

## Question:

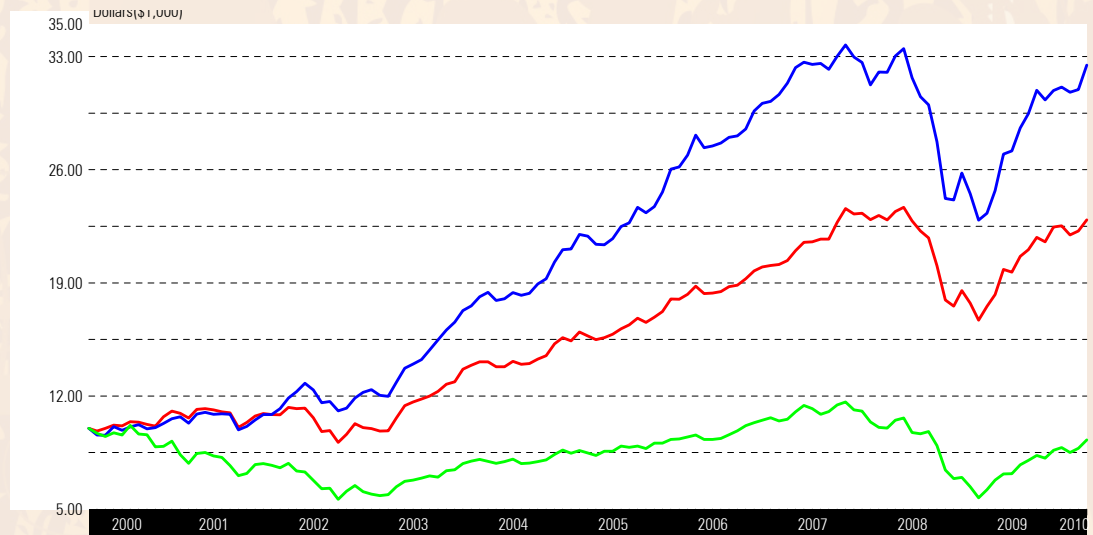
When is a 3-year average return of -0.10% something to cheer?

## Answer:

When the S&P 500 3-year average is sitting at -9.81%.

We measure the appeal of your investments and alternatives on both an absolute basis and a relative basis. Quite frankly, there's not a lot to be enthused about over the recent past when making evaluations on an absolute basis. However, on a relative basis, there are several funds that have shown their mettle.

The two funds we have used most frequently for our clients fall into this category. Virtually across the board---from the past month, quarter and YTD to the past 3, 5, 10, and 15 yr time periods, **SGOVX** and **MDLOX** have outperformed the **S&P 500**, and have done it with less volatility, more efficiency, and more predictability than the index. This relatively appealing performance as of 6/30/10 is reflected on the graph and chart below.



|                    | 4 wk  | 3 mon  | YTD   | 1 yr  | 3 yr  | 5 yr  | 10 yr | 15 yr |
|--------------------|-------|--------|-------|-------|-------|-------|-------|-------|
| <b>SGOVX</b>       | 0.83  | -4.04  | 0.15  | 14.69 | -1.41 | 7.46  | 12.43 | 11.98 |
| <b>MDLOX</b>       | -1.33 | -6.16  | -4.64 | 9.28  | -0.10 | 6.32  | 8.09  | 9.80  |
| <b>S&amp;P 500</b> | -5.23 | -11.43 | -6.65 | 14.43 | -9.81 | -0.79 | -0.90 | 6.71  |

While no fund is appropriate for every investor or situation, the charts illustrate the opportunities that exist, even when dealing with a negative 10-year S&P 500 average annual return.