

## Glossary

- **BarCap Aggregate Bond Index:** The broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with investment-grade ratings (rated Baa3 or above by Moody's) and maturities of one year or more.
- **BarCap US Corporate High Yield:** The U.S. Corporate High-Yield Index the covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes Emerging Markets debt.
- **BarCap US Treasury Long Index:** includes public obligations of the US Treasury with maturities of 10 years or more.
- **CBOE VIX:** The CBOE Volatility Index® is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. Since its introduction in 1993, VIX has been considered by many to be the world's premier barometer of investor sentiment and market volatility. VIX is often referred to as the "investor fear gauge".
- **Dow Jones Wilshire RESI Index:** designed to provide measures of real estate securities that serve as proxies for direct real estate investing, in part by excluding securities whose value is not always closely tied to the value of the underlying real estate. To be included, a company must be both an equity owner and operator of commercial and/or residential real estate. A company must have a minimum total market capitalization of at least \$200 million at the time of its inclusion, and at least 75% of the company's total revenue must be derived from the ownership and operation of real estate assets.
- **MSCI All-Country World ex-US Index:** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, ex-US equities.
- **MSCI All Country World Index:** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.
- **MSCI EAFE Index:** The MSCI EAFE Index® comprises 21 MSCI country indices, representing the developed markets outside of North America: Europe, Australasia and the Far East.
- **MSCI Emerging Markets Index:** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

Note: Indexes are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

## Glossary

- **The MSCI Europe Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.
- **Russell 2000 Index:** is comprised of 2000 smaller company stocks and is generally used as a measure of small-cap stock performance.
- **S&P 500 Index:** The S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.
- **S&P Equal Weight Index (S&P EWI).** The index is the equal-weight version of the widely regarded S&P 500. The index has the same constituents as the capitalization weighted S&P 500, but each company in the index is allocated a fixed weight of 0.20% at each quarterly rebalancing.
- **Barclays U.S. Municipal Index:** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.
- **DJ-UBS Commodity Index** is composed of futures contracts on physical commodities. It currently includes 19 commodity futures in seven sectors. The weightings of the commodities are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity.
- **MSCI BRIC Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the following four emerging market country indices: Brazil, Russia, India and China.
- **The MSCI AC (All Country) Asia ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. As of January 2009 the Index consisted of the following 10 developed and emerging market country indices: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand
- **MSCI Germany:** every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.

Note: Indexes are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

## Glossary

- **MSCI China:** every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.
- **MSCI Brazil:** every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.
- **Citi World Broad Investment Grade (BIG) Bond Index:** includes investment grade global bonds with a fixed coupon and maturity longer than one year and a minimum credit rating of Baa3 by Moody's or BBB- by S&P.
- Generally, when interest rates rise, bond values fall, values rise when interest rates decline. If interest rates fall, it is possible that issuers of callable securities with high interest coupons will "call" (or prepay) their bonds before maturity date. Credit risk refers to the possibility that the issuer of a security will be unable and/or unwilling to make timely interest payments and/or repay the principal on its debt, which may adversely affect the value of the security.
- As a new kind of bond offering, **Build America Bonds (BAB)** are subject to liquidity risk, there is a risk that not enough interested buyers will be available to permit an investor to sell at or near the current market price. BABs are also subject to Federal subsidy risk, the risk that the federal government would eliminate or reduce the subsidies for BABs in the future. Some BABs have been issued with provisions that allow state and local governments to "call" the bonds back and refinance if the federal government stops paying subsidy on the interest."

Note: Indexes are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

# Glossary

## MPT STATISTICS/OTHER MEASUREMENTS

Alpha - is defined as the difference between the average realized return of a portfolio manager with private information and the expected return of the passive strategy based upon public information with equal systematic risk.

Beta - is a measure of an investment's volatility, relative to an appropriate asset class.

R-Squared - a statistical measure of how well a regression line approximates real data points; an r-squared of 1.0 (100%) indicates a perfect fit. r-squared measures how well the Capital Asset Pricing Model predicts the actual performance of an investment or portfolio.

Sharpe Ratio - also known as Reward-to-Volatility-Ratio, indicates the excess return per unit of risk associated with the excess return. The higher the Sharpe Ratio, the better the performance.

Standard Deviation - a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.

## PORTFOLIO CHARACTERISTICS DEFINITIONS

30 Day SEC Yield - is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the offering price per share on that date. The figure is compounded and annualized.

5 Year EPS Growth - is the five-year reported earnings per share growth rate for each company in percent per year.

Price-to-Book - is used to compare a stock's market value to its book value. This ratio gives some idea of whether you're paying too much for what would be left if the company went bankrupt immediately.

P/E (12 months trailing) - is the price of a stock divided by its historical earnings per share.

Return on Equity - is a measure of a corporation's profitability, calculated by taking a company's net income and dividing it by the shareholder's equity.