



November 2009

QDIA Validation

Managed k RetireFocus Funds

DALBAR, Inc.
Audit & Due Diligence Division



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QDIA Validation - Status as of November 30, 2009

DALBAR APPROVED

VALIDATED for QDIA

DALBAR has evaluated the Managed k RetireFocus Funds offered by Managed k to determine if it complies with the requirements to be used as a qualified default investment alternative (QDIA) as defined by the Employee Retirement Income Security Act of 1974, as amended [ERISA] Section 404(c)(5) and associated regulations.





The Managed k RetireFocus Funds (“Investment”), Collective Investment Trust, managed collectively by MG Trust Company LLC (“Manager”) was examined in relation to requirements for use as a Qualified Default Investment Alternative under ERISA Section 404(c)(5). Findings are:

è Validation Grid

The following table summarizes the ways in which the Managed k RetireFocus Funds qualifies as a QDIA.

In each case the Investment being validated may be applicable as the only one used (stand alone) or may be used in conjunction with other investments (sleeve) in a model portfolio managed by an investment adviser that qualifies under ERISA section 3(38). The QDIA validation determines which QDIA alternative(s) apply and whether the Investment may be used stand-alone and/or as a sleeve in a portfolio.

| <u>Managed k RetireFocus Funds</u> | | | |
|------------------------------------|-----------------|-------------|---------------------|
| QDIA Alternative | | Stand Alone | Sleeve of portfolio |
| 1 | Age Based | Yes | N/A |
| 2 | Risk Based | No | N/A |
| 3 | Managed Account | No | N/A |
| 4 | Short Term | No | N/A |
| 5 | Grandfathered | No | N/A |

Notes:

1. The fund fact sheets are not written in a manner that is calculated to be understood by the average investor.
2. Information provided for inclusion in the required notice is not written in a manner that is calculated to be understood by an average participant



Introduction

This report contains DALBAR's independent analysis of the Managed k RetireFocus Funds and MG Trust Company LLC and is intended to supplement the duty of fiduciaries to prudently select investments for use as a qualified default investment alternative. Since this is a supplement, the content of this report is intended as a guideline and is not a substitute for the evaluation required by regulations.

As an independent expert, DALBAR has no affiliation with the Managed k RetireFocus Funds or MG Trust Company LLC and has the training, experience and proficiency to conduct this analysis. DALBAR has a 30-year history recognized by industry and government as an independent third-party expert in the business of providing evaluations, ratings and due diligence. DALBAR certifications are recognized as marks of excellence in adviser services, communications, electronic and telephone services. DALBAR is the only ratings firm with an SEC no-action letter exempting certain of its evaluations from the testimonial rule.

This analysis consists of four separate evaluations that are designed to validate if the Managed k RetireFocus Funds and MG Trust Company LLC meet requirements of ERISA section 404(c)(5) and related regulations. These evaluations are:

- A. An Age Based asset allocation analysis to determine if the Managed k Retire Focus Funds' equity allocation is in line with industry norms.
- B. A determination of which class or classes of QDIA are appropriate uses of the Managed k Retire Focus Funds.
- C. An evaluation of the qualifications of MG Trust Company LLC to meet the regulatory requirements for a QDIA manager.
- D. An assessment of whether Managed k RetireFocus Funds meets the DALBAR standard of reasonableness.

For more information concerning this report, please contact DALBAR at:

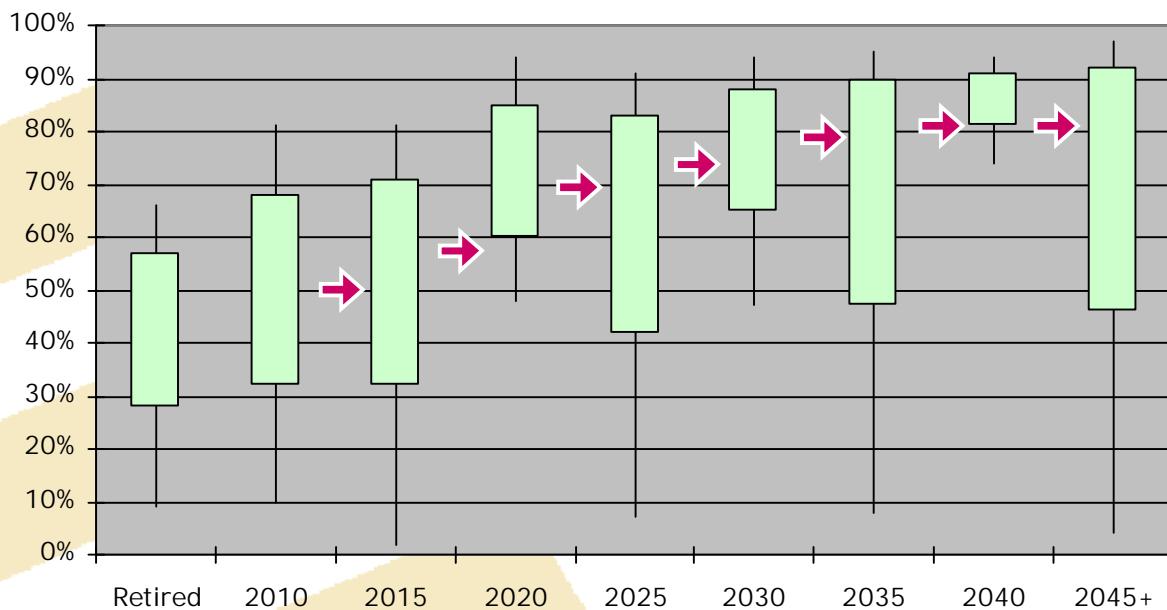
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Age Based Asset Allocation Analysis

While the allocation of equity and fixed income assets in age based funds and computer models vary widely, a study of age based (target date) funds across the mutual fund industry was used to compute norms for these allocations. The chart below shows these norms. The marker (➔) on the chart illustrates the equity allocation of the Managed k RetireFocus Funds

Norms for Equity Allocations Across All Target Date Funds



| Equity Allocation Ranges and Norms of All Target Date Funds - in % | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| | 2000 - 2010 | 2011 - 2015 | 2016 - 2020 | 2021 - 2025 | 2026 - 2030 | 2031 - 2035 | 2036 - 2040 | 2041 - 2045 | 2046+ |
| Highest | 66 | 81 | 81 | 94 | 91 | 94 | 95 | 94 | 97 |
| Norm -Hi | 57 | 68 | 71 | 83 | 83 | 88 | 90 | 91 | 92 |
| Norm -Low | 28 | 32 | 32 | 60 | 42 | 65 | 47 | 81 | 46 |
| Lowest | 9 | 10 | 2 | 48 | 7 | 47 | 8 | 74 | 4 |



Validation Process

The purpose of QDIA Validation is to establish which QDIA applications are appropriate for an investment model, fund or system. The Investment being validated is examined in three ways:

- A. Applicability to QDIA Alternatives as a stand-alone offering or as a sleeve that is complemented by other investments.
- B. Qualification under QDIA regulations.
- C. Reasonableness as an investment.

The Applicability phase of the QDIA Validation examines the Investment to determine if all requirements are met for the applicable QDIA alternative(s) and form (fund or model portfolio). The Managed k RetireFocus Funds consist of the following individual funds:

- Managed k Retire Focus 2015 fund
- Managed k Retire Focus 2020 fund
- Managed k Retire Focus 2025 fund
- Managed k Retire Focus 2030 fund
- Managed k Retire Focus 2035 fund
- Managed k Retire Focus 2040 fund
- Managed k Retire Focus 2045 fund
- Managed k Retire Focus 2050 fund



Applicability as QDIA Alternative


There are five types of investments that are named as possible QDIA alternatives. In each case the Investment being validated may be applicable as the only one used (stand alone) or may be used in conjunction with other investments (sleeve). The alternatives are:

1. Age Based
2. Risk Based
3. Managed Account
4. Short Term
5. Grandfathered


The Applicability phase of the QDIA validation examines the Investment to determine which alternatives apply and whether it may be used stand-alone and/or as a sleeve.

| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|--|-------------|--------|---|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| 1. Age Based - An investment fund product or model portfolio that: | | | |
| a) ...applies generally accepted investment theories, | Yes | N/A | Funds are designed to achieve a positive real rate of return in excess of inflation that will enable investors to meet their retirement income needs. |
| b) ...is diversified so as to minimize the risk of large losses, | Yes | N/A | An Institutional Approach is utilized. Broad diversification by asset classes is used. Global diversification is emphasized. A best-of-class approach diversifies between fund families. 13-17 positions in each respective fund ensure no inappropriate concentration. |




| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|---|-------------|--------|---|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| c) ...is designed to provide varying degrees of long-term appreciation and capital preservation | Yes | N/A | Funds are designed to maintain an optimal structure of asset appreciation, income generation and capital preservation across the course of a participant's savings horizon. |
| d) ...through a mix of equity and fixed income exposures | Yes | N/A | Mix of 52% Equities/48% Fixed Income, moving incrementally by fund until the mix reaches approximately 82% Equity/18% Fixed income in the 2050 fund. |
| e) ...based on the participant's age, target retirement date (such as normal retirement age under the plan) or life expectancy. | Yes | N/A | In increments based on retirement focus year of participant (2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050). |
| f) Such products and portfolios change their asset allocations and associated risk levels over time with the objective of becoming more conservative (i.e., decreasing risk of losses) with increasing age. | Yes | N/A | Funds follow a glide path moving to more conservative risk as participants approach their retirement focus date, with the mix of equities vs. fixed income increasing as participants approach their retirement focus date. |
|  SUMMARY: The Managed k RetireFocus Funds qualify to be used as an AGE-BASED QDIA and may be used as part of a qualified model portfolio in conjunction with other investments. | | | |




| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|---|-------------|--------|----------|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| 2. Risk Based - An investment fund product or model portfolio that: | | | |
| a) ...applies generally accepted investment theories | N/A | N/A | |
| b) ...is diversified so as to minimize the risk of large losses | N/A | N/A | |
| c) ...is designed to provide long-term appreciation and capital preservation | N/A | N/A | |
| d) ...through a mix of equity and fixed income exposures | N/A | N/A | |
| e) ...consistent with a target level of risk appropriate for participants of the plan as a whole. | N/A | N/A | |
|  SUMMARY: The Managed k RetireFocus Funds do not qualify to be used as a RISK-BASED QDIA either as a standalone investment or when used as part of a qualified model portfolio in conjunction with other investments. | | | |




| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|--|-------------|--------|----------|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| 3. Managed Account - An investment management service with respect to which: | | | |
| a) ...a fiduciary that is either, I. an investment manager, within the meaning of section 3(38) of ERISA; II. a trustee of the plan that meets the requirements of section 3(38)(A), (B) and (C) of ERISA; or III. the plan sponsor who is a named fiduciary, within the meaning of section 402(a)(2) of ERISA, | N/A | N/A | |
| b) ...applying generally accepted investment theories, | N/A | N/A | |
| c) ...allocates the assets of a participant's individual account | N/A | N/A | |
| d) ...to achieve varying degrees of long-term appreciation and capital preservation, | N/A | N/A | |
| e) ...through a mix of equity and fixed income exposures, | N/A | N/A | |
| f) ...offered through investment alternatives available under the plan, | N/A | N/A | |
| g) ...based on the participant's age, target retirement date (such as normal retirement age under the plan) or life expectancy. | N/A | N/A | |
| h) Such portfolios are diversified so as to minimize the risk of large losses and | N/A | N/A | |
| i) ...change their asset allocations and associated risk levels for an individual account over time with the objective of becoming more conservative (i.e., decreasing risk of losses) with increasing age. | N/A | N/A | |
|  SUMMARY: The Managed k RetireFocus Funds do not qualify to be used in a MANAGED-ACCOUNT QDIA. | | | |



| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|--|-------------|--------|----------|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| 4. Short Term -an investment product or fund... | | | |
| a) ...designed to preserve principal and | N/A | N/A | |
| b) ...provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity. | N/A | N/A | |
| Such investment product shall for purposes of this paragraph: | | | |
| c) Seek to maintain, over the term of the investment, the dollar value that is equal to the amount invested in the product; and | N/A | N/A | |
| d) Be offered by a State or federally regulated financial institution. | N/A | N/A | |
| e) An investment product described in this paragraph shall constitute a qualified default investment alternative for not more than 120 days after the date of the participant's first elective contribution. | N/A | N/A | |
|  SUMMARY: The Managed k RetireFocus Funds do not qualify to be used as a SHORT-TERM QDIA. | | | |



| A. APPLICABILITY AS QDIA ALTERNATIVE | | | |
|---|-------------|--------|----------|
| REQUIREMENT FOR QDIA ALTERNATIVE | STAND ALONE | SLEEVE | COMMENTS |
| 5. Grandfathered - an investment product or fund... | | | |
| a) ...designed to preserve principal and | N/A | N/A | |
| b) ...provide a rate of return generally consistent with that earned on intermediate investment grade bonds | N/A | N/A | |
| c) ...while providing liquidity for withdrawals by participants and beneficiaries, including transfers to other investment alternatives. | N/A | N/A | |
| Such investment product or fund shall, for purposes of this paragraph, meet the following requirements: | | | |
| d) There are no fees or surrender charges imposed in connection with withdrawals initiated by a participant or beneficiary; and | N/A | N/A | |
| e) The product or fund must invest primarily in investment products that are backed by a State or federally regulated financial institution. | N/A | N/A | |
| f) An investment product or fund described in this paragraph shall constitute a qualified default investment alternative solely for purposes of assets invested in such product or fund before December 24, 2007. | N/A | N/A | |
|  SUMMARY: The Managed k RetireFocus Funds do not qualify to be used as a GRANDFATHERED QDIA. | | | |



Qualification Analysis

No violations of self-dealing prohibitions were found and The Managed k RetireFocus Funds were found to meet the QDIA requirements for the alternatives shown in the table above. The analysis included the following findings:

| B. QUALIFICATION ANALYSIS | | | |
|---|--|--------|--|
| REGULATORY GUIDELINE | DALBAR EVALUATION | RESULT | COMMENTS |
| 1. SELF-DEALING PROHIBITIONS - A fiduciary with respect to a plan shall not: | | | |
| a) ...deal with the assets of the plan in his own interest or for his own account, | Does <u>Manager</u> have discretion to vary its compensation based on changing holdings within the <u>Investment</u> ? | Pass | Manager reports that any fees that accrue to it from underlying funds will be reimbursed to those funds as received, reducing the NAV. |
| b) ...in his individual or in any other capacity act in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of its participants or beneficiaries, or | Does <u>Manager</u> have interests that are adverse to those of participants? | Pass | Manager's interests are in line with participant's interests since fees are based on assets under management, with a greater net return to participants generating greater fees for MG Trust Company, LLC. |
| c) ...receive any consideration for his own personal account from any party dealing with such plan in connection with a transaction involving the assets of the plan. | Does <u>Manager</u> receive compensation from another party for managing the <u>Investment</u> ? | Pass | Manager reports that any fees that accrue to it from underlying funds will be reimbursed to those funds as received, reducing the NAV. No other fees are received. |



| B. QUALIFICATION ANALYSIS | | | |
|--|--|--------|---|
| REGULATORY GUIDELINE | DALBAR EVALUATION | RESULT | COMMENTS |
| 2. CONDITIONS FOR QDIA FIDUCIARY RELIEF | | | |
| a) Consider investment fees and expenses in choosing a QDIA | Do expenses for this <u>Investment</u> fall within the normal range of other investments of this type? | Pass | Typically 1.05% (105bps) for Inst. Share class and 1.03% (103 bps) for the administrative share class. This compares to an average of 1.09% to 1.23% for all target date funds. |
| b) Material is provided to participant relating to his/her QDIA. | Is <u>Investment</u> material appropriate for plan participants? | Fail | Not "calculated to be understood" - lacks plain English approach |
| c) Notice must be written in a manner calculated to be understood by the average plan participant. | Is the information provided for inclusion in the required notice understandable to an average participant? <u>Note: Plan fiduciary must determine that the entire notice can be understood.</u> | Fail | Not "calculated to be understood" - lacks plain English approach |
| 3. QDIA Requirements | | | |
| a) QDIA shall not permit employer securities except as investments within regulated investment companies or as employer match. | Does <u>Investment</u> permit use of employer securities outside of the QDIA exceptions? | Pass | Underlying funds meet the investment company exclusion for employer's securities. |
| b) QDIA may not impose financial penalties or restrict the ability of a participant to transfer. | Are there restrictions or fees to transfer out of <u>Investment</u> which are prohibited under QDIA regulations? | Pass | Manager reports that no short term trading fees are being applied and no short term trading restrictions are in effect. |



| B. QUALIFICATION ANALYSIS | | | |
|---|---|--------|---|
| REGULATORY GUIDELINE | DALBAR EVALUATION | RESULT | COMMENTS |
| c) QDIA is either managed by an investment manager, as defined in section 3(38) of ERISA, or plan trustee, or plan sponsor who is a named fiduciary or is a registered investment company or a stable value fund under State or federal regulation. | Does the <u>Manager</u> meet the criteria appropriate for the type of QDIA being validated? | Pass | Manager uses a Collective Trust, under both State and Federal regulation. |



Reasonableness Investment Analysis

QDIA regulations require that investments be reasonable, which DALBAR has further defined as falling within a normal range of comparable investments. The Reasonableness Analysis presented reflects this standard.

Plan fiduciaries are responsible for reviewing current investment information and making the determination that the Managed k RetireFocus Funds are a reasonable investment for the plan. Plan fiduciaries, including plan sponsors, are encouraged to seek independent expert advice in making the selection and monitoring of investments. In order to assist in the determination, DALBAR provides the following observations based on information available at the time of this evaluation.

Portfolio Management Team:

| NAME | TITLE | Total Years Exp. | Yrs With Firm |
|--------------------------|---|------------------|---------------|
| Clifford W. Stanton, CFA | Chief Investment Officer, Prima Capital Holding, Inc. | 8 | 2 |



Holdings

| | Underlying Asset | 1 Year (9/30/09) | 3 Year (9/30/09) | 5 Year (9/30/09) | 10 Year (9/30/09) | Expense Ratio (9/30/09) |
|----|--|---------------------|---------------------|---------------------|----------------------|-------------------------------|
| | Peer Group | | | | | |
| 1 | Alger SMid Cap Growth I | -1.13% | 0.31% | 7.92% | - | 1.24% |
| | Mid-Cap Growth | -3.10% | -2.83% | 3.14% | 2.88% | 1.99% |
| 2 | American Century Inflation-Adjusted Bond Instl | 6.21% | 5.68% | 4.78% | 7.13% | 0.29% |
| | Inflation Protected Bond | 4.79% | 4.25% | 4.16% | 6.28% | 0.86% |
| 3 | Chesapeake Core Growth | -11.52% | -7.49% | -1.52% | 2.24% | 1.42% |
| | Large Growth | -2.69% | -3.25% | 1.77% | -0.64% | 1.39% |
| 4 | Columbia Mid Cap Index Z | -3.15% | -1.42% | 4.49% | - | 0.25% |
| | Mid-Cap Blend | -3.19% | -3.87% | 2.60% | 5.30% | 1.50% |
| 5 | Dreyfus Bond Market Index Basic | 10.13% | 6.28% | 4.96% | 6.05% | 0.16% |
| | Intermediate Term Bond | 11.81% | 4.47% | 3.82% | 5.38% | 0.97% |
| 6 | Eaton Vance Floating-Rate & Hi-Inc A | 7.47% | 0.75% | 2.75% | - | 1.22% |
| | Bank Loan | 4.11% | -1.41% | 1.14% | 2.95% | 1.42% |
| 7 | Eaton Vance Large-Cap Value A | -12.82% | -5.13% | 2.97% | 4.56% | 1.02% |
| | Large Value | -7.18 | -6.72 | 0.85 | 2.51 | 1.37% |
| 8 | Harbor Bond Instl | 18.47% | 8.47% | 6.43% | 7.24% | 0.60% |
| | Intermediate Term Bond | 11.81% | 4.47% | 3.82% | 5.38% | 0.97% |
| 9 | Harbor International Instl | 2.65% | 1.41% | 10.46% | 8.07% | 0.81% |
| | Foreign Large Blend | 1.06% | -3.95% | 5.78% | 2.53% | 1.38% |
| 10 | JP Morgan Emerging Markets Debt Sel | 13.16% | 2.95% | 7.43% | 11.7% | 1.24% |
| | Diversified Emerging Markets | 13.76% | 5.27% | 15.14% | 11.45% | 1.71% |
| 11 | Lazard Emerging Markets Equity Instl | 10.98% | 8.42% | 19.18% | 13.79% | 1.54% |
| | Diversified Emerging Markets | 13.76% | 5.27% | 15.14% | 11.45% | 1.71% |
| 12 | Loomis Sayles Global Bond Instl | 19.19% | 7.49% | 5.95% | 7.68% | 0.64% |
| | World Bond | 14.82% | 6.86% | 5.44% | 6.27% | 1.02% |
| 13 | Mainstay High Yield Corporate Bond I | 12.93% | 3.82% | 5.53% | 6.14% | 0.87% |
| | High Yield Bond | 13.16% | 2.57% | 4.11% | 4.47% | 1.19% |
| 14 | Managers Fixed Income Inst | 18.86% | 5.89% | 5.39% | 6.80% | 0.84% |
| | Intermediate Term Bond | 11.81% | 4.47% | 3.82% | 5.38% | 0.97% |



| | | | | | | |
|----|---|---------|--------|--------|-------|-------|
| 15 | MFS Research International R4 | 2.18% | -2.83% | 7.08% | 5.64% | 0.97% |
| | Foreign Large Blend | 1.06% | -3.95% | 5.78% | 2.53% | 1.38% |
| 16 | Morgan Stanley Inst US Sm/Mid Cap Val I | -2.36% | - | - | - | 1.17% |
| | Mid Cap Value | -2.81% | -4.34% | 2.83% | 7.34% | 1.37% |
| 17 | PIMCO Commodity Real Ret Strat Instl | -19.39% | -3.43% | 0.03% | - | 1.21% |
| | Natural Resources | -10.73% | 0.14% | 8.80% | 10.82 | 1.46% |
| 18 | Pioneer Global High Yield A | 8.83% | 1.85% | 5.31% | - | 1.18% |
| | High Yield Bond | 13.16% | 2.57% | 4.11% | 4.47% | 1.19% |
| 19 | Putnam International Capital Opp Y | 17.85% | 0.15% | 10.34% | 7.77% | 1.40% |
| | Foreign Small/Mid Value | 8.85% | -3.21% | 6.61% | 7.37% | 1.24% |
| 20 | TIAA-CREF Equity Index Instl | -6.26% | -4.98% | 1.56% | 0.65% | 0.07% |
| | Large Blend | -5.46% | -5.13% | 1.22% | 0.69% | 1.53% |

Note: Items in BOLD indicate at or above average peer group results.



⦿ Ten Year Risk/Return Analysis of Holdings of Managed k
RetireFocus Funds

| | Underlying Fund | No. up Years | No. Down Years | Avg. of Up Years | Avg. of Down Years | Best % Return | Worst % Return |
|----|--|--------------|----------------|------------------|--------------------|-------------------|-------------------|
| 1 | Alger SMidCap Growth I | 5 | 1 | 23.18% | -48.56% | 36.93% (2003) | -48.56% (2008) |
| 2 | American Century Inflation-Adjusted Bond Instl | 9 | 1 | 7.38% | -0.87% | 15.19% (2002) | -0.87% (2008) |
| 3 | Chesapeake Core Growth | 7 | 3 | 18.78% | -29.07% | 47.60% (1999) | -50.57% (2008) |
| 4 | Columbia MidCap Index Z | 5 | 3 | 16.44% | -17.35% | 35.17% (2003) | -36.11% (2008) |
| 5 | Dreyfus Bond Market Index Basic | 9 | 1 | 6.25% | -1.06% | 11.00% (2000) | -1.06% (1999) |
| 6 | Eaton Vance Floating-Rate & Hi-Inc A | 7 | 1 | 4.26% | -31.03% | 8.84% (2003) | -31.03% (2008) |
| 7 | Eaton Vance Large-Cap Value A | 8 | 2 | 12.40% | -25.13% | 23.31% (2003) | -34.47% (2008) |
| 8 | Harbor Bond Instl | 9 | 1 | 6.70% | -0.33% | 10.63% (2002) | -0.33% (1999) |
| 9 | Harbor International Instl | 6 | 4 | 26.36% | -16.57% | 40.95% (2003) | -42.66% (2008) |
| 10 | JP Morgan Emerging Markets Debt Sel | 6 | 4 | 41.04% | -23.3% | 59.41% (1999) | -49.58% (2008) |
| 11 | Lazard Emerging Markets Equity Instl | 7 | 3 | 40.97% | -20.2%3 | 55.81% (1999) | -47.88% (2008) |
| 12 | Loomis Sayles Global Bond Instl | 7 | 3 | 11.01% | -4.41% | 21.25% (2003) | -8.56% (2008) |
| 13 | Mainstay High Yield Corporate Bond I | 7 | 3 | 11.17% | -10.88% | 36.50% (2003) | -23.89% (2008) |
| 14 | Managers Fixed Income Inst | 9 | 1 | 6.62% | -10.23% | 11.17% (2003) | -10.23% (2008) |
| 15 | MFS Research International R4 | 6 | 4 | 26.89% | -20.44% | 32.63 % (2003) | -42.45% (2008) |
| 16 | Morgan Stanley Inst US Sm/Mid Cap Val I | 0 | 1 | - | -38.03% | - | -38.03% (2008) |
| 17 | PIMCO Commodity Real Ret Strat Instl | 3 | 2 | 22.62% | -23.19% | 29.82% (2003) | -43.33% (2008) |
| 18 | Pioneer Global High Yield A | 6 | 1 | 13.70% | -36.18% | 37.98% (2003) | -36.18% (2008) |
| 19 | Putnam International Capital Opp Y | 6 | 4 | 37.43% | -25.29% | 93.31% (1999) | -48.33% (2008) |
| 20 | TIAA-CREF Equity Index Instl | 5 | 4 | 13.90% | -19.50% | 30.85% (2003) | -37.23% (2008) |
| | Summary | 72.99% | 27.01% | 18.20% | -20.08% | 93.31% | -50.57% |



| C. REASONABLENESS INVESTMENT ANALYSIS | |
|--|---|
| DALBAR INVESTMENT CRITERIA | OBSERVATIONS |
| 1. Minimum track record | |
| The average history for each underlying asset class/investment strategy should be at least three years. | The history of underlying asset classes is well over three years, except for Morgan Stanley Inst US Small/Mid Cap Val I which has a 1 year history and does not exceed 3.63% of the holdings. |
| 2. Stability of the organization | |
| The average tenure of the portfolio management team for each underlying asset class/investment strategy should be at least two years. | Tenure of management of each underlying fund exceeds the threshold. |
| 3. Assets in the product | |
| The average underlying asset class/ investment strategy should have at least \$75 million under management (can include assets in other funds with the same strategy). | The assets under management of each underlying fund exceed the threshold. |
| 4. Holdings consistent with style | |
| a) The allocation to equities is evaluated against the peer group - highest allocation to least - the screening threshold being set at the bottom quartile; | The equity allocation of each Managed k RetireFocus Fund is within or below the norm for corresponding Target Date funds. |
| b) The allocation to fixed income is evaluated against the peer group - highest allocation to least - the screening threshold being set at the bottom quartile. | The fixed income allocation of each Managed k RetireFocus Fund is within or above the norm for corresponding Target Date funds. |
| 5. Correlation to style or peer group | |
| The number of asset classes that make up the QDIA are evaluated against the peer group - most asset classes to least - the screening threshold being set at the peer group median. | The funds of Managed k RetireFocus Funds include 16 asset classes, which exceeds the peer group median of 9 classes. |
| 6. Expense ratios/fees | |
| a) The wrapper expense is evaluated against the peer group - cheapest to most expensive - the screening threshold being set at the bottom quartile. | Wrapper expense is included in expense of 103 bps (institutional) and 105 (administrative) which are within the norms of 109 bps to 123bps for all target date funds. |



| C. REASONABLENESS INVESTMENT ANALYSIS | |
|--|---|
| DALBAR INVESTMENT CRITERIA | OBSERVATIONS |
| b) The average expense ratio of each underlying asset class investment strategy is evaluated against the peer group - cheapest to most expensive - the screening threshold being set at the bottom quartile. | The expense ratio of each asset class is significantly below the average for its class. The highest being Diversified Emerging Markets at 1.54% compared to 1.71%. |
| 7. Performance relative to assumed risk | |
| This analysis evaluates historical performance within the context of overall risk. It examines the number of positive and negative annual returns, the average of the positive and negative annual returns, and the best and worst annual returns, for a minimum of three years (max: 10 years). | Over the ten years ended 12/31/08, the underlying investments had positive returns 73% of years and negative in 27%. Average positive return: 18.20% Average negative return: -20.08% Best annual return: 93.31% Worst annual return: -50.57% |
| 8. Performance relative to a peer group | |
| The average 1-, 3-, and 5-year performance of each asset class investment strategy is evaluated against the peer group's median. | Underlying asset classes exceed the peer group average for 1, 3, 5 and 10 years by more than 75% of cases. Maximum underperformance in any period was 8.86 percentage points (see Holdings) |