



INVESTMENT
PERFORMANCE
SERVICES, LLC

Financial Market Performance

Periods Ending December 31, 2009

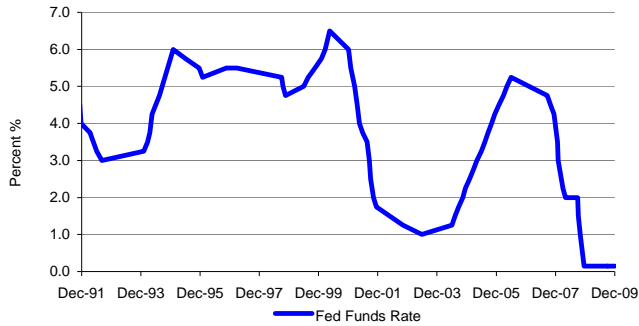
<u>Index</u>	<u>Month</u>	<u>Quarter</u>	<u>YTD</u>	<u>1 Year</u>
S&P 500 Index	1.9%	6.0%	26.5%	26.5%
Russell 1000 Value	1.8%	4.2%	19.7%	19.7%
Russell 1000 Growth	3.1%	7.9%	37.2%	37.2%
Russell 2000	8.1%	3.9%	27.2%	27.2%
Russell 2000 Value	7.6%	3.7%	20.6%	20.6%
Russell 2000 Growth	8.6%	4.1%	34.5%	34.5%
MSCI EAFE (net)	1.4%	2.2%	31.8%	31.8%
Barclays Aggregate	-1.6%	0.2%	5.9%	5.9%
U.S. Treasury	-2.6%	-1.3%	-3.6%	-3.6%
Barclays HY Ba & B 2% Capped	2.6%	4.8%	45.2%	45.2%
NCREIF Open End Funds ¹	---	-3.5%	-29.8%	-29.8%
HFRI Fund of Funds ¹	---	1.4%	11.5%	11.5%

¹ Monthly data is not available.

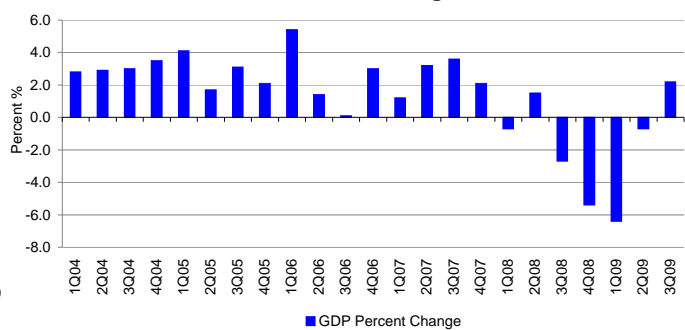
The Economic Market

GDP growth for the third quarter of 2009 came in at 2.2% following a -0.7% decline for the second quarter of 2009. Despite the tenuous economy, the equity markets posted gains during the fourth quarter and returns in excess of 20% in 2009. Investors returned to the markets prompting a rally which started on March 10th fueled by better than expected corporate earnings and economic indicators. Unemployment data has continued to worry economists and investors alike as further declines in the jobless rate are expected through 2010. Asset flows have suggested investors are moving out of cash and returning to the market as consensus builds for an end to the recession. The Federal Reserve indicated it believes the recession is coming to an end, but has decided to keep interest rates at historic lows in order to sustain current growth. Revived focus on implementing increased regulations on the banking industry has investors wary of a possible sell-off.

Fed Funds Rate

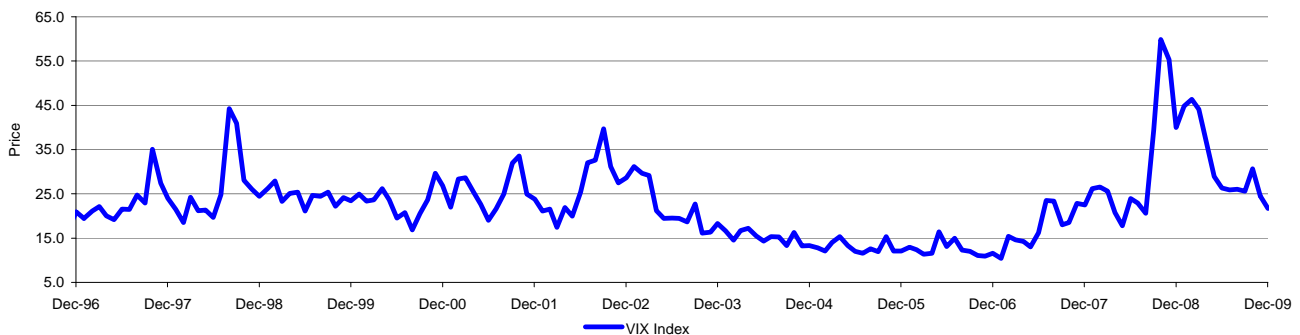


GDP Percent Change



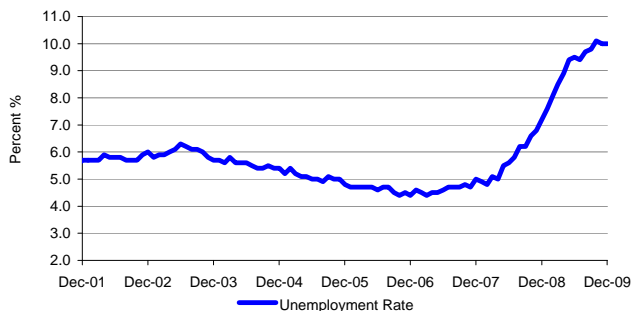
The VIX Index, which measures volatility in the market, came off all time highs as investors felt encouraged about the economy and returned to the market, but the index still remains high compared to historic averages. The equity markets are up approximately 65% - 85% from March 10th through the end of the fourth quarter. As the economy shows signs of stabilization and recovery, investors have historically reinvested in the equity markets creating increased demand and driving stock prices upward.

VIX Index

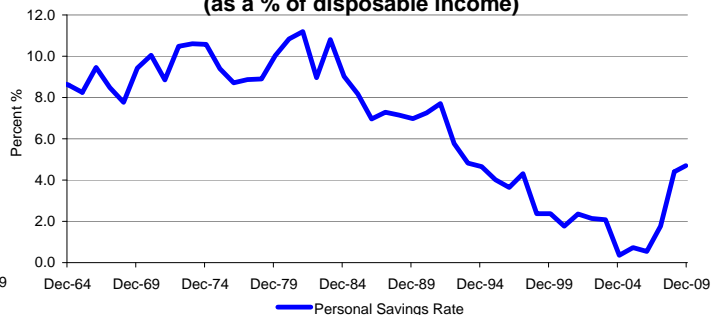


The unemployment rate stood at 10.0% in December 2009. The number of unemployed persons, at 15.3 million, was unchanged. At the start of the recession in December 2007, the number of unemployed persons was 7.5 million, and the jobless rate was 4.9%. As a result, the personal savings rate increased over the past year and a half to a rate that has not been seen since 1993.

Unemployment Rate



**Personal Savings Rate
(as a % of disposable income)**

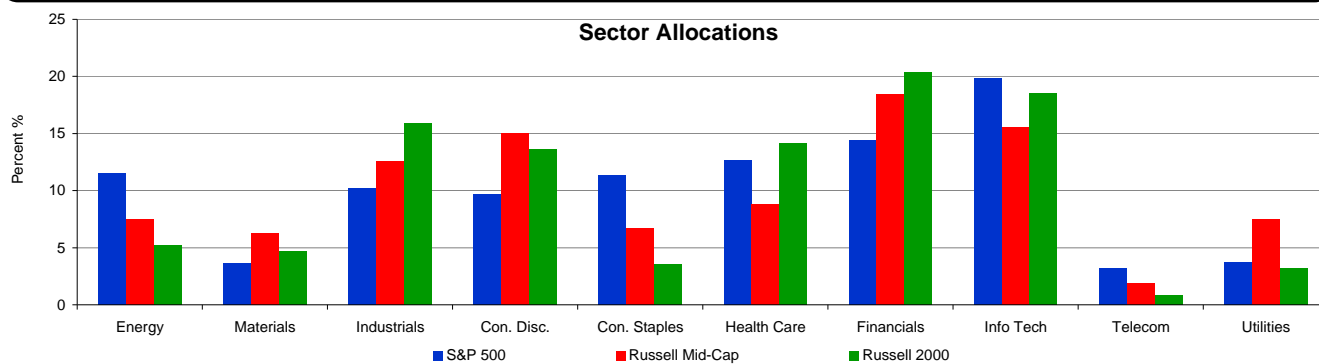


The US Equity Market

The domestic equity markets began rallying on March 10th and continued to do so through the end of the fourth quarter. Year-to-date, growth indices outperformed their value counterparts on a relative and absolute basis. The drastic downturn in the equity market has caused all equity indices' historic returns to turn negative for the past three years of annualized returns.

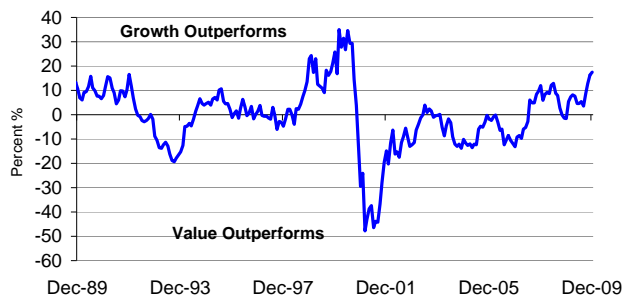
	<u>Qtr.</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>7 Yrs</u>	<u>10 Yrs</u>
S&P 500	6.0%	26.5%	26.5%	-5.6%	0.4%	5.5%	-1.0%
Russell 1000 Value	4.2%	19.7%	19.7%	-9.0%	-0.3%	5.9%	2.5%
Russell 1000 Growth	7.9%	37.2%	37.2%	-1.9%	1.6%	5.9%	-4.0%
Russell Mid-Cap	5.9%	40.5%	40.5%	-4.6%	2.4%	9.6%	5.0%
Russell Mid-Cap Value	5.2%	34.2%	34.2%	-6.6%	2.0%	9.5%	7.6%
Russell Mid-Cap Growth	6.7%	46.3%	46.3%	-3.2%	2.4%	9.2%	-0.5%
Russell 2000	3.9%	27.2%	27.2%	-6.1%	0.5%	8.7%	3.5%
Russell 2000 Value	3.7%	20.6%	20.6%	-8.2%	0.0%	8.6%	8.3%
Russell 2000 Growth	4.1%	34.5%	34.5%	-4.0%	0.9%	8.5%	-1.4%
Russell 3000	5.9%	28.3%	28.3%	-5.4%	0.8%	6.2%	-0.2%

During the fourth quarter of 2009, all major sectors posted positive returns with the information technology sector leading the way within the S&P 500 Index with a quarterly return of 10.8%. The Financial Sector was the sole negative performer in the S&P 500 Index for the fourth quarter returning -3.2%. This sector has been the best performer during the previous quarter.

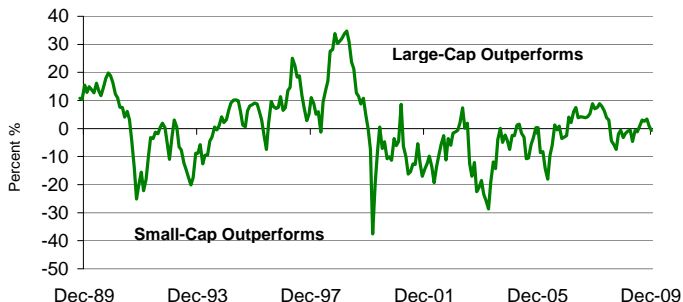


Investors continued to favor growth stocks during calendar year 2009 as they collectively searched for earnings momentum and growth catalysts throughout all capitalization ranges. However, over the past ten years, value investing has enjoyed a run of relative outperformance as investors looked to capitalize on larger dividends and more favorable price/earnings statistics. Over the same ten year time period, small-cap stocks outperformed their larger counterparts. However, regardless of the style or capitalization range, all stocks posted strong returns in 2009 as investors re-entered the equity markets rather than holding cash.

Russell 1000 Growth vs. Russell 1000 Value
Rolling One-Year Returns
December 30, 1989 to December 30, 2009



S&P 500 vs. Russell 2000
Rolling One-Year Returns
December 30, 1989 to December 30, 2009



The International Equity Market

During the fourth quarter of 2009, international equity indices continued to experience strong gains as investors, who were concerned that foreign government agencies had not done enough to stave off continued declines in the credit markets, came back to the market. While currencies' gains and losses are usually seen more as a short term phenomena, the weakening US dollar over the past six years helped the international equity indices provide diversification against the US Markets and currency. The MSCI EAFE outgained the S&P 500 by 2.2% annualized for the past ten years.

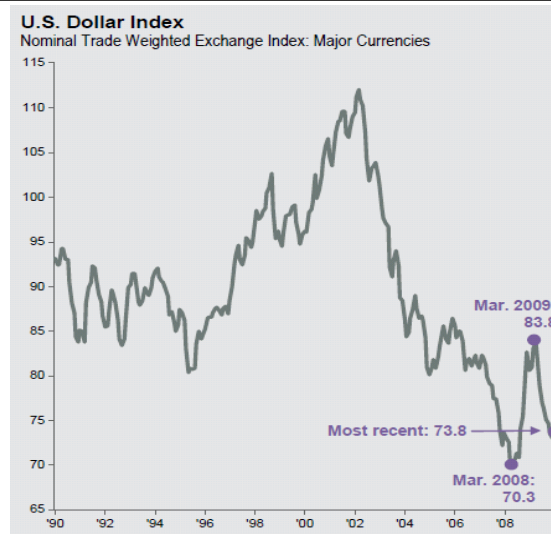
	<u>Qtr.</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>7 Yrs</u>	<u>10 Yrs</u>
MSCI EAFE	2.2%	31.8%	31.8%	-6.0%	3.5%	10.3%	1.2%
MSCI EAFE Value	0.3%	34.2%	34.2%	-7.4%	3.4%	11.4%	3.5%
MSCI EAFE Growth	4.2%	29.4%	29.4%	-4.8%	3.7%	9.0%	-1.3%

Even though the United States continues to have the largest GDP as compared to other developed and rapidly developing countries, our GDP growth has remained relatively consistent as compared to the same countries. While international equity markets have traditionally been the tail that follows the trend of the domestic market, there are increased opportunities to diversify globally as the domestic market falls into a deeper recession.

Economics					Demographics				
	GDP USD (B\$)	GDP Per Capita	GDP Growth	Unempl. Rate	Population	Population Growth	Percent Age >65	Median Age	Migration per 1000
Developed									
U.S.	\$14,242	\$47,500	2.2%	10.0%	307 mm	1.0%	12.8%	36.7 yrs	+4.3
Canada	1,303	39,200	0.4	8.5	33	0.8	15.2	40.4	+5.6
U.K.	2,236	36,700	-1.2	7.9	61	0.3	16.2	40.2	+2.2
Germany	2,925	35,500	2.9	8.1	82	-0.1	20.3	43.8	+2.2
Japan	4,340	34,100	1.3	5.1	127	-0.2	22.2	44.2	-
France	2,133	33,300	1.1	9.1	64	0.5	16.4	39.4	+1.5
Italy	1,827	31,400	2.3	7.8	58	-0.0	20.2	43.3	+2.1
Emerging									
Russia	2,271	16,100	7.9	7.7	140	-0.5	13.7	38.4	0.3
Mexico	1,567	14,300	12.2	4.0	111	1.1	6.2	26.3	-3.6
Brazil	1,998	10,200	5.1	7.4	199	1.2	6.4	28.6	-0.1
China	7,992	6,000	10.0	4.2	1,339	0.7	8.1	34.1	-0.4
India	3,304	2,900	11.6	9.1	1,166	1.5	5.3	25.3	-0.1

Source: JPMorgan

The U.S. Dollar weakened against major foreign currencies in 2009 as investors came back to the market and domestic and foreign indices posted strong gains during the calendar year. During the global recession, investors sought the safety of the U.S. Dollar in order to protect assets as the U.S. Government took drastic steps to strengthen domestic financial markets. As market conditions have improved, the U.S. Dollar weakened as investors diversified their currency exposure to levels to close to, but still above pre-recession levels.



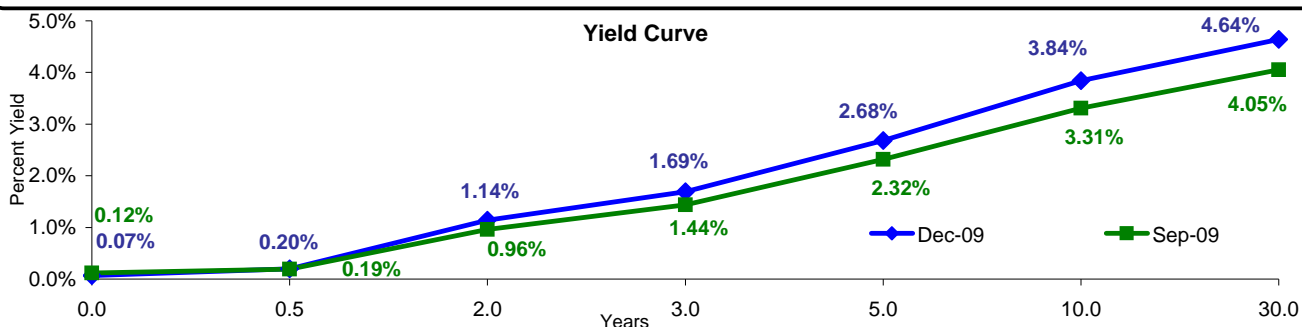
Source: JPMorgan

The Bond Market

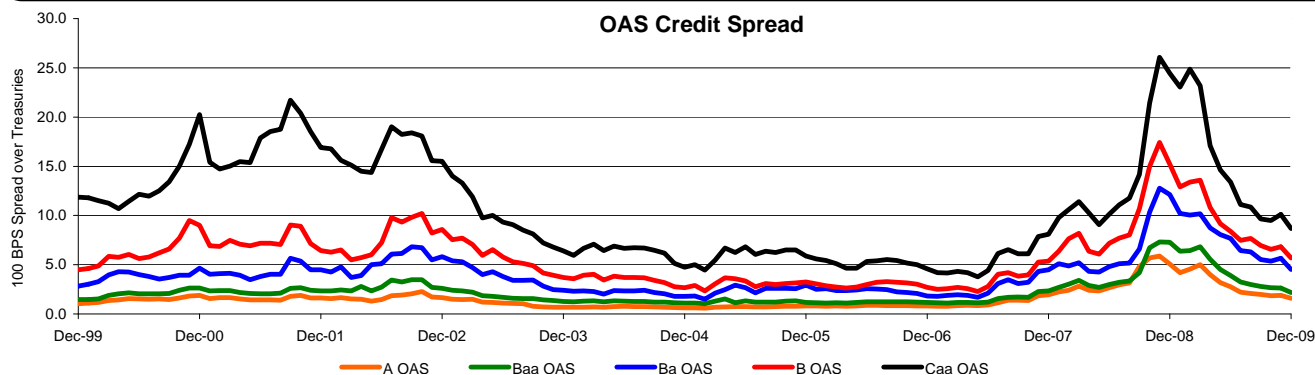
During the fourth quarter of 2009, Treasuries and mortgages continued to underperform their credit related index counterparts as investors no longer sought the safety of government backed issues during the quarter and throughout 2009. High yield indices posted the largest gain in 2009 as option adjusted spreads on credits retracted from all time highs, but remain above historic averages. In addition to the gains posted by corporate securities, structured product returned well as the government released two programs aimed to secure banks' balance sheets against further losses.

	<u>Qtr.</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>7 Yrs</u>	<u>10 Yrs</u>
Barclays Aggregate	0.2%	5.9%	5.9%	6.0%	5.0%	4.8%	6.3%
Barclays Gov/Credit	-0.2%	4.5%	4.5%	5.8%	4.7%	4.6%	6.3%
Barclays Int. Aggregate	0.5%	6.5%	6.5%	6.1%	5.0%	4.6%	6.1%
Barclays Int. Gov/Credit	0.3%	5.2%	5.2%	5.9%	4.7%	4.4%	5.9%
Barclays High Yield	6.2%	58.2%	58.2%	6.0%	6.5%	10.1%	6.7%
Barclays HY Ba & B 2% Capped	4.8%	45.2%	45.2%	5.3%	5.6%	8.6%	---
Barclays Mortgage	0.6%	5.9%	5.9%	7.0%	5.8%	5.2%	6.4%
Barclays 5 Year Treasury	-0.6%	-1.4%	-1.4%	7.4%	4.9%	4.2%	---
Barclays 1-3 Year Treasury	0.0%	0.8%	0.8%	4.9%	4.0%	3.3%	4.5%
91 Day T-Bill	0.0%	0.2%	0.2%	2.4%	3.0%	2.5%	3.0%

The Federal Reserve kept the Fed Funds Rate at an all time low of a range between zero to twenty-five basis points since December 2008. Interest rates along the entire curve continued to remain low as investors attempted to unload riskier assets and buy Treasuries, but to a far lesser extent in 2009. The federal reserve has begun to address a growing concern regarding future monetary policy to fight possible inflation resulting from massive stimulus and bailout dollars being spent by an already deficit plagued federal system.



Credit spreads tightened from at all-time highs as investors sought the large yield currently existent in investment grade and below investment grade credits. Although high yield indices were aided by high coupon payments and asset flows into the asset class, credit fundamentals generally improved and market conditions appear to have eased worries from anxious investors. During 2009, investors were rewarded for owning lower rated credits and selling-off Treasuries and Agencies as spreads compressed.



Interest Rate Sensitivity

The table below shows the expected 12 month return of the listed indices at the interest rate level as of December 31, 2009. If interest rates were to increase or decrease uniformly across the curve that interest rate change would effect the indices expected 12 month return as outlined below. For example, as of December 31, 2009 the expected one year return of the Barclays Aggregate was 3.65%. If rates were to increase by 25 basis points the expected return of the index would decrease to 2.48%. Given the current interest rate environment it is likely that rates will rise and fixed income returns will decrease as a result.

12 Month Holding Period - Annualized Returns

Yield Change (bps)	Aggregate Return (%)	Int. Aggregate Return (%)	Gov/Credit Return (%)	Int. Gov/Credit Return (%)	Merrill Lynch HY Master Return (%)
-150	10.25	8.42	11.71	8.74	15.55
-100	8.10	6.89	8.72	6.70	13.40
-50	5.91	5.23	5.91	4.71	11.24
-25	4.78	4.33	4.57	3.74	10.15
0	3.65	3.43	3.24	2.77	9.07
25	2.48	2.47	1.96	1.83	7.99
50	1.32	1.50	0.69	0.88	6.92
100	-1.04	-0.54	-1.74	-0.97	4.82
150	-3.40	-2.61	-4.04	-2.77	2.77
200	-5.74	-4.71	-6.24	-4.52	0.79
250	-8.05	-6.82	-8.35	-6.22	-1.13

Source: CMS BondEdge, Great Lakes Advisors

As of December 31, 2009 the expected three year annualized return of the Barclays Aggregate was 3.65%. If rates were to increase by 25 basis points the expected return of the index would decrease to 3.29%. Given the current interest rate environment it is likely that rates will rise and fixed income returns will decrease as a result. The interest rate sensitivity of fixed income indices should be considered for future planning assumptions.

36 Month Holding Period - Annualized Returns

Yield Change (bps)	Aggregate Return (%)	Int. Aggregate Return (%)	Gov/Credit Return (%)	Int. Gov/Credit Return (%)	Merrill Lynch HY Master Return (%)
-150	5.63	4.94	5.80	4.60	10.82
-100	5.00	4.49	4.91	3.98	10.25
-50	4.34	3.98	4.06	3.37	9.66
-25	3.99	3.71	3.65	3.07	9.36
0	3.65	3.43	3.24	2.77	9.07
25	3.29	3.13	2.84	2.47	8.77
50	2.93	2.83	2.44	2.18	8.47
100	2.19	2.19	1.67	1.59	7.89
150	1.44	1.54	0.93	1.01	7.31
200	0.68	0.86	0.21	0.44	6.74
250	-0.08	0.17	-0.49	-0.12	6.19

Source: CMS BondEdge, Great Lakes Advisors

The Real Estate Market

The NCREIF fourth quarter return was -3.5% and -29.8% for calendar year 2009. While real estate fundamentals are under pressure due to economic weakness and a rising unemployment rate, the most important factors affecting the real estate market has been rising cap rates and soft credit markets. Cap rates have risen sharply by 100-200 bps, which has lowered valuations. The lack of CMBS issuance and a restrictive lending environment significantly impacted transaction volume and appraisers have a very limited pool of comparable sales. The combination of these factors led to an unfriendly appraisal environment. However, the correction has likely occurred as managers revalue 100% of the portfolio on a quarterly basis. Furthermore, cap rates appear to have stabilized and may even be under slight upward pressure for quality properties. Most commingled real estate funds are experiencing redemption requests, and formed withdrawal queues, which for some managers is unprecedented. The key to the recovery are better employment conditions and improved credit markets. When these factors improve, cap rates will fall and transaction volume will rise, reversing some of the recent devaluation. New construction has been constrained. We are not entering this downturn with a significant over supply of new properties, so absorption rates could recover quickly.

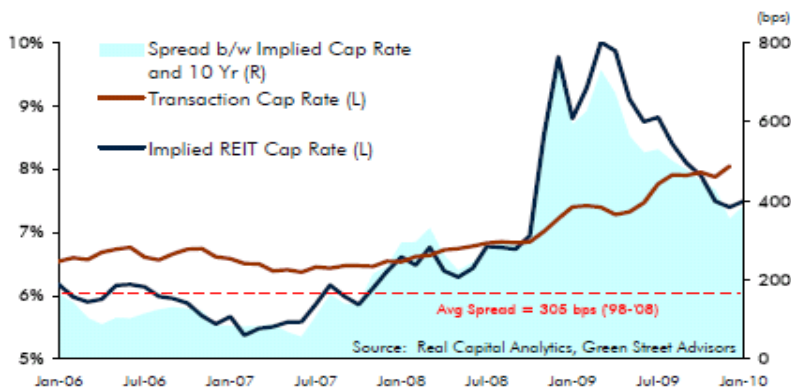
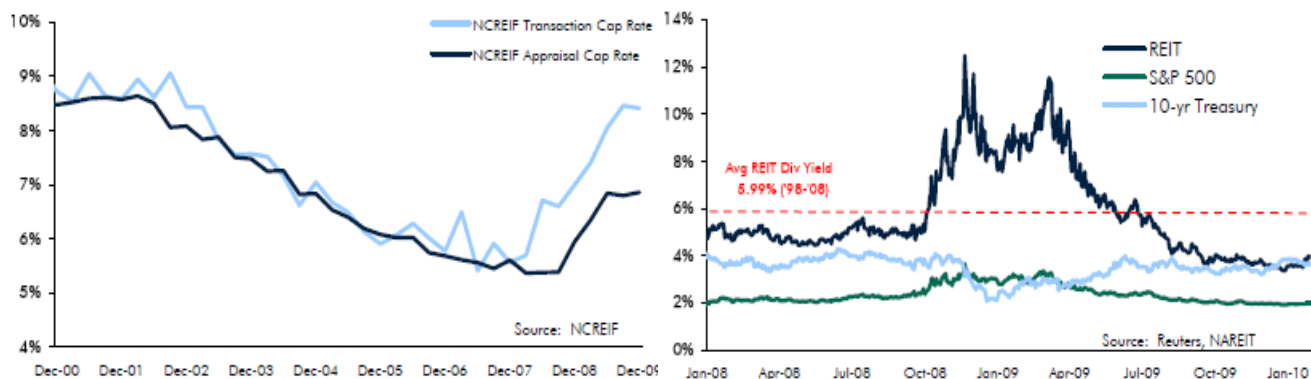
UNLEVERAGED CAP RATE IMPACT

Equals: Change in NAV

Cap Rate Change	Final Cap Rate	Implied Value Change	At 12% Income Growth	At 9% Income Growth	At 6% Income Growth	At 3% Income Growth
0.00%	7.00%	0.00%	12.00%	9.00%	6.00%	3.00%
0.25%	7.25%	-4.00%	7.52%	4.64%	1.76%	-1.12%
0.50%	7.50%	-7.69%	3.38%	0.62%	-2.15%	-4.92%
0.75%	7.75%	-11.11%	-0.44%	-3.11%	-5.78%	-8.44%
1.00%	8.00%	-14.29%	-4.00%	-6.57%	-9.14%	-11.71%

Note: Assumes an initial cap rate of 6.00%. Source: Prudential

Given the superb historical risk adjusted returns for equity real estate, and the low correlation to other asset classes, IPS believes that allocations to this asset class are prudent. We also note that the long term return assumption of 7.5% is similar to the long term return goals of many pension plans.



The Hedge Fund of Funds Market

The quarter began with marked volatility for the equity markets. Long/short equity investments were hurt as equities sold off globally toward the end of October. Most gains from L/S strategies came from the short positions as both the US and international markets declined. Relative Value, Event Driven, and Tactical Trading, however, all had positive performance for the month and quarter. Corporate activity including M&A, corporate debt restructuring, and an increase in default rates provided ample opportunities for Event Driven strategies throughout the year. Credit driven strategies continued to generate positive returns via distressed debt positions, senior secured loans, and high yield bond exposure. Merger Arbitrage managers in the Event Driven space continue to find opportunity as the year ended with a number of significant corporate acquisitions announced. As equity markets broadened in the last months of the year, long equity exposure was a positive contributor for many funds. While managers believe the stock picking environment has improved, with correlations among securities decreased, short exposures are being maintained as a cautious hedge against a potential market correction.

Hedge Fund of Funds allocations were beneficial to investment portfolios in 2009 helping to contribute positive performance during periods of market declines, particularly in 1Q 2009 when both the equity and fixed income markets were negative. This downside protection helped position many funds for the subsequent market rally that followed. Multi-strategy FOF offered investors an opportunity for broad diversification in both the equity and fixed income space, particularly corporate credit strategies.

The HFRI FOF index finished the year up 11.5% compared with the S&P 500 returning 26.5% and the Barclays Aggregate at 5.9%. For the 10 years ended 12/31/09, the HFRI FOF index delivered a positive return of 4.0% versus the S&P 500 at -1.0%.

	2009		Annualized Periods Ending 12/31/09				
	4Q	YTD -Dec	1-yr	3-yrs	5-yrs	7-yrs	10-yrs
HFRI Index Returns							
HFRI Fund of Funds Index	1.4%	11.5%	11.5%	-1.1%	2.8%	4.6%	4.0%
Traditional Index Returns							
S&P 500	6.0%	26.5%	26.5%	-5.6%	0.4%	5.5%	-1.0%
Barclays Aggregate	0.2%	5.9%	5.9%	6.0%	5.0%	4.8%	6.3%

HFRI Index Returns	2008	2007	2006	2005	2004	2003	2002	2001
HFRI Fund of Funds Index	-20.9%	10.3%	10.4	7.5%	6.9%	11.6%	1.0%	2.8%
Traditional Index Returns								
S&P 500	-36.9%	5.5%	15.8%	4.9%	10.9%	28.7%	-22.1%	-11.8%
Barclays Aggregate	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%

Bear Market Performance					
HFRI Index Returns	2008		2002	2001	2000
HFRI Fund of Funds Index	-20.90%		1.00%	2.80%	4.07%
Traditional Index Returns					
S&P 500	-36.90%		-22.10%	-11.80%	-9.12%
Barclays Aggregate	5.20%		10.30%	8.40%	11.60%