

Morningstar Market Commentary

Q410

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- 2 Sector Indexes
- 3 Style & Cap Indexes
- 5 Fixed Income
- 7 Commodities
- 8 Recap

A strong fourth-quarter rally capped an impressive 2010 for U.S. stocks.

Q4 Morningstar Market Barometer



Q4 Morningstar Indexes

| Stocks | |
|---------------------------|-------|
| US Market Index | 11.49 |
| Global Ex-US | 7.88 |
| Developed Ex-US | 8.45 |
| Emerging Markets | 5.47 |
| Bonds | |
| Core Bond Index | -1.33 |
| Commodities | |
| Long-Only Commodity Index | 18.72 |

The Morningstar US Market Index returned 16.8% in 2010, largely due to an 11.5% gain in the fourth quarter. In November, the Federal Reserve announced a \$600 billion second round of quantitative easing, sparking a rally in equities. Investors put concerns about the economy aside and drove the stock market higher. Investors received another gift when Congress extended the Bush-era tax cuts for all Americans, relieving fears of higher taxes on income and investments in 2011. The rally helped the market reach two-year highs, but the major indexes are still significantly below their 2007 peak.

Although the market performed well, many investors had expected this to be the year that we would put the Great Recession behind and move on to a strong recovery. That has not entirely been the case. Despite the market's rapid rise, the economic outlook remains cloudy. The unemployment rate has remained unchanged from where it started the year, just under 10%. We are no longer seeing widespread job losses, but we have also not seen the aggressive hiring that is going to be necessary to put a dent in the unemployment rate. GDP data have shown that our economy is growing, but the sustainability of the recovery is still in question. The housing market remains weak and has not shown definitive signs of a bottom.

Prices are still falling, and interest rates appear to have bottomed. A rapid rise in interest rates could cripple the chances of a housing recovery.

The much anticipated correction in the bond markets started in earnest during the fourth quarter, leaving major bond indexes in the red. Improving prospects for more robust economic growth contributed to the increase in interest rates, both in the U.S., and globally. Volatility in Europe persisted, as investors continue to weigh in on possible outcomes for the sovereign credit crisis. The same growth prospects and deleveraged balance sheets led to additional narrowing of corporate yield spread premiums. The Morningstar US Core Bond Index, our broadest measure of the U.S. bond markets, fell 1.33% for the quarter—its worst quarterly results since the second quarter of 2004.

The market started to get a glimpse at signs of inflation this quarter. Gold has been rallying for some time, but other commodities joined the party this quarter. The Morningstar Agriculture Commodity Index spiked 26.7% this quarter, the metals index was up 14.9%, and the energy index was up 10.4%. Oil prices broke \$90 a barrel, causing an added burden to consumers' already stretched budgets. Interest rates also rose this quarter, even in the face of quantitative easing.

Overview

Strong performance out of energy and basic material stocks helped Morningstar's Sensitive and Cyclical Super Sectors lead the way this quarter with returns of 13.4% and 13.2%, respectively. The Defensive Super Sector trailed with a return of just 4.2%.

A Closer Look

Cyclical Super Sector 13.27%

The Morningstar Cyclical Super Sector posted an impressive quarter with a return of more than 13%. The super sector was the best performing of the year, with a return of 18.9%.

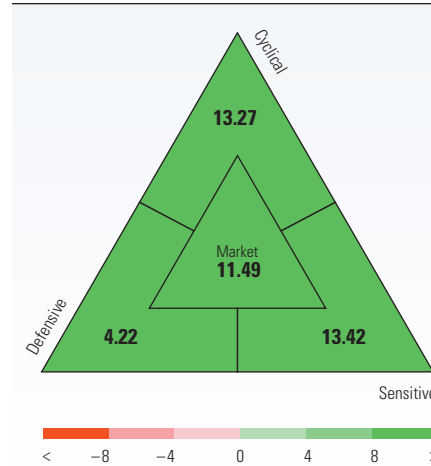
The Morningstar Basic Materials Sector Index benefited from the rise in commodity prices and jumped 21.9% in the quarter. The biggest contributors this quarter were Monsanto, which saw a jump of 46%, and Freeport-McMoRan, which was up 42%.

Even though residential housing prices remain weak, real estate stocks performed well in 2010. The sector added 7.4% in the fourth quarter for an annual return of 27%. Top performers in the quarter were CBL & Associates Properties, Forest City Enterprises, and Post Properties, which were all up more than 30%.

Defensive Super Sector 4.22%

The Morningstar Defensive Super Sector lagged the market in the fourth quarter with a return of just 4.2%. The Super Sector saw poor performance across the board from all of its sector components. Utilities returned just 2.4%, health care performed

Q4 Morningstar Sector Delta and Return %



| Sector | Quarter | 1-Year | 3-Year |
|------------------------|--------------|--------------|--------------|
| Cyclical Super | 13.27 | 18.85 | -7.75 |
| Basic Materials | 21.93 | 24.87 | -0.18 |
| Consumer Cyclical | 14.24 | 30.53 | 4.83 |
| Financial Services | 12.10 | 11.81 | -14.57 |
| Real Estate | 7.43 | 27.40 | -0.29 |
| Sensitive Super | 13.42 | 16.89 | -2.59 |
| Communication Svcs | 9.76 | 23.16 | 1.08 |
| Energy | 22.49 | 23.38 | 0.61 |
| Industrials | 12.56 | 24.16 | -2.28 |
| Technology | 11.49 | 13.39 | 2.11 |
| Defensive Super | 4.22 | 6.36 | -2.28 |
| Consumer Defensive | 6.18 | 14.46 | 3.55 |
| Health Care | 4.47 | 5.11 | -0.85 |
| Utilities | 2.35 | 7.31 | -4.82 |

Morningstar Super Sectors

| | P/E | P/B | Yield % | Earn Growth | Sales Growth |
|------------------------|-------|------|---------|-------------|--------------|
| Cyclical Super Sector | 14.14 | 2.30 | 3.27 | 8.80 | 4.14 |
| Sensitive Super Sector | 15.43 | 2.47 | 2.19 | -7.60 | -3.89 |
| Defensive Super Sector | 14.14 | 2.30 | 3.27 | 8.80 | 4.14 |

slightly better at 4.5%, and consumer defensive stocks managed a gain of 6.2%.

Despite some strong gains from companies receiving takeover bids, including King Pharmaceuticals (+41%), Tenet Healthcare (+42%), and Beckman Coulter (+55%), health care still trailed the broad market. Health care has underperformed throughout the year, and the trend showed no sign of reversing in the fourth quarter. Health care has been more cyclical this recession than in previous recessions. In addition to the large uninsured population caused by unemployment, rising deductibles and copays have forced even the insured population to cut back on its health-care spending. The health-care reform bill has been passed, but a lot of uncertainty still remains about how it will be implemented.

Sensitive Super Sector 13.42%

Morningstar's Sensitive Super Sector was the top performer this quarter, producing a gain of 13.4%

The Morningstar Sensitive Super Sector rode rising oil prices to produce a strong quarter. Energy was the top-performing sector of the entire market and returned 22.5%. The super sector also received good performance from industrial (+12.6%) and technology (+11.5%) stocks.

For the year, the super sector posted a 16.9% return. Before the fourth-quarter rally, the energy sector was up less than 1% in the first three quarters of 2010. Technology was also mostly flat on the year before the end-of-year run-up. Industrial stocks carried the sector through the first three quarters, rising around 11.5% as investors started betting on a global recovery and increased demand for manufacturing and machinery.

Overview

Returns across the Morningstar Value, Core, and Growth indexes were fairly consistent for the quarter and for the year. All three of the indexes produced annual returns within 50 basis points of one another. Size indexes, however, showed significant variance. As has been the case for the past 10 years, large-cap stocks again under-performed. The Morningstar Large Cap Index returned 10.7% for the quarter, while the Mid Cap and Small Cap indexes rallied 24.9% and 28.4%, respectively.

A Closer Look

■ Morningstar US Value Index 10.15%

The Morningstar US Value Index produced a return of 10.15% in the quarter, trailing both the core and growth indexes. The value index's biggest contributors were large energy companies such as ExxonMobil (+19.1%), Chevron (+13.6), ConocoPhillips (+19.7%), and Apache (+22.1%), which have a heavy weighting in the index. Although a much smaller component of the index, W&T Offshore also had a noteworthy quarter, with a return of 76%.

The index also benefited from the strong performance of Ford shares in the quarter. The General Motors initial public offering helped drive renewed investor interest and confidence in the American automobile manufacturers, sending Ford shares up more than 37%.

■ Morningstar US Core Index 11.51%

The Morningstar US Core Index gained 11.5% in the quarter to finish the year with a return of 16.7%. The index narrowly beat out the value index but slightly trailed the growth index for the year.

Trailing Returns



Morningstar Style & Cap Indexes

| | P/E | P/B | Yield % | Earn Growth | Sales Growth |
|-----------------------|-------|------|---------|-------------|--------------|
| Morningstar US Value | 11.60 | 1.41 | 3.06 | -10.07 | -7.27 |
| Morningstar US Core | 15.57 | 2.19 | 2.14 | -6.49 | 0.80 |
| Morningstar US Growth | 19.69 | 3.26 | 1.44 | 9.18 | 5.82 |
| Morningstar Large Cap | 14.44 | 2.09 | 2.35 | -5.41 | -1.96 |
| Morningstar Mid Cap | 16.24 | 1.99 | 2.20 | -0.22 | -3.23 |
| Morningstar Small Cap | 17.27 | 1.78 | 2.18 | -5.72 | -6.05 |

Following the theme this quarter, basic materials and energy stocks were the most significant drivers of the gains. Hecla Mining (+78%), Patriot Coal (+70%), Occidental Petroleum (+26%), and National Oilwell Varco (+51%) carried the index to a solid quarter. For the year, the index's 16.7% gain beat the value index by 8 basis points but trailed the growth index.

The index's top-performing stock in the third quarter, Savient Pharmaceuticals, ended up being one of its worst performers in the fourth quarter. The drug company's stock fell 51% in the quarter, because investors were expecting a sale of the company that did not materialize.

For-profit education companies' stocks remained under pressure in the fourth quarter as they face new regulations from the government, causing Corinthian Colleges to be a large detractor with a decline of 26%.

■ Morningstar US Growth Index 12.92%

In 2010, investors regained enough confidence in the economy to leave value stocks and move back into growth. The Morningstar US Growth Index narrowly outperformed the core index by returning 12.9% this quarter. With this quarter's gain's, the index finished the year up 17.1% and outperforming its peers.

The growth index is heavily concentrated in tech companies, and although its large components did not see the astronomical gains that some energy companies saw, they still provided solid returns in the quarter. Apple hit a record high in the quarter with a gain of 14%, Microsoft released some new Windows 7 phones and gained 15%, and although Google's bid for Groupon flopped, its stock returned 13%. Comcast's merger with NBC got delayed to 2011, but investors didn't seem to mind and the stock rose 22%. Amazon also posted a solid quarter with a 15% gain, as investors

expected 2010 to be a record holiday season for online shopping.

Cisco was one of the biggest drags on the index with a decline of 8%. The tech giant reported mixed earnings results and issued guidance that disappointed Wall Street. Other notable laggards were Visa and MasterCard. The two payment processors got hit when the government proposed increased regulation on debit card transaction fees.

Morningstar Large Cap Index 10.65%
The Morningstar US Large Cap Index returned 10.7% this quarter and 13.4% for the year. The large-cap index is heavily concentrated in large energy, financial, and health-care companies, which make up some of the largest businesses in the country by market cap. Large-cap financial institutions performed fairly well this quarter, led by Wells Fargo (+23%) and Citigroup (21%). Energy stocks' success in the quarter was also a boost for the large-cap index, specifically Schlumberger and its 36% gain. Large-cap health-care stocks dragged the index lower.

A few large-cap consumer companies struggled in

the quarter. Best Buy released weak earnings and the stock fell 15%. The electronics retailer is dealing with increased competition on multiple fronts. Even though Circuit City no longer exists, Best Buy has seen increased competition from Wal-Mart, Costco, and Amazon. General Mills also struggled in the quarter, falling 2%. Increasing commodity costs squeezed General Mills' bottom line.

Morningstar Mid Cap Index 13.04%
Mid-cap stocks rallied nearly 25% this year after a 13% gain in the final quarter of the year. The index benefited from strong gains across a variety of industries this quarter.

The top contributor was Sandisk with a 36% return. The flash memory manufacturer continues to benefit as the demand for flash memory is growing with increased demand for smartphones and tablets. Basic material and energy companies also significantly contributed to the index. Massey Energy increased 73% in the quarter and SM Energy added 58%.

Merger and acquisition activity helped the mid-cap index this quarter. Del Monte Foods received a

\$5.3 billion offer from private equity, sending shares up 44% in the quarter. Beckman Coulter put itself up for sale and saw its shares run up 55%.

Morningstar Small Cap Index 15.67%
The Morningstar Small Cap Index extended its winning streak in 2010. Its fourth-quarter gain of 15.7% return beat the large cap index by 5 percentage points.

The small-cap index's components saw strong performance across the board, from cancer drug manufacturer Onyx Pharmaceuticals (+39.8%) to online employment company Monster Worldwide (+82.3%).

Consumer stocks were a mixed bag for the small-cap index. The index saw some great performers—UGG boot maker Deckers Outdoor was up 60%, Dillard's was also up 61%, and Foot Locker was up 36%, but many others dragged the index. Regis, the global operator of more than 10,000 hair salons and treatment centers, saw its stock get clipped 13%. Barnes & Noble also fell this quarter, down 11% as it continues to struggle with competition from Amazon.com and the consumers' increased adoption of e-books.

Fund Categories and Benchmarks

Managers posted mixed results in the fourth quarter. Value managers performed very well. Mid-cap value managers were the best performers, with 81.9% of the managers beating their benchmarks, but small and large value also posted very impressive results. More than 73% of small cap value managers and 70% of large cap value managers beat their benchmarks. Growth and core managers performed much more poorly, with the majority of managers trailing their benchmarks. Mid-cap core funds had the hardest time this quarter, with just 35.6% of managers beating their benchmark.

Active vs. Passive

| | Value | Core | Growth |
|-------|----------------|----------------|----------------|
| Large | 70.50 9.56 | 52.84 10.43 | 42.11 12.11 |
| Mid | 81.90 10.99 | 35.61 13.84 | 39.73 14.27 |
| Small | 73.20 13.88 | 47.62 16.04 | 44.34 16.91 |

☑ Actively managed mutual funds outperforming their respective benchmark (%)¹

▲ Index Returns (%), Q4.

¹Includes the oldest share class for all U.S. diversified mutual funds with at least a one-year history. As of December 31, 2010 there were 2,268 eligible funds. Morningstar classifies funds into style categories based on the average style score (using the same 10-factor methodology as underlying benchmarks) of all available portfolio holdings over a three-year period.

Overview

The much anticipated correction in the bond markets started in earnest during the fourth quarter, leaving major bond indexes in the red. Improving prospects for more robust economic growth contributed to the increase in interest rates, both in the U.S., and globally. Volatility in Europe persisted, as investors continue to weigh in on possible outcomes for the sovereign credit crisis. The Morningstar US Core Bond Index, our broadest measure of the U.S. bond markets, fell 1.33% for the quarter – its worst quarterly results since the second quarter of 2004.

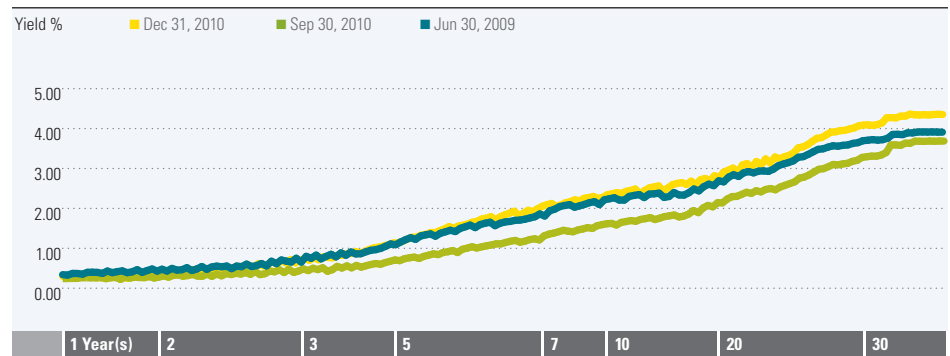
A Closer Look

Rates Take Direction

At the end of the third quarter, we suggested that the bond markets were at an inflection point that reflected very diametric views regarding the future direction of interest rates. One view predicts persistent high unemployment, and shrinking relevance of the U.S. on the global economic stage, thereby leading to a double-dip recession and lower interest rates. The other view saw the Federal Reserve's accommodation as being aggressive enough to avoid a Japan-like scenario, giving a kick-start to the economy, resulting in higher consumer prices and interest rates. The debate persists, but the fourth quarter's evidence suggests the bond bears are winning.

Almost uniformly, developed country sovereign interest rates have risen during each of the last three months. In the U.S., we attribute this to the prospects for growth, while in Europe, the higher interest rates appear to be more a reflection of the continuing sovereign credit crisis. The Morningstar US Treasury Index fell every month this quarter – down a total of 2.61% - the second-worst quarterly performance of the decade. The index's average yield rose 0.46%, to 1.85% during the quarter.

Treasury Yield Curve



Morningstar Bond Indexes

| | | Returns | | Statistics | | | |
|------------------------------|--------------------------|---------|-------|--------------------|----------------|-------------------|------------------|
| | | QTR | YTD | Market Value \$Mil | Credit Quality | Yield to Maturity | Average Duration |
| Broad Market | Core Bond | -1.33 | 6.33 | 12505 | AA+ | 2.45 | 4.40 |
| Sector | US Govt | -2.45 | 5.77 | 5606 | AAA | 1.82 | 4.92 |
| | Corporate | -1.54 | 8.51 | 2694 | A | 3.78 | 5.99 |
| | Gov Guaranteed | 0.02 | 2.99 | 75 | AAA | 0.66 | 1.63 |
| | Mortgage | 0.39 | 5.76 | 4126 | AAA | 2.48 | 2.72 |
| Maturity | Short-Term Core | -0.28 | 3.46 | 3594 | AA+ | 1.02 | 2.16 |
| | Interm. Core | -0.56 | 6.25 | 6233 | AAA | 2.48 | 3.40 |
| | Long-Term Core | -4.45 | 10.19 | 2673 | AA- | 4.32 | 9.78 |
| Inflation Prot. Secs. | TIPS | -0.70 | 6.37 | 575 | AAA | 0.50 | 7.62 |
| Global Sovereign | Global Govt USD | -1.96 | 4.83 | 17172 | AA+ | 2.20 | 6.13 |
| | Global Govt ex-US USD | -1.71 | 4.61 | 11860 | AA+ | 2.33 | 6.58 |
| | Australasian IL | 5.00 | 18.88 | 153 | AAA | 5.26 | 4.29 |
| | Canadian IL | -1.13 | 6.48 | 323 | AAA | 2.58 | 6.65 |
| | Eurozone IL | -3.50 | 1.19 | 5310 | AA+ | 3.51 | 6.04 |
| | Japanese IL | -0.84 | 2.34 | 4697 | AA | 0.74 | 6.68 |
| | Swiss IL | -1.32 | 4.04 | 89 | AAA | 1.25 | 6.88 |
| | UK IL | -2.08 | 7.52 | 1287 | AAA | 2.96 | 8.66 |
| Europe | Eurobond Corp IL | -1.89 | 4.12 | 1554 | A+ | 3.24 | 4.37 |
| | European Bank Capital IL | -3.05 | 4.31 | 294 | A | 4.82 | 9.18 |
| | European Covered IL | -2.26 | 1.40 | 756 | AAA | 3.65 | 4.09 |
| | UK Eurobond Corp IL | -2.87 | 7.14 | 244 | A+ | 4.52 | 7.70 |
| | UK Bank Capital IL | -5.18 | 7.64 | 51 | BBB+ | 7.41 | 13.93 |
| Emerging Market | Composite USD | -0.69 | 13.95 | 486 | BB+ | 6.09 | 6.01 |
| | Sovereign USD | -1.72 | 12.44 | 350 | BBB- | 5.36 | 6.71 |
| | Corporate USD | 2.05 | 18.05 | 137 | BB | 7.97 | 4.21 |

USD—unhedged returns in USD IL—returns in local currency

The rating agencies were active once again reevaluating European sovereign credits. Spain, Ireland, Portugal and Greece are back under review by Standard and Poor's while Moody's cut Ireland's

rating five notches to Baa1, only three notches above investment grade. The crisis to this point has stayed largely at the peripheries, which makes the risk of France losing its AAA rating all the

more unsettling. The agencies are not making this suggestion. However, the markets are.

Using credit default swaps to take the market's measure of creditworthiness, we see French Government bonds trading at levels more consistent with triple-B rated bonds. The Morningstar Euro Government Bond Index lost 3.50% during the quarter in local terms, and lost 5.17% in U.S. dollar terms.

At the bottom of the European performance list: the Morningstar Ireland Government Index fell 8.36% on the quarter. At the top: Germany and Portugal indexes fell 2.41% and 0.84%, respectively.

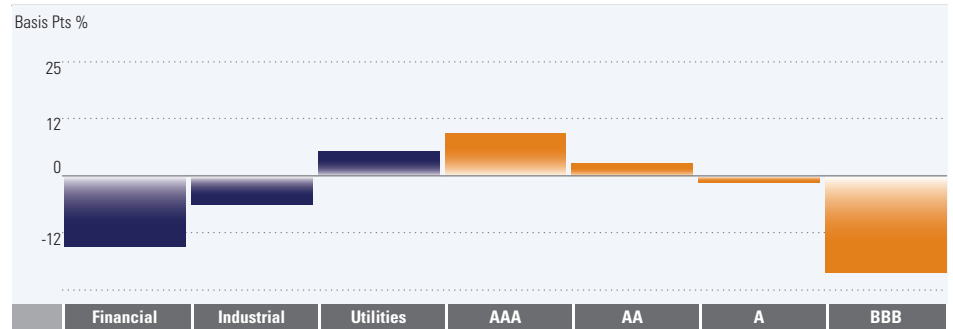
Credits Back to Where They Started

In terms of yield spread premiums, U.S. corporate credits ended the year just where they started after spreads narrowed over the course of the fourth quarter. The yield premium on the Morningstar US Corporate Bond index ended the year at 157 basis points—all of 3 basis points lower than where they finished 2009. The continued strong performance of the corporate bond sector over the quarter is a reflection of exceptionally strong corporate balance sheets.

The deleveraging and free cash-flow generation has not gone unnoticed by the rating agencies. For the first time since 1997, U.S. companies receiving ratings upgrades from Standard & Poor's outnumbered those getting downgrades. The Corporate Bond Index fell 0.81% in December, to finish the quarter off 1.54%.

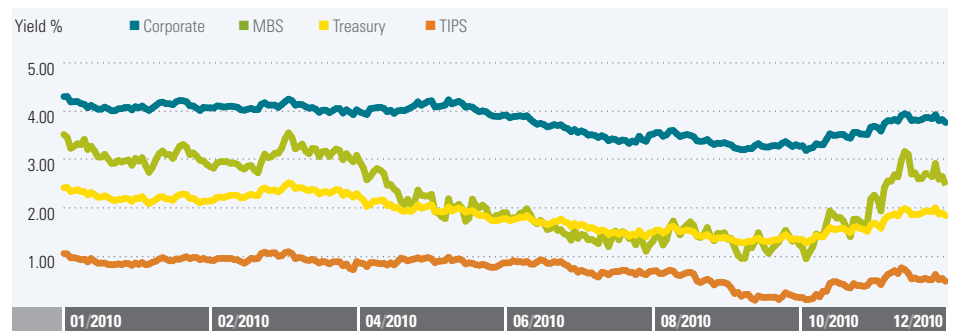
European credits did not fare as well, with concerns of banks' exposure to troubled sovereign lenders pushing yield spread premiums higher. The yield spread premium on the Morningstar Eurozone Bond Index is 16 basis points higher on the quarter; the bank sector widened over 32 basis points. Sterling denominated corporate credits widened 14 basis points over the quarter. Prospect for improvement would appear to be low until such time that sovereign debt turbulence mitigates.

Credit Spread Change by Sector and Quality



Credit spread is the yield difference between the US Treasury Index and Corporate Bonds by Index.

US Indexes: Average Yields



Pick of the Year

The emerging markets arena got its well-deserved share of attention in 2010. A structural shift, characterized by improving fundamentals throughout the past decade, has increased the allure of this segment of the bond market. The image that prevailed in the 1980s and 1990s of chronically indebted emerging markets no longer applies. Emerging-market economies are growing faster than they are in developed countries, and debt-to-GDP ratios are substantially lower. As a result, emerging market debt now seems worthy of strategic allocation in many investors' portfolios.

The Morningstar Emerging Markets Sovereign Index gave back 1.72% for the quarter, but finished the year up 12.44%, far outpacing any developed sovereign or investment-grade sector. The Emerging Market Corporate Index ended the quarter up 2.05%, and ended the year up 18.05%. The strongest region in 2010 was Asia/Pacific,

which rose just short of 16% in the Emerging Market Composite Index. The Americas and Europe/Middle East/Africa lagged, rising 14.03% and 12.41%, respectively.

The epicenter for the global bond investor in 2011 will likely remain in developed Europe. The implications of a triple A-rated sovereign losing the top rating could lead to an epidemic of additional downgrades that further threatens the survival of the euro.

U.S. investors need to consider the prospects that a rising interest rate environment will be the rule for the short and intermediate term. Catalyzed by historically low benchmark yields in 2009 and 2010 investors made the reach for yield, squeezing premiums back to long term historic averages. Time will tell if there is additional premium to wring out.

Overview

Commodities soared in the fourth quarter of 2010, as investors continue to increase their investment allocation to commodities. The Morningstar Long-Only Commodity Index rose 18.7% in the quarter and the Long/Short Commodity Index returned 17.2%.

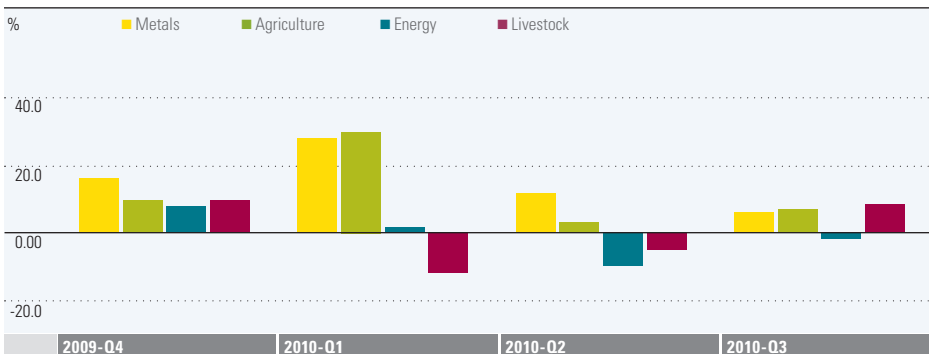
A Closer Look

Renewed fears of inflation and a weak dollar caused by the Fed's new \$600 billion purchasing plan helped drive nearly all commodities higher. Some signs of an improving global economy are also helping drive increased demand expectations, especially in China and the emerging markets.

The Morningstar Metals Commodity Index rallied 14.9% in the quarter, continuing a multiyear rally. For the year, the index posted a massive 44% gain. Gold receives much of the attention, but silver posted even better returns in 2010. J.P. Morgan's announcement that it intends to create a new copper-backed exchange-traded fund is a testament to investors' rampant appetite for commodity investments.

The price of oil cracked \$90 a barrel in late December, helping to drive the Morningstar Energy Commodity Index up 10.4%. The sharp rally brought back bad memories of the oil spike in 2008, and rising gas prices remain a significant threat to an American economic rebound. Agriculture also had a big quarter, adding 26.7% to finish the year up 45.8%. Even livestock joined in the rally, gaining 4.7% in the quarter.

Quarterly Commodity Sector Returns



Morningstar Commodity Index Returns %

| | Quarter | 1-Year | 3-Year | 5-Year | 10-Year | YTD |
|-------------|---------|--------|--------|--------|---------|--------|
| Long-Only | 18.72 | 23.62 | -1.05 | 4.95 | 9.23 | 23.62 |
| Long/Flat | 17.65 | 17.39 | 6.54 | 8.59 | 9.67 | 17.39 |
| Long/Short | 17.19 | 11.43 | 6.07 | 6.91 | 8.32 | 11.43 |
| Short/Flat | -0.22 | -5.29 | 0.3 | 0.69 | 0.66 | -5.29 |
| Short-Only | -13.97 | -19.16 | -3.29 | -3.31 | -7.3 | -19.16 |
| Agriculture | 26.74 | 45.77 | 6.1 | 12.34 | 7.59 | 45.77 |
| Energy | 10.38 | -1.92 | -18.29 | -12.12 | 1.94 | -1.92 |
| Livestock | 4.73 | 17.27 | -7.56 | -5.23 | 2.71 | 17.27 |
| Metals | 14.94 | 44.38 | 20.63 | 24.37 | 20.66 | 44.38 |

Conclusion

The U.S. stock market finished out the final quarter of 2010 with an impressive double-digit gain. Encouraging GDP data, more Federal Reserve intervention, and the extension of tax cuts helped drive the rally.

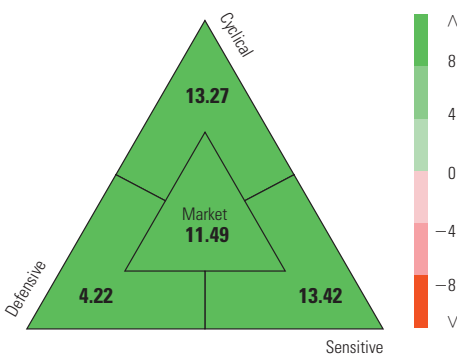
Despite the stock market's strong year, the U.S. economy still faces significant headwinds. Millions of Americans are still out of work, and millions more are underemployed. Unemployment benefits are just beginning to expire for the bulk of Americans who were laid off during the worst of the recession, which will probably cause even more stress to the economy if hiring does not pick up. Housing also remains fragile. Last year brought a record number of foreclosures, and housing prices have continued to sink. The stock market is signaling optimism, but there are still many challenges ahead. ■■■

Q4 Style Indexes



| Index | Total Returns % | | | | | Price/Earnings | Price/Book | Yield% | 5-Yr Earn Growth |
|------------------------------|-----------------|--------------|--------------|-------------|-------------|----------------|-------------|-------------|------------------|
| | 3 Mo. | 1-Year | 3-Year | 5-Year | 10-Year | | | | |
| Morningstar US Market | 11.49 | 16.80 | -1.88 | 2.97 | 2.19 | 14.93 | 2.04 | 2.31 | -4.85 |
| Large Cap | 10.65 | 13.44 | -3.35 | 2.23 | 0.57 | 14.44 | 2.09 | 2.35 | -5.41 |
| Mid Cap | 13.04 | 24.92 | 1.13 | 4.46 | 6.14 | 16.24 | 1.99 | 2.20 | -0.22 |
| Small Cap | 15.67 | 28.37 | 4.17 | 5.62 | 7.56 | 17.27 | 1.78 | 2.18 | -5.72 |
| US Value | 10.15 | 16.65 | -4.05 | 1.46 | 4.19 | 11.60 | 1.41 | 3.06 | -10.07 |
| US Core | 11.51 | 16.73 | -0.54 | 3.93 | 3.09 | 15.57 | 2.19 | 2.14 | -6.49 |
| US Growth | 12.92 | 17.11 | -1.32 | 3.16 | -1.54 | 19.69 | 3.26 | 1.44 | 9.18 |
| Large Value | 9.56 | 14.69 | -6.54 | 0.44 | 2.60 | 11.43 | 1.46 | 3.10 | -12.28 |
| Large Core | 10.43 | 12.93 | -2.02 | 3.37 | 1.29 | 15.09 | 2.21 | 2.20 | -6.75 |
| Large Growth | 12.11 | 12.91 | -1.78 | 2.38 | -3.20 | 18.61 | 3.35 | 1.52 | 10.99 |
| Mid Value | 10.99 | 20.61 | 1.67 | 3.36 | 7.71 | 11.86 | 1.29 | 2.93 | 1.85 |
| Mid Core | 11.51 | 16.73 | -0.54 | 3.93 | 3.09 | 15.57 | 2.19 | 2.14 | -6.49 |
| Mid Growth | 14.27 | 27.67 | -0.87 | 5.04 | 2.43 | 23.16 | 3.13 | 1.05 | 4.26 |
| Small Value | 13.88 | 25.96 | 6.48 | 5.89 | 10.89 | 13.17 | 1.25 | 3.00 | -7.83 |
| Small Core | 16.04 | 27.77 | 4.47 | 5.50 | 9.19 | 17.61 | 1.81 | 1.68 | -6.31 |
| Small Growth | 16.91 | 31.26 | 1.60 | 5.09 | 2.59 | 23.62 | 2.85 | 1.11 | 4.11 |

Q4 Sector Indexes



| Index | Total Returns % | | | | | Price/Earnings | Price/Book | Yield% | 5-Yr Earn Growth |
|------------------------|-----------------|--------------|--------------|--------------|--------------|----------------|-------------|-------------|------------------|
| | 3 Mo. | 1-Year | 3-Year | 5-Year | 10-Year | | | | |
| Cyclical Super | 13.27 | 18.85 | -7.75 | -4.85 | -0.64 | 14.14 | 2.30 | 3.27 | 8.80 |
| Basic Materials | 21.93 | 24.87 | -0.18 | 7.84 | 8.68 | 15.84 | 2.47 | 1.53 | -19.66 |
| Consumer Cyclical | 14.24 | 30.53 | 4.83 | 3.32 | 4.08 | 17.30 | 2.72 | 1.63 | -0.90 |
| Financial Services | 12.10 | 11.81 | -14.57 | -9.66 | -2.64 | 11.90 | 0.97 | 1.42 | -10.85 |
| Real Estate | 7.43 | 27.40 | -0.29 | 1.98 | 10.24 | 36.38 | 2.16 | 3.42 | -12.21 |
| Sensitive Super | 13.42 | 16.89 | -2.59 | 4.55 | 0.80 | 15.43 | 2.47 | 2.19 | -7.60 |
| Communication Svcs | 9.76 | 23.16 | 1.08 | 7.61 | -0.39 | 12.82 | 1.73 | 5.40 | 5.19 |
| Energy | 22.49 | 23.38 | 0.61 | 10.14 | 12.19 | 14.16 | 1.91 | 1.99 | -20.43 |
| Industrials | 12.56 | 24.16 | -2.28 | 3.82 | 4.67 | 17.40 | 2.46 | 2.07 | -8.81 |
| Technology | 11.49 | 13.39 | 2.11 | 6.59 | -0.47 | 16.58 | 3.40 | 1.47 | 10.54 |
| Defensive Super | 4.22 | 6.36 | -2.28 | 2.17 | 0.68 | 14.14 | 2.30 | 3.27 | 8.80 |
| Consumer Defensive | 6.18 | 14.46 | 3.55 | 7.55 | 6.18 | 15.78 | 3.17 | 3.04 | 6.00 |
| Health Care | 4.47 | 5.11 | -0.85 | 2.35 | 0.28 | 13.59 | 2.22 | 2.98 | 15.22 |
| Utilities | 2.35 | 7.31 | -4.82 | 4.23 | 3.25 | 11.99 | 1.37 | 4.50 | 0.76 |

Bond Indexes

| | 3 Mo. | 1-Year | 3-Year | 5-Year |
|-------------------|-------|--------|--------|--------|
| Core | -1.33 | 6.33 | 6.16 | 6.01 |
| US Government | -2.45 | 5.77 | 5.21 | 5.54 |
| Corporate | -1.54 | 8.51 | 7.06 | 6.17 |
| Mortgage | 0.39 | 5.76 | 6.64 | 6.39 |
| Short-Term | -0.28 | 3.46 | 4.20 | 4.80 |
| Intermediate Term | -0.56 | 6.25 | 6.59 | 6.36 |
| Long-Term | -4.45 | 10.19 | 7.57 | 6.58 |
| Global Govt ex-US | -1.71 | 4.61 | 6.22 | 7.36 |
| EM Composite | -0.69 | 13.95 | 9.28 | 8.61 |

Commodity Indexes

| | 3 Mo. | 1-Year | 3-Year | 5-Year | 10-Year | 15-Year |
|-------------|--------|--------|--------|--------|---------|---------|
| Long-Only | 18.72 | 23.62 | -1.05 | 4.95 | 9.23 | 10.05 |
| Long/Flat | 17.65 | 17.39 | 6.54 | 8.59 | 9.67 | 12.02 |
| Long/Short | 17.19 | 11.43 | 6.07 | 6.91 | 8.32 | 12.68 |
| Short/Flat | -0.22 | -5.29 | 0.3 | 0.69 | 0.66 | 3.73 |
| Short-Only | -13.97 | -19.16 | -3.29 | -3.31 | -7.3 | -3.67 |
| Agriculture | 26.74 | 45.77 | 6.1 | 12.34 | 7.59 | 3.37 |
| Energy | 10.38 | -1.92 | -18.29 | -12.12 | 1.94 | 10.22 |
| Livestock | 4.73 | 17.27 | -7.56 | -5.23 | 2.71 | 3.18 |
| Metals | 14.94 | 44.38 | 20.63 | 24.37 | 20.66 | 12.31 |