



Retiring on Time in the Reality of the New Normal

Stacy L. Schaus, CFP® PIMCO

May 2011

Pacific Investment Management Company LLC, 840 Newport Center Drive, Newport Beach, CA 92660, 800-387-4626
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P I M C O

Three Paths to Retirement

Save More



Invest Better



Retire Later

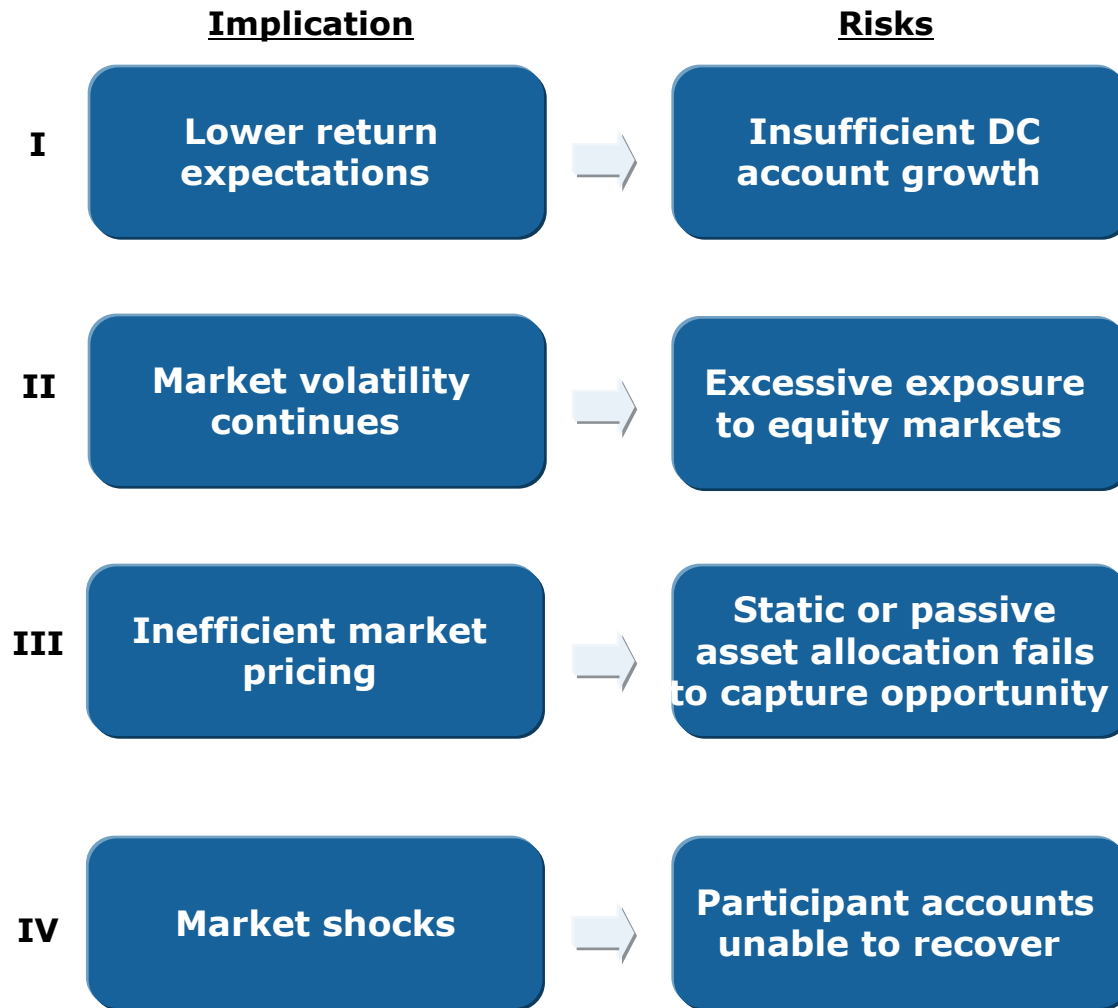


Future Markets are Unlikely to Deliver Returns Seen in the Past

- A fundamental secular transformation of the global economy and financial markets is underway
 - Increased regulation and government intervention
 - Slower global growth as savings increase and leverage decreases
 - Lower returns in traditional capital markets
- Highly volatile markets challenge ability to meet retirement income goals
- DC plans should be modified to succeed in the “new normal” economic environment

Refer to Appendix for additional outlook information.

What are the New Normal Implications for DC Plans?



Refer to appendix for additional investment strategy and risk information.

I. Lower Return Expectations: Financial Models Should Adjust Capital Market Assumptions

	Historical Returns (1991-2010)*	New Normal Returns Assumptions*
Barclays Capital U.S. Aggregate	7.0%	4.5%
S&P 500	9.0%	6.5%
Russell 2000	11.0%	7.5%
MSCI EAFE	6.20%	6.5%

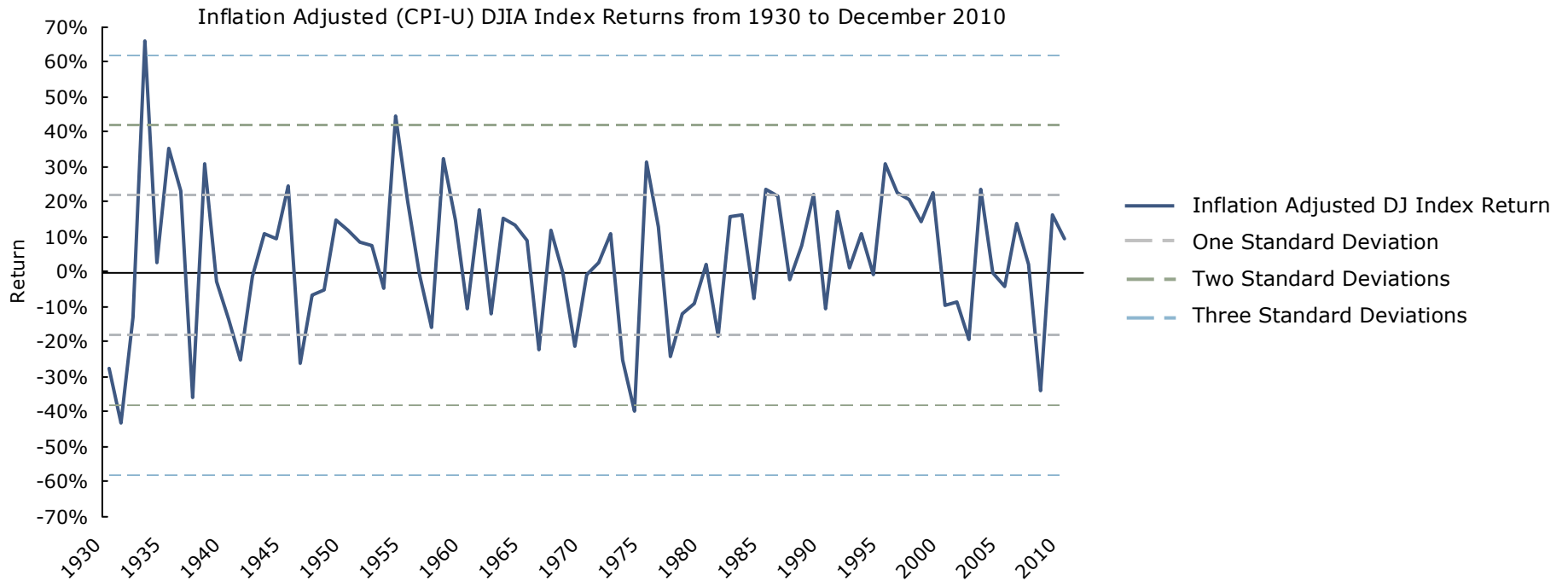


SOURCE: Bloomberg, PIMCO

Hypothetical example.

* Rounded to the nearest decimal. Geometric average of annual returns.

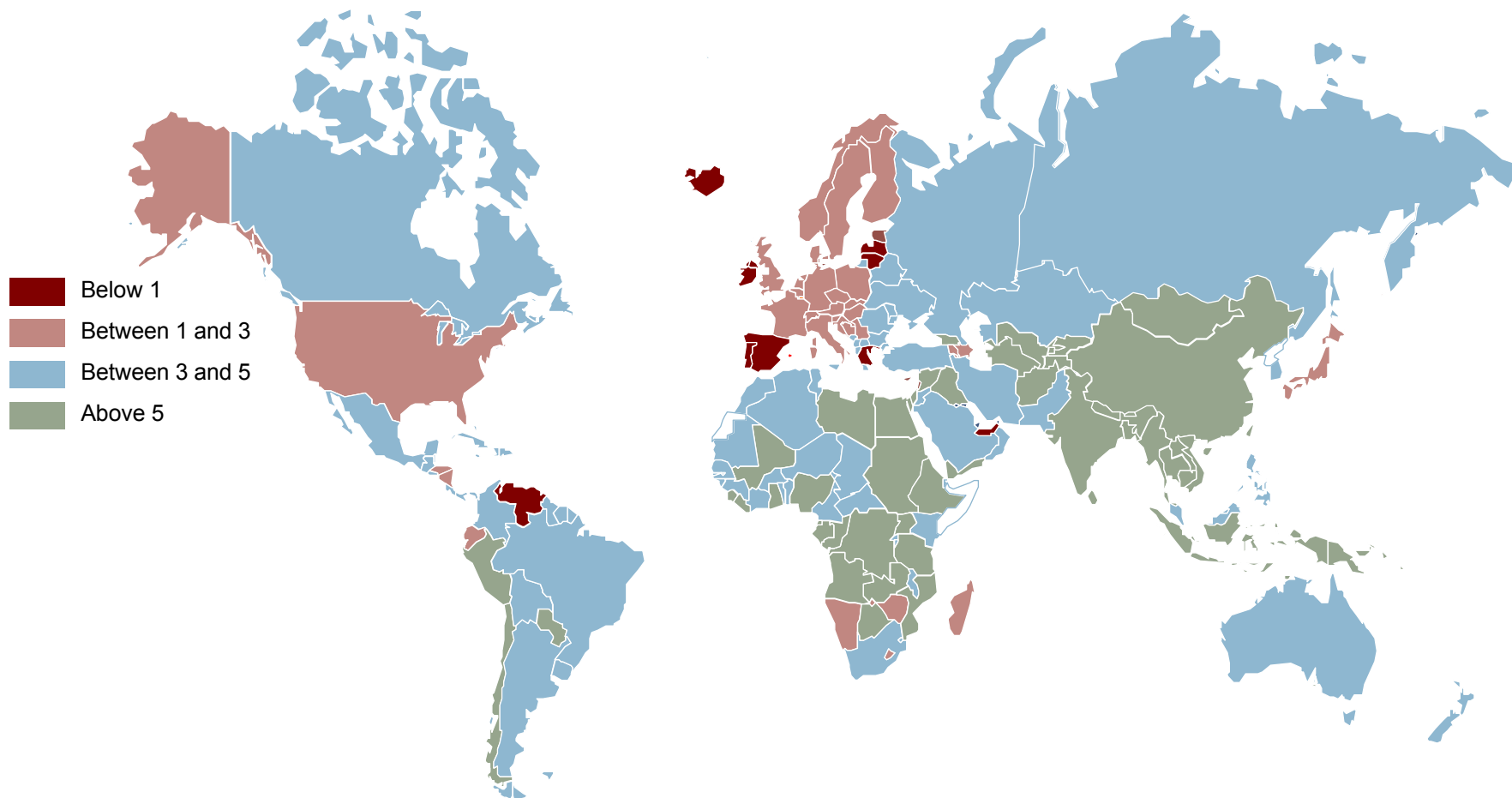
II. Market Volatility Continues: Investment Line-Up Volatility Requires Evaluation



SOURCE: Bloomberg
Refer to Appendix for additional index information.

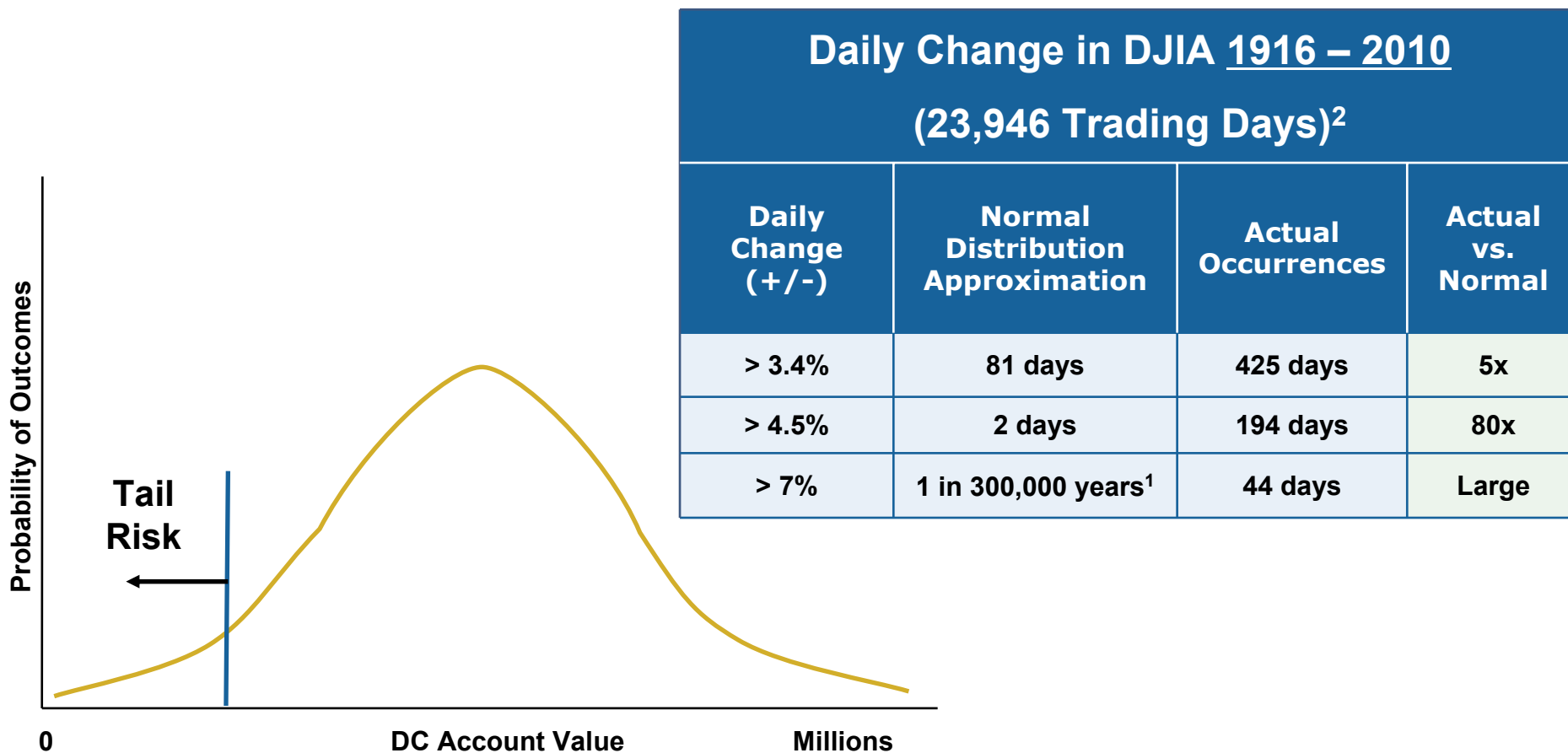
III. Inefficient Market Pricing: DC Plan Needs Opportunity to Invest Actively and Globally

Average Real GDP Growth Forecasted for 2010-2011 (Percent)



SOURCE: International Monetary Fund (IMF), World Economic Outlook April 2010

IV. Market Shocks: More Frequent than Models Suggest



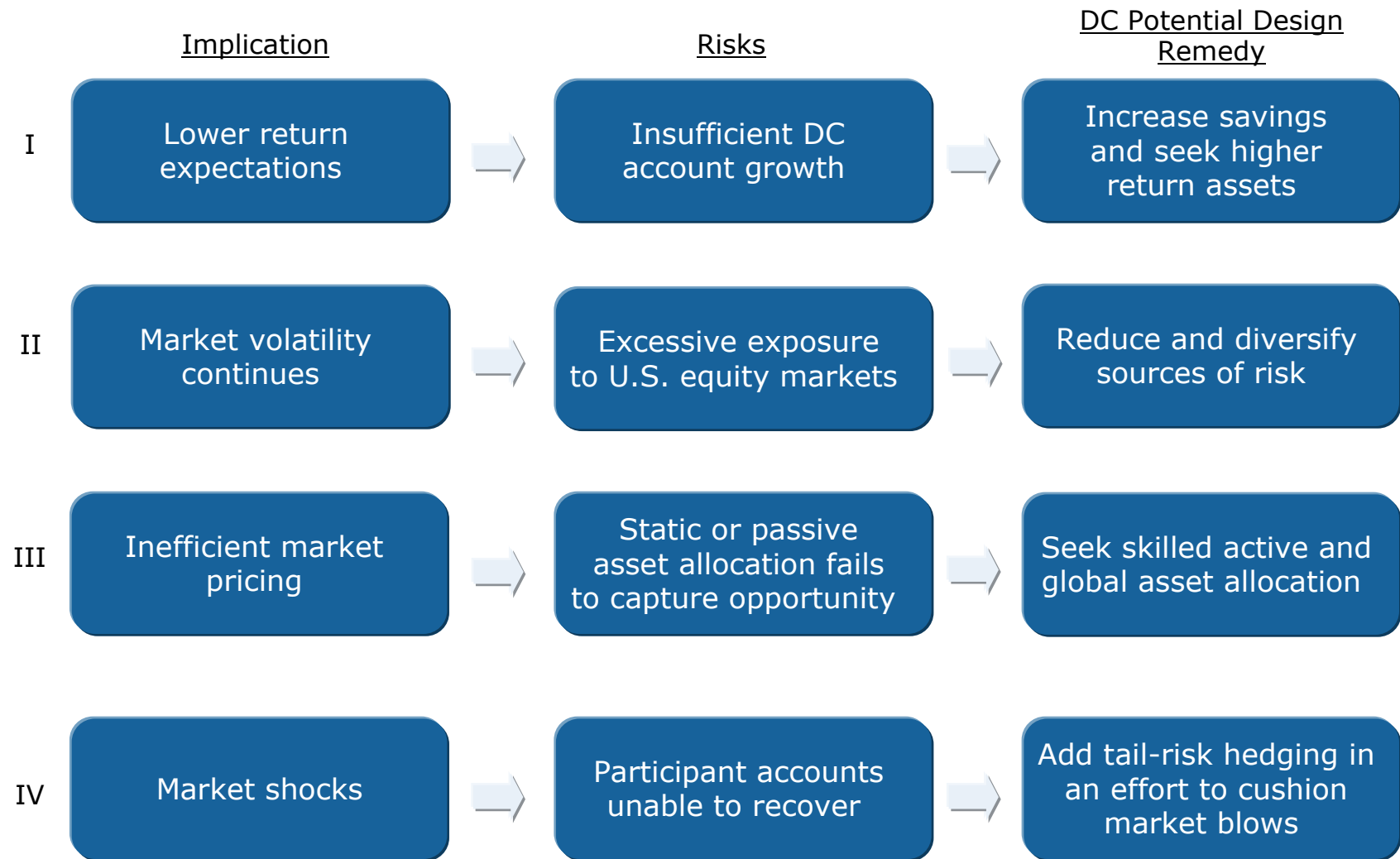
SOURCE: PIMCO, Benoit Mandelbrot.

¹ Assumes 252 trading days per year.

² The analysis of the final 1527 trading days (2003-2010) was conducted by PIMCO using historical data and identical methodologies as the original study conducted by Mandelbrot.

Hypothetical example for illustrative purposes only. Not indicative of the past or future performance of any PIMCO product. Refer to Appendix for additional index and hypothetical example information.

What are the New Normal Implications for DC Plans?



Refer to appendix for additional investment strategy and risk information.

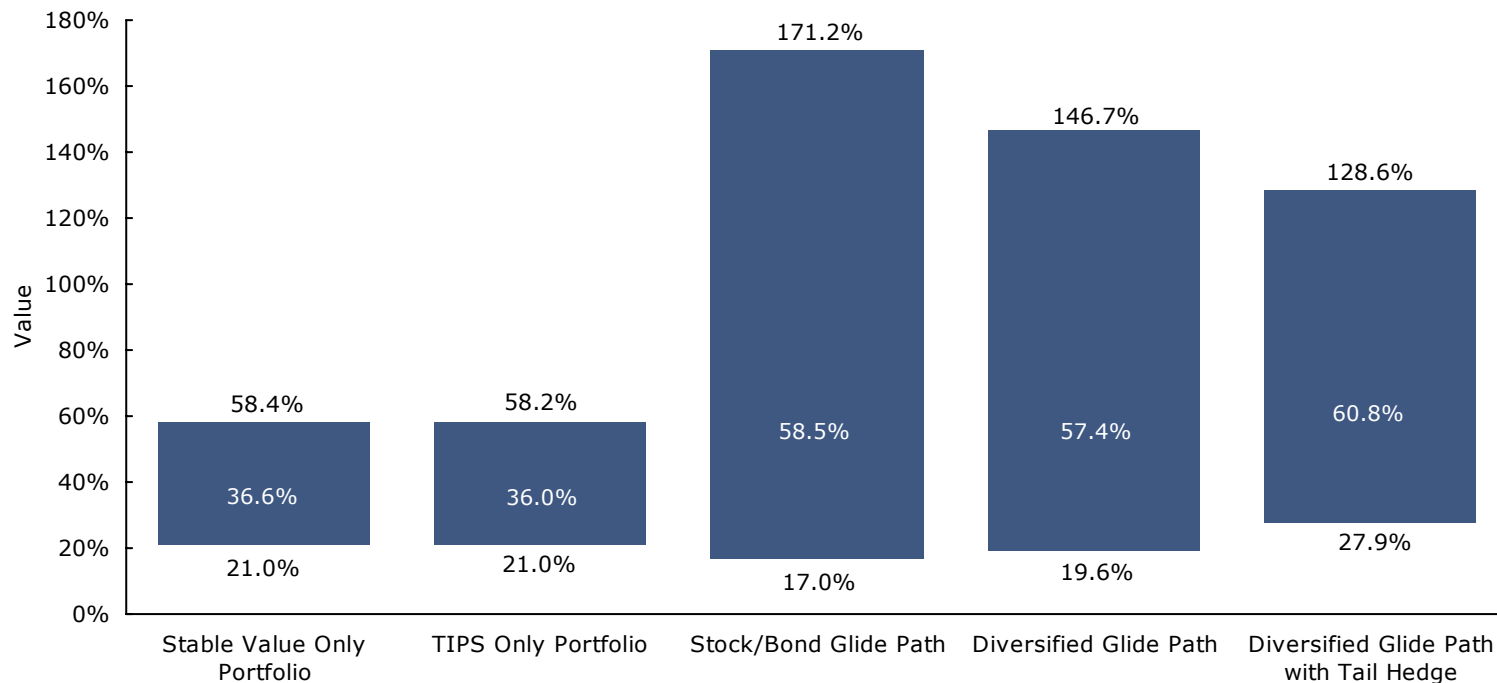
What Investment Choices Do Plan Sponsors and Participants Have?

Asset Allocation Approach	Pros	Cons
Stable Value or Cash Only	<ul style="list-style-type: none"> Return of capital Relatively stable return 	<ul style="list-style-type: none"> May not outpace inflation Low nominal return
Treasury Inflation Protected Securities (TIPS) Only	<ul style="list-style-type: none"> Return of capital U.S. Government Guaranteed Inflation and deflation sensitive 	<ul style="list-style-type: none"> Low nominal return
Stock & Bond Glide Path	<ul style="list-style-type: none"> Upside return opportunity 	<ul style="list-style-type: none"> High relative risk exposure and volatility Market shock and long-term loss potential May not outpace inflation
Diversified Glide Path	<ul style="list-style-type: none"> Upside return opportunity Increased inflation sensitivity Reduced volatility and “outcome” focus 	<ul style="list-style-type: none"> Moderate relative risk exposure and volatility Moderate exposure to market shocks Limited potential downside risk
Diversified Glide Path with “Tail Risk Hedging”	<ul style="list-style-type: none"> Upside return opportunity Increased inflation sensitivity Reduced volatility and “outcome” focus Hedging against severe market shocks (e.g., 15% or more) 	<ul style="list-style-type: none"> Low potential relative risk exposure and volatility

Refer to Appendix for additional risk information..

Modeled DC Account Value Given “New Normal” Return Assumptions

Income Replacement Ratio at 1st, 50th, and 99th Percentile



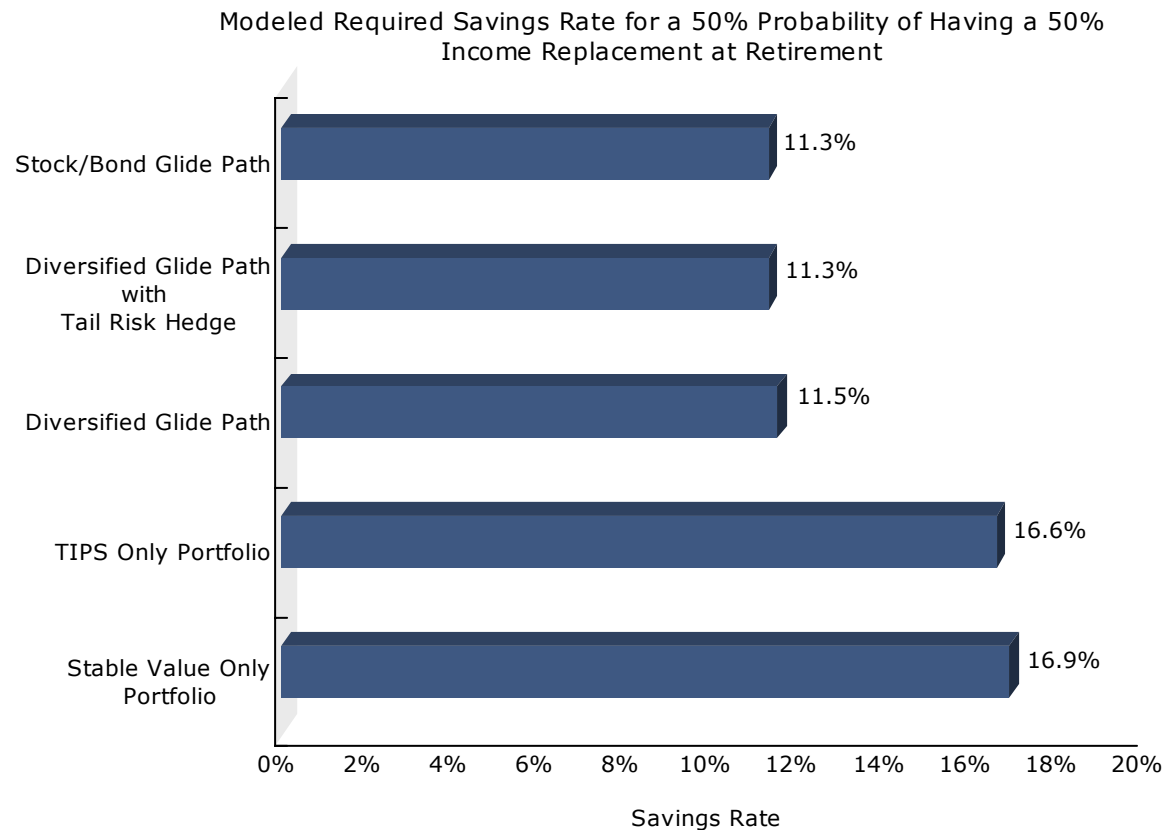
Assumptions:
 Starting salary - \$50,000
 Real wage increase – 1%
 Savings rate – 6%-9.8% over 40 years
 Employer match – 3.5%

SOURCE: PIMCO

Hypothetical example for illustrative purposes only.

Stable Value Only Portfolio is represented by the Hueler Stable Value Index; TIPS Only Portfolio is represented by the Barclays Capital U.S. TIPS Index. Refer to Appendix for additional assumption, asset allocation tables, glidepath, hypothetical example, and risk information.

Although Stock/Bond Glide Path Appears to Meet the 50% Income Goal with a Low Savings Rate...



Assumptions:
Starting salary - \$50,000
Real wage increase - 1%
Annuity Rate:6%

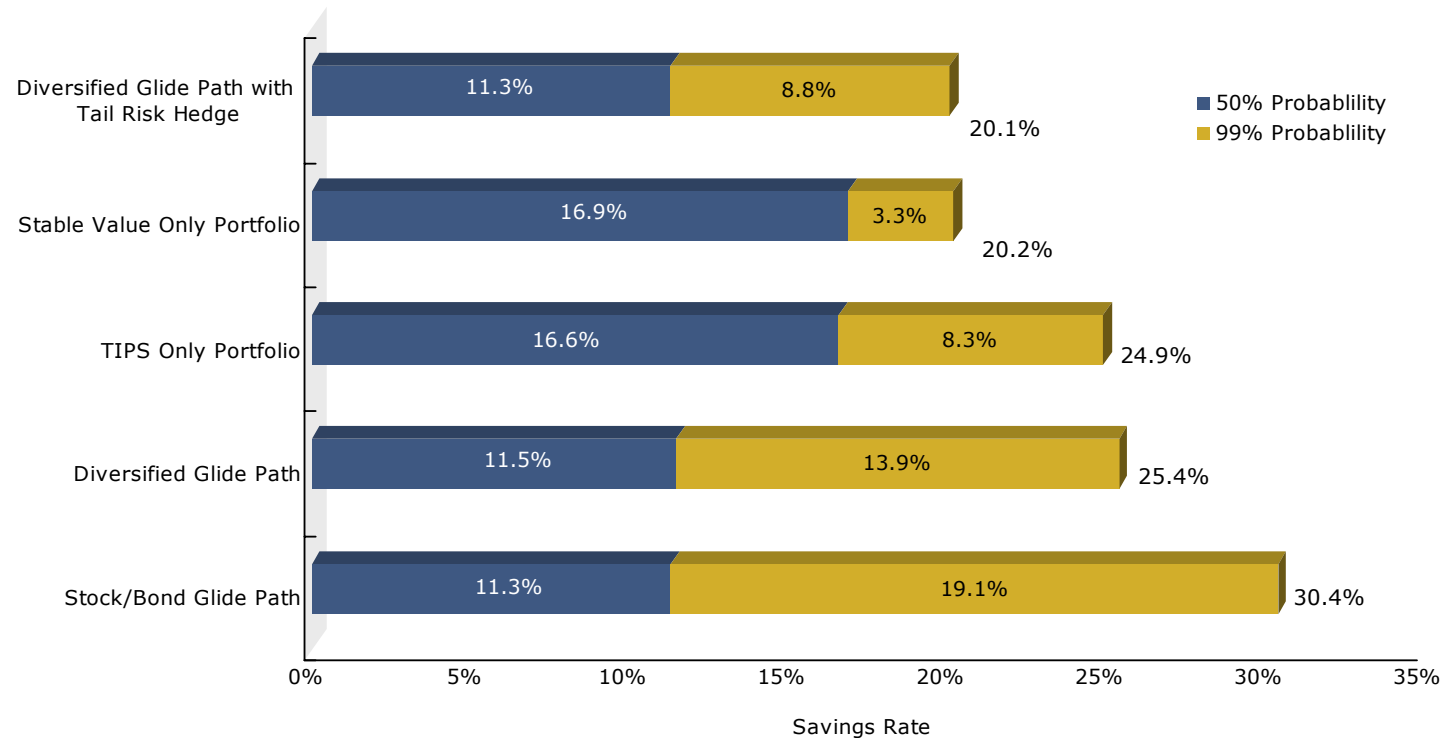
SOURCE: PIMCO

Hypothetical example for illustrative purposes only.

Stable Value Only Portfolio is represented by the Hueler Stable Value Index; TIPS Only Portfolio is represented by the Barclays Capital U.S. TIPS Index. Refer to Appendix for additional assumption, asset allocation tables, glidepath, hypothetical example, and risk information.

A Diversified Glide Path with Tail Risk Hedging May Offer High Probability of Meeting Income Goal...at Low Savings Rate

Modeled Required Savings Rate for a 50% & 99% Probability of Having a 50% Income Replacement at Retirement



Assumptions:
 Starting salary - \$50,000
 Real wage increase - 1%
 Annuity Rate:6%

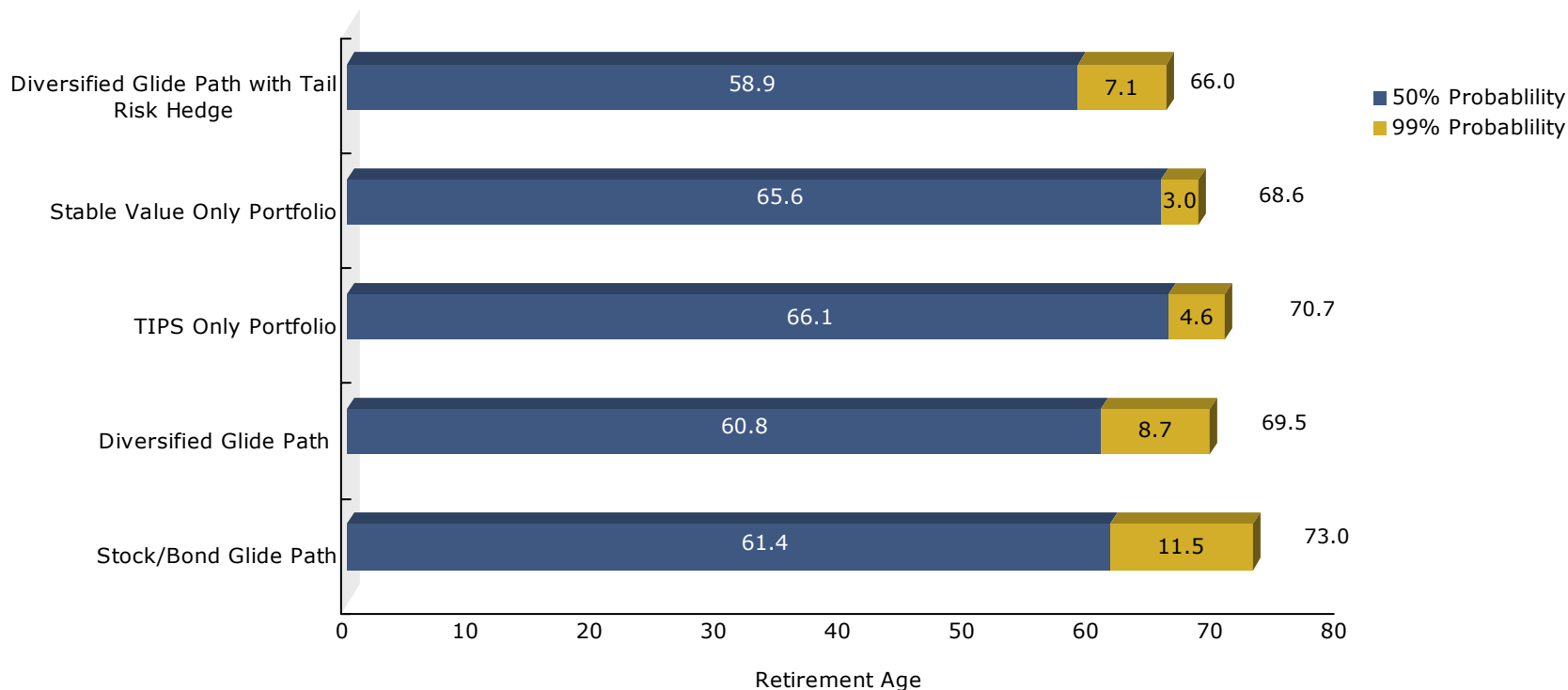
SOURCE: PIMCO

Hypothetical example for illustrative purposes only.

Stable Value Only Portfolio is represented by the Hueler Stable Value Index; TIPS Only Portfolio is represented by the Barclays Capital U.S. TIPS Index. Refer to Appendix for additional assumption, asset allocation tables, glidepath, hypothetical example, and risk information.

A Diversified Glide Path with Tail Risk Hedging Also May Offer Ability to Retire at an Younger Age

Projected Retirement Age for a 50% & 99% Probability of Having a 50% Income Replacement at Retirement



Assumptions:
 Starting salary - \$50,000
 Real wage increase - 1%
 Annuity Rate: 6%

SOURCE: PIMCO

Hypothetical example for illustrative purposes only.

Stable Value Only Portfolio is represented by the Hueler Stable Value Index; TIPS Only Portfolio is represented by the Barclays Capital U.S. TIPS Index. Refer to Appendix for additional assumption, asset allocation tables, glidepath, hypothetical example, and risk information.

What You Can do to Help Improve Your DC Plan...

Consider Evolving DC Design to Outcome Orientation

- Pump up savings rates via escalation or match restructure
- Help participants understand a higher savings need in the “New Normal”
- Evaluate “risk factors” or what drives volatility in asset allocation
- Add diversifying assets (e.g., TIPS, Commodities, REITS, global bonds)
- Add global asset allocation and tail-risk hedging

Appendix

Biographies

Stacy L. Schaus, CFP®

Ms. Schaus is a senior vice president in the Newport Beach office and leads PIMCO's Defined Contribution Practice. Prior to joining PIMCO in 2006, she was a founder and president of Hewitt Financial Services, which includes DC investment consulting and research as well as brokerage and personal finance. She has written extensively on defined contribution issues, including the regular publication PIMCO DC Dialogue™ and her 2010 book, *Designing Successful Target-Date Strategies for Defined Contribution Plans*.

Ms. Schaus has been named by 401k Wire as among the 50 most influential leaders in defined contribution for 2010. She is the founding chair for the Defined Contribution Institutional Investment Association, serves on the board of the Employee Benefit Research Institute and is a past member of the Financial Planning Association board. She has 30 years of investment experience and holds an MBA from the Stern School of Business at New York University and an undergraduate degree from the University of California, Santa Barbara.

Stock/Bond Glide Path Asset Allocation

Start in Year (from Now)	0	6	11	16	21	26	31	36
Ending in Year (from Now)	5	10	15	20	25	30	35	40
Large Cap	89%	85%	85%	83%	80%	72%	66%	55%
Small Cap	0%	0%	0%	0%	0%	0%	0%	0%
International	0%	0%	0%	0%	0%	0%	0%	0%
Emerging Equities	0%	0%	0%	0%	0%	0%	0%	0%
Real Estate	0%	0%	0%	0%	0%	0%	0%	0%
Commodities	0%	0%	0%	0%	0%	0%	0%	0%
Fixed Income	11%	15%	15%	17%	20%	29%	34%	45%
TIPS	0%	0%	0%	0%	0%	0%	0%	0%
Long Treasuries	0%	0%	0%	0%	0%	0%	0%	0%
Long TIPS	0%	0%	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	0%	0%	0%	0%	0%

Hypothetical example for illustrative purposes only.

Large Cap: S&P 500 Index; Fixed Income: Barclays Capital U.S. Aggregate Index

Refer to Appendix for additional hypothetical example and index information.

Diversified Glide Path Asset Allocation

Start in Year (from Now)	0	6	11	16	21	26	31	36
Ending in Year (from Now)	5	10	15	20	25	30	35	40
Large Cap	15.0%	15.0%	15.0%	15.0%	12.5%	10.0%	7.5%	5.0%
Small Cap	15.0%	15.0%	15.0%	15.0%	12.5%	7.5%	5.0%	2.5%
International	15.0%	15.0%	15.0%	15.0%	12.5%	10.0%	7.5%	5.0%
Emerging Equities	10.0%	10.0%	10.0%	10.0%	7.5%	7.5%	5.0%	2.5%
Real Estate	15.0%	15.0%	12.5%	12.5%	10.0%	7.5%	5.0%	2.5%
Commodities	15.0%	15.0%	12.5%	12.5%	10.0%	7.5%	5.0%	2.5%
Fixed Income	2.5%	2.5%	5.0%	5.0%	15.0%	25.0%	30.0%	35.0%
TIPS	2.5%	2.5%	5.0%	5.0%	15.0%	25.0%	30.0%	35.0%
Long Treasuries	5.0%	5.0%	5.0%	5.0%	2.5%	0.0%	0.0%	0.0%
Long TIPS	5.0%	5.0%	5.0%	5.0%	2.5%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	10.0%

Hypothetical example for illustrative purposes only.

Large Cap: S&P 500 Index; Small Cap: Russell 2000 Index; International: MSCI EAFE Index; EM Equity: MSCI EM Index; Real Estate: Dow Jones U.S. Select REIT TR Index; Commodities: Dow Jones UBS Commodity TR Index; Fixed Income: Barclays Capital U.S. Aggregate Index; TIPS: Barclays Capital U.S. TIPS Index; Long Treasuries: Barclays Capital Long-Term Treasury Index; Long TIPS: Barclays Capital U.S. TIPS: 10 Year+ Index; Cash: Citigroup 3-Month Treasury Index

Refer to Appendix for additional hypothetical example and index information.

Market Average Glide Path: Percentage Values

Glide Path: Asset Class Allocations

	YEARS TO RETIREMENT									
	40	35	30	25	20	15	10	5	0	
U.S. Large Cap	59%	58%	57%	55%	52%	48%	43%	38%	33%	
U.S. Small Cap	8%	8%	8%	7%	6%	6%	5%	3%	3%	
International Equity	17%	17%	17%	16%	15%	14%	12%	10%	8%	
Emerging Markets Equity	6%	6%	6%	6%	6%	6%	5%	4%	3%	
Real Estate	2%	2%	2%	2%	2%	2%	2%	2%	1%	
Commodities	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Fixed Income	6%	6%	7%	10%	13%	17%	22%	27%	31%	
TIPS	1%	1%	1%	1%	2%	3%	4%	5%	6%	
Long Treasuries	0%	0%	0%	0%	0.0%	0%	0%	0%	0%	
Long TIPS	0%	0%	0%	0%	0.0%	0%	0%	0%	0%	
T-Bills	1%	2%	2%	3%	4%	4%	7%	11%	15%	

SOURCE: MarketGlide

The chart above reflects the market average target date glide path asset allocations as compiled and reported by MarketGlide.

Hypothetical example for illustrative purposes only.

Domestic Large Cap: S&P 500 Total Return Index; Domestic Small Cap: Russell 2000 Total Return Index; International Equity: MSCI EAFE Total Return Index; Emerging Markets Equity: MSCI EM Total Return Index; Real Estate: Dow Jones U.S. Select REIT Total Return Index; Commodities: Dow Jones UBS Commodity Total Return Index; U.S. Agg Bonds: Barclays Capital U.S. Aggregate Index; TIPS: Barclays Capital U.S. TIPS Index; Long Treasuries: Barclays Capital Long-Term Treasury Index; Long TIPS: Barclays Capital U.S. TIPS: 10 Year + Index; T-Bills: BofA Merrill Lynch U.S. 3-Month Treasury Bill Index.

Refer to Appendix for additional glidepath, hypothetical example, index, and risk information.

Appendix

Risk Factor Definitions

Duration (“Interest Rate” risk factor)

- Duration measures a bond’s sensitivity to a parallel shock of the par yield curve. PIMCO’s systems use a scenario-based duration calculation. Our algorithm first prices the security, and then shocks the interest rate to calculate the bond’s duration.
- Our systems generate several additional versions of interest rate duration, including proprietary duration measures such as:
 - Bull Duration: bond sensitivity to a fall in interest rates,
 - Bear Duration: bond sensitivity to a rise in interest rates,
 - Forward secular duration: bond sensitivity to a forward-looking yield curve shift scenario specified by PIMCO’s Investment Committee.

Curve Duration (“Slope” risk factor)

- Interest rate duration assumes a parallel shift in the yield curve. But parallel shifts rarely occur because monetary policy acts mostly on the short end of the curve, while inflationary expectations are expressed in the longer end of the curve. Therefore, the yield curve typically steepens or flattens as interest rates move.
- Our systems define curve duration as the price sensitivity of a bond to a steepening of the yield curve. Every day, each bond is priced using our proprietary pricing models and then shocked to calculate its curve duration. Our algorithm uses the 10-year bond as anchor point and measures steepening as the change in the 2-to-10 year yield spread.

Credit Spread Duration (“Credit” risk factor)

- Credit spread duration measures the sensitivity of the bond’s price to changes in the spread of a reference single A rated security. Our process to calculate credit spread duration follows two steps:
 1. First, the algorithm calculates the sensitivity of the bond price to its own spread. This process occurs overnight and leverages our proprietary pricing models.
 2. Second, the algorithm translates this own-security spread duration into a duration related to the reference single A rated security. This mapping relies on a proprietary model that takes into account the OAS of the bond under consideration and the OAS of the reference bond.

Mortgage/Swap/EM Spread Duration (“Mortgage/Swap/EM” risk factor)

- Our process to calculate these spreads follows several steps:
 1. We build yield curve simulation paths based on a swap curve.
 2. We then generate cash flows and discount those cash flows with a spread (OAS) to get a par value equal to the market price.
 3. Finally, we shock the OAS to get different prices. The spread durations are calculated based on those prices.
- The result is a measure of the sensitivity of the bond’s price to changes in the corresponding spread. For example, for every 1 basis point of mortgage spread tightening, a portfolio with mortgage spread duration of 1 year will rise in price by 1 basis point.

Appendix

Past performance is not a guarantee or a reliable indicator of future results.

Assumptions

Return assumptions are for illustrative purposes only and are not a prediction or projection of return. Return assumptions are an estimate of what investments may earn on average over the long term. No fees or expenses were included in the illustration. Return assumptions have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve. Actual returns may be higher or lower than those shown and may vary substantially over shorter time periods.

The asset allocation categories are as follows: Large Cap: S&P 500 Index; Small Cap: Russell 2000 Index; International: MSCI EAFE Index; Emerging Markets: MSCI EM Index; Real Estate: Dow Jones U.S. Select REIT TR Index; Commodities: Dow Jones UBS Commodity TR Index; Fixed Income: Barclays Capital U.S. Aggregate Index; TIPS: Barclays Capital U.S. TIPS Index; Long Treasuries: Barclays Capital Long-Term Treasury Index; Long TIPS: Barclays Capital U.S. TIPS: 10 Year+ Index; Stable Value: Hueler Stable Value Index; Cash: Citigroup 3-Month Treasury Bill Index.

Asset	Return Assumptions
Large Cap	6.5%
Small Cap	7.5%
International	6.5%
Emerging Markets	9.5%
Real Estate	7.0%
Commodities	7.0%
Fixed Income	4.5%
TIPS	4.0%
Long Treasuries	5.0%
Long TIPS	5.0%
Stable Value	4.1%
Cash	2.8%

Appendix

Correlation

The correlation of various indices or securities against one another or against inflation is based upon data over a certain time period. These correlations may vary substantially in the future or over different time periods that can result in greater volatility.

Hypothetical Example

This material contains hypothetical results based on a Monte Carlo simulation. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown. Hypothetical or simulated performance results have several inherent limitations. Unlike an actual performance record, simulated results do not represent actual performance and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated performance results and the actual results subsequently achieved by any particular account, product, or strategy. In addition, since trades have not actually been executed, simulated results cannot account for the impact of certain market risks such as lack of liquidity. There are numerous other factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results.

Investment Strategy

There is no guarantee that these investment strategies will work under all market conditions and each investor should evaluate their ability to invest for a long-term especially during periods of downturn in the market.

Outlook

Statements concerning financial market trends are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

Glide Path

The glide path is intended to illustrate how allocations among asset classes change as a target date approaches. The target asset allocation is based on a target date, which assumes a normal retirement age of 65, and time horizons based on current longevity of persons reaching retirement in average health. The glide path is designed to reduce risk as the target retirement date nears, but may also provide investors diversification across a variety of asset classes, with an emphasis on asset classes that may protect against inflation over time. The target allocations used in this presentation are for illustrative purposes only. They are based on quantitative and qualitative data relating to long-term market trends, risk metrics, correlation of asset types and actuarial assumptions of life expectancy and retirement

The PIMCO glide path implements an optimal asset allocation mix that moves from higher risk to lower risk over time and is designed to manage the risk of an individual's savings as they approach retirement. The glide path acts as a "benchmark portfolio", reflecting an allocation that is optimal with respect to our long-run, real return assumptions for each asset class (referred to above as "capital market assumptions"). The PIMCO glide path optimization takes into account the compounding of returns over the given investment horizon, unlike standard mean-variance analysis. PIMCO's approach to developing a glide path incorporates liability-driven modelling in a "real return" framework, using a broad opportunity set of asset classes seeking to deliver meaningful improvements over traditional approaches. This approach may increase the median return and narrow the range of expected future outcomes when compared to the typical glidepath (see chart below), while hedging the risk of future inflation and reducing the risk of a shortfall in future sustainable spending power. More income is likely to distribute near the median.

Appendix

Risk

All investments contain risk and may lose value. Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk; investments may be worth more or less than the original cost when redeemed. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Inflation-linked bonds (ILBs) issued by a government are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. Government. Commodities contain heightened risk including market, political, regulatory, and natural conditions, and may not be suitable for all investors. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. REITs are subject to risk, such as poor performance by the manager, adverse changes to tax laws or failure to qualify for tax-free pass-through of income. Derivatives and commodity-linked derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Commodity-linked derivative instruments may involve additional costs and risks such as changes in commodity index volatility or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Investing in derivatives could lose more than the amount invested.

Stable value wrap contracts are subject to credit and management risk. PIMCO does not offer insurance guaranteed products or products that offer investments containing both securities and insurance features.

This material contains the current opinions of the manager and such opinions are subject to change without notice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. References to specific securities are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. In addition, these references are not representation of PIMCO forecasts or expectations. The information on future results or expectations should not be construed as an estimate or promise of results that a client portfolio may achieve.

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Appendix

Index descriptions

Barclays Capital Long-Term Treasury consists of U.S. Treasury issues with maturities of 10 or more years. Prior to November 1, 2008, this index was published by Lehman Brothers.

The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

The Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least \$250 million par amount outstanding. Performance data for this index prior to 10/97 represents returns of the Lehman Inflation Notes Index.

Barclays Capital U.S. TIPS: 1-10 Year is an unmanaged index market comprised of U.S. Treasury Inflation Protected securities having a maturity of at least 1 year and less than 10 years. Prior to November 1, 2008, this index was published by Lehman Brothers.

The Citigroup 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.

The Consumer Price Index (CPI) is an unmanaged index representing the rate of inflation of the U.S. consumer prices as determined by the U.S. Department of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time.

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded "blue chip" stocks, primarily industrials, but including financials and other service-oriented companies as well. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks.

Gorton and Rouwenhorst constructed a hypothetical equally-weighted performance index of commodity futures. Data was from the Commodities Research Bureau using daily prices for individual futures contracts since 1959. The data was appended from the London Metals Exchange.

The Hueler Analytics Stable Value Pooled Fund Comparative Universe is an equal-weighted total return average across all participating funds in the Hueler Universe and represents approximately 75% of the stable value pooled funds available to the marketplace and represents stable value investment strategies of \$96 billion. All participating stable value pooled funds are available to investors through employer sponsored retirement plans. The index series dates back to 1983 and is produced on a monthly basis.

The Dow Jones UBS Commodity Total Return Index is an unmanaged index composed of futures contracts on 19 physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. Prior to May 7, 2009, this index was known as the Dow Jones AIG Commodity Total Return Index.

The Dow Jones U.S. Select Real Estate Investment Trust (REIT) Total Return Index, a subset of the Dow Jones U.S. Select Real Estate Securities Total Return Index, is an unmanaged index comprised of U.S. publicly traded Real Estate Investment Trusts. This index was formerly known as the Dow Jones Wilshire REIT Index.

The Morgan Stanley Capital International Emerging Markets Index is an unmanaged index that measures equity market performance in the global emerging markets. As of May 2005, the Emerging Markets Index (float-adjusted market capitalization index) consisted of indices in 26 emerging countries: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey, and Venezuela.

Appendix

The MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, Far East Index) is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The S&P 500 Index is an unmanaged market index generally considered representative of the stock market as a whole. The index focuses on the Large-Cap segment of the U.S. equities market.

It is not possible to invest directly in an unmanaged index.