Morningstar Market Commentary

Q308

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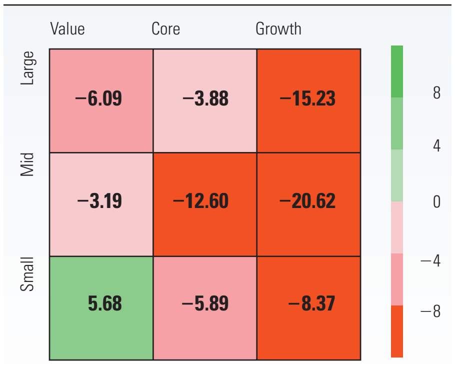
Turbulence Buffeted the Markets as Government Intervention Failed to Quell Market Fears

Q3 Morningstar Market Barometer



Q3 Morningstar Indexes

Stocks	
US Market Index	−8.87
Bonds	
Core Bond Index	0.13
Commodities	
Long-Only Commodity Index	−27.77

Economics may be the dismal science, but the third-quarter of 2008 has been one of high economic drama. The ongoing financial crisis that claimed investment bank Bear Stearns in the first quarter of 2008, and that has roiled markets all year, accelerated to push Lehman Brothers into bankruptcy, put mortgage lenders Fannie Mae and Freddie Mac into U.S. government conservatorship, and force distressed insurance behemoth AIG to take an $85 billion cash infusion from the government. Additionally, Bank of America purchased Merrill Lynch, including its army of 16,000 retail brokers, while the last two remaining large, independent investment banks, Morgan Stanley and Goldman Sachs, elected effectively to become regulated commercial banks with the result being that they won't be able to operate with as much leverage as they did previously.

Despite a respite on the announcement that the U.S. government would likely implement a $700 billion bailout package (was subsequently approved on Friday October 3) for nonperforming loans, the financial markets have responded poorly to these momentous events: The Morningstar US Market Index shed 8.87% for the quarter, and is off nearly 19% for the year.

Smaller independent investment banks, such as Greenhill & Co. still exist, but it appears to be the end of an era on Wall Street, with the alterations of the current banking landscape rivaled only by the changes that occurred during the Great Depression.

As stocks have pulled back, bonds have been mixed. The Morningstar Core Bond Index rose a modest 0.13% for the quarter, but is up 1.56% for the year. Government bonds, in particular have surged, as investors have sought their safety amid the turbulence. The Morningstar Intermediate US Government Bond Index rose 2.52% for the quarter, and is up 4.93% for the year.

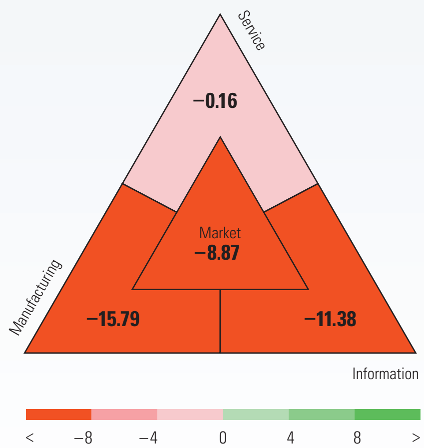
By contrast, the Morningstar Corporate Bond Index dropped 7.32% for quarter, and is down about the same for the year. The movement from corporate bonds to government bonds means that the so-called "spread" or difference in yields between corporates and government issues is as high as it's been in years, as investors devalue the fixed coupon payments of the shakier corporates and elevate the values of the safer Treasuries.

Investors also fled oil and other commodities for most of the quarter on fears of an economic slowdown. The price of oil eased for most of the quarter, dropping from $145 per barrel to the mid-$90 range. Commodities showed their volatility in general as the Morningstar Long-Only Commodity Index tanked 27.77% in the quarter.

Overview

The Morningstar Services Super Sector was nearly flat for the quarter, despite the negative headlines in the financial services sector. Healthcare rose 1.17% during the quarter helping to mitigate losses in the financial services sector. The Morningstar Manufacturing Super Sector declined 15.79%. A traditional defensive sector, such as consumer goods, up 6.33%, failed to prop up this super sector. This poor showing was driven by energy, down more than 27%, but also by industrial materials down 15.80% and utilities down 16.65%. The Morningstar Information Super Sector declined 11.38%.

Q3 Morningstar Sector Delta and Return %



Sector	Quarter	1-Year	3-Year
Information	**−11.38**	**−25.55**	**−0.48**
Software	−6.20	−11.32	3.58
Hardware	−12.85	−26.92	−0.85
Media	−9.71	−28.90	−6.60
Telecommunication	−15.25	−34.10	1.80
Service	**−0.16**	**−23.25**	**−2.06**
Healthcare	1.17	−10.93	1.82
Consumer Services	−0.14	−16.63	−0.89
Business Services	−12.35	−17.83	4.04
Financial Services	2.80	−35.28	−7.19
Manufacturing	**−15.79**	**−16.71**	**5.79**
Consumer Goods	6.33	−5.97	6.60
Industrial Materials	−15.80	−26.77	3.34
Energy	−27.27	−13.90	8.44
Utilities	−16.65	−14.64	3.33

A Closer Look

Information Super Sector −11.38%

There was very little strength in the Information Super Sector. The markets soured on these companies as worries about global growth and weakening information technology spending by financial firms seeded fear in investors. Technology-bellwether Dell announced in September that it is experiencing weakening demand, particularly in Western Europe and Asia on top of disappointing quarterly earnings reported in August. Also hurting the super sector was the telecommunications sector's continued poor performance. Telecommunications dropped 15.25% in the quarter and has lost more than 34% for the year.

Service Super Sector −0.16%

Health care and, surprisingly, financials led all sectors, adding 1.17% and 2.80% respectively for the quarter. Generic drugmakers, such as Barr Pharmaceuticals and biotechnology drugmakers, such as Imclone, Amgen, and Genentech, led the charge for health care. Imclone and other biotechs have been in play as big pharma looks to expand pipelines via acquisition. Traditional pharmaceuticals and device makers enjoyed more modest gains, while managed care companies pulled back slightly, and foreign health-care companies generally slumped badly. Many of Morningstar's favorite fund managers have been finding opportunities in pharmaceuticals and managed care, and Morningstar's equity analysis also reveals a slew of undervalued health-care stocks, including Pfizer, Merck, Novartis, Wellpoint, UnitedHealth Group, and Zimmer.

In financials, healthy regional and super-regional banks emerged as top performers. BB&T Corp, Wells Fargo, and PNC Financial Services Group added 70%, 60%, and 33%, respectively, for the quarter. Finally, as the quarter was coming to a close, Berkshire purchased $5 billion of perpetual preferred stock from Goldman Sachs in a private offering. The stock has a dividend of 10% and is callable at any time with a 10% premium. Berkshire will also receive warrants to buy $5 billion of common stock with a strike price of $115 per share, exercisable at any time for a five-year term. At first blush, this looks like another classic Buffett investment in a stumbling firm that still has a global franchise and a wide moat.

Manufacturing Super Sector −15.79%

Energy stole the spotlight again this quarter, but it was not pleasant. The sector declined more than 15%, pushing its year-to-date loss to about 18%—close to bear market territory. Despite several severe U.S. gulf-coast hurricane strikes, oil, which started out the quarter hitting a price above $140 a barrel, declined dramatically to close the quarter at close to $100 a barrel. Many natural gas-related holdings, such as Chesapeake Energy fared the worst, down more than 46%, as natural gas prices eased too. Warren Buffett sold shares of PetroChina earlier this year, but he continued to show his interest in utilities, with MidAmerican Energy, a subsidiary of Berkshire Hathaway, purchasing Constellation Energy for $26.50 per share in the third quarter.

Morningstar Super Sectors

	P/E	P/B	Yield %	Earn Growth	Sales Growth
Information Super Sector	15.17	2.34	1.58	18.94	10.65
Service Super Sector	15.90	1.90	2.75	1.33	7.19
Manufacturing Super Sector	12.07	2.33	2.35	14.03	5.47

Overview

Growth stocks were routed in the quarter, and return to the bottom of the style pile for the year's performance. Instead of leading value by more than eight percentage points going into the quarter, growth now trails value by three percentage points. The Morningstar US Growth Index's 15.89% loss in the quarter was by far and away worse than either the Morningstar US Value Index's 4.67% loss or the Morningstar US Core Index's 5.69% loss. Quarterly performance of the cap indexes ranged from a 3.27% loss for the Morningstar US Small Cap Index to a 12.67% loss for the Morningstar US Mid Cap Index.

Trailing Returns

1-Year

	Value	Core	Growth
Large	−27.08	−15.45	−22.71
Mid	−21.57	−21.89	−24.63
Small	−12.74	−17.61	−20.10

3-Year

	Value	Core	Growth
Large	−0.41	3.29	−1.48
Mid	−1.39	−0.28	1.14
Small	0.65	1.21	0.60

5-Year

	Value	Core	Growth
Large	6.66	6.91	1.18
Mid	8.43	7.82	8.24
Small	9.11	9.10	6.30

Morningstar Style & Cap Indexes

	P/E	P/B	Yield %	Earn Growth	Sales Growth
Morningstar Value	11.31	1.44	4.43	0.55	2.19
Morningstar Core	14.53	2.41	2.01	13.91	9.96
Morningstar Growth	17.20	3.14	0.81	20.33	13.68
Morningstar Large Cap	13.83	2.27	2.54	10.94	8.58
Morningstar Mid Cap	14.30	1.86	2.01	7.82	6.26
Morningstar Small Cap	15.45	1.67	1.70	−5.62	−1.39

A Closer Look

Morningstar Value Index −4.7%

Wall Street is a fickle friend indeed. Energy may have been one of the top-performing sectors last quarter, but its slide from hero to zero makes it one of the major reasons the Morningstar Value Index was down 4.67% in this quarter. Companies like ExxonMobil Corporation, Chevron Corporation, and ConocoPhillips are top-10 components of the index, and were down in the double digits. These stumbling giants canceled out the outsized gains made by the financial services industry after the rally over the government-planned bailout. Financial firms in the top 10 by portfolio weighting are J.P. Morgan Chase & Co, Bank of America, and Wells Fargo, which all rallied around 50% for the quarter. The extant of the financial sector rally was broad, making up over 44% of the firms that had positive performance in the value index. Healthcare shares showed some signs of life in the value index. Big pharmaceutical maker Pfizer gained 7.29% during the quarter as it proved it was capable of replacing revenue with new drugs from those coming off patent.

Morningstar Core Index −5.7%

Playing defense for the markets this quarter were some of the traditional linebackers, such as Procter & Gamble Company, Johnson & Johnson, and PepsiCo, Inc., up 15.32%, 8.37%, and 12.77% for the quarter. Fears of an economic slow down may dampen the prices for commodities, which are major inputs to many of the products that these firms sell. If these prices continue to slide, profitability could improve if the firms can maintain their top lines. What is good for these defensive stocks may not be so good for the high-profile growth-oriented stocks, such as Intel Corporation, down 12.27% in the quarter. A major buyer of technology products is the financial services industry, and given the worsening credit crisis, any global slow down may be exacerbated for technology-related firms. Moreover, the spreading credit crisis can impact the core index indirectly as well, such as diversified industrial giants. However, General Electric Company with its large financial-services division remained solid with its shares basically flat for the quarter.

Morningstar Growth Index −15.9%

The third quarter turned out to be a terrible quarter for the Morningstar Growth Index, placing it squarely in last place of the style indexes. This added to the index's poor long-term track record against value and core. A wide swath of high-flying companies contributed to the dismal performance, from Steve Job's Apple, Inc. to oil-patch services Schlumberger, Ltd., down 32.12% and 27.15%, respectively. Apple announced a new lineup of iPods in addition to an updated version of iTunes during the quarter. Whether these incremental improvements to Apple's product line are enough to convince cash-strapped consumers to continue buying remains to be seen, and the equity markets appear to be voting with their feet. Schlumberger benefited along the way as oil prices rose, and oil majors ramped up spending on new exploration. Now that the price of oil rolled over, the market is nervous about Schlumberger's prospects as well.

The one bright spot for the growth index was biotechnology shares. These firms are traditional mainstays of the growth index because they can generate secular growth opportunities in a variety of market conditions. Genentech, Inc. gained 16.84% in the quarter as a target of an acquisition from Switzerland-base Roche Holding. This type of acquisition may not be short lived as big-pharmaceutical companies face patent expirations of key drugs, and one quick way to fill the drug pipeline is to purchase biotechnology companies.

Morningstar Large Cap Index —8.4%

The Morningstar Large Cap Index declined 8.34% and was in line with the overall Morningstar US Market Index's decline of 8.87%. Financial-service sector gains were more than offset by the toll brought on by largely energy and a broad mix of large well-known companies. The large cap index's performance places it in the middle of the pack for the quarter, but its five-year result of 5.12% trails both the mid-cap and small-cap indexes by more than 300 basis points. Large-cap stocks may be today's unloved area of the market, but the market has shown it can change course quickly.

Morningstar Mid Cap Index —12.7%

Mid-cap stocks ended the quarter in unfamiliar territory trailing behind both small- and large-cap stock categories. The same stocks that were driving the index up over the past few years are now driving it down. In particular, energy shares were the main culprits in the Morningstar Mid Cap Index's 12.67% loss, led by firms like El Paso Corporation, Ultra Petroleum Corporation, and Nabors Industries, Ltd. Each of these energy firms were off by more than 40%. The financial sector played a significant positive role in the mid-cap sector as well. MBIA Incorporated increased 171% as it benefited from several key events, such as choosing to reinsure $184 billion of competitor FGIC-backed muni-bonds. Moreover, MBIA claims that even though this new business may result in a rating downgrade by S&P and Moody's, it has declared it has sufficient cash to cover potential termination events. One quarter does not make a losing streak, but this quarter's performance has certainly dulled the image of the mid-cap category.

Morningstar Small Cap Index —3.3%

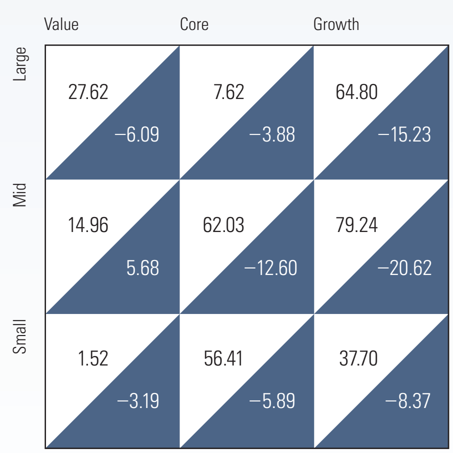
The best performing of the cap or style indexes for the quarter was the Morningstar US Small Cap Index, turning in a loss of 3.27%. Including this quarter's result, the small-cap index has been the market's sweet spot for the three- and 10-year periods. The financial-services sector was the big winner during the period. Three small-cap financials posted gains of more than 200%: Sterling Financial Corporation, Cathay General Bancorp, Inc., and UCBH Holdings, Inc. These types of results for regional banks are not the norm, but demonstrate the significant effect the government planned bailout has had already. That said all three of these stocks are still down for the year even after these spectacular results in the quarter.

Dragging the small-cap index down was the energy sector. The top-five stocks weighing on the index by contribution are all energy: EXCO Resources, Inc., Patriot Coal Corporation, Encore Acquisition Company, Comstock Resources, Inc., and Hercules Offshore Inc.

Fund Categories and Benchmarks

The average return of actively managed funds exceeded the return of the relevant Morningstar Style Index in four out of nine style categories. As is often the case, the benchmarks with the biggest losses were the easiest for active managers to beat. For example, the widest margin of victory was in the mid-growth category, with 79% of active managers beating the Morningstar Mid Growth index, which was the worst-performing index in the style box. Managers could take active bets to add value by avoiding the biggest losing sectors, such as energy.

Active vs. Passive



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

Index Returns (%), 3rd Quarter, 2008

[1] Includes the oldest share class for all U.S. diversified mutual funds with at least a one-year history. As of September 30, 2008 there were 2,595 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 Morningstar Core Bond Index was flat in the third quarter, with a return of just 0.13% as money flowed out of other areas and into government bonds. The major U.S. decliner was the Morningstar Corporate Bond Index, with a 7.32% quarterly drop. This was mirrored by a 9.61% drop in the Emerging Markets Corporate Bond Index. The entire decline in the corporate bond indexes happened in September as global economic momentum slowed and credit supply contracted. Credit suppliers disappeared as several firms merged, went bankrupt, or saw credit lending capabilities permanently impaired.

A Closer Look

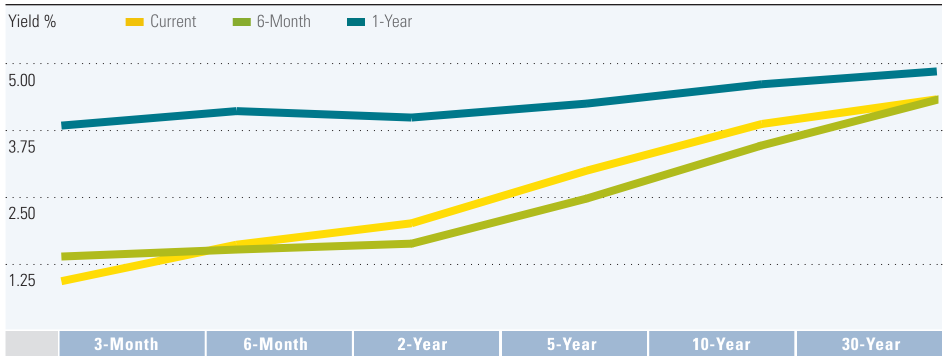
The third quarter saw the global financial system finally come to terms with a system that has too much leverage and not enough liquidity in it to function properly. Bond indexes reflected market forces starting the tough job of pushing the system back into equilibrium. Principal protection trumped yield as investors sought safety in short-term U.S. Treasury bonds. Meanwhile, corporate debt became more expensive globally in the face of a severe credit crunch.

The U.S. treasury yield curve has shifted lower overall since the third quarter of 2007. A robust flight to quality into short-term T-bills has lifted prices and pushed yields from the mid-to-high 3% range to near zero. Demand for the long end of the curve and the possibility of lower interest rates to offset slowing growth have combined to deflate yields in the 10-year and 30-year bonds as well, lowering them 50+ basis points verses the year-ago period. It's possible the yield curve will flatten at some point as the U.S. heads into an expected economic slowdown but many aspects about the near-term credits markets remain uncertain.

The most troubling development last quarter was the sharp decline in the Morningstar Corporate Bond Index. The average A-rated corporate bond is now yielding nearly 8%, up from 6% just last quarter. Investment-grade corporate bond yields haven't been this high since the dot-com bust of 2000. This will increase borrowing costs for all kinds of companies and corporate debt activity is expected to slow in the near term. Higher borrowing costs will weigh on expansion activity, corporate deal-making, and profits, likely sending ripples into equity markets as well.

International bond indexes weakened a bit due mostly to currency shifts. The Morningstar Global Ex-U.S. Government Bond Index fell 5.52% in the third quarter. The immediate international bond story for the quarter was in emerging market corporate bonds. The Morningstar Emerging Markets Corporate Index fell nearly 10% in September and yields jumped 33%. The yield-to-maturity on the average BB rated bond rose from 9.9% to 13.2% in the third quarter, a level not seen since early 2003.

Shifting Treasury Yield Curve



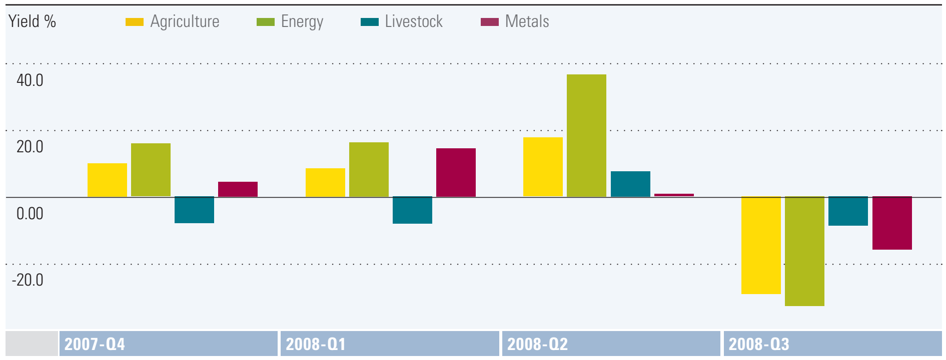
Morningstar Bond Indexes

		Par Value ($bil)	Credit Quality	Average Coupon	Yield to Maturity	Average Duration	Average Maturity
Broad Market	Core Bond	8,113	AA+	5.31	5.06	4.40	7.15
Sector	US Govt Bond	2,767	AAA	4.63	3.14	4.91	6.67
	Corporate Bond	1,777	A	6.04	7.85	5.67	9.90
	Mortgage Bond	3,569	AAA	5.49	5.42	3.40	6.30
Maturity	Short-Term Core Bond	1,745	AA+	4.59	3.67	2.08	2.33
	Interm. Core Bond	4,645	AAA	5.29	5.31	3.63	6.03
	Long-Term Core Bond	1,710	AA	6.12	5.82	8.84	15.02
Inflation Prot. Secs.	TIPS	388	AAA	2.27	2.21	7.15	8.55
Global Bond	Global Govt Bond	10,464	AA+	3.78	3.12	5.95	8.33
	Global Govt ex-US	8,289	AA	3.56	3.17	6.18	8.69
	Eurozone	4,496	AA+	4.49	4.24	5.97	8.73
	Swiss	80	AAA	3.38	2.27	6.69	8.55
	UK	637	AAA	5.22	4.35	9.09	15.05
	Australiasian	46	AAA	5.90	5.44	4.65	5.95
	Canadian	187	AAA	5.14	3.53	7.08	10.74
	Japanese	2,843	AA–	1.59	1.16	5.77	7.07
Emerging Market	Composite	330	BB+	8.14	8.82	5.81	11.12
	Sovereign	243	BBB –	7.97	7.48	6.48	13.09
	Corporate	87	BB	8.59	13.24	3.56	4.62

Overview

A pullback is bound to happen whenever an asset class gets overheated, but the fall for commodities has been painful indeed. The Morningstar Commodity Long-Only Index fell almost 28% in the quarter, dragging its year-to-date loss to 4% and its one-year gain down to 5%. Investors fled oil and other commodities for most of the quarter on fears of an economic slowdown. The price of oil eased for most of the quarter, dropping from $145 per barrel to end at nearly $100. Short positions in farm-related commodities muted the impact of the fall in commodity prices, so the Morningstar Long/Short Index posted a 19% loss in the quarter.

Commodity Sector Returns %



Morningstar Commodity Index Returns %

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
Long-Only	−27.77	−4.29	5.07	6.80	15.90	14.72	11.95
Long/Flat	−22.67	−0.04	9.73	5.93	13.07	13.48	13.01
Long/Short	−18.77	4.32	14.43	4.66	11.44	13.68	12.21
Short/Flat	5.65	5.72	6.11	2.67	1.25	3.32	4.52
Short-Only	30.81	0.31	−5.64	−1.11	−9.98	−6.70	−3.28
Agriculture	−29.00	−9.63	−0.72	12.56	6.84	2.71	3.92
Energy	−34.43	3.74	20.04	−5.51	16.86	21.3	15.64
Livestock	−8.61	−9.65	−16.82	−3.28	5.47	6.32	4.00
Metals	−15.80	−3.05	1.13	24.07	24.45	13.44	10.20

A Closer Look

The bull-market run in commodities busted in the quarter with the Morningstar Long-Only Commodity Index declining nearly 28%. The long-only index is now in negative territory for the year after being up more than 32% for the six months ended June 30. The sudden reversal in commodities fortunes has stirred a debate in the markets as to how quickly the bull market will return. The reversal was widespread too. The Morningstar commodity index categories of Agriculture, Energy, Livestock, and Metals fell 29%, 34%, 9%, and 16%, respectively, in the quarter.

The Morningstar Commodity Long/Short Index softened the commodity bust somewhat, turning in a 19% loss for the quarter. When a commodity price breaks the 12-month momentum rule, the index takes a short position, which allows the index to benefit from falling prices. Significant contributions were made during the quarter from agricultural commodities, such as wheat, soybeans, and cotton. However, the index never shorts energy-based commodities because these prices can be set by geopolitical unrest rather than the law of supply and demand. Instead, when the momentum rule is triggered for these commodities, it will move into cash. During most of the quarter, a position in cash was taken in place of natural gas. Interestingly, a position in cash was taken in place of every energy commodity late in September. If the trend in commodities continues, the long/short index should continue to outperform the long-only index.

Still, the enthusiasm for commodities that propelled them to ever higher prices can't be overlooked. The economies of China and India have not stopped growing. In fact, China's central bank announced a cut in a key interest rate starting September 25 to stimulate growth as inflation has eased, the first drop in the cost of borrowing in more than six years.

While holding commodities in a portfolio for diversification did not work too well this quarter, over other time periods commodities did provide a benefit. For example, in the bear market that followed the dot-com bubble—August 2000 to September 2002—the S&P 500 lost more than 41%, while the Morningstar Long/Short and Long/Flat Indexes were up 32.3% and 25.2%, respectively.

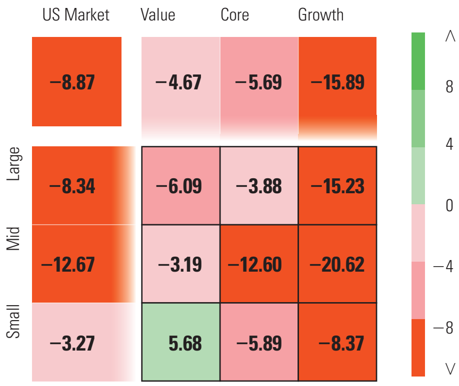
Conclusion

Dominating the investment landscape are headlines of doom and gloom. Current transformations in the banking system are rivaled only by the changes that occurred during the Great Depression, and with them Uncle Sam will have to pick up the $700 billion tab.

Nonetheless, markets have some positive news to ponder. Warren Buffet has been purchasing major positions in corporate America again, which may suggest valuations are attractive. In addition, commodity prices have turned which bodes well for a variety of sectors tied to consumers. It is also heartening to know that as quickly as the credit markets tightened they can quickly be calmed if the government plan proves to be as good as advertised.

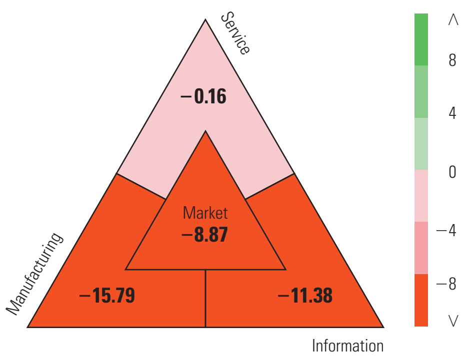
All data in this issue through 09-30-08

Q3 Style Indexes



Index	Total Returns % Quarter	1-Year	3-Year	5-Year	10-Year	Price/ Earnings	Price/ Book	Yield%	5-Yr Earn Growth
Morningstar US Market	**−8.87**	**−21.38**	**0.61**	**6.03**	**3.72**	**14.01**	**2.13**	**2.37**	**8.78**
Large Cap	−8.34	−21.49	0.73	5.12	2.18	13.83	2.27	2.54	10.94
Mid Cap	−12.67	−22.54	−0.05	8.30	7.51	14.30	1.86	2.01	7.82
Small Cap	−3.27	−16.80	0.99	8.30	9.08	15.45	1.67	1.70	−5.62
US Value	−4.67	−25.08	−0.45	7.27	5.33	11.31	1.44	4.43	0.55
US Core	−5.69	−16.77	2.50	7.29	5.87	14.53	2.41	2.01	13.91
US Growth	−15.89	−22.91	−0.75	3.11	-0.93	17.20	3.14	0.81	20.33
Large Value	−6.09	−27.08	−0.41	6.66	4.16	11.07	1.54	4.64	1.26
Large Core	−3.88	−15.45	3.29	6.91	4.61	14.52	2.59	2.18	14.80
Large Growth	−15.23	−22.71	−1.48	1.18	−3.28	16.78	3.27	0.97	27.34
Mid Value	−3.19	−21.57	−1.39	8.43	7.91	11.94	1.26	4.02	0.85
Mid Core	−12.6	−21.89	−0.28	7.82	8.55	14.28	2.06	1.58	12.59
Mid Growth	−20.62	−24.63	1.14	8.24	5.43	17.76	2.96	0.45	21.16
Small Value	5.68	−12.74	0.65	9.11	10.14	12.20	1.19	3.54	−2.17
Small Core	−5.89	−17.61	1.21	9.10	12.28	15.49	1.76	1.31	10.18
Small Growth	−8.37	−20.10	0.60	6.30	5.09	20.83	2.56	0.29	−9.59

Q3 Sector Indexes



Index	Total Returns % Quarter	1-Year	3-Year	5-Year	10-Year	Price/ Earnings	Price/ Book	Yield%	5-Yr Earn Growth
Information	**−11.38**	**−25.55**	**−0.48**	**2.57**	**−0.83**	**15.17**	**2.34**	**1.58**	**18.94**
Software	−6.20	−11.32	3.58	4.70	0.85	17.00	4.05	0.84	24.13
Hardware	−12.85	−26.92	−0.85	1.99	0.92	15.78	2.83	1.03	20.96
Media	−9.71	−28.90	−6.60	−2.08	−1.46	13.71	1.25	1.19	19.51
Telecommunication	−15.25	−34.10	1.80	6.60	−4.56	12.73	1.69	4.72	7.05
Service	**−0.16**	**−23.25**	**−2.06**	**3.37**	**4.47**	**15.90**	**1.90**	**2.75**	**1.33**
Healthcare	1.17	−10.93	1.82	4.88	3.74	17.34	3.04	1.48	11.82
Consumer Services	−0.14	−16.63	−0.89	3.84	5.38	15.87	2.40	1.60	5.65
Business Services	−12.35	−17.83	4.04	9.17	4.42	18.09	2.58	1.23	−3.51
Financial Services	2.80	−35.28	−7.19	0.32	4.38	14.27	1.28	4.80	−0.78
Manufacturing	**−15.79**	**−16.71**	**5.79**	**12.94**	**7.60**	**12.07**	**2.33**	**2.35**	**14.03**
Consumer Goods	6.33	−5.97	6.60	9.49	6.49	16.10	3.59	2.60	9.56
Industrial Materials	−15.80	−26.77	3.34	8.62	5.37	12.01	2.13	2.59	13.16
Energy	−27.27	−13.90	8.44	23.02	13.19	10.20	2.27	1.52	18.23
Utilities	−16.65	−14.64	3.33	12.45	5.69	11.93	1.57	3.73	13.50

Bond Indexes

	Quarter	YTD	1-Year	3-Year	5-Year
Core	0.13	1.56	4.93	4.58	4.09
US Government	2.19	4.34	8.48	5.72	4.46
Corporate	−7.32	−7.46	−5.30	0.71	1.93
Mortgage	2.13	3.80	7.16	5.49	4.86
Short-Term	−0.15	1.87	4.44	4.61	3.28
Intermediate Term	1.33	2.98	6.42	4.26	4.74
Long-Term	−2.68	−2.33	1.70	2.85	3.79
Global Govt ex-US	−5.52	−0.42	3.49	4.97	5.22
EM Composite	−5.29	−5.40	−3.34	3.68	7.36

Commodity Indexes

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
Long-Only	−27.77	−4.29	5.07	6.80	15.9	14.72	11.95
Long/Flat	−22.67	−0.04	9.73	5.93	13.07	13.48	13.01
Long/Short	−18.77	4.32	14.43	4.66	11.44	13.68	12.21
Short/Flat	5.65	5.72	6.11	2.67	1.25	3.32	4.52
Short-Only	30.81	0.31	−5.64	−1.11	−9.98	−6.70	−3.28
Agriculture	−29.00	−9.63	−0.72	12.56	6.84	2.71	3.92
Energy	−34.43	3.74	20.04	−5.51	16.86	21.3	15.64
Livestock	−8.61	−9.65	−16.82	−3.28	5.47	6.32	4.00
Metals	−15.80	−3.05	1.13	24.07	24.45	13.44	10.20