01-13	43.43	4.58	—	—	—	—

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13
26.74	32.89	35.30	36.39	38.72	40.40	24.20	32.37	38.15	35.84	41.53	43.43
-14.52	23.00	7.33	4.74	10.77	10.53	-35.19	34.21	17.86	-1.70	16.14	4.58
7.58	-5.69	-3.55	-0.17	-5.03	5.04	1.81	7.75	2.79	-3.81	0.14	—
13.36	-6.75	1.03	-0.52	1.69	-1.28	3.25	-3.00	1.15	-4.34	0.89	—
—	—	—	64	18	66	12	51	27	47	37	—
—	—	—	1495	1642	1748	1809	1796	1718	1683	1681	—

### Portfolio Analysis 01-31-2013

Asset Allocation % 12-31-2012	Net %	Long %	Short %
Cash	3.47	3.47	0.00
US Stocks	89.10	89.10	0.00
Non-US Stocks	6.30	6.30	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	1.13	1.13	0.00
Total	100.00	100.00	0.00

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	19.3	1.23	1.03
	P/C Ratio TTM	13.1	1.38	1.06
	P/B Ratio TTM	3.0	1.39	0.95
	Geo Avg Mkt Cap \$mil	43864	0.78	1.00

### Fixed-Income Style

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
Ltd Mod Ext	—	—	—	—
High Med Low	—	—	—	—

### Credit Quality Breakdown —

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

### Regional Exposure

Regional Exposure	Stock %	Rel Std Index
Americas	97.2	0.98
Greater Europe	2.8	2.62
Greater Asia	0.0	—

### Top Holdings 12-31-2012

Share Chg since 12-2012	Share Amount	Holdings:	% Net Assets
		45 Total Stocks, 0 Total Fixed-Income, 36% Turnover Ratio	
⊕	211,135	Apple Inc	4.67
	1 mil	Allergan, Inc.	4.57
	2 mil	Qualcomm, Inc.	4.39
	2 mil	CVS Caremark Corp	3.99
	120,911	Google, Inc. Class A	3.56
	3 mil	Microsoft Corporation	3.44
	1 mil	Ecolab, Inc.	3.41
	1 mil	Cameron International Corporation	3.17
	1 mil	American Express Co	3.02
	2 mil	Suncor Energy Inc	2.85
	1 mil	Danaher Corporation	2.78
	896,747	Cognizant Technology Solutions Cor	2.75
	666,087	Costco Wholesale Corporation	2.73
	878,274	Gilead Sciences Inc	2.68
	330,048	International Business Machines Co	2.62

### Sector Weightings

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>27.1</b>	<b>0.90</b>
Basic Materials	3.5	1.07
Consumer Cyclical	11.7	1.13
Financial Services	12.0	0.82
Real Estate	0.0	0.00
<b>Sensitive</b>	<b>49.4</b>	<b>1.14</b>
Communication Services	0.0	0.00
Energy	10.3	0.91
Industrials	10.8	0.97
Technology	28.4	1.70
<b>Defensive</b>	<b>23.5</b>	<b>0.88</b>
Consumer Defensive	11.3	1.00
Healthcare	12.1	1.01
Utilities	0.0	0.00



# Fidelity Contrafund (USD)

**Morningstar Analyst Rtg™**  
 Silver  
 01-14-2013

**Overall Morningstar Rtg™**  
 ★★ ★★  
 1,502 US OE Large Growth

**Standard Index**  
 S&P 500 TR

**Category Index**  
 Russell 1000  
 Growth TR USD

**Morningstar Cat**  
 US OE Large Growth

## Performance 02-28-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.94	-0.54	-11.64	8.28	-0.14
2012	14.96	-3.52	6.51	-1.59	16.26
2013	—	—	—	—	5.29

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	10.48	13.35	5.17	10.73	12.24
Std 12-31-2012	16.26	—	1.97	9.68	12.16
Total Return	10.48	13.35	5.17	10.73	12.24
+/- Std Index	-2.98	-0.14	0.23	2.50	—
+/- Cat Index	0.88	-0.44	-1.21	2.31	—

% Rank Cat	—	—	—	—
No. in Cat	—	—	—	—
7-day Yield	—	—	—	—

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

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

### Fees and Expenses

Sales Charges	NA
<b>Front-End Load %</b>	<b>NA</b>
<b>Deferred Load %</b>	<b>NA</b>
<b>Fund Expenses</b>	
Management Fees %	0.63
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.81</b>

### Risk and Return Profile

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

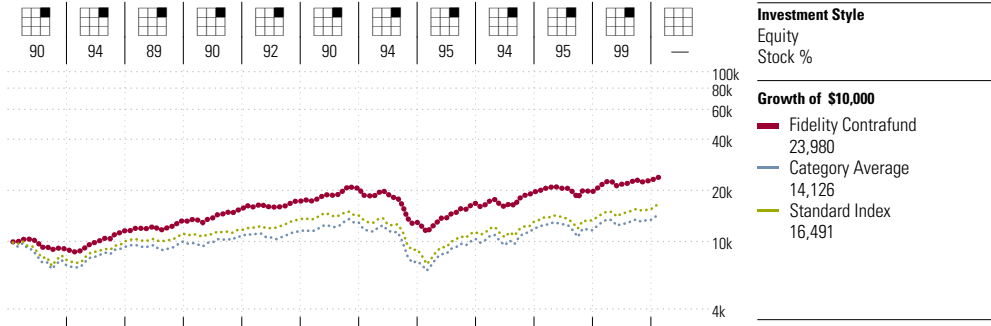
	3 Yr	5 Yr	10 Yr
Standard Deviation	14.11	17.11	14.07
Mean	13.35	5.17	10.73
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	—	—
Beta	—	—
R-Squared	—	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	40.50%

### Operations

Family:	Fidelity Investments	Ticker:	FCNTX
Manager:	William Danoff	Minimum Initial Purchase:	\$2,500
Tenure:	22.4 Years	Min Auto Investment Plan:	\$2,500
Objective:	Growth	Minimum IRA Purchase:	\$500
Base Currency:	USD	Purchase Constraints:	—



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13	History
NAV/Price	38.60	49.35	56.74	64.76	65.21	73.11	45.26	58.28	67.73	67.45	77.57	80.93	NAV/Price
Total Return %	-9.63	27.95	15.07	16.23	11.54	19.78	-37.16	29.23	16.93	-0.14	16.26	5.29	Total Return %
+/- Standard Index	12.47	-0.73	4.19	11.32	-4.26	14.29	-0.17	2.76	1.87	-2.25	0.25	-1.32	+/- Standard Index
+/- Category Index	18.25	-1.79	8.77	10.97	2.46	7.97	1.27	-7.98	0.22	-2.78	1.00	-0.30	+/- Category Index
% Rank Cat	—	—	5	3	14	19	21	76	35	30	36	—	% Rank Cat
No. of Funds in Cat	—	—	1400	1495	1642	1748	1809	1796	1718	1683	1681	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation %	Net %	Long %	Short %
Cash	1.28	1.28	0.00
US Stocks	86.99	86.99	0.00
Non-US Stocks	11.59	11.59	0.00
Bonds	0.08	0.08	0.00
Other/Not Clsfd	0.06	0.06	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	18.5	1.19	0.99
	P/C Ratio TTM	13.1	1.38	1.06
	P/B Ratio TTM	2.9	1.33	0.91
	Geo Avg Mkt Cap \$mil	45675	0.81	1.04

### Fixed-Income Style

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
Ltd Mod Ext	—	—	—	—
High Med Low	—	—	—	8.00

### Credit Quality Breakdown

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

### Regional Exposure

Regional Exposure	Stock %	Rel Std Index
Americas	93.0	0.94
Greater Europe	5.1	4.73
Greater Asia	1.9	—

### Top Holdings 11-30-2012

Share since 11-2012	Share Amount	Holdings:	% Net Assets
		358 Total Stocks, 6 Total Fixed-Income, 55% Turnover Ratio	
⊖	12 mil	Apple Inc	8.27
⊕	6 mil	Google, Inc. Class A	5.19
⊕	22,279	Berkshire Hathaway Inc Class A	3.48
⊕	58 mil	Coca-Cola Co	2.62
⊕	62 mil	Wells Fargo & Co	2.44
⊖	40 mil	Walt Disney Co	2.35
⊖	17 mil	Noble Energy Inc	2.03
⊖	11 mil	Visa, Inc.	1.88
⊖	35 mil	TJX Companies	1.86
⊕	6 mil	Amazon.com Inc	1.75
⊖	16 mil	McDonald's Corporation	1.62
⊖	13 mil	Colgate-Palmolive Company	1.62
⊕	9 mil	Biogen Idec Inc	1.56
⊕	3 mil	MasterCard Incorporated Class A	1.49
⊖	16 mil	Discovery Communications Inc Class	1.17

### Sector Weightings

Sector	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>41.2</b>	<b>1.36</b>
Basic Materials	4.9	1.49
Consumer Cyclical	19.4	1.88
Financial Services	15.7	1.08
Real Estate	1.2	0.61
<b>Sensitive</b>	<b>37.6</b>	<b>0.87</b>
Communication Services	1.8	0.43
Energy	5.6	0.50
Industrials	6.7	0.60
Technology	23.6	1.42
<b>Defensive</b>	<b>21.2</b>	<b>0.80</b>
Consumer Defensive	9.9	0.87
Healthcare	11.3	0.94
Utilities	0.1	0.02

# Vanguard Institutional Index Instl PI (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 10-29-2012 **★★★★**  
 1,502 US OE Large Blend

**Standard Index**  
S&P 500 TR

**Category Index**  
Russell 1000 TR  
USD

**Morningstar Cat**  
US OE Large Blend

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	5.92	0.10	-13.87	11.83	2.12
2012	12.58	-2.75	6.35	-0.37	16.00
2013	—	—	—	—	5.19

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	16.79	14.15	4.03	7.97	5.19
Std 12-31-2012	16.00	—	1.72	7.14	4.87
Total Return	16.79	14.15	4.03	7.97	5.19

+/- Std Index	—	—	—	—	—
+/- Cat Index	—	—	—	—	—

% Rank Cat	27	14	25	29
No. in Cat	1678	1502	1324	834

7-day Yield —

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

<b>Sales Charges</b>	
<b>Front-End Load %</b>	NA
<b>Deferred Load %</b>	NA
<b>Fund Expenses</b>	
Management Fees %	0.02
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.02</b>

### Risk and Return Profile

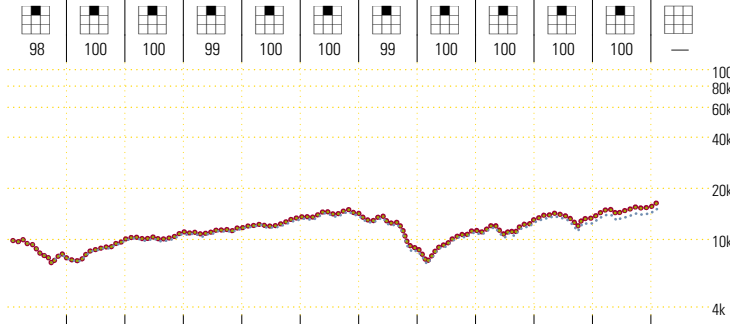
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	4★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation	15.25	18.94	14.80
Mean	14.15	4.03	7.97
Sharpe Ratio	0.94	0.29	0.48

MPT Statistics	Standard Index	Best Fit Index S&P 500 TR
Alpha	0.01	0.01
Beta	1.00	1.00
R-Squared	100.00	100.00

12-Month Yield	2.08%
30-day SEC Yield	2.18%
Potential Cap Gains Exp	18.57%

### Operations

Family:	Vanguard	Base Currency:	USD
Manager:	Donald Butler	Ticker:	VIII
Tenure:	12.2 Years	Minimum Initial Purchase:	\$200 mil
Objective:	Growth and Income	Purchase Constraints:	—



**Investment Style**  
Equity  
Stock %

**Growth of \$10,000**  
 Vanguard Institutional Index 16,564  
 Instl PI 16,564  
 Category Average 15,204  
 Standard Index 16,491

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	80.45	101.78	110.71	114.01	129.59	134.14	82.54	101.98	115.01	115.05	130.53	137.30	NAV/Price
Total Return %	-22.01	28.69	10.90	4.93	15.81	5.50	-36.94	26.66	15.07	2.12	16.00	5.19	Total Return %
+/- Standard Index	0.09	0.01	0.02	0.01	0.02	0.01	0.06	0.20	0.01	0.01	0.00	—	+/- Standard Index
+/- Category Index	-0.36	-1.20	-0.50	-1.34	0.35	-0.27	0.66	-1.77	-1.02	0.62	-0.42	—	+/- Category Index
% Rank Cat	39	26	33	57	20	49	36	52	28	17	34	—	% Rank Cat
No. of Funds in Cat	1468	1526	1611	1743	1980	2090	2086	2027	2010	1786	1686	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	0.03	0.03	0.00
US Stocks	99.04	99.04	0.00
Non-US Stocks	0.93	0.93	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

### Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings: 503 Total Stocks, 1 Total Fixed-Income, 5% Turnover Ratio	% Net Assets
⊕	8 mil	Apple Inc	4.85
⊕	42 mil	Exxon Mobil Corporation	3.28
⊕	95 mil	General Electric Co	1.86
⊕	18 mil	Chevron Corp	1.77
⊕	68 mil	Microsoft Corporation	1.74
⊖	10 mil	International Business Machines Co	1.73
⊕	52 mil	AT&T Inc	1.69
⊕	2 mil	Google, Inc. Class A	1.55
⊕	25 mil	Procter & Gamble Co	1.48
⊕	25 mil	Johnson & Johnson	1.47
⊕	68 mil	Pfizer Inc	1.44
⊖	44 mil	Wells Fargo & Co	1.32
⊖	34 mil	JPMorgan Chase & Co	1.19
⊕	15 mil	Philip Morris International, Inc.	1.18
⊕	15 mil	Berkshire Hathaway Inc Class B	1.17

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	15.0	0.96	1.00
	P/C Ratio TTM	9.2	0.97	0.94
	P/B Ratio TTM	2.1	0.96	0.94
	Geo Avg Mkt Cap \$mil	54871	0.98	1.01

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price
Ltd Mod Ext	—	—	—	—
High Med Low	—	—	—	—

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stock %	Rel Std Index
Americas	99.0	1.00
Greater Europe	1.0	0.96
Greater Asia	0.0	—

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>29.9</b>	<b>0.99</b>
Basic Materials	3.3	1.01
Consumer Cyclical	10.1	0.98
Financial Services	14.4	0.99
Real Estate	2.1	1.03
<b>Sensitive</b>	<b>43.5</b>	<b>1.01</b>
Communication Services	4.3	1.03
Energy	10.9	0.98
Industrials	11.1	1.00
Technology	17.2	1.03
<b>Defensive</b>	<b>26.5</b>	<b>0.99</b>
Consumer Defensive	11.2	1.00
Healthcare	11.9	0.99
Utilities	3.4	1.00



# Vanguard Wellington Adm (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 01-11-2013 ★★★★★  
 808 US OE Moderate Allocation

**Standard Index** Morningstar Moderate Target Risk  
**Category Index** Morningstar Moderately Aggr Target Risk  
**Morningstar Cat** US OE Moderate Allocation

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.17	0.92	-8.68	8.27	3.95
2012	7.58	-0.98	4.71	1.01	12.67
2013	—	—	—	—	3.49

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	12.89	11.03	5.68	8.93	6.80
Std 12-31-2012	12.67	—	4.35	8.32	6.53
Total Return	12.89	11.03	5.68	8.93	6.80

+/- Std Index	1.86	1.09	0.72	0.52	—
+/- Cat Index	-0.56	-0.34	1.17	-0.43	—

% Rank Cat	20	16	7	3	—
No. in Cat	934	808	704	403	—

7-day Yield —

## Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-6273 or visit www.vanguard.com.

## Fees and Expenses

**Sales Charges**

**Front-End Load %** NA

**Deferred Load %** NA

## Fund Expenses

Management Fees % 0.17

12b1 Expense % NA

**Gross Expense Ratio %** 0.19

## Risk and Return Profile

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

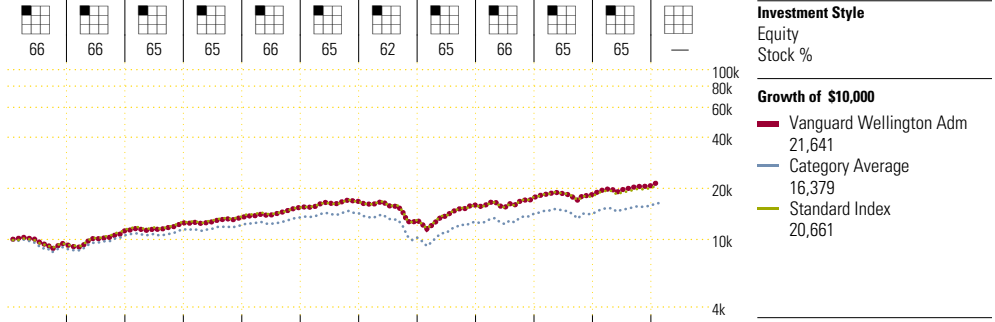
	3 Yr	5 Yr	10 Yr
Standard Deviation	9.85	12.71	10.00
Mean	11.03	5.68	8.93
Sharpe Ratio	1.11	0.47	0.73

MPT Statistics	Standard Index	Best Fit Index
		MSCI World NR USD
Alpha	1.20	4.52
Beta	0.98	0.57
R-Squared	96.07	97.06

12-Month Yield	2.79%
30-day SEC Yield	2.34%
Potential Cap Gains Exp	20.51%

## Operations

Family:	Vanguard	Base Currency:	USD
Manager:	Multiple	Ticker:	VWENX
Tenure:	12.2 Years	Minimum Initial Purchase:	\$0
Objective:	Growth and Income	Purchase Constraints:	A



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	42.42	49.76	52.15	52.43	56.02	56.34	42.18	49.82	53.71	54.13	58.45	60.49	NAV/Price
Total Return %	-6.81	20.90	11.34	6.99	15.07	8.48	-22.23	22.34	11.04	3.95	12.67	3.49	Total Return %
+/- Standard Index	-0.11	-1.58	-0.14	-0.06	2.12	-0.16	-0.04	0.57	-1.30	3.36	0.60	0.58	+/- Standard Index
+/- Category Index	5.49	-8.25	-2.73	-1.86	-0.92	-0.46	8.42	-5.21	-3.89	5.88	-1.68	-0.57	+/- Category Index
% Rank Cat	10	42	16	18	7	21	13	61	68	7	36	—	% Rank Cat
No. of Funds in Cat	757	843	925	985	1041	1103	1206	1177	1074	963	936	—	No. of Funds in Cat

## Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	1.23	1.23	0.00
US Stocks	55.51	55.51	0.00
Non-US Stocks	9.60	9.60	0.00
Bonds	32.27	32.27	0.00
Other/Not Clsfd	1.38	1.38	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

Equity Style	Value	Blend	Growth
Large	■	■	■
Mid	■	■	■
Small	■	■	■

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	13.2	0.93	0.88
P/C Ratio TTM	8.8	1.09	0.97
P/B Ratio TTM	1.8	1.04	0.91
Geo Avg Mkt Cap \$mil	72119	3.53	2.03

Fixed-Income Style	Ltd	Mod	Ext
High	■	■	■
Mid	■	■	■
Low	■	■	■

Credit Quality Breakdown 12-31-2012	Bond %
AAA	23.87
AA	13.85
A	43.49
BBB	15.98
BB	0.00
B	0.00
Below B	0.00
NR/NA	2.81

Regional Exposure	Stock %	Rel Std Index
Americas	86.8	1.20
Greater Europe	12.7	0.82
Greater Asia	0.5	0.04

## Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
		97 Total Stocks, 1,028 Total Fixed-Income, 31% Turnover Ratio	
⊖	16 mil	Exxon Mobil Corporation	2.34
⊖	35 mil	AT&T Inc	2.06
	37 mil	Wells Fargo & Co	1.99
	47 mil	Pfizer Inc	1.81
	25 mil	Merck & Co Inc	1.79
	36 mil	Microsoft Corporation	1.66
	28 mil	Comcast Corp Class A	1.58
	24 mil	JPMorgan Chase & Co	1.52
	5 mil	International Business Machines Co	1.52
⊕	8 mil	Chevron Corp	1.47
⊕	11 mil	Johnson & Johnson	1.14
⊖	14 mil	Eli Lilly and Company	1.05
	30 mil	General Electric Co	1.05
	9 mil	PepsiCo Inc	1.02
⊕	9 mil	Anadarko Petroleum Corp	1.01

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>28.4</b>	<b>0.75</b>
Basic Materials	3.2	0.51
Consumer Cyclical	7.0	0.65
Financial Services	18.2	1.08
Real Estate	0.0	0.00
<b>Sensitive</b>	<b>41.6</b>	<b>1.07</b>
Communication Services	5.3	1.27
Energy	11.7	1.23
Industrials	13.5	1.01
Technology	11.3	0.93
<b>Defensive</b>	<b>29.9</b>	<b>1.31</b>
Consumer Defensive	9.7	1.08
Healthcare	16.1	1.66
Utilities	4.1	0.98

# Vanguard Long-Term Investment-Grade Adm (USD)

**Morningstar Analyst Rtg™** Overall Morningstar Rtg™  
**Bronze** 11-06-2012 ★★★  
 54 US OE Long-Term Bond

**Standard Index** Barclays US Agg Bond TR USD  
**Category Index** Barclays US Govt/Credit Long TR USD  
**Morningstar Cat** US OE Long-Term Bond

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	0.14	3.18	11.07	2.21	17.30
2012	0.46	5.60	4.68	0.64	11.77
2013	—	—	—	—	-1.45

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	7.49	12.03	9.80	7.61	8.05
Std 12-31-2012	11.77	—	10.13	7.78	8.25
Total Return	7.49	12.03	9.80	7.61	8.05

+/- Std Index	—	—	—	—	—
+/- Cat Index	—	—	—	—	—

% Rank Cat	59	34	36	50
No. in Cat	70	54	37	17

7-day Yield —

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

<b>Sales Charges</b>	
<b>Front-End Load %</b>	NA
<b>Deferred Load %</b>	NA
<b>Fund Expenses</b>	
Management Fees %	0.09
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.12</b>

### Risk and Return Profile

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

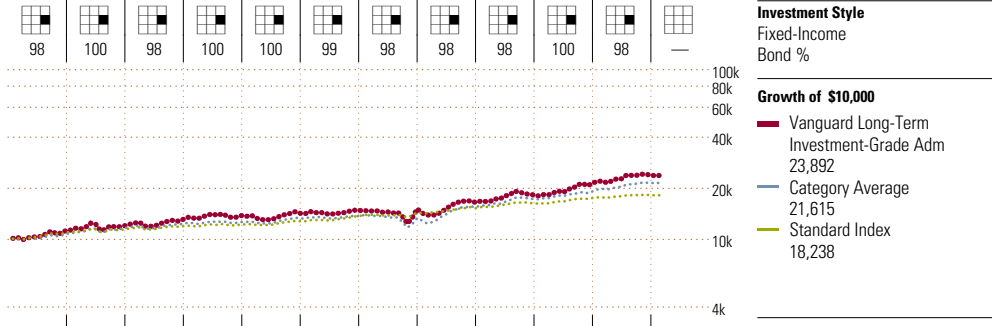
	3 Yr	5 Yr	10 Yr
Standard Deviation	8.06	11.73	10.16
Mean	12.03	9.80	7.61
Sharpe Ratio	1.44	0.83	0.60

MPT Statistics	Standard Index	Best Fit Index
		Barclays US Govt/Credit Long TR
Alpha	-2.06	1.86
Beta	2.63	0.85
R-Squared	63.16	81.10

12-Month Yield	4.74%
30-day SEC Yield	4.24%
Potential Cap Gains Exp	13.18%

### Operations

Family:	Vanguard
Manager:	Lucius Hill, III
Tenure:	5.0 Years
Objective:	Corporate Bond - High Quality



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	9.23	9.27	9.55	9.52	9.25	9.06	8.72	8.92	9.34	10.29	10.85	10.65	NAV/Price
Total Return %	13.32	6.36	9.06	5.27	2.99	3.86	2.40	8.89	10.85	17.30	11.77	-1.45	Total Return %
+/- Standard Index	3.07	2.25	4.72	2.84	-1.34	-3.11	-2.84	2.96	4.30	9.46	7.55	—	+/- Standard Index
+/- Category Index	-1.48	0.48	0.50	-0.07	0.28	-2.74	-6.04	6.97	0.69	-5.19	2.98	—	+/- Category Index
% Rank Cat	3	52	14	8	87	55	41	67	51	25	56	—	% Rank Cat
No. of Funds in Cat	106	75	69	60	45	44	48	50	52	61	70	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	1.04	1.04	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	98.88	98.88	0.00
Other/Not Clsfd	0.08	0.08	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

Equity Style	Value	Blend	Growth
Large			
Mid			
Small			

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style	Ltd	Mod	Ext
High			
Mid			
Low			

Credit Quality Breakdown 12-31-2012	Bond %
AAA	4.35
AA	16.21
A	52.16
BBB	23.37
BB	0.00
B	0.00
Below B	0.00
NR/NA	3.91

Regional Exposure	Stock %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

### Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
		0 Total Stocks, 468 Total Fixed-Income, 29% Turnover Ratio	
		Illinois St Go Bds 5.1%	1.40
+	194 mil	General Elec Cap Corp Mtn Be 6.75%	1.21
+	127 mil	California St Go Bds 7.3%	1.13
+	111 mil	General Elec Cap Corp Mtn Be 5.875%	0.98
	93 mil	Jpmorgan Chase 6.4%	0.88
+	98 mil	At&T 5.35%	0.88
+	83 mil	Wal-Mart Stores 6.2%	0.85
	94 mil	Hsbc Hldgs 6.8%	0.85
	75 mil	Shell Intl Fin Bv 6.375%	0.80
+	94 mil	United Tech 4.5%	0.77
+	69 mil	Conocophillips 6.5%	0.74
	72 mil	Wyeth 5.95%	0.72
+	64 mil	Metropolitan Transn Auth 7.336%	0.72
	70 mil	Astrazeneca 6.45%	0.71
*	70 mil	US Treasury Bond 4.5%	0.69

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
<b>Sensitive</b>	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
<b>Defensive</b>	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Purchase Constraints:	A
Incept:	02-12-2001
Type:	MF
Total Assets:	\$13,540.14 mil

# Federated US Govt 2-5 Yr Instl (USD)

**Overall Morningstar Rtg™**  
★★★★★  
131 US OE Short Government

**Standard Index**  
Barclays US Agg Bond TR USD

**Category Index**  
Barclays Government 1-5 Yr TR USD

**Morningstar Cat**  
US OE Short Government

## Performance 02-28-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	-0.13	1.74	3.11	-0.10	4.67
2012	0.44	0.00	0.68	0.03	1.16
2013	—	—	—	—	-0.12

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	0.51	2.76	3.36	3.65	6.55
Std 12-31-2012	1.16	—	4.14	3.77	6.59
Total Return	0.51	2.76	3.36	3.65	6.55

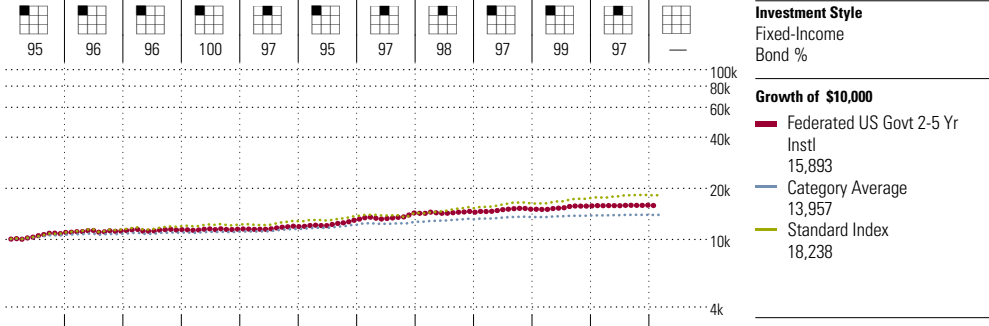
+/- Std Index	-2.62	-2.69	-2.16	-1.36	—
+/- Cat Index	-0.50	0.60	0.58	0.32	—

% Rank Cat	—	—	—	—	—
No. in Cat	—	—	—	—	—

7-day Yield	—
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**Performance Disclosure**  
The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.  
The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.  
Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-341-7400 or visit [www.federatedinvestors.com](http://www.federatedinvestors.com).

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13
11.67	11.52	11.30	10.97	10.86	11.35	12.09	11.73	11.74	11.62	11.49	11.46
9.92	2.22	1.60	0.87	3.34	9.18	10.64	0.28	4.26	4.67	1.16	-0.12
-0.33	-1.88	-2.74	-1.56	-0.99	2.21	5.40	-5.65	-2.29	-3.18	-3.05	0.08
2.23	0.06	0.06	-0.62	-0.68	1.35	2.23	-0.71	0.69	1.46	0.19	-0.23
3	12	34	73	73	1	1	88	21	6	43	—
166	176	186	177	179	151	150	158	154	150	145	—



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	02-13	History
11.67	11.52	11.30	10.97	10.86	11.35	12.09	11.73	11.74	11.62	11.49	11.46	NAV/Price
9.92	2.22	1.60	0.87	3.34	9.18	10.64	0.28	4.26	4.67	1.16	-0.12	Total Return %
-0.33	-1.88	-2.74	-1.56	-0.99	2.21	5.40	-5.65	-2.29	-3.18	-3.05	0.08	+/- Standard Index
2.23	0.06	0.06	-0.62	-0.68	1.35	2.23	-0.71	0.69	1.46	0.19	-0.23	+/- Category Index
3	12	34	73	73	1	1	88	21	6	43	—	% Rank Cat
166	176	186	177	179	151	150	158	154	150	145	—	No. of Funds in Cat

Portfolio Analysis 12-31-2012				Top Holdings 09-30-2012			
<b>Asset Allocation %</b>	Net %	Long %	Short %	Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
Cash	-14.24	3.31	17.55		0	Total Stocks, 25 Total Fixed-Income, 153% Turnover Ratio	
US Stocks	0.00	0.00	0.00		100 mil	US Treasury Note 0.5%	13.38
Non-US Stocks	0.00	0.00	0.00	⚡	75 mil	US Treasury Note 0.625%	10.15
Bonds	114.24	114.24	0.00	⊖	59 mil	Federal National Mortgage Associat	8.49
Other/Not Clsfd	0.00	0.00	0.00	⚡	45 mil	US Treasury Note 0.375%	6.07
Total	100.00	117.55	17.55	⊖	40 mil	US Treasury Note 4.25%	5.83
					40 mil	US Treasury Note 2.625%	5.65
					39 mil	U.S. Treasury Inflation Protected	5.62
					40 mil	FNMA 0.875%	5.40
					34 mil	United States Treasury Note, 2.125	4.81
					31 mil	US Treasury Note 1.875%	4.35
					30 mil	US Treasury Note 2%	4.18
					30 mil	US Treasury Note 2.75%	4.15
					27 mil	FNMA 3%	3.81
					24 mil	US Treasury Note 3.25%	3.60
					26 mil	US Treasury Note 1.25%	3.59

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

Fixed-Income Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Ltd Mod Ext	Avg Eff Maturity	—	—	—
	Avg Eff Duration	—	4.10	—
	Avg Wtd Coupon	—	1.91	—
	Avg Wtd Price	—	—	—

Credit Quality Breakdown 12-31-2012	Bond %
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Regional Exposure	Stock %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
<b>Sensitive</b>	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
<b>Defensive</b>	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

## Fees and Expenses

<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses	
Management Fees %	0.40
12b1 Expense %	NA
Gross Expense Ratio %	0.84

## Risk and Return Profile

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

	3 Yr	5 Yr	10 Yr
Standard Deviation	1.98	2.97	3.14
Mean	2.76	3.36	3.65
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	-0.86	—
Beta	0.67	—
R-Squared	68.69	—

12-Month Yield	0.90%
30-day SEC Yield	0.37%
Potential Cap Gains Exp	1.14%

Operations	
Family:	Federated
Manager:	Donald Ellenberger
Tenure:	7.7 Years
Objective:	Government Bond - Treasury

Base Currency:	USD
Ticker:	FIGTX
Minimum Initial Purchase:	\$1 mil
Min Auto Investment Plan:	\$50

Purchase Constraints:	—
Incept:	02-18-1983
Type:	MF
Total Assets:	\$684.57 mil

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# Vanguard Target Retirement Income Inv (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 11-29-2012 ★★★★★  
 257 US OE Retirement Income

**Standard Index** Morningstar Moderate Target Risk  
**Category Index** Morningstar Lifetime Moderate Income  
**Morningstar Cat** US OE Retirement Income

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	2.12	1.75	-2.59	3.99	5.25
2012	3.93	0.32	3.06	0.72	8.23
2013	—	—	—	—	1.07

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	6.70	8.02	5.17	—	5.68
Std 12-31-2012	8.23	—	4.87	—	5.62
Total Return	6.70	8.02	5.17	—	5.68

+/- Std Index	-4.33	-1.92	0.21	—	—
+/- Cat Index	-0.96	-0.50	0.07	—	—
% Rank Cat	67	41	6	—	—
No. in Cat	281	257	187	—	—
7-day Yield	—				

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

<b>Sales Charges</b>	
<b>Front-End Load %</b>	NA
<b>Deferred Load %</b>	NA
<b>Fund Expenses</b>	
Management Fees %	NA
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.16</b>

### Risk and Return Profile

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

	3 Yr	5 Yr	10 Yr
Standard Deviation	4.70	7.26	—
Mean	8.02	5.17	—
Sharpe Ratio	1.65	0.68	—

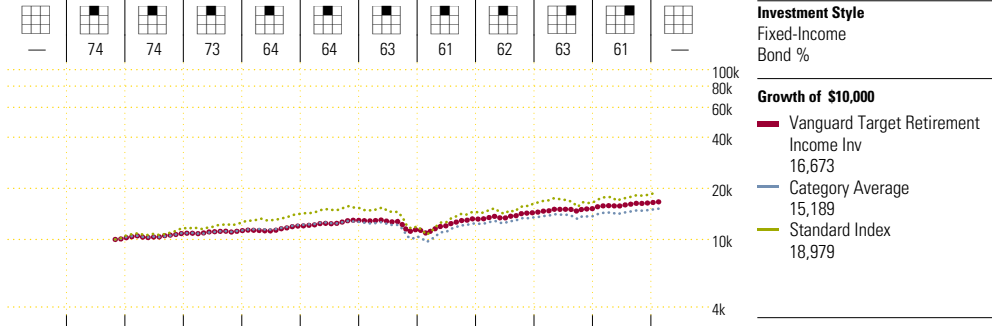
MPT Statistics	Standard Index	Best Fit Index
		Morningstar Lifetime Moderate

Alpha	3.26	1.49
Beta	0.46	0.76
R-Squared	91.05	95.98

12-Month Yield	2.13%
30-day SEC Yield	2.04%
Potential Cap Gains Exp	9.71%

### Operations

Family:	Vanguard	Base Currency:	USD
Manager:	Multiple	Ticker:	VTINX
Tenure:	0.0 Year	Minimum Initial Purchase:	\$1,000
Objective:	Growth and Income	Minimum IRA Purchase:	\$1,000



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	—	10.18	10.52	10.44	10.70	11.13	9.52	10.59	11.28	11.53	12.19	12.32	NAV/Price
Total Return %	—	—	6.82	3.33	6.38	8.17	-10.93	14.28	9.39	5.25	8.23	1.07	Total Return %
+/- Standard Index	—	—	-4.66	-3.72	-6.57	-0.47	11.27	-7.50	-2.94	4.66	-3.84	-1.84	+/- Standard Index
+/- Category Index	—	—	-3.12	-2.32	-1.86	-1.55	1.74	-1.23	-0.63	1.12	-0.56	-0.55	+/- Category Index
% Rank Cat	—	—	35	48	56	1	6	80	42	9	67	—	% Rank Cat
No. of Funds in Cat	—	—	40	57	84	107	122	134	162	260	281	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	7.99	7.99	0.00
US Stocks	20.54	20.54	0.00
Non-US Stocks	9.18	9.18	0.00
Bonds	62.17	62.17	0.00
Other/Not Clsfd	0.12	0.12	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

### Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings: 8,521 Total Stocks, 9,027 Total Fixed-Income, 7% Turnover Ratio	% Net Assets
⊕	382 mil	Vanguard Total Bond Market II Idx	45.10
⊖	55 mil	Vanguard Total Stock Mkt Idx Inv	20.89
⊕	126 mil	Vanguard Inflation-Protected Secs	20.00
⊕	60 mil	Vanguard Total Intl Stock Index Inv	9.07

### Equity Style

Value Blend Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.2	1.00	0.97
P/C Ratio TTM	8.3	1.02	0.97
P/B Ratio TTM	1.8	1.06	0.99
Geo Avg Mkt Cap \$mil	27351	1.34	1.04

### Fixed-Income Style

Ltd	Mod	Ext	High	Med	Low
Avg Eff Maturity	7.67				
Avg Eff Duration	6.08				
Avg Wtd Coupon	3.09				
Avg Wtd Price	119.56				

### Credit Quality Breakdown 12-31-2012

	Bond %
AAA	82.12
AA	2.83
A	7.85
BBB	7.20
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

### Regional Exposure

	Stock %	Rel Std Index
Americas	73.1	1.01
Greater Europe	14.9	0.96
Greater Asia	11.9	0.99

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.6</b>	<b>0.91</b>
Basic Materials	5.7	0.89
Consumer Cyclical	10.5	0.97
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.5</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.21
<b>Defensive</b>	<b>23.9</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.05
Utilities	3.5	0.83

# Vanguard Target Retirement 2015 Inv (USD)



**Morningstar Analyst Rtg™**  
11-29-2012 ★★★★★

**Overall Morningstar Rtg™**  
134 US OE Target Date 2011-2015

**Standard Index**  
Morningstar  
Moderate Target Risk

**Category Index**  
Morningstar  
Lifetime Moderate 2015

**Morningstar Cat**  
US OE Target Date 2011-2015

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	3.30	1.17	-8.24	6.07	1.71
2012	7.15	-1.52	4.31	1.17	11.37
2013	—	—	—	—	2.39

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	10.01	9.88	4.51	—	6.08
Std 12-31-2012	11.37	—	3.25	—	5.87
Total Return	10.01	9.88	4.51	—	6.08
+/- Std Index	-1.02	-0.06	-0.45	—	—
+/- Cat Index	-0.07	-0.67	-0.75	—	—

% Rank Cat	30	16	15	—
No. in Cat	152	134	82	—
7-day Yield	—			

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

#### Sales Charges

Front-End Load % **NA**

Deferred Load % **NA**

#### Fund Expenses

Management Fees % **NA**

12b1 Expense % **NA**

Gross Expense Ratio % **0.16**

### Risk and Return Profile

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

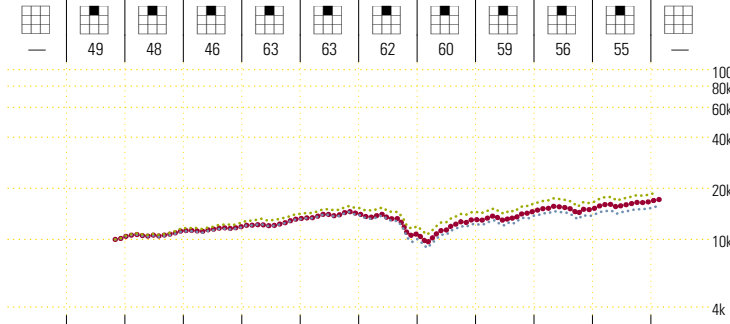
	3 Yr	5 Yr	10 Yr
Standard Deviation	9.20	12.56	—
Mean	9.88	4.51	—
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	0.56	—
Beta	0.93	—
R-Squared	99.16	—

12-Month Yield	2.17%
30-day SEC Yield	2.11%
Potential Cap Gains Exp	11.11%

### Operations

Family:	Vanguard
Manager:	Multiple
Tenure:	0.0 Year
Objective:	Growth and Income



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13
NAV/Price	—	10.43	11.17	11.46	12.46	13.06	9.55	11.31	12.42	12.30	13.38	13.70
Total Return %	—	—	9.04	4.94	11.42	7.55	-24.06	21.30	12.47	1.71	11.37	2.39
+/- Standard Index	—	—	-2.44	-2.11	-1.53	-1.09	-1.86	-0.47	0.14	1.12	-0.70	-0.51
+/- Category Index	—	—	-4.74	-2.92	-1.60	-2.20	-2.23	0.08	-0.42	-1.19	-0.13	0.10
% Rank Cat	—	—	12	44	30	23	15	76	34	19	34	—
No. of Funds in Cat	—	—	21	38	58	103	133	153	149	157	154	—

**Investment Style**  
Equity  
Stock %

**Growth of \$10,000**  
 Vanguard Target Retirement 2015 Inv: 17,206  
 Category Average: 15,634  
 Standard Index: 18,979

**Performance Quartile**  
(within category)

**History**  
 NAV/Price  
 Total Return %  
 +/- Standard Index  
 +/- Category Index  
 % Rank Cat  
 No. of Funds in Cat

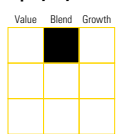
### Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	2.87	2.87	0.00
US Stocks	37.99	37.99	0.00
Non-US Stocks	16.89	16.89	0.00
Bonds	42.04	42.04	0.00
Other/Not Clsfd	0.21	0.21	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

### Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings: 8,968 Total Stocks, 8,938 Total Fixed-Income, 13% Turnover Ratio	% Net Assets
⊕	611 mil	Vanguard Total Bond Market II Idx	40.21
⊖	181 mil	Vanguard Total Stock Mkt Idx Inv	38.64
⊕	197 mil	Vanguard Total Intl Stock Index Inv	16.70
⊕	50 mil	Vanguard Inflation-Protected Secs	4.45

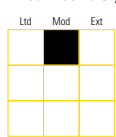
### Equity Style



### Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.2	1.00	0.94
P/C Ratio TTM	8.3	1.02	0.93
P/B Ratio TTM	1.8	1.06	0.96
Geo Avg Mkt Cap \$mil	27318	1.34	1.00

### Fixed-Income Style



	Port Avg	Rel Index	Rel Cat
Avg Eff Maturity	7.19	—	—
Avg Eff Duration	5.38	—	—
Avg Wtd Coupon	3.56	—	—
Avg Wtd Price	114.64	—	—

### Credit Quality Breakdown 12-31-2012

	Bond %
AAA	76.85
AA	3.67
A	10.16
BBB	9.32
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

### Regional Exposure

	Stock %	Rel Std Index
Americas	73.0	1.01
Greater Europe	15.0	0.96
Greater Asia	12.0	1.00

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.7</b>	<b>0.91</b>
Basic Materials	5.7	0.90
Consumer Cyclical	10.5	0.97
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.5</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.20
<b>Defensive</b>	<b>23.8</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.05
Utilities	3.5	0.83



# Vanguard Target Retirement 2025 Inv (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 11-29-2012 ★★★★★

121 US OE Target Date 2021-2025

**Standard Index**  
 Morningstar  
 Moderate Target  
 Risk

**Category Index**  
 Morningstar  
 Lifetime Moderate  
 2025

**Morningstar Cat**  
 US OE Target Date  
 2021-2025

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.04	0.76	-11.49	7.38	-0.37
2012	9.13	-2.61	5.06	1.47	13.29
2013	—	—	—	—	3.24

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	12.03	10.80	4.02	—	6.11
Std 12-31-2012	13.29	—	2.33	—	5.80
Total Return	12.03	10.80	4.02	—	6.11

+/- Std Index	1.00	0.85	-0.94	—	—
+/- Cat Index	-0.38	-1.02	-0.68	—	—

% Rank Cat	39	23	17	—	—
No. in Cat	154	121	77	—	—

7-day Yield —

## Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

## Fees and Expenses

### Sales Charges

Front-End Load % **NA**

Deferred Load % **NA**

### Fund Expenses

Management Fees % **NA**

12b1 Expense % **NA**

Gross Expense Ratio % **0.17**

## Risk and Return Profile

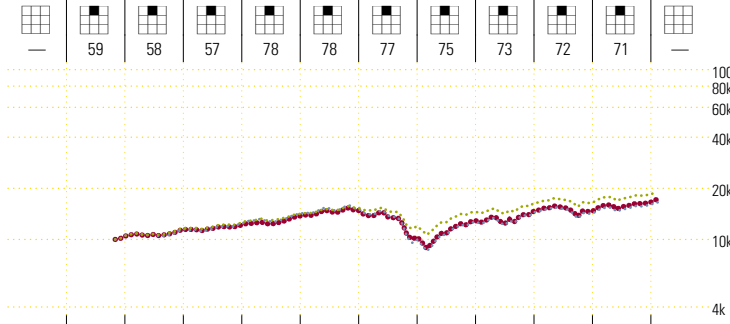
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	121 funds	77 funds	—
Morningstar Risk	4★	4★	—
Morningstar Return	Avg	Avg	—
	+Avg	+Avg	—
Standard Deviation	11.97	15.59	—
Mean	10.80	4.02	—
Sharpe Ratio	0.91	0.31	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	-1.06	0.59
Beta	1.21	0.89
R-Squared	98.97	99.42

	3 Yr	5 Yr	10 Yr
12-Month Yield	—	—	2.11%
30-day SEC Yield	—	—	2.12%
Potential Cap Gains Exp	—	—	12.04%

## Operations

Family:	Vanguard
Manager:	Multiple
Tenure:	0.0 Year
Objective:	Growth and Income



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	—	10.51	11.39	11.77	13.04	13.72	9.27	11.32	12.62	12.27	13.59	14.03	NAV/Price
Total Return %	—	—	10.11	5.45	13.24	7.59	-30.05	24.81	13.84	-0.37	13.29	3.24	Total Return %
+/- Standard Index	—	—	-1.37	-1.60	0.29	-1.04	-7.86	3.04	1.50	-0.96	1.23	0.33	+/- Standard Index
+/- Category Index	—	—	-5.84	-4.29	-3.27	-2.12	0.53	-2.36	-1.32	-0.61	-0.37	-0.15	+/- Category Index
% Rank Cat	—	—	1	94	45	41	15	78	37	16	43	—	% Rank Cat
No. of Funds in Cat	—	—	8	22	41	76	104	127	131	145	154	—	No. of Funds in Cat

## Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	2.51	2.51	0.00
US Stocks	49.02	49.02	0.00
Non-US Stocks	21.93	21.93	0.00
Bonds	26.32	26.32	0.00
Other/Not Clsfd	0.22	0.22	0.00
Total	100.00	100.00	0.00

## Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
		9,077 Total Stocks, 8,478 Total Fixed-Income, 9% Turnover Ratio	
⊕	278 mil	Vanguard Total Stock Mkt Idx Inv	49.74
⊕	517 mil	Vanguard Total Bond Market II Idx	28.63
⊕	304 mil	Vanguard Total Intl Stock Index Inv	21.61

## Equity Style

Value	Blend	Growth
Large	High	Med
Mid	Med	Small
Small	Low	—

## Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.2	1.00	0.94
P/C Ratio TTM	8.3	1.02	0.93
P/B Ratio TTM	1.8	1.06	0.96
Geo Avg Mkt Cap \$mil	27345	1.34	1.03

## Fixed-Income Style

Ltd	Mod	Ext
High	Med	Low
—	—	—
—	—	—

	Rel Index
Avg Eff Maturity	6.90
Avg Eff Duration	4.96
Avg Wtd Coupon	3.85
Avg Wtd Price	111.66

## Credit Quality Breakdown 09-30-2012

	Bond %
AAA	73.67
AA	4.17
A	11.56
BBB	10.60
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

## Regional Exposure

	Stock %	Rel Std Index
Americas	73.1	1.01
Greater Europe	14.9	0.96
Greater Asia	11.9	0.99

## Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.6</b>	<b>0.91</b>
Basic Materials	5.7	0.89
Consumer Cyclical	10.5	0.97
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.5</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.21
<b>Defensive</b>	<b>23.9</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.05
Utilities	3.5	0.83

# Vanguard Target Retirement 2035 Inv (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 11-29-2012 **★★★★**

121 US OE Target Date 2031-2035

**Standard Index**  
Morningstar  
Moderate Target  
Risk

**Category Index**  
Morningstar  
Lifetime Moderate  
2035

**Morningstar Cat**  
US OE Target Date  
2031-2035

**Performance** 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.81	0.44	-14.59	8.72	-2.24
2012	10.95	-3.60	5.75	1.82	15.16
2013	—	—	—	—	4.05

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	13.99	11.72	3.69	—	6.43
Std 12-31-2012	15.16	—	1.66	—	6.03
Total Return	13.99	11.72	3.69	—	6.43
+/- Std Index	2.96	1.77	-1.27	—	—
+/- Cat Index	-0.43	-0.77	-0.63	—	—

% Rank Cat	37	16	21	—
No. in Cat	154	121	77	—
7-day Yield	—			

**Performance Disclosure**

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

**Fees and Expenses**

**Sales Charges**

**Front-End Load %** NA

**Deferred Load %** NA

**Fund Expenses**

Management Fees % NA

12b1 Expense % NA

**Gross Expense Ratio %** 0.18

**Risk and Return Profile**

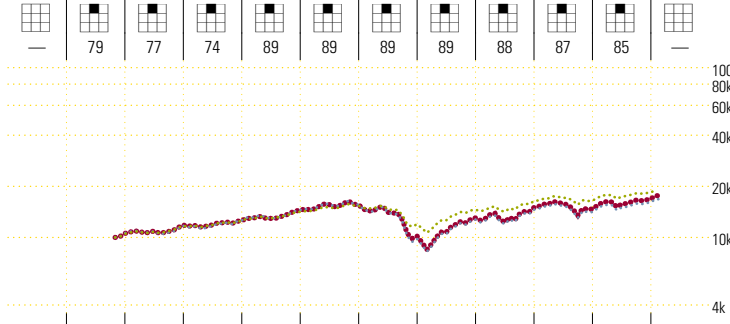
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	121 funds	77 funds	—
Morningstar Risk	4★	4★	—
Morningstar Return	Avg	-Avg	—
	+Avg	+Avg	—
Standard Deviation	14.63	18.29	—
Mean	11.72	3.69	—
Sharpe Ratio	0.83	0.27	—

**MPT Statistics**

	Standard Index	Best Fit Index
Alpha	-2.51	-0.52
Beta	1.47	1.09
R-Squared	98.60	99.39
12-Month Yield	2.09%	
30-day SEC Yield	2.16%	
Potential Cap Gains Exp	13.33%	

**Operations**

Family:	Vanguard
Manager:	Multiple
Tenure:	0.0 Year
Objective:	Growth and Income



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	—	10.63	11.73	12.26	13.87	14.62	9.25	11.62	13.09	12.51	14.09	14.66	NAV/Price
Total Return %	—	—	11.95	6.30	15.24	7.49	-34.66	28.17	15.14	-2.24	15.16	4.05	Total Return %
+/- Standard Index	—	—	0.47	-0.74	2.29	-1.14	-12.47	6.40	2.81	-2.83	3.10	1.14	+/- Standard Index
+/- Category Index	—	—	-4.92	-4.37	-3.04	-2.29	0.66	-2.90	-1.39	0.04	-0.20	-0.39	+/- Category Index
% Rank Cat	—	—	1	94	24	47	13	64	26	19	40	—	% Rank Cat
No. of Funds in Cat	—	—	8	22	35	76	104	121	125	139	154	—	No. of Funds in Cat

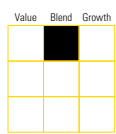
**Portfolio Analysis** 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	1.34	1.34	0.00
US Stocks	59.43	59.43	0.00
Non-US Stocks	26.39	26.39	0.00
Bonds	12.59	12.59	0.00
Other/Not Clsfd	0.25	0.25	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

**Top Holdings** 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
		9,130 Total Stocks, 7,452 Total Fixed-Income, 6% Turnover Ratio	
⊕	239 mil	Vanguard Total Stock Mkt Idx Inv	60.31
⊕	259 mil	Vanguard Total Intl Stock Index Inv	26.00
⊕	176 mil	Vanguard Total Bond Market II Idx	13.69

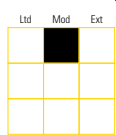
**Equity Style**



**Portfolio Statistics**

P/E Ratio TTM	14.2	1.00	0.94
P/C Ratio TTM	8.3	1.02	0.93
P/B Ratio TTM	1.8	1.06	0.96
Geo Avg Mkt Cap \$mil	27373	1.34	1.05

**Fixed-Income Style**



Avg Eff Maturity	6.90
Avg Eff Duration	4.96
Avg Wtd Coupon	3.85
Avg Wtd Price	111.66

**Credit Quality Breakdown** 09-30-2012

	Bond %
AAA	73.67
AA	4.17
A	11.56
BBB	10.60
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

**Regional Exposure**

	Stock %	Rel Std Index
Americas	73.3	1.01
Greater Europe	14.9	0.96
Greater Asia	11.9	0.99

**Sector Weightings**

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.6</b>	<b>0.91</b>
Basic Materials	5.7	0.89
Consumer Cyclical	10.5	0.97
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.5</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.21
<b>Defensive</b>	<b>23.9</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.05
Utilities	3.5	0.83



# Vanguard Target Retirement 2045 Inv (USD)

**Morningstar Analyst Rtg™** **Overall Morningstar Rtg™**  
**Gold** 11-29-2012 **★★★★**

120 US OE Target Date 2041-2045

**Standard Index**  
Morningstar  
Moderate Target  
Risk

**Category Index**  
Morningstar  
Lifetime Moderate  
2045

**Morningstar Cat**  
US OE Target Date  
2041-2045

## Performance 01-31-2013

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.89	0.42	-14.91	8.76	-2.51
2012	11.34	-3.77	5.95	1.81	15.58
2013	—	—	—	—	4.33

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	14.53	11.86	3.79	—	6.82
Std 12-31-2012	15.58	—	1.71	—	6.39
Total Return	14.53	11.86	3.79	—	6.82
+/- Std Index	3.50	1.91	-1.17	—	—
+/- Cat Index	-0.29	-0.63	-0.46	—	—

% Rank Cat	39	19	20	—
No. in Cat	145	120	76	—
7-day Yield	—			

### Performance Disclosure

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

#### Sales Charges

Front-End Load % **NA**

Deferred Load % **NA**

#### Fund Expenses

Management Fees % **NA**

12b1 Expense % **NA**

Gross Expense Ratio % **0.18**

### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	120 funds	76 funds	—
Morningstar Risk	4★	4★	—
Morningstar Return	-Avg	-Avg	—
	+Avg	+Avg	—

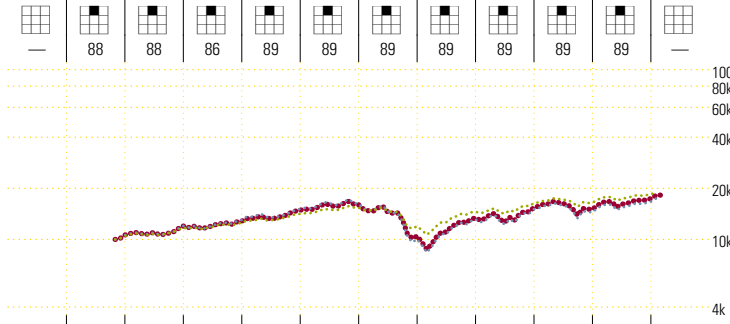
	3 Yr	5 Yr	10 Yr
Standard Deviation	14.89	18.40	—
Mean	11.86	3.79	—
Sharpe Ratio	0.82	0.28	—

MPT Statistics	Standard Index	Best Fit Index Morningstar Moderately Aggr Target Risk
Alpha	-2.61	-0.59
Beta	1.50	1.11
R-Squared	98.63	99.45

12-Month Yield	2.08%
30-day SEC Yield	2.17%
Potential Cap Gains Exp	13.59%

### Operations

Family:	Vanguard
Manager:	Multiple
Tenure:	0.0 Year
Objective:	Growth and Income



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	—	10.71	11.93	12.57	14.32	15.09	9.57	12.02	13.50	12.87	14.55	15.18	NAV/Price
Total Return %	—	—	12.89	6.95	15.98	7.47	-34.56	28.15	15.19	-2.51	15.58	4.33	Total Return %
+/- Standard Index	—	—	1.41	-0.09	3.03	-1.17	-12.37	6.38	2.86	-3.11	3.51	1.42	+/- Standard Index
+/- Category Index	—	—	-4.47	-4.13	-3.01	-2.68	1.71	-4.17	-1.57	0.67	-0.26	-0.30	+/- Category Index
% Rank Cat	—	—	1	100	46	41	11	83	40	14	43	—	% Rank Cat
No. of Funds in Cat	—	—	1	12	25	63	92	115	125	139	145	—	No. of Funds in Cat

### Portfolio Analysis 12-31-2012

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	1.08	1.08	0.00
US Stocks	61.91	61.91	0.00
Non-US Stocks	27.41	27.41	0.00
Bonds	9.33	9.33	0.00
Other/Not Clsfd	0.26	0.26	0.00
Total	100.00	100.00	0.00

### Top Holdings 09-30-2012

Share Chg since 09-2012	Share Amount	Holdings: 9,143 Total Stocks, 6,985 Total Fixed-Income, 7% Turnover Ratio	% Net Assets
⊕	143 mil	Vanguard Total Stock Mkt Idx Inv	62.83
⊕	155 mil	Vanguard Total Intl Stock Index Inv	27.00
⊕	75 mil	Vanguard Total Bond Market II Idx	10.15

### Equity Style

Value Blend Growth	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.2	1.00	0.96
P/C Ratio TTM	8.3	1.02	0.95
P/B Ratio TTM	1.8	1.06	0.98
Geo Avg Mkt Cap \$mil	27394	1.34	1.05

### Fixed-Income Style

Ltd Mod Ext	High Mod Low	Port Avg	Rel Index	Rel Cat
Avg Eff Maturity		6.90		
Avg Eff Duration		4.96		
Avg Wtd Coupon		3.85		
Avg Wtd Price		111.66		

### Credit Quality Breakdown 09-30-2012

	Bond %
AAA	73.67
AA	4.17
A	11.56
BBB	10.60
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

### Regional Exposure

	Stock %	Rel Std Index
Americas	73.4	1.01
Greater Europe	14.8	0.95
Greater Asia	11.8	0.99

### Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.6</b>	<b>0.91</b>
Basic Materials	5.6	0.89
Consumer Cyclical	10.5	0.98
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.5</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.21
<b>Defensive</b>	<b>23.9</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.06
Utilities	3.5	0.83

# Vanguard Target Retirement 2055 Inv (USD)

**Morningstar Analyst Rtg™**  
**Gold** 11-29-2012

**Standard Index** Morningstar Moderate Target Risk  
**Category Index** Morningstar Lifetime Moderate 2050  
**Morningstar Cat** US OE Target Date 2051+

**Performance 01-31-2013**

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2011	4.92	0.42	-14.79	8.87	-2.27
2012	11.30	-3.78	5.98	1.84	15.58
2013	—	—	—	—	4.27

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	14.55	—	—	—	13.16
Std 12-31-2012	15.58	—	—	—	11.67
Total Return	14.55	—	—	—	13.16

+/- Std Index	3.52	—	—	—	—
+/- Cat Index	-0.26	—	—	—	—

% Rank Cat	44	—	—	—	—
No. in Cat	109	—	—	—	—

7-day Yield —

**Performance Disclosure**

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

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

**Fees and Expenses**

**Sales Charges**

**Front-End Load %** NA

**Deferred Load %** NA

**Fund Expenses**

Management Fees % NA

12b1 Expense % NA

**Gross Expense Ratio %** 0.18

**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	25 funds	11 funds	—
Morningstar Risk	—	—	—
Morningstar Return	—	—	—

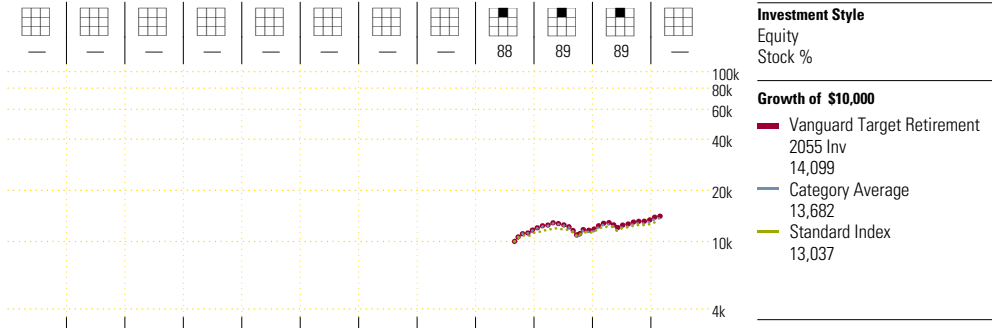
	3 Yr	5 Yr	10 Yr
Standard Deviation	—	—	—
Mean	—	—	—
Sharpe Ratio	—	—	—

MPT Statistics	Standard Index	Best Fit Index
Alpha	—	—
Beta	—	—
R-Squared	—	—

12-Month Yield	1.73%
30-day SEC Yield	2.17%
Potential Cap Gains Exp	6.97%

**Operations**

Family:	Vanguard
Manager:	Multiple
Tenure:	0.0 Year
Objective:	Growth and Income



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	01-13	History
NAV/Price	—	—	—	—	—	—	—	—	22.78	21.86	24.80	25.86	NAV/Price
Total Return %	—	—	—	—	—	—	—	—	—	-2.27	15.58	4.27	Total Return %
+/- Standard Index	—	—	—	—	—	—	—	—	—	-2.86	3.52	1.37	+/- Standard Index
+/- Category Index	—	—	—	—	—	—	—	—	—	1.20	-0.36	-0.34	+/- Category Index
% Rank Cat	—	—	—	—	—	—	—	—	—	9	48	—	% Rank Cat
No. of Funds in Cat	—	—	—	—	—	—	—	—	—	235	102	—	No. of Funds in Cat

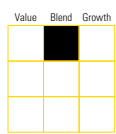
**Portfolio Analysis 12-31-2012**

Asset Allocation % 09-30-2012	Net %	Long %	Short %
Cash	1.10	1.10	0.00
US Stocks	61.86	61.86	0.00
Non-US Stocks	27.60	27.60	0.00
Bonds	9.18	9.18	0.00
Other/Not Clsfd	0.26	0.26	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

**Top Holdings 09-30-2012**

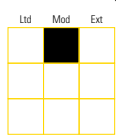
Share Chg since 09-2012	Share Amount	Holdings:	% Net Assets
		9,143 Total Stocks, 6,949 Total Fixed-Income, 3% Turnover Ratio	
⊕	7 mil	Vanguard Total Stock Mkt Idx Inv	62.77
⊕	7 mil	Vanguard Total Intl Stock Index Inv	27.19
⊕	3 mil	Vanguard Total Bond Market II Idx	9.99

**Equity Style**



Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	14.2	1.00	0.98
P/C Ratio TTM	8.3	1.02	0.99
P/B Ratio TTM	1.8	1.06	1.03
Geo Avg Mkt Cap \$mil	27425	1.34	1.09

**Fixed-Income Style**



Avg Eff Maturity	6.90
Avg Eff Duration	4.96
Avg Wtd Coupon	3.85
Avg Wtd Price	111.66

**Credit Quality Breakdown 09-30-2012**

Credit Quality	Bond %
AAA	73.67
AA	4.17
A	11.56
BBB	10.60
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

**Regional Exposure**

Region	Stock %	Rel Std Index
Americas	73.5	1.02
Greater Europe	14.7	0.95
Greater Asia	11.8	0.98

**Sector Weightings**

Sector	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>34.6</b>	<b>0.91</b>
Basic Materials	5.6	0.89
Consumer Cyclical	10.5	0.98
Financial Services	14.9	0.88
Real Estate	3.6	0.88
<b>Sensitive</b>	<b>41.6</b>	<b>1.06</b>
Communication Services	4.7	1.13
Energy	10.2	1.08
Industrials	12.0	0.90
Technology	14.7	1.21
<b>Defensive</b>	<b>23.9</b>	<b>1.04</b>
Consumer Defensive	10.1	1.13
Healthcare	10.3	1.06
Utilities	3.5	0.83

# INVESTMENT POLICY STATEMENT & FUND BENCHMARKS



# Investment Benchmarks

Investment Product	2010 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**
Blackrock EAFE Equity Index Fund	1 MSCI EAFE*
DFA U.S. Microcap Portfolio	1 Russell 2000 Index* 2 Russell Microcap Index**
Blackrock 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**
Blackrock 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 BarCap LT Corporate A * 2 Morningstar LT Corporate Category Average**
Blackrock U.S. Debt Index Fund	1 BarCap 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



## 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.

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**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.

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**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.

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**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.

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**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.

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**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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