

## Standard & Poor's Indices Versus Active Funds Scorecard, Year End 2008

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□ The S&P Indices Versus Active Funds (SPIVA) Scorecard report performance comparisons corrected for survivorship bias, shows equal- and asset-weighted peer averages, and provides measures of style consistency covering actively managed U.S. equity, international equity and fixed income mutual funds.

□ Underlying data is from the CRSP Survivor-Bias-Free U.S. Mutual Fund Database. To accommodate CRSP release schedules, SPIVA is published semi-annually with a fourteen week lag.

□ Over the five year market cycle from 2004 to 2008, S&P 500 outperformed 71.9% of actively managed large cap funds, S&P MidCap 400 outperformed 79.1% of mid cap funds and S&P SmallCap 600 outperformed 85.5% of small cap funds. These results are similar to that of the previous five year cycle from 1999 to 2003.

□ The belief that bear markets favor active management is a myth. A majority of active funds in eight of the nine domestic equity style boxes were outperformed by indices in the negative markets of 2008. The bear market of 2000 to 2002 showed similar outcomes.

□ Benchmark indices outperformed a majority of actively managed fixed income funds in all categories over a five-year horizon. Five year benchmark shortfall ranges from 2-3% per annum for municipal bond funds to 1-5% per annum for investment grade bond funds.

□ The script was similar for non-U.S. equity funds, with indices outperforming a majority of actively managed non-U.S. equity funds over the past five years.

## A Unique Scorecard for the Active Versus Passive Debate

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The Standard & Poor's Indices Versus Active Funds (SPIVA) Scorecard presents the performances of actively managed mutual funds as compared to benchmark indices. The report covers U.S. equity, international equity and fixed income categories. The popularity of SPIVA stems from a few unique attributes:

- **Survivorship bias correction:** Many funds might be liquidated or merged during a period of study. However, for someone making an investment decision at the beginning of the period, these funds are part of the opportunity set. Unlike commonly available comparison reports, SPIVA removes this survivorship bias.
- **Apples-to-apples comparison:** Fund returns are often compared to popular benchmarks such as the S&P 500, regardless of size or style classification. An appropriate comparison would be to measure a fund's returns against the returns of a benchmark for that particular style and size category. SPIVA reports do this.
- **Asset-weighted returns:** Average returns for a fund group are often calculated using only equal weighting, which results in the returns of a \$10 billion fund affecting the average in the same manner as the returns of a \$10 million fund. An accurate representation of how investors fared in a particular period can be ascertained by calculating weighted-average returns, where each fund's return is weighted by net assets. SPIVA reports show both equal- and asset-weighted averages.
- **Style consistency:** SPIVA reports measure style consistency for each style category across different time horizons. Style consistency is an important metric because style drift (the tendency of funds to move away from their initial investment categorization) can have an impact on asset allocation decisions.
- **Data Cleaning:** SPIVA avoids double counting of multiple share classes in all count based calculations, where only the share class with bigger assets is used. Since this is meant to be a scorecard for active managers, index funds, leveraged and inverse funds and other index-linked products are excluded.

Subsequent pages give the only comprehensive, periodic and publicly available sources of such data. Previous reports are archived at [www.spiva.standardandpoors.com](http://www.spiva.standardandpoors.com).

## Bear Market Myths

Over a full market cycle, one expects a majority of active managers to under perform benchmarks. This is borne out by the table below, which shows the percentage of actively managed U.S. equity funds outperformed by benchmarks in two five-year market cycles – 1999 to 2003 and 2004 to 2008.

### Percent of active funds outperformed by benchmarks over market cycles

| Fund Category          | Benchmark Index         | 2004 to 2008 | 1999 to 2003 |
|------------------------|-------------------------|--------------|--------------|
| All Domestic Funds     | S&P Composite 1500      | 66.21        | 50.76        |
| All Large-Cap Funds    | S&P 500                 | 71.90        | 53.41        |
| All Mid-Cap Funds      | S&P MidCap 400          | 79.06        | 91.36        |
| All Small-Cap Funds    | S&P SmallCap 600        | 85.45        | 69.38        |
| Large-Cap Growth Funds | S&P 500 Growth          | 80.51        | 43.40        |
| Large-Cap Core Funds   | S&P 500                 | 77.55        | 55.12        |
| Large-Cap Value Funds  | S&P 500 Value           | 53.19        | 54.96        |
| Mid-Cap Growth Funds   | S&P MidCap 400 Growth   | 76.58        | 95.50        |
| Mid-Cap Core Funds     | S&P MidCap 400          | 76.15        | 83.33        |
| Mid-Cap Value Funds    | S&P MidCap 400 Value    | 79.17        | 93.02        |
| Small-Cap Growth Funds | S&P SmallCap 600 Growth | 95.58        | 69.86        |
| Small-Cap Core Funds   | S&P SmallCap 600        | 81.36        | 62.94        |
| Small-Cap Value Funds  | S&P SmallCap 600 Value  | 69.51        | 61.95        |

However, one of the most enduring investment myths is the belief that active management has a distinct advantage in bear markets due to the ability to shift rapidly into cash or defensive securities. We [dispelled this myth](#) in 2003 using the case study of the 2000 to 2002 bear market. The downturn of 2008 provided another case study. The results are similar, with under performance across all nine style boxes.

### Percent of active funds outperformed by benchmarks in bear markets

|                     | 2008 | 2000 to 2002 |
|---------------------|------|--------------|
| All Large-Cap Funds | 54.3 | 53.5         |
| All Mid-Cap Funds   | 74.7 | 77.3         |
| All Small-Cap Funds | 83.8 | 71.6         |
| Large Growth        | 90.0 | 49.4         |
| Large Core          | 52.0 | 53.4         |
| Large Value         | 22.2 | 36.5         |
| Mid Growth          | 89.0 | 82.4         |
| Mid Core            | 62.3 | 70.2         |
| Mid Value           | 67.1 | 82.8         |
| Small Growth        | 95.5 | 87.5         |
| Small Core          | 82.5 | 70.8         |
| Small Value         | 72.6 | 58.3         |

**Report 1: Percentage of U.S. Equity Funds Outperformed by Benchmarks**

| <b>Fund Category</b>   | <b>Comparison Index</b>    | <b>One Year</b> | <b>Three Year</b> | <b>Five Year</b> |
|------------------------|----------------------------|-----------------|-------------------|------------------|
| <b>Domestic Equity</b> |                            |                 |                   |                  |
| All Domestic Funds     | S&P Composite 1500         | 64.23           | 70.21             | 66.21            |
| All Large Cap Funds    | S&P 500                    | 54.34           | 64.76             | 71.90            |
| All Mid Cap Funds      | S&P MidCap 400             | 74.74           | 70.09             | 79.06            |
| All Small Cap Funds    | S&P SmallCap 600           | 83.77           | 78.03             | 85.45            |
| All Multi Cap Funds    | S&P Composite 1500         | 70.07           | 71.43             | 64.93            |
| Large Cap Growth Funds | S&P 500 Growth             | 89.95           | 88.42             | 80.51            |
| Large Cap Core Funds   | S&P 500                    | 52.03           | 67.05             | 77.55            |
| Large Cap Value Funds  | S&P 500 Value              | 22.17           | 35.80             | 53.19            |
| Mid Cap Growth Funds   | S&P MidCap 400 Growth      | 88.95           | 68.75             | 76.58            |
| Mid Cap Core Funds     | S&P MidCap 400             | 62.28           | 66.30             | 76.15            |
| Mid Cap Value Funds    | S&P MidCap 400 Value       | 67.06           | 78.26             | 79.17            |
| Small Cap Growth Funds | S&P SmallCap 600 Growth    | 95.50           | 81.87             | 95.58            |
| Small Cap Core Funds   | S&P SmallCap 600           | 82.46           | 77.89             | 81.36            |
| Small Cap Value Funds  | S&P SmallCap 600 Value     | 72.55           | 63.16             | 69.51            |
| MultiCap Growth Funds  | S&P Composite 1500 Growth  | 89.29           | 83.33             | 60.98            |
| MultiCap Core Funds    | S&P Composite 1500         | 64.88           | 68.82             | 60.70            |
| MultiCap Value Funds   | S&P Composite 1500 Value   | 48.94           | 61.54             | 73.05            |
| Real Estate Funds      | S&P BMI United States REIT | 61.86           | 60.94             | 51.67            |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008. Outperformance is based upon equal weighted fund counts.

**Report 2: Survivorship and Style Consistency of U.S. Equity Funds****One Year**

| <b>Fund Category</b>   | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|------------------------|------------------------------|-------------------------|------------------------------|
| All Domestic Funds     | 2175                         | 94.62                   | 85.33                        |
| All Large Cap Funds    | 657                          | 94.37                   | 88.89                        |
| All Mid Cap Funds      | 380                          | 95.53                   | 86.32                        |
| All Small Cap Funds    | 530                          | 95.09                   | 87.74                        |
| All Multi Cap Funds    | 608                          | 93.91                   | 78.78                        |
| Large Cap Growth Funds | 199                          | 93.97                   | 89.95                        |
| Large Cap Blend Funds  | 246                          | 93.09                   | 83.74                        |
| Large Cap Value Funds  | 212                          | 96.23                   | 93.87                        |
| Mid Cap Growth Funds   | 181                          | 93.92                   | 88.95                        |
| Mid Cap Blend Funds    | 114                          | 96.49                   | 83.33                        |
| Mid Cap Value Funds    | 85                           | 97.65                   | 84.71                        |
| Small Cap Growth Funds | 200                          | 94.50                   | 89.50                        |
| Small Cap Blend Funds  | 228                          | 95.61                   | 85.96                        |
| Small Cap Value Funds  | 102                          | 95.10                   | 88.24                        |
| Multi Cap Growth Funds | 168                          | 97.02                   | 77.98                        |
| Multi Cap Core Funds   | 299                          | 92.98                   | 80.27                        |
| Multi Cap Value Funds  | 141                          | 92.20                   | 76.60                        |
| Real Estate Funds      | 97                           | 92.78                   | 59.79                        |

**Three Year**

| <b>Fund Category</b>   | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|------------------------|------------------------------|-------------------------|------------------------------|
| All Domestic Funds     | 1920                         | 83.59                   | 66.88                        |
| All Large Cap Funds    | 630                          | 78.73                   | 65.71                        |
| All Mid Cap Funds      | 321                          | 87.23                   | 72.90                        |
| All Small Cap Funds    | 437                          | 88.10                   | 76.89                        |
| All Multi Cap Funds    | 532                          | 83.46                   | 56.39                        |
| Large Cap Growth Funds | 190                          | 74.21                   | 66.84                        |
| Large Cap Blend Funds  | 264                          | 75.00                   | 54.92                        |
| Large Cap Value Funds  | 176                          | 89.20                   | 80.68                        |
| Mid Cap Growth Funds   | 160                          | 85.00                   | 77.50                        |
| Mid Cap Blend Funds    | 92                           | 88.04                   | 66.30                        |
| Mid Cap Value Funds    | 69                           | 91.30                   | 71.01                        |
| Small Cap Growth Funds | 171                          | 83.04                   | 78.36                        |
| Small Cap Blend Funds  | 190                          | 91.58                   | 74.74                        |
| Small Cap Value Funds  | 76                           | 90.79                   | 78.95                        |
| Multi Cap Growth Funds | 126                          | 78.57                   | 59.52                        |
| Multi Cap Core Funds   | 263                          | 84.79                   | 56.27                        |
| Multi Cap Value Funds  | 143                          | 85.31                   | 53.85                        |
| Real Estate Funds      | 64                           | 92.19                   | 76.56                        |

Data: Standard &amp; Poor's, CRSP. For periods ending December 31, 2008.

Report continues in next page

**Report 2: Survivorship and Style Consistency of U.S. Equity Funds****Five Year**

| <b>Fund Category</b>   | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|------------------------|------------------------------|-------------------------|------------------------------|
| All Domestic Funds     | 2024                         | 73.37                   | 51.93                        |
| All Large Cap Funds    | 726                          | 64.33                   | 49.45                        |
| All Mid Cap Funds      | 339                          | 78.76                   | 55.16                        |
| All Small Cap Funds    | 440                          | 79.77                   | 63.18                        |
| All Multi Cap Funds    | 519                          | 77.07                   | 43.74                        |
| Large Cap Growth Funds | 195                          | 58.97                   | 52.82                        |
| Large Cap Blend Funds  | 343                          | 60.35                   | 38.78                        |
| Large Cap Value Funds  | 188                          | 77.13                   | 65.43                        |
| Mid Cap Growth Funds   | 158                          | 75.32                   | 63.92                        |
| Mid Cap Blend Funds    | 109                          | 79.82                   | 42.20                        |
| Mid Cap Value Funds    | 72                           | 84.72                   | 55.56                        |
| Small Cap Growth Funds | 181                          | 71.82                   | 66.30                        |
| Small Cap Blend Funds  | 177                          | 83.05                   | 59.89                        |
| Small Cap Value Funds  | 82                           | 90.24                   | 63.41                        |
| Multi Cap Growth Funds | 123                          | 69.92                   | 48.78                        |
| Multi Cap Core Funds   | 229                          | 77.73                   | 45.41                        |
| Multi Cap Value Funds  | 167                          | 81.44                   | 37.72                        |
| Real Estate Funds      | 60                           | 83.33                   | 68.33                        |

Data: Standard & Poor's, CRSP. For periods ending December 31, 2008.

| <b>Report 3: Average U.S. Equity Fund Performance (Equal Weighted)</b> |                     |                                  |                                 |
|--|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>  | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| S&P Composite 1500   | -36.72              | -8.35                            | -1.89                           |
| All Domestic Funds   | -38.67              | -9.70                            | -2.47                           |
| S&P 500  | -37.00              | -8.36                            | -2.19                           |
| All LargeCap Funds   | -37.19              | -8.81                            | -2.65                           |
| S&P MidCap 400   | -36.37              | -8.82                            | -0.13                           |
| All MidCap Funds   | -40.92              | -10.25                           | -1.89                           |
| S&P SmallCap 600   | -31.07              | -7.51                            | 0.88                            |
| All SmallCap Funds   | -38.25              | -10.48                           | -2.54                           |
| S&P Composite 1500   | -36.72              | -8.35                            | -1.89                           |
| All MultiCap Funds   | -39.54              | -9.86                            | -2.58                           |
| <b>Large Cap</b>   |                     |                                  |                                 |
| S&P 500 Growth   | -34.92              | -7.62                            | -2.74                           |
| LargeCap Growth Funds  | -39.62              | -9.92                            | -3.47                           |
| S&P 500  | -37.00              | -8.36                            | -2.19                           |
| LargeCap Core Funds  | -36.97              | -8.88                            | -3.03                           |
| S&P 500 Value  | -39.22              | -9.19                            | -1.72                           |
| LargeCap Value Funds   | -35.13              | -7.61                            | -1.25                           |
| <b>Mid Cap</b>   |                     |                                  |                                 |
| S&P MidCap 400 Growth  | -37.61              | -9.18                            | -0.61                           |
| MidCap Growth Funds  | -43.92              | -10.61                           | -2.44                           |
| S&P MidCap 400   | -36.37              | -8.82                            | -0.13                           |
| MidCap Core Funds  | -38.53              | -10.41                           | -2.02                           |
| S&P MidCap 400 Value   | -34.87              | -8.49                            | 0.32                            |
| MidCap Value Funds   | -37.64              | -9.85                            | -0.96                           |
| <b>Small Cap</b>   |                     |                                  |                                 |
| S&P SmallCap 600 Growth  | -32.94              | -7.84                            | 0.85                            |
| SmallCap Growth Funds  | -42.04              | -11.24                           | -3.93                           |
| S&P SmallCap 600   | -31.07              | -7.51                            | 0.88                            |
| SmallCap Core Funds  | -37.07              | -10.39                           | -2.00                           |
| S&P SmallCap 600 Value   | -29.49              | -7.31                            | 0.83                            |
| SmallCap Value Funds   | -33.30              | -9.34                            | -0.92                           |
| <b>Multi Cap</b>   |                     |                                  |                                 |
| S&P Composite 1500 Growth  | -35.03              | -7.71                            | -2.70                           |
| MultiCap Growth Funds  | -41.98              | -10.28                           | -2.81                           |
| S&P Composite 1500   | -36.72              | -8.35                            | -1.89                           |
| MultiCap Core Funds  | -38.28              | -9.49                            | -2.62                           |
| S&P Composite 1500 Value   | -38.51              | -9.06                            | -1.12                           |
| MultiCap Value Funds   | -39.26              | -10.63                           | -2.71                           |
| <b>Real Estate</b>   |                     |                                  |                                 |
| S&P BMI U.S. REIT  | -39.56              | -11.85                           | 0.25                            |
| Real Estate Funds  | -42.42              | -13.30                           | -0.64                           |

Source: Standard &amp; Poor's, CRSP. For periods ending December 31, 2008.

| <b>Report 4: Average U.S. Equity Fund Performance (Asset Weighted)</b> |                     |                                  |                                 |
|--|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>  | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| S&P Composite 1500   | -36.72              | -8.35                            | -1.89                           |
| All Domestic Funds   | -38.93              | -9.37                            | -2.10                           |
| <b>S&amp;P 500</b>   | <b>-37.00</b>       | <b>-8.36</b>                     | <b>-2.19</b>                    |
| All LargeCap Funds   | -38.62              | -9.42                            | -2.93                           |
| <b>S&amp;P MidCap 400</b>  | <b>-36.37</b>       | <b>-8.82</b>                     | <b>-0.13</b>                    |
| All MidCap Funds   | -40.22              | -9.35                            | -0.84                           |
| <b>S&amp;P SmallCap 600</b>  | <b>-31.07</b>       | <b>-7.51</b>                     | <b>0.88</b>                     |
| All SmallCap Funds   | -36.33              | -9.31                            | -1.21                           |
| <b>S&amp;P Composite 1500</b>  | <b>-36.72</b>       | <b>-8.35</b>                     | <b>-1.89</b>                    |
| All MultiCap Funds   | -39.75              | -9.47                            | -1.73                           |
| <b>Large Cap</b>   |                     |                                  |                                 |
| <b>S&amp;P 500 Growth</b>  | <b>-34.92</b>       | <b>-7.62</b>                     | <b>-2.74</b>                    |
| LargeCap Growth Funds  | -42.40              | -11.12                           | -4.06                           |
| <b>S&amp;P 500</b>   | <b>-37.00</b>       | <b>-8.36</b>                     | <b>-2.19</b>                    |
| LargeCap Core Funds  | -37.89              | -9.59                            | -3.39                           |
| <b>S&amp;P 500 Value</b>   | <b>-39.22</b>       | <b>-9.19</b>                     | <b>-1.72</b>                    |
| LargeCap Value Funds   | -36.92              | -8.45                            | -1.88                           |
| <b>Mid Cap</b>   |                     |                                  |                                 |
| <b>S&amp;P MidCap 400 Growth</b>                                       | <b>-37.61</b>       | <b>-9.18</b>                     | <b>-0.61</b>                    |
| MidCap Growth Funds  | -43.07              | -9.25                            | -1.04                           |
| <b>S&amp;P MidCap 400</b>  | <b>-36.37</b>       | <b>-8.82</b>                     | <b>-0.13</b>                    |
| MidCap Core Funds  | -38.39              | -9.24                            | -0.80                           |
| <b>S&amp;P MidCap 400 Value</b>  | <b>-34.87</b>       | <b>-8.49</b>                     | <b>0.32</b>                     |
| MidCap Value Funds   | -38.43              | -9.50                            | -0.63                           |
| <b>Small Cap</b>   |                     |                                  |                                 |
| <b>S&amp;P SmallCap 600 Growth</b>                                     | <b>-32.94</b>       | <b>-7.84</b>                     | <b>0.85</b>                     |
| SmallCap Growth Funds  | -40.58              | -10.34                           | -2.69                           |
| <b>S&amp;P SmallCap 600</b>  | <b>-31.07</b>       | <b>-7.51</b>                     | <b>0.88</b>                     |
| SmallCap Core Funds  | -34.90              | -8.95                            | -0.47                           |
| <b>S&amp;P SmallCap 600 Value</b>                                      | <b>-29.49</b>       | <b>-7.31</b>                     | <b>0.83</b>                     |
| SmallCap Value Funds   | -32.60              | -8.68                            | -0.61                           |
| <b>Multi Cap</b>   |                     |                                  |                                 |
| <b>S&amp;P Composite 1500 Growth</b>                                   | <b>-35.03</b>       | <b>-7.71</b>                     | <b>-2.70</b>                    |
| MultiCap Growth Funds  | -40.75              | -9.57                            | -1.39                           |
| <b>S&amp;P Composite 1500</b>  | <b>-36.72</b>       | <b>-8.35</b>                     | <b>-1.89</b>                    |
| MultiCap Core Funds  | -39.06              | -9.51                            | -2.10                           |
| <b>S&amp;P Composite 1500 Value</b>                                    | <b>-38.51</b>       | <b>-9.06</b>                     | <b>-1.12</b>                    |
| MultiCap Value Funds   | -38.42              | -10.34                           | -2.51                           |
| <b>Real Estate</b>   |                     |                                  |                                 |
| <b>S&amp;P BMI U.S. REIT</b>   | <b>-39.56</b>       | <b>-11.85</b>                    | <b>0.25</b>                     |
| Real Estate Funds  | -40.99              | -11.70                           | 0.61                            |

Source: Standard &amp; Poor's, CRSP. For periods ending December 31, 2008.

## Report 5: Quartile Breakpoints of U.S. Equity Funds

### One Year

| Fund Category          | Third Quartile | Second Quartile | First Quartile |
|------------------------|----------------|-----------------|----------------|
| Large Cap Growth Funds | -43.41         | -40.45          | -37.56         |
| Large Cap Core Funds   | -40.10         | -36.79          | -34.12         |
| Large Cap Value Funds  | -37.35         | -35.43          | -32.20         |
| Mid Cap Growth Funds   | -47.12         | -44.36          | -40.74         |
| Mid Cap Core Funds     | -41.67         | -38.05          | -34.12         |
| Mid Cap Value Funds    | -41.32         | -36.87          | -33.06         |
| Small Cap Growth Funds | -45.77         | -41.74          | -38.88         |
| Small Cap Core Funds   | -40.01         | -36.20          | -32.31         |
| Small Cap Value Funds  | -38.58         | -32.81          | -28.21         |
| Multi Cap Growth Funds | -44.86         | -42.07          | -38.32         |
| Multi Cap Core Funds   | -41.44         | -38.40          | -34.48         |
| Multi Cap Value Funds  | -42.12         | -38.02          | -34.79         |
| Real Estate Funds      | -46.04         | -41.31          | -38.09         |

### Three Year

| Fund Category          | Third Quartile | Second Quartile | First Quartile |
|------------------------|----------------|-----------------|----------------|
| Large Cap Growth Funds | -11.94         | -10.65          | -8.48          |
| Large Cap Core Funds   | -10.90         | -8.81           | -6.97          |
| Large Cap Value Funds  | -9.41          | -7.58           | -5.04          |
| Mid Cap Growth Funds   | -12.57         | -10.52          | -8.42          |
| Mid Cap Core Funds     | -11.98         | -10.15          | -7.25          |
| Mid Cap Value Funds    | -11.83         | -10.13          | -8.53          |
| Small Cap Growth Funds | -12.99         | -10.69          | -8.14          |
| Small Cap Core Funds   | -12.56         | -10.06          | -7.70          |
| Small Cap Value Funds  | -12.09         | -8.61           | -6.08          |
| Multi Cap Growth Funds | -12.55         | -10.47          | -7.92          |
| Multi Cap Core Funds   | -10.39         | -9.14           | -7.37          |
| Multi Cap Value Funds  | -11.98         | -9.48           | -7.50          |
| Real Estate Funds      | -13.81         | -12.16          | -10.49         |

### Five Year

| Fund Category          | Third Quartile | Second Quartile | First Quartile |
|------------------------|----------------|-----------------|----------------|
| Large Cap Growth Funds | -4.95          | -3.55           | -2.22          |
| Large Cap Core Funds   | -4.39          | -2.78           | -1.49          |
| Large Cap Value Funds  | -2.50          | -1.19           | 0.53           |
| Mid Cap Growth Funds   | -4.17          | -1.89           | -0.34          |
| Mid Cap Core Funds     | -2.93          | -1.04           | 0.34           |
| Mid Cap Value Funds    | -2.54          | -1.29           | 0.22           |
| Small Cap Growth Funds | -5.08          | -3.24           | -0.99          |
| Small Cap Core Funds   | -3.71          | -1.49           | 0.39           |
| Small Cap Value Funds  | -3.41          | -0.67           | 1.49           |
| Multi Cap Growth Funds | -4.36          | -2.55           | -0.86          |
| Multi Cap Core Funds   | -3.35          | -1.86           | -0.38          |
| Multi Cap Value Funds  | -3.80          | -2.21           | -0.64          |
| Real Estate Funds      | -1.11          | 0.89            | 1.86           |

Source: Standard & Poor's, CRSP. All data as of December 31, 2008.

**Report 6: Percentage of International Equity Funds Outperformed by Benchmarks**

| <b>Fund Category</b>          | <b>Comparison Index</b>        | <b>One Year</b> | <b>Three Year</b> | <b>Five Year</b> |
|-------------------------------|--------------------------------|-----------------|-------------------|------------------|
| Global Funds                  | S&P Global 1200                | 59.83           | 64.04             | 63.16            |
| International Funds           | S&P 700                        | 63.96           | 76.52             | 83.52            |
| International Small Cap Funds | S&P Developed Ex-U.S. SmallCap | 50.00           | 48.84             | 58.82            |
| Emerging Markets Funds        | S&P/IFCI Composite             | 65.06           | 83.93             | 89.83            |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008. Outperformance is based upon equal weighted fund counts.

**Report 7: Survivorship and Style Consistency of International Equity Funds****One Year**

| <b>Fund Category</b>          | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------|------------------------------|-------------------------|------------------------------|
| Global Funds                  | 117                          | 97.44                   | 96.58                        |
| International Funds           | 308                          | 94.81                   | 94.81                        |
| International Small Cap Funds | 58                           | 98.28                   | 91.38                        |
| Emerging Markets Funds        | 83                           | 96.39                   | 96.39                        |

**Three Year**

| <b>Fund Category</b>          | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------|------------------------------|-------------------------|------------------------------|
| Global Funds                  | 89                           | 89.89                   | 85.39                        |
| International Funds           | 247                          | 85.83                   | 85.43                        |
| International Small Cap Funds | 43                           | 97.67                   | 88.37                        |
| Emerging Markets Funds        | 56                           | 94.64                   | 94.64                        |

**Five Year**

| <b>Fund Category</b>          | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------|------------------------------|-------------------------|------------------------------|
| Global Funds                  | 95                           | 80.00                   | 69.47                        |
| International Funds           | 267                          | 76.03                   | 72.66                        |
| International Small Cap Funds | 34                           | 88.24                   | 85.29                        |
| Emerging Markets Funds        | 59                           | 88.14                   | 88.14                        |

Data: Standard & Poor's, CRSP. For periods ending December 31, 2008.

Standard Poor's Indices Versus Active Funds Scorecard

| <b>Report 8: Average International Equity Fund Performance (Equal Weighted)</b> |                     |                                  |                                 |
|---|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>   | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| S&P Global 1200   | -40.11              | -7.09                            | 0.31                            |
| Global Funds  | -41.07              | -7.82                            | -0.20                           |
| S&P 700   | -42.82              | -5.73                            | 3.24                            |
| International Funds   | -44.25              | -7.70                            | 1.28                            |
| S&P Developed Ex-U.S. SmallCap  | -47.67              | -10.09                           | 2.71                            |
| International Small Cap Funds   | -39.59              | -5.67                            | 5.32                            |
| S&P/IFCI Composite  | -53.73              | -4.29                            | 8.71                            |
| Emerging Markets Funds  | -57.20              | -7.96                            | 5.47                            |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008.

Standard Poor's Indices Versus Active Funds Scorecard

| <b>Report 9: Average International Equity Fund Performance (Asset Weighted)</b> |                     |                                  |                                 |
|---|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>   | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| S&P Global 1200   | -40.11              | -7.09                            | 0.31                            |
| Global Funds  | -38.39              | -5.77                            | 1.64                            |
| S&P 700   | -42.82              | -5.73                            | 3.24                            |
| International Funds   | -43.57              | -6.82                            | 2.26                            |
| S&P Developed Ex-U.S. SmallCap  | -47.67              | -10.09                           | 2.71                            |
| International Small Cap Funds   | -41.87              | -6.62                            | 4.68                            |
| S&P/IFCI Composite  | -53.73              | -4.29                            | 8.71                            |
| Emerging Markets Funds  | -53.07              | -5.79                            | 7.25                            |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008.

**Report 10: Quartile Breakpoints of International Equity Funds****One Year**

| <b>Fund Category</b>          | <b>Third Quartile</b> | <b>Second Quartile</b> | <b>First Quartile</b> |
|-------------------------------|-----------------------|------------------------|-----------------------|
| Global Funds                  | -44.55                | -41.16                 | -37.58                |
| International Funds           | -47.31                | -44.27                 | -41.22                |
| International Small Cap Funds | -51.82                | -46.71                 | -43.77                |
| Emerging Markets Funds        | -59.07                | -55.08                 | -51.65                |

**Three Year**

| <b>Fund Category</b>          | <b>Third Quartile</b> | <b>Second Quartile</b> | <b>First Quartile</b> |
|-------------------------------|-----------------------|------------------------|-----------------------|
| Global Funds                  | -10.1                 | -7.95                  | -5.74                 |
| International Funds           | -9.54                 | -7.49                  | -5.52                 |
| International Small Cap Funds | -12.38                | -9.67                  | -7.22                 |
| Emerging Markets Funds        | -8.31                 | -6.55                  | -4.74                 |

**Five Year**

| <b>Fund Category</b>          | <b>Third Quartile</b> | <b>Second Quartile</b> | <b>First Quartile</b> |
|-------------------------------|-----------------------|------------------------|-----------------------|
| Global Funds                  | -1.93                 | 0.07                   | 2                     |
| International Funds           | -0.03                 | 1.58                   | 2.94                  |
| International Small Cap Funds | 0.41                  | 2.25                   | 4.57                  |
| Emerging Markets Funds        | 5.21                  | 6.12                   | 7.45                  |

Source: Standard & Poor's, CRSP. All data as of December 31, 2008.

**Report 11: Percentage of Fixed Income Funds Outperformed by Benchmarks**

| <b>Fund Category</b>                | <b>Comparison Index</b>                 | <b>One Year</b> | <b>Three Year</b> | <b>Five Year</b> |
|-------------------------------------|---|-----------------|-------------------|------------------|
| Government Long Funds               | Barclays Long Government                | 89.80           | 93.33             | 92.68            |
| Government Intermediate Funds       | Barclays Intermediate Government        | 91.30           | 91.11             | 93.75            |
| Government Short Funds              | Barclays 1-3 Year Government            | 84.21           | 91.43             | 91.43            |
| Investment-Grade Long Funds         | Barclays Long Government/Credit         | 94.79           | 94.74             | 100.00           |
| Investment-Grade Intermediate Funds | Barclays Intermediate Government/Credit | 90.14           | 91.18             | 90.18            |
| Investment-Grade Short Funds        | Barclays 1-3 Year Government/Credit     | 98.72           | 100.00            | 100.00           |
| High Yield Funds                    | Barclays High Yield                     | 37.04           | 43.75             | 52.29            |
| Mortgage-Backed Securities Funds    | Barclays Mortgage-Backed Securities     | 93.75           | 100.00            | 100.00           |
| Global Income Funds                 | Barclays Global Aggregate               | 78.13           | 86.36             | 79.07            |
| Emerging Markets Debt Funds         | Barclays Emerging Markets               | 65.22           | 68.75             | 62.50            |
| General Municipal Debt Funds        | S&P National Municipal Bond             | 80.56           | 84.72             | 95.89            |
| California Municipal Debt Funds     | S&P California Municipal Bond           | 94.74           | 94.74             | 100.00           |
| New York Municipal Debt Funds       | S&P New York Municipal Bond             | 88.24           | 88.24             | 100.00           |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008. Outperformance is based upon equal weighted fund counts.

**Report 12: Survivorship and Style Consistency of Fixed Income Funds****One Year**

| <b>Fund Category</b>                | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------------|------------------------------|-------------------------|------------------------------|
| Government Long Funds               | 49                           | 93.88                   | 89.8                         |
| Government Intermediate Funds       | 46                           | 97.83                   | 89.13                        |
| Government Short Funds              | 38                           | 97.37                   | 97.37                        |
|                                     |                              |                         |                              |
| Investment-Grade Long Funds         | 96                           | 93.75                   | 90.63                        |
| Investment-Grade Intermediate Funds | 213                          | 92.96                   | 92.49                        |
| Investment-Grade Short Funds        | 78                           | 96.15                   | 96.15                        |
|                                     |                              |                         |                              |
| High Yield Funds                    | 135                          | 98.52                   | 97.04                        |
|                                     |                              |                         |                              |
| Mortgage-Backed Securities Funds    | 48                           | 97.92                   | 97.92                        |
|                                     |                              |                         |                              |
| Global Income Funds                 | 64                           | 96.88                   | 92.19                        |
| Emerging Markets Debt Funds         | 23                           | 100                     | 95.65                        |
|                                     |                              |                         |                              |
| General Municipal Debt Funds        | 72                           | 95.83                   | 95.83                        |
| California Municipal Debt Funds     | 38                           | 97.37                   | 97.37                        |
| New York Municipal Debt Funds       | 34                           | 97.06                   | 97.06                        |

**Three Year**

| <b>Fund Category</b>                | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------------|------------------------------|-------------------------|------------------------------|
| Government Long Funds               | 45.00                        | 93.33                   | 77.78                        |
| Government Intermediate Funds       | 45.00                        | 97.78                   | 77.78                        |
| Government Short Funds              | 35.00                        | 97.14                   | 88.57                        |
|                                     |                              |                         |                              |
| Investment-Grade Long Funds         | 95.00                        | 92.63                   | 74.74                        |
| Investment-Grade Intermediate Funds | 170.00                       | 91.76                   | 89.41                        |
| Investment-Grade Short Funds        | 65.00                        | 96.92                   | 92.31                        |
|                                     |                              |                         |                              |
| High Yield Funds                    | 112.00                       | 98.21                   | 95.54                        |
|                                     |                              |                         |                              |
| Mortgage-Backed Securities Funds    | 47.00                        | 97.87                   | 91.49                        |
|                                     |                              |                         |                              |
| Global Income Funds                 | 44.00                        | 97.73                   | 90.91                        |
| Emerging Markets Debt Funds         | 16.00                        | 100.00                  | 93.75                        |
|                                     |                              |                         |                              |
| General Municipal Debt Funds        | 72.00                        | 95.83                   | 90.28                        |
| California Municipal Debt Funds     | 38.00                        | 100.00                  | 94.74                        |
| New York Municipal Debt Funds       | 34.00                        | 100.00                  | 97.06                        |

**Five Year**

| <b>Fund Category</b>                | <b>No. of Funds at Start</b> | <b>Survivorship (%)</b> | <b>Style Consistency (%)</b> |
|-------------------------------------|------------------------------|-------------------------|------------------------------|
| Government Long Funds               | 41                           | 92.68                   | 78.05                        |
| Government Intermediate Funds       | 48                           | 97.92                   | 75.00                        |
| Government Short Funds              | 35                           | 97.14                   | 85.71                        |
|                                     |                              |                         |                              |
| Investment-Grade Long Funds         | 101                          | 91.09                   | 68.32                        |
| Investment-Grade Intermediate Funds | 163                          | 93.25                   | 85.89                        |
| Investment-Grade Short Funds        | 50                           | 96.00                   | 94.00                        |
|                                     |                              |                         |                              |
| High Yield Funds                    | 109                          | 97.25                   | 94.50                        |
|                                     |                              |                         |                              |
| Mortgage-Backed Securities Funds    | 48                           | 95.83                   | 89.58                        |
|                                     |                              |                         |                              |
| Global Income Funds                 | 43                           | 97.67                   | 90.70                        |
| Emerging Markets Debt Funds         | 16                           | 100.00                  | 93.75                        |
|                                     |                              |                         |                              |
| General Municipal Debt Funds        | 73                           | 95.89                   | 89.04                        |
| California Municipal Debt Funds     | 38                           | 100.00                  | 94.74                        |
| New York Municipal Debt Funds       | 35                           | 100.00                  | 94.29                        |

Data: Standard &amp; Poor's, CRSP. For periods ending December 31, 2008.

| <b>Report 13: Average Fixed Income Fund Performance (Equal Weighted)</b> |                     |                                  |                                 |
|--|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>  | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| Barclays Long Government   | 22.67               | 11.15                            | 9.58                            |
| Government Long Funds  | 9.72                | 6.66                             | 5.34                            |
| Barclays Intermediate Government   | 10.43               | 7.53                             | 5.29                            |
| Government Intermediate Funds  | 6.56                | 5.74                             | 4.21                            |
| Barclays 1-3 Year Government   | 6.66                | 5.96                             | 4.11                            |
| Government Short Funds   | 3.89                | 4.56                             | 3.28                            |
| Barclays Long Government/Credit  | 8.45                | 5.90                             | 6.31                            |
| Investment-Grade Long Funds  | -5.05               | 1.53                             | 2.28                            |
| Barclays Intermediate Government/Credit                                  | 5.07                | 5.51                             | 4.21                            |
| Investment-Grade Intermediate Funds                                      | -2.56               | 2.29                             | 2.47                            |
| Barclays 1-3 Year Government/Credit                                      | 4.97                | 5.34                             | 3.79                            |
| Investment-Grade Short Funds   | -4.28               | 1.52                             | 1.59                            |
| Barclays High Yield  | -26.15              | -5.58                            | -0.79                           |
| High Yield Funds   | -25.36              | -5.55                            | -0.93                           |
| Barclays Mortgage-Backed Securities                                      | 8.34                | 6.81                             | 5.53                            |
| Mortgage-Backed Securities Funds   | 0.88                | 3.57                             | 3.35                            |
| Barclays Global Aggregate  | 4.79                | 6.96                             | 5.02                            |
| Global Income Funds  | -2.47               | 3.29                             | 3.22                            |
| Barclays Emerging Markets  | -14.74              | -0.48                            | 4.36                            |
| Emerging Markets Debt Funds  | -17.81              | -1.11                            | 4.22                            |
| S&P National Municipal Bond  | -2.83               | 1.74                             | 2.76                            |
| General Municipal Debt Funds   | -8.12               | -0.75                            | 1.02                            |
| S&P California Municipal Bond  | -2.77               | 1.75                             | 3.03                            |
| California Municipal Debt Funds  | -11.13              | -2.01                            | 0.51                            |
| S&P New York Municipal Bond  | -2.55               | 1.84                             | 2.74                            |
| New York Municipal Debt Funds  | -8.19               | -0.66                            | 1.01                            |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008.

| <b>Report 14: Average Fixed Income Fund Performance (Asset Weighted)</b> |                     |                                  |                                 |
|--|---------------------|----------------------------------|---------------------------------|
| <b>Category</b>  | <b>One Year (%)</b> | <b>Three Year (Annualized %)</b> | <b>Five Year (Annualized %)</b> |
| Barclays Long Government   | 22.67               | 11.15                            | 9.58                            |
| Government Long Funds  | 6.28                | 5.61                             | 4.64                            |
| Barclays Intermediate Government   | 10.43               | 7.53                             | 5.29                            |
| Government Intermediate Funds  | 5.04                | 5.21                             | 4.01                            |
| Barclays 1-3 Year Government   | 6.66                | 5.96                             | 4.11                            |
| Government Short Funds   | 4.45                | 4.97                             | 3.49                            |
| Barclays Long Government/Credit  | 8.45                | 5.90                             | 6.31                            |
| Investment-Grade Long Funds  | -9.75               | -0.11                            | 1.46                            |
| Barclays Intermediate Government/Credit                                  | 5.07                | 5.51                             | 4.21                            |
| Investment-Grade Intermediate Funds                                      | -1.30               | 3.00                             | 3.16                            |
| Barclays 1-3 Year Government/Credit                                      | 4.97                | 5.34                             | 3.79                            |
| Investment-Grade Short Funds   | -4.99               | 1.31                             | 1.52                            |
| Barclays High Yield  | -26.15              | -5.58                            | -0.79                           |
| High Yield Funds   | -27.16              | -6.34                            | -1.45                           |
| Barclays Mortgage-Backed Securities                                      | 8.34                | 6.81                             | 5.53                            |
| Mortgage-Backed Securities Funds   | 4.50                | 4.92                             | 4.26                            |
| Barclays Global Aggregate  | 4.79                | 6.96                             | 5.02                            |
| Global Income Funds  | -0.19               | 5.04                             | 4.60                            |
| Barclays Emerging Markets  | -14.74              | -0.48                            | 4.36                            |
| Emerging Markets Debt Funds  | -17.76              | -0.68                            | 4.92                            |
| S&P National Municipal Bond  | -2.83               | 1.74                             | 2.76                            |
| General Municipal Debt Funds   | -10.06              | -1.40                            | 0.74                            |
| S&P California Municipal Bond  | -2.77               | 1.75                             | 3.03                            |
| California Municipal Debt Funds  | -10.84              | -1.75                            | 0.78                            |
| S&P New York Municipal Bond  | -2.55               | 1.84                             | 2.74                            |
| New York Municipal Debt Funds  | -14.59              | -3.06                            | -0.01                           |

Source: Standard & Poor's, CRSP. For periods ending December 31, 2008.

## Report 15: Quartile Breakpoints of Fixed Income Funds

### One Year

| Fund Category                       | Third Quartile | Second Quartile | First Quartile |
|-------------------------------------|----------------|-----------------|----------------|
| Government Long Funds               | 4.22           | 7.68            | 12.99          |
| Government Intermediate Funds       | 4.96           | 7.37            | 8.68           |
| Government Short Funds              | 3.48           | 5.15            | 6.47           |
| Investment-Grade Long Funds         | -11.00         | -4.34           | 1.43           |
| Investment-Grade Intermediate Funds | -6.95          | -1.88           | 2.67           |
| Investment-Grade Short Funds        | -6.88          | -2.34           | 0.76           |
| High Yield Funds                    | -27.52         | -23.91          | -20.50         |
| Mortgage-Backed Securities Funds    | 0.24           | 4.27            | 6.85           |
| Global Income Funds                 | -5.21          | -0.87           | 4.07           |
| Emerging Markets Debt Funds         | -21.63         | -17.71          | -14.10         |
| General Municipal Debt Funds        | -10.69         | -6.83           | -3.62          |
| California Municipal Debt Funds     | -12.53         | -8.77           | -6.18          |
| New York Municipal Debt Funds       | -9.13          | -6.49           | -3.62          |

### Three Year

| Fund Category                       | Third Quartile | Second Quartile | First Quartile |
|-------------------------------------|----------------|-----------------|----------------|
| Government Long Funds               | 3.82           | 5.96            | 8.20           |
| Government Intermediate Funds       | 4.96           | 6.03            | 6.48           |
| Government Short Funds              | 4.34           | 4.97            | 5.35           |
| Investment-Grade Long Funds         | -0.95          | 1.85            | 3.89           |
| Investment-Grade Intermediate Funds | 0.89           | 2.69            | 4.21           |
| Investment-Grade Short Funds        | 0.85           | 2.53            | 3.47           |
| High Yield Funds                    | -6.81          | -5.22           | -4.01          |
| Mortgage-Backed Securities Funds    | 2.93           | 4.84            | 5.88           |
| Global Income Funds                 | 1.28           | 4.19            | 6.28           |
| Emerging Markets Debt Funds         | -3.15          | -1.13           | -0.37          |
| General Municipal Debt Funds        | -1.43          | 0.04            | 1.17           |
| California Municipal Debt Funds     | -2.52          | -0.57           | 0.25           |
| New York Municipal Debt Funds       | -1.08          | 0.12            | 1.12           |

### Five Year

| Fund Category                       | Third Quartile | Second Quartile | First Quartile |
|-------------------------------------|----------------|-----------------|----------------|
| Government Long Funds               | 3.1            | 4.5             | 5.6            |
| Government Intermediate Funds       | 3.5            | 4.2             | 4.9            |
| Government Short Funds              | 3.4            | 3.5             | 3.7            |
| Investment-Grade Long Funds         | 1.1            | 2.6             | 3.7            |
| Investment-Grade Intermediate Funds | 1.6            | 2.7             | 3.4            |
| Investment-Grade Short Funds        | 1.1            | 2.1             | 2.8            |
| High Yield Funds                    | -1.8           | -0.8            | -0.1           |
| Mortgage-Backed Securities Funds    | 3.2            | 4.1             | 4.7            |
| Global Income Funds                 | 2.1            | 3.5             | 4.9            |
| Emerging Markets Debt Funds         | 3.0            | 3.9             | 4.8            |
| General Municipal Debt Funds        | 0.4            | 1.6             | 2.2            |
| California Municipal Debt Funds     | 0.2            | 1.3             | 1.7            |
| New York Municipal Debt Funds       | 0.7            | 1.5             | 2.0            |

Source: Standard & Poor's, CRSP. All data as of December 31, 2008.

## Appendix A

### SPIVA Styles and Lipper Fund Classifications

The CRSP Survivor-Bias-Free US Mutual Fund Database is the only complete database of both active and liquidated/merged mutual funds. It was created in 1995 and contains fund data from December 1961. Current and historical data from August 1998 has been supplied by Lipper and Thomson Reuters. The fund classifications are based upon the Lipper fund classification system. The SPIVA reports cover domestic equity, global equity and global fixed income categories.

#### U.S. Equity

SPIVA covers major capitalization levels (large-, mid-, small-, and multi-cap funds) and investment styles (growth, core and value). S&P uses the Lipper fund classifications, which determines a fund portfolio's capitalization and investment style assignments.

Lipper assigns a market-capitalization for each fund based upon the percentages of a fund's three-year weighted equity assets that fall into each of Lipper's three defined market-capitalization slices. The market capitalization breakpoints are calculated using all common stocks, excluding all non-US domiciled stocks and ADRs, trading on the NYSE, AMEX and NASDAQ. Funds are assigned to the capitalization level in which they have a 75% or higher weighting. Any fund that has less than 75% of their three-year weighted allocation in any of the three market capitalization ranges is classified as a multi-cap fund.

For investment style selection, the Lipper classification system uses three-year fundamental portfolio characteristics (price/earnings, price/book, and three-year sales-per-share growth) and, if necessary, confirming secondary characteristics (price-to-sales and price-to-operating cash flow). Fund statistics are compared to their relevant S&P capitalization-level index to determine the growth, core or value style.

In some cases, S&P combines closely-related Lipper fund classifications in one SPIVA category. Exhibit 1 maps the SPIVA U.S. Equity fund categories to Lipper classifications.

**Exhibit 1****U.S. Equity Category Mappings**

| <b>SPIVA Category</b>  | <b>Lipper Fund Classification</b>            |
|------------------------|--|
| Large-Cap Growth Funds | Large-Cap Growth Funds                       |
| Large-Cap Core Funds   | Large-Cap Core Funds                         |
| Large-Cap Value Funds  | Large-Cap Value Funds<br>Equity Income Funds |
|                        |  |
| Mid-Cap Growth Funds   | Mid-Cap Growth Funds                         |
| Mid-Cap Core Funds     | Mid-Cap Core Funds                           |
| Mid-Cap Value Funds    | Mid-Cap Value Funds                          |
|                        |  |
| Small-Cap Growth Funds | Small-Cap Growth Funds                       |
| Small-Cap Core Funds   | Small-Cap Core Funds                         |
| Small-Cap Value Funds  | Small-Cap Value Funds                        |
|                        |  |
| Multi-Cap Growth Funds | Multi-Cap Growth Funds                       |
| Multi-Cap Core Funds   | Multi-Cap Core Funds                         |
| Multi-Cap Value Funds  | Multi-Cap Value Funds                        |
|                        |  |
| Real Estate Funds      | Real Estate Funds                            |

## International Equity

For International Equity, SPIVA reports on four major categories (Global, International, International Small Cap and Emerging Markets funds) of interest to global asset allocators. These categories also include multiple Lipper capitalization/style classifications.

### Exhibit 2

#### Global Equity Category Mappings

| <b>SPIVA Category</b>         | <b>Lipper Fund Classification</b>  |
|-------------------------------|--|
| Global Funds                  | Global Large-Cap Growth Funds<br>Global Large-Cap Core Funds<br>Global Large-Cap Value Funds<br>Global Multi-Cap Growth Funds<br>Global Multi-Cap Core Funds<br>Global Multi-Cap Value Funds   |
| International Funds           | International Large-Cap Growth Funds<br>International Large-Cap Core Funds<br>International Large-Cap Value Funds<br>International Multi-Cap Growth Funds<br>International Multi-Cap Core Funds<br>International Multi-Cap Value Funds |
| International Small-Cap Funds | International Small/Mid-Cap Growth Funds<br>International Small/Mid-Cap Core Funds<br>International Small/Mid-Cap Value Funds  |
| Emerging Markets Funds        | Emerging Markets Funds   |

## Fixed Income

SPIVA reports on eight domestic, two global and three municipal fixed income categories. The Lipper domestic fixed income classifications are based upon maturity and credit quality. For maturity, long is 10+ years, intermediate is 5-10 years, short/intermediate is 1-5 years and short is 1-3.5 years. For credit quality, bonds are assigned to the U.S. Treasury, U.S. Government (includes Government and agency issues), A- or BBB-rated and High Yield classifications. Lipper also includes U.S. Mortgages and GNMA classifications.

In global fixed income, Lipper differentiates between global (including the U.S.) and international (excluding the U.S.) objectives. For municipal debt funds, we include the general (invests in the top four credit ratings) classification plus two state funds (California and New York).

### Exhibit 3

#### Fixed Income Category Mappings

| <b>SPIVA Category</b>               | <b>Lipper Fund Classification</b>  |
|-------------------------------------|--|
| Government Long Funds               | General U.S. Government Funds<br>General U.S. Treasury Funds                               |
| Government Intermediate Funds       | Intermediate U.S. Government<br>Short-Intermediate U.S. Government                         |
| Government Short Funds              | Short U.S. Government Funds<br>Short U.S. Treasury   |
|                                     |  |
| Investment-Grade Long Funds         | Corporate Debt Funds A Rated<br>Corporate Debt Funds BBB-Rated                             |
| Investment-Grade Intermediate Funds | Intermediate Investment-Grade Debt Funds<br>Short-Intermediate Investment-Grade Debt Funds |
| Investment-Grade Short Funds        | Short Investment-Grade Debt Funds  |
|                                     |  |
| High Yield Funds                    | High Current Yield Funds   |
|                                     |  |
| Mortgage-Backed Securities Funds    | U.S. Mortgage Funds<br>GNMA Funds  |
|                                     |  |
| Global Income Funds                 | Global Income Funds<br>International Income Funds  |
| Emerging Market Debt Funds          | Emerging Markets Debt Funds  |
|                                     |  |
| General Municipal Debt Funds        | General Municipal Debt Funds   |
| California Municipal Debt Funds     | California Municipal Debt Funds  |
| New York Municipal Debt Funds       | New York Municipal Debt Funds  |

## Appendix B Glossary - Reports

### **Percentage of Funds Outperformed by the Index**

To correct for survivorship bias, we use the opportunity set available at the beginning of the period as the denominator. We determine the count of funds that have survived and beat the index. We then report the index outperformance percentage.

### **Survivorship (%)**

This measure calculates the percentage of funds that are still active at the end of the time period as at the beginning of the time period.

### **Style Consistency (%)**

This calculation shows the percentage of funds that had the same style classification at the end of the time period as at the beginning of the time period.

### **Equal-Weighted Fund Performance**

Equal-weighted returns for a particular style category in a month are determined by calculating a simple average return of all active funds in that category in that particular month.

### **Asset-Weighted Fund Performance**

Asset-weighted returns for a particular style category in a month are determined by calculating a weighted average return of all funds in that category in that particular month, with each fund's return being weighted by its total net assets. Asset weighted returns are a better indicator of fund category performance measurement because they more accurately reflect the returns of the total money invested in that particular style category.

### **Quartiles Breakpoints**

The  $p$ th -percentile for a set of data is the value which is greater than or equal to  $p\%$  of the data, but is less than or equal to  $(100 - p)\%$  of the data. So, it is a value that divides the data into two parts: the lower  $p\%$  of the values and the upper  $(100-p)\%$  of the values. The first quartile is the 75th percentile, the value separating the elements of a population into the lower 75% and the upper 25%. The second quartile is the 50th percentile and the third quartile is the 25th percentile. For fund category quartiles in a particular time horizon, the data used is the return of the largest share class of the fund net of fees, but excluding loads.

### **Survivorship Bias**

Many funds might liquidate or merge during a period of study. Most of these occur because of continued poor performance by the fund. Therefore, if index returns are compared to fund returns using only surviving funds, the comparison would be biased in favor of the fund category. These reports remove this bias by (a) taking all available funds in that particular category as the investment opportunity set as the denominator for outperformance calculations, (b) explicitly showing the survivorship rate in each category, and (c) constructing peer average return series for each category based on all available funds at that period of time.

### **Fees**

The fund returns used are net of fees, excluding loads.

## Appendix B Glossary – Indices

### Indices<sup>1</sup>

A benchmark index provides an investment vehicle to compare and assess fund performance.

### U.S. Equity:

#### *S&P 500 Index*

Widely regarded as the best single gauge of the U.S. equities market, this market capitalization-weighted index includes a representative sample of 500 leading companies in leading industries of the U.S. economy and provides over 80% coverage of U.S. equities.

#### *S&P MidCap 400 Index*

This index consists of 400 mid-sized companies and covers approximately 7% of the U.S. equities market.

#### *S&P SmallCap 600 Index*

This index consists of 600 small-cap stocks and covers approximately 3% of the U.S. equities market.

#### *S&P Composite 1500 Index*

This is a broad market, capitalization-weighted index of 1500 stocks. This index is comprised of three size-based indices: the S&P 500 Index, the S&P MidCap 400 Index, and the S&P SmallCap 600 Index, which measures the performance of large-, mid- and small-cap stocks respectively. This index represents 90% of U.S. equities.

#### *S&P 500 Growth and Value Indices*

These indices are an exhaustive, multi-factor style series covering the entire market capitalization of the S&P 500. Constituents, weighted according to market cap, are classified as growth, value or a mix of growth and value.

#### *S&P MidCap 400 Growth and Value Indices*

These indices are an exhaustive, multi-factor style series covering the entire market capitalization of the S&P MidCap 400.

#### *S&P SmallCap 600 Growth and Value Indices*

These indices are an exhaustive, multi-factor style series covering the entire market capitalization of the S&P SmallCap 600.

#### *S&P Composite 1500 Growth and Value Indices*

These indices are an exhaustive, multi-factor style series covering the entire market capitalization of the S&P Composite 1500.

#### *S&P United States REIT Index*

This index measures the investable universe of publicly traded real estate investment trusts.

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<sup>1</sup> For more information on Standard & Poor's indices, please visit the Indices section of [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com).

## Appendix B Glossary Indices (Cont'd)

### International Equity

#### *S&P Global 1200*

This index captures approximately 70% of the world's capital markets, the S&P Global 1200 is a composite of seven headline indices, many of which are accepted leaders in their regions. It includes the S&P 500 (United States), S&P Europe 350 (Europe), S&P/Topix 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50 (Australia), S&P Asia 50 (Asia Ex-Japan) and the S&P Latin America 40 (Latin America).

#### *S&P 700*

This index measures the non-United States component of the global equity markets. The index covers all of the regions included in the S&P Global 1200 except for the United States (S&P 500).

#### *S&P Developed Ex-U.S. Small Cap*

This index represents the small-capitalization segment, the bottom 15% of the world's universe of institutionally investable securities excluding the U.S.

#### *S&P/IFCI Composite Index*

This index is widely recognized as a comprehensive and reliable measure of the world's emerging markets. It measures the returns of stocks that are legally and practically available to foreign investors.

### Fixed Income<sup>2</sup>

#### *Barclays Capital Long Government Bond Index*

This index consists of U.S. Treasury and U.S. Government agency bonds with maturities greater than 10 years.

#### *Barclays Capital Intermediate Government Bond Index*

This index consists of U.S. Treasury and U.S. Government agency bonds with maturities from one to 10 years.

#### *Barclays Capital 1-3 Year Government Bond Index*

This index consists of U.S. Treasury and U.S. Government agency bonds with maturities from one to three years.

#### *Barclays Capital Long Government/Credit Bond Index*

This index covers corporate and non-corporate fixed-income securities that are rated investment grade and have maturities greater than 10 years.

#### *Barclays Capital Intermediate Government/Credit Bond Index*

This index covers corporate and non-corporate fixed-income securities that are rated investment grade with maturities from one to 10 years.

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<sup>2</sup> Barclays Capital Fixed Income Indices were formerly the Lehman Brothers Indices.

## Appendix B Glossary Indices (Cont'd)

### Fixed Income (Cont'd)

*Barclays Capital 1-3 Year  
Government/Credit Bond Index*

This index covers corporate and non-corporate fixed-income securities that are rated investment grade and have 1-3 years to final maturity.

*Barclays Capital High Yield Bond Index*

This index includes all fixed income securities with a maximum quality rating of Ba1/BB+ (including defaulted issues), a minimum amount outstanding of \$100 million and at least 1 year to maturity.

*Barclays Capital Brothers Mortgage-  
Backed Securities Index*

This index includes 15- and 30-year fixed-rate securities backed by Mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA).

*Barclays Capital Global Aggregate Bond  
Index*

This index covers the most liquid portion of the global investment grade fixed-rate bond market, including government, credit and collateralized securities.

*Barclays Capital Emerging Markets  
Index*

This index includes fixed and floating rate USD-denominated debt from emerging markets.

*S&P National Municipal Bond Index*

This index is a broad, comprehensive, market value-weighted index designed to measure the performance of the investment –grade U.S. municipal bond market.

*S&P California Municipal Bond Index*

This index is designed to measure the performance of the investment –grade California municipal bond market

*S&P New York Municipal Bond Index*

This index is designed to measure the performance of the investment –grade New York municipal bond market.

For more information, please go to [www.spiva.standardandpoors.com](http://www.spiva.standardandpoors.com).

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