

Comprehensive Diversification

The chart below illustrates the need for diversification among a wide array of asset classes. The various asset classes are ranked from highest return to lowest return for each of the last ten calendar years. This chart clearly shows that leading asset classes rotate from year to year and that a diversified portfolio comprised of all of the asset classes (represented by the black box) will provide excellent returns with much lower volatility.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD 3/31/2010
Highest Return	Small Value 14%	Commodity 26%	Int'l Small 62%	Real Estate 33%	Emer. Mkts. 35%	Real Estate 36%	Emer. Mkts. 40%	Global Bond 11%	Emer. Mkts. 79%	Small Value 10%
	Real Estate 12%	Global Bond 20%	Emer. Mkts. 56%	Int'l Small 31%	Int'l Small 27%	Emer. Mkts. 33%	Commodity 16%	GNMA 8%	Int'l Small 47%	Real Estate 10%
	Corp. Bonds 10%	TIPS 17%	Small Cap 47%	Emer. Mkts. 26%	Commodity 21%	Int'l Large 27%	TIPS 12%	Treasury 7%	Int'l Large 33%	Small Cap 9%
	Treasury 8%	Corp. Bonds 11%	Small Value 46%	Small Value 22%	Int'l Large 14%	Small Value 24%	Int'l Large 12%	TIPS -2%	Real Estate 29%	Large Value 7%
	GNMA 8%	GNMA 9%	Int'l Large 39%	Int'l Large 21%	Real Estate 14%	Large Value 22%	Global Bond 11%	Corp. Bonds -3%	Small Cap 27%	S&P 500 5%
	TIPS 8%	Treasury 6%	Real Estate 36%	Small Cap 18%	Large Value 7%	Int'l Small 20%	Treasury 7%	Diversified Port. -24%	S&P 500 27%	Int'l Small 5%
	Small Cap 3%	Real Estate 4%	Large Value 30%	Large Value 17%	Diversified Port. 10%	Small Cap 18%	GNMA 7%	Small Value -29%	Diversified Port. 24%	Diversified Port. 4%
	Diversified Port. -1%	Diversified Port. -1%	Diversified Port. 29%	Diversified Port. 15%	S&P 500 5%	S&P 500 16%	Diversified Port. 6%	Small Cap -34%	Small Value 21%	Emer. Mkts. 3%
	Global Bond -1%	Emer. Mkts. -6%	S&P 500 29%	S&P 500 11%	Small Value 5%	Diversified Port. 16%	S&P 500 6%	Commodity -36%	Large Value 20%	Corp. Bonds 2%
	Emer. Mkts. -2%	Int'l Small -7%	Commodity 24%	Global Bond 10%	Small Cap 5%	Global Bond 6%	Corp Bonds 5%	Large Value -37%	Commodity 19%	GNMA 2%
	Large Value -6%	Small Value -11%	Global Bond 15%	Commodity 9%	GNMA 3%	GNMA 5%	Int'l Small 2%	S&P 500 -37%	Corp. Bonds 16%	Int'l Large 1%
	S&P 500 -12%	Large Value -16%	TIPS 10%	TIPS 6%	TIPS 3%	Corp. Bonds 4%	Large Value 0%	Real Estate -39%	TIPS 11%	Treasury 1%
	Int'l Small -12%	Int'l Large -16%	Corp. Bonds 8%	Corp Bonds 5%	Corp Bonds 2%	Treasury 4%	Small Cap -2%	Int'l Large -43%	GNMA 5%	TIPS 1%
	Commodity -20%	Small Cap -21%	GNMA 3%	GNMA 4%	Treasury 2%	Commodity 2%	Small Value -10%	Int'l Small -47%	Global Bond 3%	Global Bond -1%
Lowest Return	Int'l Large -21%	S&P 500 -22%	Treasury 2%	Treasury 1%	Global Bond -7%	TIPS 1%	Real Estate -18%	Emer. Mkts. -53%	Treasury 1%	Commodity -5%

Source: Thomson Reuters

Comprehensive Diversification Periodic Table: The individual asset classes are represented by corresponding indices as follows: Lg. Value – Russell 1000 Value Index, Small Cap – Russell 2000 Index, Small Value – Russell 2000 Value Index, Commodity – Dow Jones UBS Total Return Commodity Index, Real Estate – Dow Jones Wilshire REIT (Full Cap) Index, Int’l Large – MSCI EAFE Index , Int’l Small – MSCI EAFE Small Cap Index, Emer. Mkts – MSCI EM Free Index, S&P 500 – S&P 500 Total Return, Treasury – Merrill Lynch US Treasury Index 1-3 Years, GNMA – Barclays Capital GNMA Index, TIPS – Barclays Capital US TIPS Index, Corporate Bond – Barclays Capital Credit Bond Index Intermediate, Global Bond – Citigroup World Govt Bond US \$ Index, and The Diversified Portfolio (Div. Port.) is an annual simple average of the other 14 asset classes. (updated 3/10)

Past performance does not guarantee future results