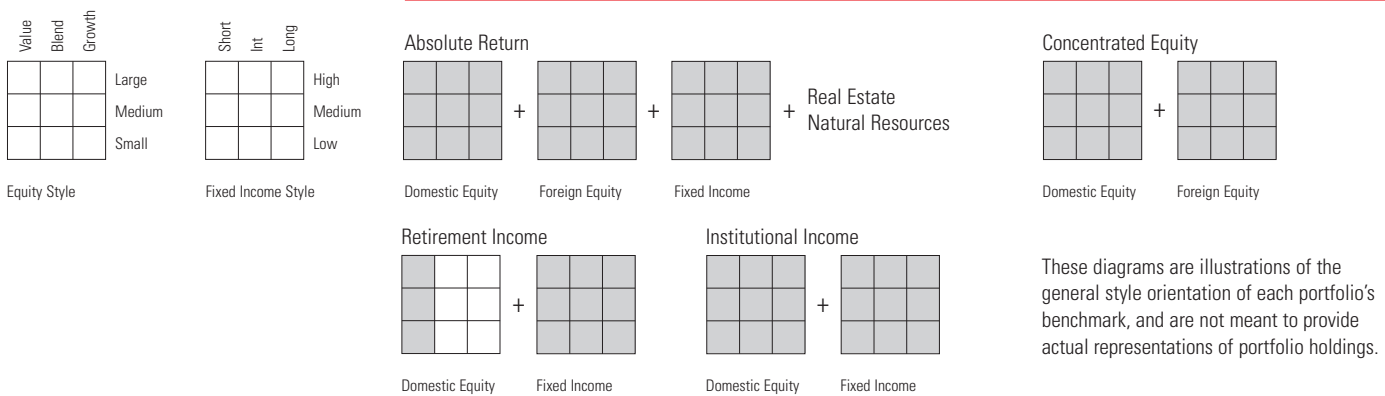


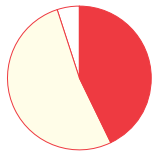
# Morningstar® Managed Portfolios<sup>SM</sup>

Morningstar® Managed Portfolios<sup>SM</sup> Focused Strategies are a series of portfolios that concentrate on investments in a particular area of the capital markets or that deploy a specialized strategy. They can be used to gain more exposure to a specific market segment, or to help diversify a portfolio which may be too concentrated.

## Strategy-Specific Portfolios



### Retirement Income Portfolio



- Equity 43%
- Fixed Income 52%
- Short-Term Reserves 5%

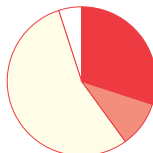
### Portfolio Objective

Strives to generate a steady rate of return predominantly driven by income, and also to protect that income and the underlying principal against inflation. It invests in mutual funds from the following segments: equity income and value-oriented domestic stock, real estate investment trusts and operating companies, conservatively managed high-yield, inflation-indexed treasuries, and core, investment-grade diversified bonds.

### Client Profile

Designed for those seeking a relatively conservative retirement solution that provides both equity and fixed income exposure. They should plan to be invested at least three years, however longer time horizons are also appropriate.

### Institutional Income Portfolio



- Equity 30%
- Convertibles 10%
- Fixed Income 55%
- Short-Term Reserves 5%

### Portfolio Objective

Designed to generate a steady rate of return predominantly driven by income, while protecting that income and the underlying principal against inflation. The portfolio invests in open-end mutual funds from the following market segments: domestic stock, convertibles, real estate investment trusts and operating companies, investment grade and high yield bonds, and treasury inflation-indexed securities.

### Client Profile

Suitable for those seeking a relatively conservative investment that provides both equity and fixed income exposure. These individuals should plan to be invested at least three years, but a longer-term investment horizon is more appropriate.

### Concentrated Equity Portfolio



● Domestic Equity	75%
● International Equity	20%
○ Short-Term Reserves	5%

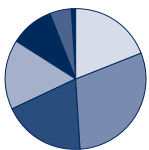
### Portfolio Objective

Strives to provide globally diversified equity exposure by investing in highly concentrated funds that have at least 35-50% of their assets in the top 10-20 holdings. The portfolio will contain exposure to most styles (growth, value), market capitalizations (large-cap, small-cap), and geographical regions (domestic, international).

### Client Profile

Designed for those seeking long-term growth potential from funds with asset concentrations in a limited number of securities. Those in this strategy should be willing to tolerate substantial swings in the net asset values of the underlying mutual fund holdings over short-term periods. They should have time horizons of at least three years, but a longer-term investment horizon is more appropriate.

### Absolute Return Portfolio



● Global Stock	19%
● Global Bond	30%
● Hedged Option	19%
● Long-Short	16%
● Real Estate	10%
● Natural Resources	5%
● Short-Term Reserves	1%

### Portfolio Objective

Combines investments across a broad array of asset classes to help minimize volatility and potentially deliver positive returns in both rising and falling market environments. It contains investments with low or negative correlations, including domestic and foreign stocks and bonds, real estate, and commodities futures. Certain funds in the portfolio may employ alternative strategies in an attempt to exploit market opportunities and manage risk.\*

### Client Profile

Suitable for those seeking potentially modest positive returns in various market environments and those who also want to minimize volatility. These individuals should plan to be invested at least three years, as it's possible the portfolio's objectives may not be achieved in shorter-term periods.

\*These alternative strategies are more aggressive ways of striving to enhance the risk/return profile of each of the underlying mutual funds. Fund positions and values will fluctuate and it is possible that you will lose money. This Portfolio is not appropriate for short-term investments.

**Convertible Arbitrage Strategy** Includes the purchase of convertible securities and the sale of the underlying common stock. These securities tend to be convertible bonds or convertible preferred stocks that may be converted into the stock of the same company. This strategy strives to gain profits from potential pricing errors made in the conversion and is typically included in the equity component of a portfolio. It is subject to the risks associated with investing in income and equity securities. Although the fund managers may attempt to hedge these risks, the possibility of losses still exists.

**Distressed Security Investing** Involves purchasing financially troubled companies that may face bankruptcies, distressed sales, corporate restructurings, or financial reorganizations. Often sold at discount prices, these securities can provide attractive opportunities. This strategy is typically included in either the equity or fixed income component of a

portfolio. Investing in securities that are experiencing business difficulties can be risky because the companies may not recover or be able to make certain obligations. The prices of these securities may not perform as expected.

**Hedged Options Strategy** Helps limit investment loss by creating a transaction that offsets an existing position in a contract that provides the right to buy or sell shares of a security at a specific price for a certain time. Even though the funds using this investing strategy are attempting to offset various risks, they may undergo market losses.

**Long-Short Strategy** Combines a long position (number of contracts bought exceeds number sold) in one security with a short position (number of contracts sold exceeds number bought) in another. While the funds using this strategy are attempting to protect their portfolios against market declines, they are susceptible to stock investing risks. Share prices will be affected by market activity and declines are possible. The funds may use derivative instruments to execute this strategy. Derivatives are contracts with values that are based on the performance of other investments. They can be volatile and may cause fund returns to decline.

**Note for All Portfolios:** The equity exposure may include domestic equity, international equity, and real estate investment trust securities. Fixed-income exposure may include investment grade bonds, non-investment grade bonds, and treasury inflation-indexed securities.