

MODERN MARKETS SCORECARD

The chart style below is commonly used to explain why investors need to diversify across various asset classes. It ranks asset classes from best to worst performers every year. This scorecard not only includes traditional asset classes such as stocks, bonds and cash, but also more specialized asset classes that include alternative investments. As shown

in the scorecard, the top-performing investment styles rotate over time, so trying to guess which style(s) will be in favor in any given year is difficult and unlikely. Adding a few specialized asset classes or strategies to a portfolio can potentially help reduce volatility. Simply put, this diversification attempts to help you smooth out the markets' ups and downs over time.

For more information about the potential benefits and risks of these investment strategies, contact your financial advisor.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
REITs 35.75%	Equity Leverage 46.35%	Equity Leverage 38.40%	Long/Short 47.22%	Commodities 49.74%	REITs 15.50%	Commodities 32.07%	Equity Leverage 42.05%	REITs 30.41%	Commodities 25.55%
Commodities 33.92%	S&P 500 33.36%	S&P 500 28.58%	Commodities 40.92%	REITs 25.88%	Equity Inverse 15.32%	Equity Inverse 25.77%	International Equity 39.17%	International Equity 20.70%	International Equity 14.02%
Equity Leverage 30.46%	Hedge Funds 25.92%	Managed Futures 20.66%	International Equity 27.30%	Fixed Income Leverage 23.97%	Bonds 8.42%	Fixed Income Leverage 19.31%	REITs 38.47%	Commodities 17.28%	Currency 12.64%
S&P 500 23.07%	Long/Short 21.46%	Fixed Income Leverage 20.59%	Equity Leverage 27.20%	Equity Inverse 13.92%	Currency 6.56%	Managed Futures 18.34%	S&P 500 28.70%	Equity Leverage 14.21%	Long/Short 9.68%
Hedge Funds 22.22%	REITs 18.87%	International Equity 20.33%	Hedge Funds 23.43%	Bonds 11.63%	Fixed Income Leverage 5.61%	Bonds 10.27%	Commodities 20.72%	Long/Short 11.57%	Fixed Income Leverage 9.67%
Long/Short 17.14%	Fixed Income Leverage 17.85%	Long/Short 17.19%	S&P 500 21.04%	Currency 7.55%	Hedge Funds 4.41%	REITs 5.22%	Long/Short 17.30%	S&P 500 10.87%	REITs 8.29%
Managed Futures 11.98%	Currency 13.08%	Bonds 8.67%	Fixed Income Inverse 21.01%	Cash 5.89%	Cash 3.83%	Hedge Funds 3.05%	Hedge Funds 15.46%	Fixed Income Leverage 9.82%	Hedge Funds 7.60%
International Equity 6.36%	Bonds 9.68%	Cash 4.86%	Currency 8.18%	Hedge Funds 4.84%	Managed Futures 1.92%	Cash 1.65%	Managed Futures 14.15%	Hedge Funds 9.64%	S&P 500 4.91%
Fixed Income Inverse 5.47%	Cash 5.26%	Hedge Funds -0.36%	Cash 4.68%	Managed Futures 4.25%	Fixed Income Inverse -3.66%	Long/Short -1.60%	Bonds 4.11%	Managed Futures 5.96%	Equity Leverage 4.16%
Cash 5.21%	Managed Futures 3.11%	Currency -5.50%	Bonds -0.83%	Long/Short 2.08%	Long/Short -3.67%	Currency -12.76%	Cash 1.02%	Bonds 4.34%	Cash 2.98%
Currency 3.96%	International Equity 2.06%	Fixed Income Inverse -12.04%	Managed Futures -4.70%	S&P 500 -9.11%	S&P 500 -11.88%	Fixed Income Inverse -14.09%	Fixed Income Leverage -0.22%	Cash 1.20%	Bonds 2.43%
Bonds 3.61%	Fixed Income Inverse -10.50%	REITs -18.82%	REITs -6.48%	Fixed Income Inverse -13.45%	Equity Leverage -20.83%	International Equity -15.66%	Fixed Income Inverse -0.97%	Equity Inverse -6.62%	Equity Inverse 0.96%
Fixed Income Leverage -3.83%	Commodities -14.07%	Equity Inverse -18.86%	Equity Inverse -13.78%	International Equity -13.96%	International Equity -21.21%	S&P 500 -22.10%	Currency -14.66%	Currency -6.98%	Managed Futures -0.11%
Equity Inverse -11.53%	Equity Inverse -20.61%	Commodities -35.75%	Fixed Income Leverage -18.06%	Equity Leverage -18.17%	Commodities -31.93%	Equity Leverage -34.16%	Equity Inverse -20.94%	Fixed Income Inverse -7.72%	Fixed Income Inverse -6.06%

Bonds	Lehman Brothers Aggregate Bond Index
Cash	Lehman Brothers U.S. 30-Day Treasury Bill Index
Commodities	Goldman Sachs Commodity Index®
Currency	U.S. Dollar Index
Equity Inverse*	100% of daily inverse of the S&P 500®
Equity Leverage*	S&P 500 leveraged 150% daily
Fixed Income Inverse*	100% of the daily inverse of the U.S. Government Long Bond price
Fixed Income Leverage*	U.S. Government Long Bond leveraged 120% daily
Hedge Funds	Tremont Hedge Fund Index
International Equity	MSCI EAFE Index
Long/Short	Tremont Long Short Equity Fund Index
Managed Futures	Tremont Managed Futures Index
REITs	NAREIT (National Association of Real Estate Investment Trusts)®
S&P 500	S&P 500 Index

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MODERN MARKETS ASSET CLASSES

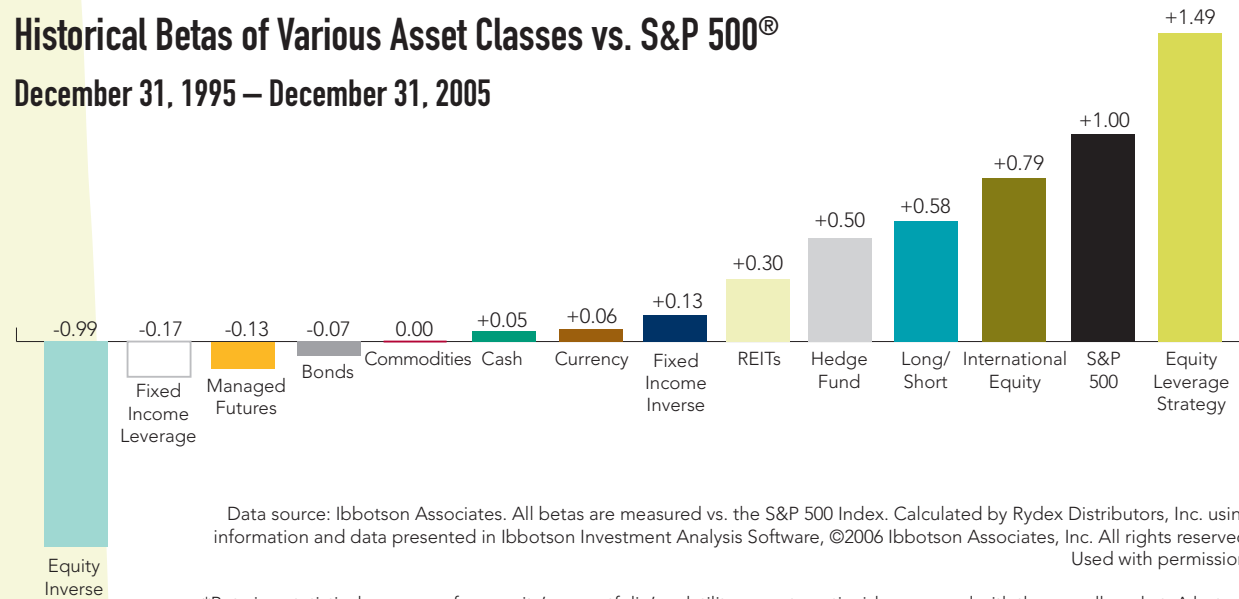
Many investors who believe their portfolios are diversified aren't as diversified as they think. That's because traditional portfolios are comprised exclusively of stocks, bonds and cash. While stocks and bonds may complement each other during up markets, they can move in the same direction during flat or downward markets.

Diversifying to reduce risk

As shown in the chart below, adding noncorrelated asset classes—that is, those whose movements are unrelated to stocks and bonds—increases a portfolio's diversification. In addition, it can potentially boost returns and help manage risk.

Historical Betas of Various Asset Classes vs. S&P 500®

December 31, 1995 – December 31, 2005



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*Beta is a statistical measure of a security's or portfolio's volatility, or systematic risk compared with the overall market. A beta of less than 1 indicates lower risk than the market; a beta of more than 1 indicates higher risk than the market.

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More than 70% of individual investors believe they will have 8%-plus annual returns over the next 10 years.¹ But those kinds of returns are unlikely to come from stocks and bonds alone.

Taking advantage of true diversification is just one of the seven tenets proposed in Essential Portfolio TheorySM (EPT)—a framework that seeks to improve portfolio performance based on concepts that historically have been proven effective for leading institutional investors.

Seven Tenets of Essential Portfolio Theory

1. Take advantage of "true" diversification
2. Use leverage with diversification to achieve a targeted risk/return objective
3. Offset the constraints of long-only portfolios
4. Move away from capweighting
5. Incorporate current and forward-looking data
6. Implement multifactor strategies
7. Employ rules-based rebalancing

Unlike your investment goals, markets have changed. It's time to embrace a new approach to investing. Contact your financial advisor today to see how to put Essential Portfolio Theory to work for you.

¹ SOURCE: Neuwirth Research, Inc. survey of 500 individual investors, conducted June 2005.

Diversification neither assures a profit nor eliminates the risk of experiencing investments losses.