CITY OF MILWAUKEE DEFERRED COMPENSATION PLAN
GLOSSARY OF TERMS

5-year option – A 60-month automatic exchange or transfer program that allows participants to move 100% of the balance of a fixed fund over a 60-month period. A portion of the balance is automatically moved every month for 60 months to the participant's variable investment election.

90-Day U.S. Treasury Bills: provide a measure of riskless return. The rate of return is the average interest Rate available on the beginning of each month for a Treasury Bill maturing in 90 days.

401(a) Plan: A retirement savings plan set up by an employer that allows for contributions by the employee, the employer, or both. Contribution amounts may be dollar-based or percentage-based. The sponsoring employer sets the level of these amounts as well as eligibility and vesting schedule, and may establish more than one plan, each to serve the needs of a distinct group of employees.

401(k) Plan: A defined contribution plan usually sponsored by a private sector employer, governed under Section 401(k) of the Internal Revenue Code, and intended primarily for long-term retirement saving. Typically, employees ("participants") contribute pre-tax money each payday into an annuity or a custodial trust account set up for them by the 401(k) plan, and invest that money so that it can grow tax-deferred. When a participant withdraws money from the plan, it's taxed as ordinary income. However, if the plan offers a Roth option, participants may elect to designate some or all of their contributions to be made with after-tax dollars, allowing them to take withdrawals tax-free, subject to certain rules and regulations.

402(f): Notice that participants taking a systematic withdraw from their plan will receive annually. The plan sends detail options for both Roth and non-Roth rollover distributions, pursuant to the IRS code.

403(b) Plan: A defined contribution plan similar to a 401(k) plan, but one which is sponsored by public schools and universities, some nonprofit employers and cooperative hospital service organizations. It gets its name from the Internal Revenue Code section that governs it. Typically, employees ("participants") contribute pre-tax money each payday into an annuity or a custodial trust account set up for them by the 403(b) plan, and invest that money so that it can grow tax-deferred. When a participant withdraws money from the plan, it's taxed as ordinary income. However, if the plan offers a Roth option, participants may elect to designate some or all of their contributions to be made with after-tax dollars, allowing them to take withdrawals tax-free, subject to certain rules and regulations.

403(b) Tax-Sheltered Annuity Plan: A 403(b) plan that uses an annuity to maintain participant accounts.

457(b) Plan: A defined contribution plan for governmental employees that is governed under Section 457(b) of the Internal Revenue Code and commonly known as a governmental deferred compensation plan. Typically, public employees ("participants") contribute pre-tax money each payday into an annuity or a custodial trust account set up for them by the 457(b) plan, and invest that money so that it can grow tax-deferred. When a participant withdraws money from the plan, it's taxed as ordinary income. However, if the plan offers a Roth option, participants may elect to designate some or all of their Contributions to be made with after-tax dollars, allowing them to take withdrawals tax-free, subject to certain rules and regulations. Note: Certain non-governmental employers may establish 457(b) plans. However, these plans are under separate rules and regulations and are not interchangeable with governmental 457(b) plans.

Account Accuracy Rule: Relates to the FACTA of 2003, the act that addressed identity theft concerns. FACTA allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion).

Adjustment: Financial transaction initiated by a fund company or employer used to correct a participant's account's balance. Includes the following: daily interest, dividends, capital gains, unit adjustments, bad price or price conversions, payroll adjustments, and fund reimbursements.

Administration means:
1. giving counsel, advice, or notice to participants or beneficiaries with respect to a Benefit Plan;
2. interpreting a Benefit Plan;
3. handling records in connection with a Benefit Plan; or
4. effecting enrollment, termination or cancellation of participants or beneficiaries under a Benefit Plan.

Allocation: The way in which deferrals, or contributions, are divided among existing investments.

Allocation Change: When a participant moves future contribution percentages into another fund or mix of funds.

Alpha: A statistic measuring that portion of a stock, fund, or composite's total return attributable to specific or non-market risk. Because Alpha measures non-market return, it indicates how much value has been added or lost by a portfolio manager, based on that manager's investment decisions.

AMEA: Actively Managed Equity Account

AMIA: Actively Managed Income Account

Annual Contribution Limit: Maximum a participant can contribute, or defer, to a 401k, 403b and/or 457b plan account(s) or IRA in a tax year. The IRS sets contribution limits annually.

Annualized Return: An annualized return represents the geometric average performance per year during the cumulative period.

Annuity: Financial product designed to accept, invest and grow money from an individual and then, at some later point in time, pay out a stream of payments to the individual. In the retirement plans context, annuities are used to house participant accounts with 457(b), 403(b) and 401(k) plans. Because they are operated for the benefit of a group of participants, they are known as group annuities.

ARM: Adjustable-Rate Mortgage is a type of mortgage in which the interest rate paid on the outstanding balance varies according to a specific benchmark. The initial interest rate is normally fixed for a period of time after which it is reset periodically. The interest rate paid by the borrower will be based on a benchmark plus an additional spread.

Asset Allocation: Strategy of spreading investment funds across asset classes, such as cash and fixed income, bonds, and stocks, to help minimize risk. This may help manage the risk of investing in part because these investment categories respond to changing economic and political conditions in different ways. The use of asset allocation does not guarantee returns or protect from potential losses.

Asset Classes (Types): Types of investments available for participant contributions and assets. In general, asset classes may be divided into stocks, bonds, and cash and cash-like products including money market instruments, Treasury bills and CDs. Retirement plans typically offer mutual funds comprised of stocks, bonds, cash or a mixture of them. Read Asset Class Types in the Learning Center for more information about the types offered by Nationwide®.

Asset Management Charge: An administrative charge taken as a percentage of assets held by the retirement plan. The purpose of the charge is to cover the expenses/costs of plan education, marketing, recordkeeping and administration services.

Asset Rebalancing: An investing strategy through which a participant periodically exchanges or moves between funds in their account, in an effort to maintain a specific investment mix designated.

Attribution Effect: Performance attribution interprets how performance is achieved and measures the impact that the advisor's asset allocation and manager selection decisions have on relative performance. Relative performance is broken down by the following Attribution Effects:

Asset Allocation: The asset allocation effect measures the impact of tactical asset allocation decisions on relative performance. If the advisor has a portfolio overweight relative to its policy benchmark in an asset class that outperforms the total benchmark return, the asset allocation effect will be positive for the period.

Manager Selection: The manager selection effect measures the impact of the advisor's selection of underlying managers on relative performance. If the advisor selects managers who outperform their respective benchmarks, the manager selection effect will be positive.

Style Effect: Contribution/detraction attributed to style effect occurs when a manager-specific benchmark is not the same asset class benchmark, e.g. the manager is compared to Russell 1000 Value but the asset class is compared to S&P 500. Style Effect for an individual manager measures what impact there is from choosing a manager that does not manage his/her portfolio to the asset class benchmark.

Active Return: Total Active Return equals the portfolio return minus the total blended benchmark return. Active return at the individual manager or asset class level is the contribution that the individual manager or asset class had on relative performance.

Asset Allocator: Managers who try to capitalize on the cyclical behavior of both the economy and market price trends by moving in and out of the equity market, fixed-income, and cash markets in anticipation of these cycles. Quantitative as well as qualitative models and inputs are used in an attempt to be heavily weighted in the most undervalued sector of the capital markets and capitalize on those sectors forecasted to do well in the short term while avoiding those sectors forecasted to underperform in the short term.

Automatic Asset Rebalancing: Optional service commonly offered by retirement plan administrators to help participants gain the benefits of asset rebalancing automatically.

Average Credit Quality: This definition changes depending on where we obtain the data we are quoting. As defined by Prima Capital, average credit quality is derived by taking the weighted average of the credit ratings, as assigned by Standard & Poor's or Moody's, for each bond in the portfolio. Average credit quality offers a quick way of assessing how much credit risk there is in a given bond portfolio. Morningstar's definition states that generally, bond default rates increase at an increasing rate as investment grade moves lower (i.e. convexity). Credit quality is calculated by taking the convexity of default rate curves into account and then calculating the weighted average rating that gives a higher probability of default to lower rated issues.

Average Effective Duration: A measure of the expected volatility of a portfolio in response to interest rate fluctuations. The longer a bond's duration, the more sensitive it is to shifts in interest rates. In a portfolio with multiple bonds, the effective duration for bonds with different maturity dates and yields is averaged.

Average Maturity: The average time before bonds or other fixed income investments in a portfolio mature. The longer the average maturity, the greater the risk of rising interest rates.

Auditors' Report: A formal opinion, or disclaimer thereof, issued by either an internal auditor or independent external auditor as a result of an internal or external audit or evaluation performed on a legal entity. The report is provided to a "user" (individual, group of persons, company, government, the general public or governing group) as an assurance service in order for the user to make decisions on the results of the audit.

AUP (Agreed Upon Procedures): Agreed upon procedures are when an accountant is engaged to perform procedures related to specified financial statement items or accounts and issue a report of findings. The engagement does not include expressing an opinion or negative assurance. Instead, a report is provided in the form of procedures and findings.

Back-End Load: Redemption charge an investor pays when redeeming shares. Usually found in mutual funds and annuities, it's designed to discourage withdrawals and usually declines over a period of years before eventually expiring.

Balanced Funds: Mutual funds that typically have three investment objectives: 1) to conserve investors' initial principal, 2) to pay current income and 3) to promote long-term growth. Balanced funds typically invest in bonds and the remainder in stocks, and tend to be conservative or moderate.

Barclays 1-3 Year Government Index: is composed of agency and Treasury securities with maturities of one to three years.

Barclays Aggregate Bond Index: is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

Barclays Capital Govt/Credit Bond Index: is a composite of all publicly issued, fixed rate, non-convertible, domestic bonds. The issues are rated at least BBB, have a minimum outstanding principal of $100 million for U.S. Government issues or $50 million for other bonds, and have a maturity of at least one year. The index is capitalization-weighted.

Barclays Govt/Credit Intermediate Index: is one of the components of the Government/Credit Index which includes only bonds with maturities between one to ten years.

Basis Point: Common units of measure when quoting fixed account yields, interest rates and retirement plan charges and expense. One basis point equals .01%, therefore 100 basis points equals 1%.

Beta: A quantitative measure of the volatility of a given portfolio composite relative to its assigned benchmark. A portfolio composite with a beta of 1.10 is expected (based on previous performance) to perform 10% better than its benchmark index in up markets and 10% worse in down markets.

Blended Rate: The aggregate yield on the investments in a stable value investment option. (See also crediting rate.)

Book Value (also known as "contract value"): For a stable value investment contract, the value of initial deposited principal, plus accumulated interest, plus additional deposits, minus withdrawals and expenses. The book value of an investment contract is the amount owed by the issuer to the contract-holder on behalf of the plan participants, subject to certain terms and conditions. (See also market value.)

Book Value Withdrawals: Benefit payments made at book value. (They are also known as qualified withdrawals or ordinary withdrawals.) Most stable value investment contracts allow book value withdrawals only for participant-initiated withdrawals.

Bottom Up/Stock Selection: Managers who primarily emphasize stock selection over country or currency selection in their portfolio construction. The country selection process is mainly a by-product of the stock selection decision, or can be passively set according to the index country weights.

BSCA: Balanced Socially Conscious Account

CAI Total Real Estate Funds: The Total Real Estate Funds Database consists of both open and closed-end Commingled funds managed by real estate firms.

Calendar Year Performance: The performance or return of a fund or composite for the calendar year January through December.

Capital Gains Distribution: Mutual fund distributions, or profits, paid to shareowners from the sale of stocks and/or bonds.

Capitalization (Cap), or Market Capitalization: The total market value of all of a company's outstanding shares. Often abbreviated as cap. Small-cap generally refers to a company with market capitalization of between $300 million and $2 billion. Mid-cap, between $2 and $10 billion. Large-cap, more than $10 billion. Many mutual funds are categorized based on the average market capitalization of the stocks that they own.

Cash Equivalents: Short-term, liquid investments like a mature money market instrument or bank savings account. An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. It is possible to lose money by investing in a money market fund.

Cash Flow/Sales: Cash flow divided by sales. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before provision for dividends. Expenses do not include non-cash expenses such as depreciation. Sales represent gross sales reduced by cash discounts, returned sales, etc.

Cash Management Funds: The Cash Management Funds Database consists of actively managed short-term funds, Money market mutual funds, and short term bank funds. These funds invest in low-risk, highly liquid, short-term Financial instruments.

Catch-Up Contributions: T here are two types - the Age 50+ Catch-Up Provision says 457b, 403b and 401k plans may allow participants age 50 and over to contribute up to $5,500 more than the maximum contribution limit annually. As an alternative, 457b and 403b plans may allow a one-time Special 457 Catch-Up contribution. To learn more, visit www.irs.gov.

Certificates of Deposit (CDs): Savings certificates issued by banks and insured by the FDIC. They can be issued in any denomination and offer a fixed interest rate payable at a specified maturity date.

Citigroup Global Markets Non-U.S. Dollar Hedged Government Bond Index: is composed of the Unhedged Index with the addition of rolling one-month forward exchange contracts as hedging instruments.

Citigroup Global Markets World Broad Investment Grade Index: is composed of Government bonds, Eurobonds and foreign bonds rated at least AA with remaining maturities of 5 or more years. The index is weighted by the outstanding principal amount of each issue and is expressed in terms of U.S. dollars.

Citigroup Government Bond Index: is a composite that covers investments in all types of U.S. Government Debt outstanding. The index offers total returns on a broad base of government fixed-income securities with maturities of at least one year.

Citigroup Long Term High-Grade Bond Index: is a composite of approximately 800 industrial, financial, and utility bonds. The issues are rated AA or AAA and have a maturity of at least 12 years. The index is weighted by the outstanding principal amount of each issue.

CitiGroup Non-U.S. Dollar World Government Bond Index: is composed of the CitiGroup World Government Bond Index excluding U.S. bonds. The index includes all fixed-rate government bonds in 10 countries having remaining maturities of one year or longer with amounts outstanding of at least the equivalent of US$ 100 million. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

CitiGroup UnHedged Goverment Bond Index: is composed of fixed rate government bonds in 11 countries (including the U.S.) having remaining maturities of one year or more with amounts outstanding of at least the Equivalent of US $100 million. The index is capitalization-weighted and is expressed in U.S. dollars.

Class of Shares: Types of listed company stock that are differentiated by the level of voting rights shareholders receive. A company may have several different share classes, or classes of stock, such as Class A, Class B, Class C, etc. Load mutual funds have three share classes; Class A, Class B and Class C. Each have different sales charge, 12b-1 fees and operating expense structures.

CMO: Collateralized Mortgage Obligation: is a type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

COLA: Cost of living adjustments.

Commingled Fund: A fund, typically offered by a bank or trust company that combines the assets of unaffiliated plans into one large group. With respect to a stable value investment option that is a commingled fund, the fund would purchase stable value investment contracts and other investments on behalf of the invested, unaffiliated plans. These funds may also be referred to as pooled funds, pooled GIC funds, bank pooled funds, collective investment funds, bank collective trusts, commingled investment trusts (CITs), or group trusts. (Compare to a separately managed account.)

Competing Option: An investment option offered by a defined contribution plan in addition to the stable value investment option that has principal preservation as a primary objective (such as a money market option or short-term bond option) or other characteristics similar to stable value. Additionally, self-directed brokerage or mutual fund windows may be deemed competing if a competing option is made available through the window. The presence of competing options subjects stable value investment options, invested participants, and investment contract issuers to the risk of arbitrage, so the addition of such an option by the plan sponsor usually requires issuer consent and the use of an equity wash so as to restrict direct transfers from the stable value investment option to the competing option.

Composite: An aggregation of portfolios into a single group designed to represent a particular investment objective or strategy. Composites are the primary vehicle for presenting performance of separately managed account strategies.

Consumer Price Index (CPI): Also known as the CPI or Cost-of-Living-Index. Released monthly by the US Department of Labors's Bureau of Labor Statistics, it measures prices of a fixed basket of goods bought by a typical consumer in the United States. Goods include food, transportation, shelter, utilities, clothing, medical care, entertainment, etc.

Contingent Deferred Sales Charge: Also known as a back-end load. An investment company or annuity issuer may charge a percentage of money withdrawn early in the contract to compensate for the high cost they incur when setting up the account. The CDSC percentage typically goes down over time and goes away altogether, when the defined period for the contract is reached.

Contrarian: Managers who invest in stocks that are out of favor or which have little current market interest, on the Premise that gain will be realized when they return to favor. Sometimes makes concentrated "bets" by selecting a small number of securities or by investing in only a few specific sectors. Invests in companies with Return-on-Assets values, Return-on-Equity values, Growth-in-Earnings values, and Growth-in-Dividend values below the broader market. Chooses securities that, due to their contrary status, do not move with the broader market, as measured by a low Beta and significant non-market risk.

Contribution: Portion of the account holder's paycheck that is invested into a retirement plan.

Contribution Change: Refers to the pre-tax dollar or percentage amount that's deposited from a participant's paycheck to invest in a deferred compensation account.

Convertible Bond: Managers who invest in convertible bonds. Convertible bonds offer the downside floor price of a "straight" bond while potentially allowing the holder to share in price appreciation of the underlying common stock. This conversion feature makes it possible for the bondholder to convert the bond to shares of the issuer's common stock.

Core Account: Portion of a participant's account that is invested in funds offered by a retirement plan. The term is used primarily by plans that offer a self-directed brokerage option to distinguish assets a participant holds "inside the plan" from assets held in the brokerage account.

Core Plus Bond: Active managers whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors (e.g. high yield corporate, non-US$ bonds, etc.) while maintaining majority exposure similar to the broad market.

Corporate Bond: Bonds that are issued by corporations. They may offer higher returns than government bonds in exchange for higher risk. Generally, the higher the credit rating of the company, the lower the interest rate paid to the investor.

Correction: A drop in the stock market in a short period of time. A stock market correction typically occurs following a sharp increase or a negative event.

Correlation: The correlation coefficient shows the relationship between the returns of a product and its benchmark over a period of time. A correlation coefficient of 1 demonstrates that, as the return for the product moved, either up or down, the return of the benchmark moved an equal amount in the same direction. A correlation coefficient of -1 demonstrates that, as the return of the product moved, the return of the benchmark moved an equal amount in the opposite direction. A correlation coefficient of 0 shows that there is no correlation between the product and its benchmark and, as the return of the product moved, there was a good chance that its benchmark return moved, either up or down, independent of the movement of the product.

Corridor: A provision included in an investment contract that provides a limited amount of book value coverage for certain specified employer-initiated and/or market value events.

Coupon: The periodic interest payment on a fixed-income security, expressed as a percentage of par value, made to the bondholders during the life of the bond.

Credit Quality: A measure of the financial soundness of an institution, indicating its ability to honor its financial obligations in a timely manner. NRSROs assign quality ratings on banks, insurance companies, and other entities based on a number of criteria, such as their financial health, industry outlook, balance sheet and management quality. A credit quality rating may also be assigned to a specific financial instrument.

Crediting Rate: The interest rate applied to the book value of a stable value investment contract, typically expressed as an effective annual yield. As provided in the investment contract, the crediting rate may remain fixed for the term of the contract or may be "reset" at predetermined intervals. The crediting rate may be expressed as a gross or net crediting rate. For separate account GICs or synthetic GICs, the crediting rate is the mechanism that allows the contract to amortize differences between the book value and market value over time.

Current Ratio: is used for liquidity analysis in that it evaluates the adequacy of a firm's cash resources relative to its cash obligations. The Current Ratio is equal to Current Assets divided by Current Liabilities. Current Assets are those assets of a company which are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business. Current Assets include cash, temporary investments, receivables, inventories, and prepaid expenses. Current Liabilities are monies owed and payable by a company, usually within one year, deposits and advances from customers, and dividends declared but unpaid.

Debt to Capital Ratio: is a measure of the level of total debt of a company as a portion of the total capital. The Debt to Capital Ratio is equal to Total Debt divided by Total Capital. Total Debt includes both current and long term debt. Total Capital is equal to all invested capital. The invested capital includes: 1)Total Debt; 2) the carrying value (par or stated value per share) or preferred stock; 3) the par or stated value of preferred or common stocks not owned by the parent company; and 4) common equity, which includes common stock, capital surplus, and retained earnings.

Defensive: Managers whose objective is to minimize interest rate risk by investing predominantly in short to Intermediate term securities. The average portfolio duration is similar to the duration of the Merrill Lynch 1-3 Year Bond Index.

Deferred Compensation: A plan in which a portion of an employee's earned income is paid out at a later date. Examples of deferred compensation include pensions, retirement plans like a 457, 403(b), or profit sharing plan, and stock options. The primary benefit of most deferred compensation is the deferral of tax to the date(s) at which the employee actually receives the income.

Deferred Compensation Plan: Type of retirement plan in which the employer allows employees to contribute a portion of their income to invest in options offered by the plan. Contributions can grow tax-deferred until withdrawal, when the money is taxed as ordinary income.

Defined Benefit Pension Plan: Employer-sponsored retirement plan that promises to pay a specified benefit to each person who retires after a set number of years of service. These plans do not pay taxes on their investments and in some cases, employees contribute.

Defined Contribution Pension Plan: Employer-sponsored retirement plan in which the amount of the annual contribution is specified. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts plus any investment earnings on the money in the account. In defined contribution plans, future benefits fluctuate on the basis of investment earnings.

Deflation: Opposite of inflation, it is the decline in the prices of goods and services. A period of deflation usually has a negative effect on production and employment.

Depression: A severe and prolonged recession, a depression is an economic condition characterized by falling prices, excess of supply over demand, rising unemployment, accumulating inventories, decrease in purchase power and general public fear.

Direct Deposit (Electronic Fund Transfer or EFT): many employers direct deposit employees' pay into a bank account, rather than issuing paper checks.

Discipline: A manager has either an active investment discipline or a passive investment discipline. Passive managers do not try to beat the market, but rather expect that investments will increase in value as the market increases. Active discipline managers try to beat the market by choosing investments based on research and the expectation that the investment's potential earnings and growth will exceed the market.

Distribution: Amount paid out of plan accounts, also called a payout or payment.

Diversification: Portfolio strategy designed to spread risk by allocating assets among a variety of investments, such as short-term investments, bonds and stocks.

Diversification Ratio: The ratio of the number of securities comprising the most concentrated half of the portfolio market value (see Issue Concentration) divided by the total number of portfolio securities (see Number of Securities). This value expresses to what extent a portfolio is equally weighted versus concentrated, given the number of names in the portfolio. This value can range from a high of 50% (equal weighted) to a low of 1% (half of the portfolio in 1% of the names).

Dividend: Earnings paid by a company to its stockholders, typically paid in cash or stock. Dividends may be paid monthly, quarterly, or annually.

Dividends/Cash Flow: The Dividend/Cash Flow ratio is a measure of the sustainability or safety of a given dividend payment amount. Common stock dividends divided by cash flow. The common stock dividends are the total dollar amount of dividends for a stock over the preceding twelve months. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before the provision for dividends.

Dividend Yield – Portion of what a mutual fund earns from its holdings, stated as an annualized percentage of the fund's current market price. A quarterly dividend would be equal to one-fourth of the percentage stated in an investment report or prospectus.

Dollar Cost Averaging: Investment strategy that invests fixed amounts at set intervals, such as monthly or bi-weekly. Over the long term, a particular investment is purchased with a fixed dollar amount on a regular schedule, regardless of the share price. This assumes more shares are purchased when prices are low, and fewer shares are bought when prices are high.

Domestic Balanced Database - The Domestic Balanced Database consists of all separate account domestic balanced funds.

Domestic Equity Database: The Domestic Equity Database is a broad collection of actively managed separate account domestic equity products.

Domestic Fixed-Income Database - The Domestic Fixed-Income Database is a broad collection of separate account domestic fixed-income products.

Down Market Capture: Refers to the measure of a fund's or composite's performance in down markets relative to the market itself. The lower the down market capture ratio, the better the performance during a market decline. A ratio of 90% indicates that, on average, a fund's or composite's loss was only 90% of the market's loss during down market.

Down Months/Quarters: The number of periods a manager has had a return below the risk-free rate over the stated time period. The risk premium is the return above the risk-free rate, such as the T-Bill rate.

Downside Risk: stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Duration: A measure that allows coupon and maturity to be considered simultaneously in one measure. It is defined as the weighted average time to full recovery of principal and interest payments on a fixed income security. The duration of a portfolio is the weighted average of the portfolio's securities' durations. The longer the portfolio's duration, the more sensitive the portfolio is to changes in interest rates.

Earned Income: Money earned from salary, wages, bonuses, commissions and tips, as a result of providing goods and/or services.

Earnings: Money gained on the principal in a financial account.

Earnings Per Share – Portion of a company's profits allocated to each outstanding share of common stock — it's generally calculated quarterly and determined after payment of company bonds and preferred stock (if any). Earnings are a primary driver of a stock's value.

Earnings/Sales: Earnings/Sales is a measure of a company's profitability, specifically measuring the relationship Between the firm's costs and its sales. The value is equal to the earnings of a company divided by net sales. Earnings represent the income of a company after all expenses, income taxes, and minority interest, but before provisions for common and/or preferred stock dividends. Sales represent gross sales reduced by cash discounts, returned sales, etc.

Effective Annual Yield: The compound yield associated with a periodic interest rate based on the frequency of interest payments per year. As an example, if the annual interest rate is 3%, interest is credited semi-annually and the periodic interest rate is 1.5%, then the effective annual yield is 3.02%, calculated as follows:(1.015 x 1.015)-1= 3.02%. (See also crediting rate.)

Effective Date: Date on which an agreement or transaction , such as a contract or insurance policy, takes effect. With transactions, some companies require that they must be submitted by the close of the New York Stock Exchange (NYSE) – normally 4 p.m., ET to be effective on that day. After that time, transactions are usually not effective until the next business day the NYSE is open.

Efficient Frontier: A representation of the most optimal portfolio combination of risky assets given a particular level of risk taken. The portfolios are plotted using a chart with an x-axis for volatility (risk) and a y-axis for return. Risk is measured by the volatility of returns.

Eligible Rollover Distribution: A distribution from a 401k, 403b, or 457 plan or an IRA that is legally eligible to be rolled over to another 401k, 403b, or 457 plan or an IRA.

Emerging Markets Equity: Managers who primarily concentrate on investments in newly emerging second and third world countries in the regions of the Far East, Africa, Europe, and Central and South America. These portfolios are characterized by aggressive risk/return profiles that generate high volatility in search of high returns.

Employer Contributions: Contributions made by the employer for the employee. Includes Employer Discretionary Account, Employer Match and Employer Money Purchase.

Employer-Initiated Event: Plan changes or certain other related events that are in the control of the employer (including, but not limited to, a plan's termination, layoffs, or changes in a plan's design), that may trigger participant withdrawals or transfers. These withdrawals or transfers are either not covered at book value or receive limited book value coverage by stable value investment contracts. (See also book value adjustment, market value adjustment, and market value events.)

End-Result Exchange: Reallocating your current balance changes the investment mix of your portfolio and is sometimes referred to as an end-result exchange. It's an easy way to manually rebalance your entire portfolio without exchanging one fund at a time.

Equity: Refers to the amount of equity holdings (stock) in the portfolio as a percentage of total assets in the portfolio.

Equity Wash: Refers to participant exchanges that must be exchange into mutual funds that are not competing funds, and must be held in such non-competing mutual funds for at least 90 days before being transferred to a competing fund.

ERISA: The Employee Retirement Income Security Act of 1974, a law governing the operation of most private pension and benefit plans including 401k and 403b plans. ERISA protects the assets of millions of Americans so that funds placed in retirement plans during their working lives will be there when they retire. For more information, visit www.dol.gov/ebsa/faqs/faq_compliance_pension.html.

Estate: Legal term for the sum of the assets and liabilities for an individual, generally used after the death of an individual.

Estate Planning: Advance planning for how to manage an estate when the owner dies. This is often done years in advance to ensure that the owner's wishes are met. It can include setting up trusts, planning a will, buying life insurance to cover expenses triggered at death, and coordination of tax liability.

Euro Shock: Cleary Gull fixed income team's short name for a period of increasing risks in the European markets that result in lower Treasury rates but wider credit spreads.

Europe: Managers who invest predominantly in the well-developed stock markets of Europe. These products will exhibit risk/return profiles similar to the MSCI Europe Index.

Excess Return Ratio: is a measure of risk adjusted relative return. This ratio captures the amount of active Management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Exchange: Moving the current account balance from one investment choice to another choice(s) available through the same plan.

Expense Ratio: The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the mutual fund. Portfolio transaction fees, or brokerage costs, as well as initial or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the mutual fund's average net assets, is accrued on a daily basis. It should be taken into consideration when choosing mutual funds.

Extended Maturity: Managers whose average portfolio duration is greater than that of the Barclays Capital Government/Credit Bond Index. These portfolios exhibit risk/return characteristics similar to the long-bond portion of the Barclays Capital Government/Credit Index, called the Barclays Capital Government/Credit Long Bond Index. Variations in bond portfolio characteristics are made to enhance performance results. This results in an aggressive risk/return profile that embraces interest rate risk in search of both high yields as well as capital gains.

FDIC Insured: Refers to accounts that are insured by the Federal Deposit Insurance Corporation, a U.S. government agency that insures cash deposits placed in member institutions. The basic insured amount for each depositor is capped at $250,000 for losses of cash in all accounts the depositor has with the member institution where the loss occurred.

Fiduciary Liability Policy Definitions – City of Milwaukee Deferred Compensation Plan
Wherever appearing in this Policy, the following words and phrases appearing in bold type will have the meanings set forth in this section II. DEFINITIONS:

A. **Additional Defense Limit of Liability** means the amount set forth in ITEM 5 of the Declarations. If "Not Applicable" is selected for the Additional Defense Limit of Liability, then any reference to the Additional Defense Limit of Liability will be deemed to be deleted from this Policy.

B. **Administration** means:
   1. giving counsel, advice, or notice to participants or beneficiaries with respect to a Benefit Plan;
   2. interpreting a Benefit Plan;
   3. handling records in connection with a Benefit Plan; or
   4. effecting enrollment, termination or cancellation of participants or beneficiaries under a Benefit Plan.

C. **Annual Reinstatement of the Limit of Liability** means, if included in ITEM 10 of the Declarations, the reinstatement of each applicable limit of liability for each Policy Year during the Policy Period.

D. **Application** means the application deemed to be attached to and forming a part of this Policy, including any materials submitted and statements made in connection with that application. If the Application uses terms or phrases that differ from the terms defined in this Policy, no inconsistency between any term or phrase used in the Application and any term defined in this Policy will waive or change any of the terms, conditions and Limitations of this Policy.

E. **Benefit Plan** means only those plans or trusts set forth in ITEM 1 of the Declarations or those plans or trusts designated within an endorsement to this Policy.

F. **Benefit Plan Committee** means any committee of the Benefit Plan, including any Benefit Plan investment or administration committee, that is established by the Benefit Plan and that is comprised entirely of Insured Persons.

G. **Benefit Plan Official** means a natural person officer, including any executive director or functional equivalent thereof; member of the board of trustees; in-house risk manager; or in-house general counsel of the Benefit Plan.

H. **Change of Control** means:
   1. the full assumption of fiduciary responsibilities or Administration, with respect to a Benefit Plan by one or more other persons or entities; or
   2. the acquisition of a Benefit Plan, or of all or substantially all of its assets, by another entity, or the merger or consolidation of a Benefit Plan into or with another entity or employee benefit plan such that the Benefit Plan is not the surviving entity.

I. **Claim means:**
   1. a written demand for monetary damages or non-monetary relief;
   2. a civil proceeding commenced by service of a complaint or similar pleading;
   3. a criminal proceeding commenced by filing of charges;
   4. a formal administrative or regulatory proceeding commenced by filing of a notice of charges, formal investigative order, service of summons or similar document, including a fact-finding

investigation by the Department of Labor or the Pension Benefit Guaranty Corporation;
5. an arbitration, mediation or similar alternative dispute resolution proceeding if the Insured is obligated to participate in such proceeding or if the Insured agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding, against an Insured for a Wrongful Act.

A Claim will be deemed to have been made on the earliest date written notice thereof is received by an Insured.

J. **Defense Expenses** means reasonable and necessary legal fees and expenses incurred by the Company or the Insured, with the Company's consent, in the investigation, defense, settlement and appeal of a Claim, including cost of expert consultants and witnesses, premiums for appeal, injunction, attachment or supersedes bonds (without the obligation to furnish such bonds) regarding such Claim; provided that Defense Expenses will not include the salaries, wages, benefits or overhead of, or paid to, any Insured or any employee of such Insured.

K. **HIPAA** means the Health Insurance Portability and Accountability Act of 1996, as amended.

L. **Insurance Representative** means the entity or person so designated by endorsement to this Policy.

M. **Insured** means:
1. Insured Persons
2. any Benefit Plan; and
3. any Benefit Plan Committee in its capacity as a fiduciary or trustee of a Benefit Plan, or in its Administration of a Benefit Plan

N. **Insured Person** means any natural person who was, is now or becomes a trustee; committee member; officer; in-house general counsel; or employee of a Benefit Plan, but only while acting in his or her capacity of a Benefit Plan or as a person performing Administration.

In the event of the death, incapacity or bankruptcy of an Insured Person, any Claim against the estate, heirs, legal representatives or assigns of such Insured Person for a Wrongful Act of such Insured Person will be deemed to be a Claim against such Insured Person.

O. **Loss** means Defense Expenses and money which an Insured is legally obligated to pay as a result of a Claim, including settlements; judgments; compensatory damages; punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the applicable law most favorable to the insurability of punitive, exemplary, or multiplied damages; prejudgment and post judgment interest; and legal fees and expenses awarded pursuant to a court order or judgment; and solely with respect to section I. INSURING AGREEMENTS B. of this Policy, Settlement Fees. Loss does not include:

1. civil or criminal fines (except Settlement Fees pursuant to Insuring Agreement B.; Section 502(c) Penalties; civil penalties under Sections 502(i) and 502(1) of the Employee Retirement Income Security Act of 1974, as amended; or civil penalties under the privacy provisions of HIPAA); sanctions; liquidated damages; payroll or other taxes; or damages or types of relief deemed uninsurable under applicable law;

2. payment of medical benefits, pension benefits, severance, or any other benefit provided under a Benefit Plan which are or may become due, except to the extent that such sums are payable as a personal obligation of an Insured Person, because of such Insured Person's Wrongful Act; provided that this exclusion will not apply to:

   a. the Company's obligation to defend any Claim, if applicable, or to pay, advance or reimburse Defense Expenses, regarding a Claim seeking such benefits; or

b. that portion of any damage, settlement or judgment covered as Loss under this Policy that represents a loss to any Benefit Plan, or loss to any account of a participant in any Benefit Plan, by reason of a change in value of any investments held by such Benefit Plan or such account, notwithstanding that such portion of any such damage, settlement or judgment has been characterized by plaintiffs, or held by a court of law, to be "benefits"; or

3. any amount allocated to non-covered loss pursuant to section V. CONDITIONS, R. ALLOCATION, of this Policy.

P. **Policy** means, collectively, the Declarations, the Application, this Designated Benefit Plan Fiduciary Liability Coverage, and any endorsements attached hereto.

Q. **Policy Period** means the period from the Inception Date to the Expiration Date set forth in ITEM 3 of the Declarations. In no event will the Policy Period continue past the effective date of cancellation or termination of this Policy.

R. **Policy Year** means:

1. the period of one year following the Inception Date set forth in ITEM 3 of the Declarations or any anniversary thereof; and

2. the time between the Inception Date set forth in ITEM 3 of the Declarations or any anniversary thereof and the effective date of cancellation or termination of this Policy if such time period is less than one year.

S. **Pollutant** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

T. **Potential Claim** means any Wrongful Act that may subsequently give rise to a Claim.

U. **Related Wrongful Act** means all Wrongful Acts that have as a common nexus, or are causally connected by reason of, any fact, circumstance, situation, event or decision.

V. **Section 502(c) Penalties** means civil penalties imposed on any Insured pursuant to Section S02(c) of the Employee Retirement Income Security Act of 1974, as amended.

W. **Settlement Fees** mean any fees, penalties or sanctions imposed by law under a Settlement Program that any Insured becomes legally obligated to pay as a result of a Wrongful Act. Settlement Fees will not include any costs or expenses other than such fees, penalties or sanctions.

X. **Settlement Program** means any voluntary compliance resolution program or similar voluntary settlement program, administered by the Internal Revenue Service or Department of Labor of the United States, including the Employee Plans Compliance Resolution System, the Self Correction Program, the Audit Closing Agreement Plan, the Delinquent Filer Voluntary Compliance program, and the Voluntary Fiduciary Correction program, entered into by a Benefit Plan.

Y. **Settlement Program Notice** means a prior written notice to the Company by the Insured of the Insured's intent to enter into a Settlement Program.

Z. **Wrongful Act** means:

1. any actual or alleged breach of fiduciary duty by or on behalf of the Insured with respect to any Benefit Plan, including:

a. any actual or alleged breach of duties, obligations and responsibilities imposed by the Employee Retirement Income Security Act of 1974, as amended, COBRA, HIPAA, or by any similar or related federal, state, local, or foreign law or regulation, in the discharge of the Insured's duties with respect to a Benefit Plan; or

b. any other matter claimed against an Insured solely because of the Insured's status as a fiduciary of a Benefit Plan; or

2. any actual or alleged negligent act, error or omission by or on behalf of the Insured in the Administration of a Benefit Plan.

All Related Wrongful Acts are a single Wrongful Act for purposes of this Policy, and all Related Wrongful Acts will be deemed to have occurred at the time the first of such Related Wrongful Acts occurred whether prior to or during the Policy Period.

WAIVER OF RECOURSE ENDORSEMENT

In consideration of a separate premium paid to the Company from funds other than from assets of a Benefit Plan, the Company waives the right of recourse provided by section V. CONDITIONS, O. RECOURSE, of the Policy.

GOVERNMENTAL PLAN ENDORSEMENT

1. The following replaces section II. DEFINITIONS, I. Claim:

   I. **Claim** means:

      1. a written demand for monetary damages or non-monetary relief;
      2. a civil proceeding commenced by service of a complaint or similar pleading;
      3. a criminal proceeding commenced by filing of charges;
      4. a formal administrative or regulatory proceeding commenced by filing of a notice of charges, formal investigative order, service of summons or similar document;
      5. an arbitration, mediation or similar alternative dispute resolution proceeding if the Insured is obligated to participate in such proceeding or if the Insured agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
      6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an Insured for a Wrongful Act.

A Claim will be deemed to have been made when such Claim is first commenced as set forth in this definition or, in the case of a written demand, when such written demand is first received by an Insured.

ADD GOVERNMENTAL PLAN SPONSOR AS AN INSURED ENDORSEMENT

1. The following is added to section II. DEFINITIONS, M. Insured:

   Insured also means any Governmental Plan Sponsor, but only for Defense Expenses incurred by the Company in the investigation, defense, settlement, and appeal of a Claim against the Governmental Plan Sponsor for a Wrongful Act actually or allegedly committed solely by an Insured other than the Governmental Plan Sponsor; provided that:

   a. such Claim is initially made and continuously maintained against such other Insured; and
   b. such Governmental Plan Sponsor and other Insured are initially and continuously represented by the same counsel with respect to such Claim.

   No Governmental Plan Sponsor will, by reason of this endorsement, have any greater right to coverage under this Policy than any Insured that is not a Governmental Plan Sponsor.

The Company has no obligation to make any payment for Loss in connection with any Claim against a Governmental Plan Sponsor for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such Governmental Plan Sponsor.

2. The following is added to section II. DEFINITIONS:

Governmental Plan Sponsor means the state or any political or governmental agency in such state that is the sole sponsor of the Benefit Plan set forth in ITEM 1 of the Declarations.

ADDITION OF SPECIFIED INSURED PERSON ENDORSEMENT

Insured Person also means the natural person set forth in the Specified Insured Persons Schedule below:

- Witold Dziadowicz
- Elaine Bieszk

Financial Accounting Standards Board (FASB):
A non-governmental body the Securities and Exchange Commission (SEC) has charged with establishing and maintaining generally accepted standards for professional accountants. Founded in 1973, the FASB has published a variety of rules and clarifications regarding accounting in the United States.

Financial Industry Regulatory Authority (FINRA): Largest independent regulator for all securities firms doing business in the United States. FINRA's mission is to protect America's investors by making sure the securities industry operates fairly and honestly.

Fixed Immediate Annuity: Investment contract sold by an insurance company that guarantees fixed payments, either for life or for a specified period (such as 15 years). The insurance company guarantees both earnings and principal, but guarantees are subject to the claims-paying ability of the issuing insurance company.

Fixed Income: Refers to the amount invested in fixed income securities (usually bonds) as a percentage of assets in the portfolio.

Flexible Premium Policy: A policy that after the initial premium allows the policy owner to select the frequency and amount of the premiums going forward. Typically flexible premiums are used in variable universal life and universal life policies. This is opposite of a whole life insurance policy which usually has a fixed premium.

Forecasted Earnings Yield: This "yield" is a forward-looking valuation measure of a company's common stock. It expresses the amount of earnings estimated for next year per dollar of current share price as a percentage yield. This value is calculated by dividing, for each stock, the consensus (mean) analysts' earnings forecasts for the next year by the current share price. These earnings estimates are for recurring, non-extraordinary earnings per primary common share. The individual earnings yields (E/P) are then weighted by their respective portfolio market values in order to calculate a weighted average representative of the portfolio as a whole.

Forecasted Long-Term Earnings Growth: This growth rate is a measure of a company's expected long-term success in generating future year-over-year earnings growth. This growth rate is a market value weighted average of the consensus (mean) analysts' long-term earnings growth rate forecast for each company in the portfolio. The definition of long-term varies by analyst but is limited to a 3-8 year range. This value is expressed as the expected average annual growth of earnings in percent.

Forecasted Price/Earnings Ratio - This ratio is a forward-looking valuation measure of a company's common stock. It encapsulates the amount of earnings estimated for next year per dollar of current share price. This value is calculated by dividing the present stock price of each company in the portfolio by the consensus (mean) analysts' earnings forecasts for the next year. These earnings estimates are for recurring, non-extraordinary earnings per primary common share.

FRMS Universe Index: is composed of all common stock issues used in the Fundamental Risk Measurement Service (FRMS) by BARRA. The index contains about 5,700 companies and is capitalization-weighted.

FT-Actuaries World Index: is composed of at least 70% of the aggregate market value of every country's domestic exchange-listed companies' shares of stock, approximately 2400 common stocks. The index includes only markets, companies and securities where direct holdings of capital by foreign nationals is permissible. The index is capitalization-weighted; includes currency changes and is expressed in terms of U.S. dollars.

Fund Expense Ratio: See Expense Ratio.

Generally Accepted Accounting Principles (GAAP):
The basis for financial reporting by the private sector in the United States which have been codified by the Financial Accounting Standards Board (FASB) into a single authoritative source. GAAP exists to help ensure that U.S. accountants are using consistent standards and comparison of financial statements between or within an organization is easy and accurate. They also promote transparency in accounting.

Generally Accepted Accounting Standards (GAAS):
A set of systematic guidelines and standards used by auditors when conducting financial audits, ensuring the accuracy, consistency and verifiability of auditors' actions and reporting. They include general standards, standards of fieldwork and standards of reporting.

Global Balanced Database: The Global Balanced Database consists of all separate account balanced funds that invest in international and domestic equity and fixed-income securities.

Global Equity - Managers who invest in both foreign and domestic equity securities in varying proportions. These products will exhibit risk/return profiles similar to the MSCI World Index.

Global Fixed-Income - Managers who invest in both foreign and domestic fixed-income securities. These funds seek to take advantage of international currency and interest rate movements, differing bond yields, and/or international diversification.

Governmental Accounting Standards Board (GASB): – GASB is a private, not-for-profit, independent organization whose primary purpose is to develop generally accepted accounting principles (GAAP) for local and state governments within the United States. The GASB is subject to oversight by the Financial Accounting Foundation (FAF), which selects the members of the GASB and the Financial Accounting Standards Board (FASB). The GASB issued Statement No. 53. (See also book value accounting.)

Governance letter:
A letter required under GAAS that is issued to those charged with governance over an entity to communicate the auditor's responsibilities under GAAS and significant findings from the audit, including the following:

- The auditor's views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Significant difficulties, if any, encountered during the audit.
- Any uncorrected misstatements, other than those the auditor believes are trivial.
- Disagreements with management
- Other findings or issues, if any, arising from the audit that are significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
  the case of a written demand, when such written demand is first received by an Insured.

Governmental Plan Sponsor means: the state or any political or governmental agency in such state that is the sole sponsor of the Benefit Plan set forth in ITEM 1 of the Declarations.

Gross Domestic Product (GDP): Total value of goods and services produced in a country in one year.

Gross of Fees: The performance of a composite as calculated before the deduction of fees.

Group Annuity Contract: A contract issued by an insurance company that allows a tax-qualified plan to purchase retirement annuities for plan participants. Most guaranteed investment contracts are group annuity contracts.

Growth in Assets: This value represents a weighted average five year annual growth rate of assets per common stock share. The rates of growth in assets for trailing twelve month periods are calculated using the assets-per-share values for each time period. The five-year growth in assets figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Total Assets includes the sum of current, non-current, and intangible assets.

Growth in Book Value: This value represents a weighted average five year annual growth rate of book value per common stock share. The rates of growth in book value for trailing twelve month periods are calculated using the book value-per-share values for each time period. The five-year growth in book value figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Total Book Value is the sum of the common stock outstanding, capital surplus, and retained earnings.

Growth in Cash Flows: This value represents a weighted average five year annual growth rate of cash flow per common stock share. The rates of growth in cash flow for trailing twelve month periods are calculated using the cash flow-per-share values for each time period. The five-year growth in cash flow figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before provision for dividends. In this case, common shares are the shares used to calculate primary earnings per share. Primary earnings per share are earnings per share that are not diluted, because it is assumed that securities that are convertible into equities are not converted.

Growth in Sales: This value represents a weighted average five year annual growth rate of sales per common stock share. The rates of growth in sales for trailing twelve month periods are calculated using the sales-per-share values for each time period. The five-year growth in sales figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Sales represent gross sales reduced by cash discounts, return sales, etc. In this case, common shares are the shares used to calculate primary earnings per share. Primary earnings per share are earnings per share that are not diluted, because it is assumed that securities that are convertible into equities are not converted.

Guaranteed Insurance Account (GIA): A type of stable value investment option entirely offered and guaranteed by a single insurance company, with any associated assets typically managed by the insurance company or an affiliated investment manager. These contracts are also known as guaranteed interest contracts. Guaranteed insurance accounts may be provided via a group annuity contract or a funding agreement that can be issued either from the insurer's general account or from an insurance company separate account, in which case the investment is first supported by the assets in the segregated separate account and then, to the extent necessary, by the insurer's general account assets and surplus. (See also guaranteed investment contract and pooled GIC fund.)

Guaranteed Investment Contract (GIC): A stable value investment contract (typically a group annuity contract) issued by an insurance company that pays a specified rate of return for a specific period of time, offers book value accounting, typically pays benefits to plan participants, and provides annuities upon request. These contracts are also known as guaranteed insurance contracts or guaranteed interest contracts and may be backed by either an issuer's general account assets or separate account assets. In all cases, the insurance company owns the invested assets and the obligation to the contract-holder is backed by the full financial strength and credit of the issuer. A GIC that is held as an investment by a stable value investment option is typically known as a traditional GIC, while a GIC offered as the sole stable value investment option is more generally known as a guaranteed insurance account.

High Yield: Managers whose investment objective is to obtain high current income by investing primarily in non-investment grade fixed-income securities. Due to the increased level of default risk, security selection focuses on credit-risk analysis.

High Yield Bond: A bond with a rating of lower than BBB-, as rated by Standard and Poor's. Because of their lower credit rating, High Yieldbonds must pay a higher yield to compensate for the greater risk of default assumed by investors.

Immediate Annuity: Single premium annuity that starts to pay the annuitant immediately after purchase. Often used as a retirement plan payout option, proceeds from the individual's plan account are used to purchase the annuity. Then, the annuity provides the individual with ongoing income, usually paid monthly.

Index: A stock market index is a benchmark that provides a point of reference for evaluating performance of a portfolio. Some of the more common indices include the S&P 500 and the Dow Jones Industrial Average.

Individual Retirement Account (IRA): Retirement accounts owned and funded by an individual. Two common types of IRAs are traditional IRAs and Roth IRAs. Contributions to a traditional IRA are eligible for a credit when the individual files a federal income tax return. Withdrawals are taxed as ordinary income. Contributions to a Roth IRA are not eligible for a tax credit, but withdrawals may be taken tax-free (subject to certain conditions and restrictions).

Inflation: Persistent and measurable rise in the general prices of goods, services, materials, etc.

Information Ratio: measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

In-Service Withdrawals: Withdrawal from a retirement plan that occurs before retirement. Most companies charge a penalty fee for in-service withdrawals to discourage plan participants from taking money out of their plan before retirement.

Interest: Fee charged by a lender to a borrower for the use of borrowed money. It's commonly expressed as an annual percentage of the principal, and is determined by the time value of the money, the perceived credit risk of the borrower, and the projected rate of inflation.

Interest/Pretax Earnings: This value is used as a measure of the ability of a company to meet interest payments out of earnings. The ratio is equal to the interest expense divided by earnings. Earnings are the value before: 1) interest expense, the expense of securing both short and long-term debt; 2) state, federal, and foreign taxes; 3) extraordinary items and discontinued operation; 4) provision for common and preferred dividends; and 5) minority interests, which is that portion of the consolidated subsidiary income applicable to common stock not owned by the parent company.

Interest Rate Responsiveness: The degree to which a stable value investment option's yield (or an investment contract's crediting rate) moves in conjunction with the changes in the overall market level of interest rates. A stable value investment option's returns typically tend to follow changes in current interest rates, but with a lag.

Interest Rate Risk: The risk that changes in interest rates will affect the return on an investment, either positively or negatively. This effect may be due to realized or unrealized gains or losses on the investment's market value, to changes in the reinvestment rate on interest income, or to interest rates triggering prepayment or extension of principal.

Intermediate - Managers whose objective is to lower interest rate risk while retaining reasonable yield levels by investing primarily in intermediate term securities. The average portfolio duration is similar to that of the duration of the Barclays Capital Intermediate Government/Credit Bond Index.

Internal control or management letter:
A letter issued upon completion of an audit to communicate any material weaknesses, significant deficiencies or other internal control matters that were identified during the audit.

Internal Revenue Code (IRC): Body of law containing federal tax provisions, including those that govern or impact 457b, 403b, 401k and 401a plans, IRAs and defined benefit pension plans. References to specific section numbers in more formal documents are often preceded by §, as in IRC §457(b) for Section 457(b) of the Internal Revenue Code.

Internal Revenue Service (IRS): The U.S. government agency responsible for tax collection and tax law enforcement.

International Balanced Database: The International Balanced Database consists of all actively managed separate account balanced funds that invest in international equity and international fixed-income securities. International Balanced managers do not generally invest in U.S. securities.

International Emerging Markets Equity: The International Emerging Market Equity Database consists of all separate account international equity products that concentrate on newly emerging second and third world countries in the regions of the Far East, Africa, Europe, and Central and South America.

International Emerging Markets Fixed Income: The International Emerging Market Fixed-Income Database consists of all separate account international fixed-income products that concentrate on newly emerging second and third world countries in the regions of the Far East, Africa, Europe, and Central and South America.

International Equity - Global - The Global International Equity Database consists of all actively managed separate account international equity that generally include U.S. equities in their investment mix.

International Equity - Non-U.S.: The Non-U.S. International Equity Database consists of separate account international equity products that do not generally invest in U.S. equities.

International Global Fixed-Income: The International Global Fixed-Income Database consists of all actively managed separate account international fixed-income funds that generally include U.S. fixed-income securities in their investment mix.

International Growth Style Group: International Growth Equity Style managers invest predominantly in companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in stock selection. The International Growth Equity Style group consists of broad developed market mandates with incidental exposure to the emerging markets.

International Non-U.S. Dollar Fixed-Income: The International Non-U.S. Dollar Fixed-Income Database consists of all separate account international fixed-income funds that do not generally invest in U.S. fixed-income securities.

International Stock Fund: A mutual fund that invests in foreign markets, but excludes investment in the country where it operates. Not to be confused with a global fund, which invests in foreign markets as well as the country where it operates. Funds that invest internationally involve risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting, and the limited availability of information.

International Value Style Group: International Value Equity Style managers invest predominantly in companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. The International Value Equity Style group consists of broad developed market mandates with incidental exposure to the emerging markets.

Investment Contract: Any of a variety of stable value contracts including bank investment contracts, traditional GICs, separate account GICs, and synthetic GICs. Within a stable value investment option, such contracts are benefit-responsive, meaning they permit, subject to their terms and the plan's rules, participant initiated transactions at book value. Investment contracts may have a fixed or floating interest rate, which may not be less than 0%. Investment contracts may have a stated final maturity (such as a traditional GIC) or may have no stated final maturity (such as a separate account GIC or synthetic GIC). (See also guaranteed investment contract and wrap contract.)

Investment Guidelines: Guidelines established between a plan sponsor or trustee (and/or a wrap contract issuer) and an investment manager that dictate the investment parameters and risk exposures that the investment manager may assume in the investment account. In fixed income portfolios, the guidelines typically address permissible asset classes and/or securities, sector allocation limits, issuer diversification, and minimum credit quality constraints.

Investment Objective: Defines a mutual fund's investment goals. The mutual fund's investment objective is spelled out in the fund prospectus.

IRA Transfer: Custodian-to-custodian transfer of an IRA. The owner does not take possession of the assets – they're transferred directly from one plan custodian to another.

Joint Account: Account where two or more individuals exercise some control over the account. It must be registered as either Joint Tenants in Common or Joint Tenants with Right of Survivorship.

Joint Tenants in Common: Type of joint account registration where the percentage of the account owned by a person is distributed to his estate upon his death. Example: Person A and Person B own a joint tenants in common account. If person A dies, then 50% of the account is included in Person A's estate.

Joint Tenants with Right of Survivorship: Type of joint account where the deceased owner's percentage of the account passes to the other surviving owner(s), commonly used between husband and wife.

Japan: Managers who invest predominantly in the equity of companies in Japan.

Keogh Plan: Qualified retirement plan for self-employed and unincorporated investors.

Large Cap Broad: Managers who concentrate their holdings in large capitalization domestic equity regardless of style (growth, value or core). The purpose of this group is to allow a comparison with the universe of large cap equity funds without focusing on a particular investment style. The Large Cap Broad Style consists of the Large Cap Growth, Large Cap Value and Large Cap Core managers, as well as large capitalization managers of undetermined style.

Large Cap Growth : Managers who invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation. Portfolios have high growth z-scores and low value z-scores.

Large Cap Growth Funds: Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P Super Composite 1500 Index. Large-cap growth funds typically have an above average price-to-earnings ratio, price-to-book ratio, and three-year sales per-share growth value compared to the S&P 500 Index.

Large Cap Value: Managers who invest primarily in large companies believed to be currently undervalued in the general market and whose shares are priced below the market compared to their peers. Valuation issues take precedence over near term earnings prospects in the stock selection process. The Large Cap Value Style invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market and the middle capitalization segment. This style invests in securities with risk/reward profiles in the lower risk range of the medium capitalization market. Portfolios have low growth z-scores and high value z-scores.

Letter of Intent: Signed agreement between an investor and a mutual fund company. The investor receives a reduced sales charge on funds by agreeing to purchase a stated dollar amount of shares.

Lesser of Book and Market Withdrawal: A type of plan-initiated withdrawal for plans departing certain commingled funds or insurance company stable value investment options that allow the departing plan to withdraw its investment at either the book value of the investment contract (or stable value investment option) or the market value of the associated assets supporting the book value of the investment contract (or stable value investment option), whichever is lower.

Liquid Asset: An asset, such as a bank savings account, that can be converted into cash quickly and with minimal impact to the price received.

Loan: An optional provision available to retirement plan sponsors. If adopted by the sponsor, participants may request to borrow money from their retirement account. Repayment is typically made through Automated Clearing House (ACH) directly from the participant's bank account to the retirement account.

Loan Principal: The amount borrowed – interest is calculated on the principal.

Long-Term Gain: Profit earned from the sale of a security held longer than 12 months.

Mandatory Employee Pre-Tax Contribution: Employee's contribution made upon condition of employment and picked up by the employer under IRC Section 414 (h).

MD&A (Management Discussion & Analysis):
Is a document prepared by management included with the audited financial statements to provide quantitative information about management's assessment of the entity's performance and future outlook. The discussion is intended to identify additional information for the users of the financial statements that may not be apparent from simply reading the quantitative audited financial statements.

Market Capitalization: Market Capitalization represents the aggregate value of a company or stock. It is obtained by multiplying the number of shares outstanding by their current price per share.

Market Capitalization (weighted median): The weighted median market cap is the point at which half of the market value of the portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

Market Timing: The frequent movement between and among mutual funds to potentially capitalize on perceived or anticipated market trends. Market timing does not ensure profitability and, because it often operates to the detriment of other investors, fund managers may assess fees on sales of funds held for short periods.

Market Value: With respect to an investment (e.g., a bond, stock, or fund share), market value is the cash value that selling such investment at a given price in the open market generates. As prices for investments tend to fluctuate daily, the actual or implied market value of an investment will likewise tend to fluctuate daily. With respect to a portfolio of securities, many custodians, trustees, and investment managers use independent pricing services to periodically value investment holdings and, therefore, in the aggregate, determine the market value of a portfolio. With respect to investment contracts, especially synthetic GICs, the market value of the contract is effectively the priced value of any associated assets supporting the book value of the investment contract.

Market Value Adjustments: T he adjustment to an investment contract's market value due to employer-initiated events, impaired securities, or market value events. Alternatively, for some GICs, the adjustment (sometimes known as a surrender charge or surrender value adjustment) to a GIC's market value due to termination prior to the stated maturity date.

Market Value Event: Any event or occurrence outside the normal operation of a plan that may be expected to have an adverse financial effect on the issuer of a stable value investment contract. When such an event occurs, some investment contracts require benefit payments to be made at the contract's market value or surrender value, rather than at book value. Other investment contracts may require a book value adjustment. (See also employer-initiated event.)

Matching Contribution: A contribution made by an employer to an employee's defined contribution retirement plan account. Typically, the employer makes the contribution to a 401a plan account in the employee's name, based on elective deferral contributions made by the employee to a 457b, 403b or 401k account. This arrangement preserves the employee's ability to make maximum contributions to his plan account regardless of any employer contribution.

Material weakness:
A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Maximum Deferral: Largest amount a participant can invest annually. These limits are established by the IRS.

Middle Capitalization: Managers who invest primarily in mid-range companies with market capitalizations between core equity companies and small capitalization companies. The average market capitalization is approximately $7 billion. Invests in securities with greater volatility than the broader market as measured by the risk statistics Beta and Standard Deviation. The Middle Capitalization Style Group consists of the Middle Capitalization Growth Equity and the Middle Capitalization Value Equity Style Groups.

Middle Capitalization (Growth): Managers who invest primarily in mid-range companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. The average market capitalization is approximately $7 billion with market capitalizations between core equity companies and small capitalization companies. Invests in companies with P/E ratios, Price-to-Book values, and Growth-in-Earnings values above the broader market as well as the middle capitalization market segment. Invests in securities with greater volatility than the broader market and the middle capitalization segment as measured by the risk statistics Beta and Standard Deviation.

Middle Capitalization (Value): Managers who invest primarily in mid-range companies believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The average market capitalization is approximately $7 billion with market capitalizations between core equity companies and small capitalization companies. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book value below the broader market and the middle capitalization segment. Invests in securities with risk/reward profiles in the lower risk range of the medium capitalization market.

Money Market Fund: A mutual fund that seeks to maintain a constant net asset value (NAV) of $1 per share while earning a market interest rate for shareholders. Such funds are regulated by the SEC and are comprised of short-term (typically less than one year) securities representing high-quality, liquid debt and monetary instruments. The term may also be used to refer to a Short-Term Investment Fund (STIF), which is a non-mutual fund form of money market fund.

Money Source: Original contribution made to a retirement plan. The source may affect how an asset is treated within a plan type. Examples include rollovers, salary reductions, contributions.

Morgan Stanley Capital International (MSCI) EAFE Index: is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Morgan Stanley Capital International (MSCI) Europe Index: is composed of approximately 600 equity securities representing the stock exchanges of 14 European countries. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Morgan Stanley Capital International (MSCI) Japan Index: is composed of approximately 270 equity securities representing the stock exchanges of Japan. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Morgan Stanley Capital International (MSCI) Pacific Index: is composed of approximately 350 equity securities representing the stock exchanges of Japan, Hong Kong, Singapore, Malaysia, plus approximately 70 Australian and New Zealand securities. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Morgan Stanley Capital International (MSCI) United Kingdom Index: is composed of approximately 140 equity securities representing the stock exchanges of the United Kingdom. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Morgan Stanley Capital International (MSCI) World Index: is composed of approximately 1500 equity securities representing the stock exchanges of the USA, Europe, Canada, Australia, New Zealand and the Far East. The index is capitalization-weighted; includes currency changes and is expressed in terms of U.S. dollars.

Morgan Stanley Capital Intl (MSCI) Emerging Markets Free Index: is composed of about 549 equity securities representing the stock exchanges of 13 countries in Central Asia and the Far East, Latin America, Europe, and the Middle East. Only 20% of Korea's market capitalization is included in this index. The index is market capitalization-weighted and is expressed in terms of U.S. dollars.

Mortgage: Managers who invest primarily in mortgage-backed securities including agency (FHLMC, GNMA, FNMA) and private issue pass-throughs, asset-backed securities, and mortgage derivatives (REMICS/CMOs, IOs, POs). Funds may also contain a small percentage of U.S. Treasuries.

Morningstar®: Independent mutual fund rating service that provides information on mutual funds, including performance history and other investment data.

MSCI ACWI (All Country World Index) Index: The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Belgium, Canada, Denmark, Finland,
France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI ACWI ex US Index: The MSCI ACWI ex US(All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the US. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices.

MSCI Combined Z-Score: is a holdings-based measure of the "growthyness" or "valueyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Combined Z-Score is the difference between the MSCI Growth Z-Score and the MSCI Value Z-Score (Growth-Value). The underlying Growth Z-Score is an aggregate score based on 5 financial fundamentals: Long Term Forward Earnings Growth, Short Term Forward Earnings Growth, Current Internal Growth Rate, Long Term Historical Earnings Growth and Long Term Historical Sales Growth. The underlying Value Z-Score is an aggregate score based on 3 financial fundamentals: Price/Book, Price/Forward Earnings, and Dividend Yield. The MSCI Combined Z-Score usually ranges between +2 and -2. A significantly positive Combined Z-Score implies significant portfolio "growthyness". A Combined Z-Score close to 0.0 (positive or negative) implies "core-like" characteristics, and a significantly negative Combined Z-Score implies portfolio "valueyness". included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI Growth Z-Score: is a holdings-based measure of the "growthyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Growth Z-Score is an aggregate score based on the growth scores of 5 separate financial fundamentals: Long Term Forward Earnings Growth, Short Term Forward Earnings Growth, Current Internal Growth (ROE * (1-payout ratio)), Long Term Historical Earnings Growth and Long Term Historical Sales Growth. The MSCI Growth Z-Score usually ranges between +3 and -3. A significantly positive Growth Z-Score implies significant "growthyness" in the stock or portfolio. A Growth Z-Score close to 0.0 (positive or negative) implies "core-like" style characteristics, and a significantly negative Growth Z-Score implies more "valueyness" in the stock or portfolio (although the MSCI Value Z-Score should be used to confirm this).

MSCI US Small + Mid Cap 2200 Index: The MSCI US Small + Mid Cap 2200 Index represents the universe of small and medium capitalization companies in the US equity market. This index targets for inclusion 2200 companies and represents, as of October 29, 2004, approximately 27% of the capitalization of the US equity market. The MSCI Small + Mid Cap 2200 Index is the aggregation of the MSCI US Small Cap 1750 and Mid Cap 450 Indices.

MSCI Value Z-Score: is a holdings-based measure of the "valueyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Value Z-Score is an aggregate score based on the value scores of 3 separate financial fundamentals: Price/Book, Price/Forward Earnings, and Dividend Yield. The MSCI Value Z-Score usually ranges between +3 and -3. A significantly positive Value Z-Score implies significant "valueyness" in the stock or portfolio. A Value Z-Score close to 0.0 (positive or negative) implies "core-like" style characteristics, and a significantly negative Value Z-Score implies more "growthyness" in the stock or portfolio (although the MSCI Growth Z-Score should be used to confirm this).

Mutual Fund: Professionally managed investment vehicle that pools money from many investors to buy stocks, bonds, short-term money market instruments, and/or other securities. The fund is overseen by a board of directors or trustees charged with ensuring that it is managed in the best interests of investors, and with hiring the mutual fund manager, who buys and sells assets in accordance with the mutual fund's investment objective. Because a mutual fund buys and sells a large number of investment shares at a time, management costs are designed to be lower per investor than they would be if an individual investor purchased individual stocks and bonds.

Mutual Fund Balanced Funds: The Mutual Fund Balanced Fund Database consists of open-end mutual fund balanced products.

Mutual Fund Window: Similar to a Self-Directed Brokerage Window, except the investments available to supplement a plan’s core investments are limited to mutual funds. (See also competing option.)

The NAREIT Equity Index: The NAREIT Equity Index consists of all tax-qualified REITs listed on the NYSE, AMEX and NASDAQ which have 75% or more of their gross invested book assets invested directly or indirectly in the equity ownership of real estate. Investments cannot be made directly in the NAREIT Equity Index. Total return calculation for the NAREIT Equity Index include reinvestment of distribution.

Nationwide ProAccount®: An option, for-fee, professional money management service offered to participants of 457b and 401k plans provided by Nationwide Retirement Plans. The service is offered through Nationwide Investment Advisors, LLC, a broker/dealer affiliate of Nationwide Retirement Plans, which has retained Wilshire Associates as the independent financial expert, to select and monitor investments so that participants do not have to. Based on a participant's personal profile, age and risk tolerance, ProAccount will create an investment strategy that seeks to enhance diversification, increase returns and control risk.

Net Asset Value (NAV): Regarding mutual funds, it's the market value, or price, of a share. It's calculated daily by dividing the total net assets of the mutual fund by the number of shares outstanding.

Net Crediting Rate: The crediting rate after adjusting for some or all expenses and any special provisions of the product, expressed as an effective annual yield.

Net of Fees: The gross of fees return reduced by the investment management fees incurred.

New York Stock Exchange Index: is composed of all common stock issues listed on the New York Stock Exchange. The index is capitalization-weighted.

Non-U.S. Equity: A broad array of active managers who employ various strategies to invest assets in a well-diversified portfolio of non-U.S. equity securities. This group consists of all Core, Core Plus, Growth, and Value international products, as well as products using various mixtures of these strategies. Region-specific, index, emerging market, or small cap products are excluded.

Non-U.S. Fixed-Income: Managers who generally invest their assets only in non-U.S. fixed-income securities. These funds seek to take advantage of international currency and interest rate movements, bond yields, and/or international diversification.

Normal Retirement Age (NRA): Age at which a participant in a retirement plan can retire and receive unreduced benefits. Some deferred comp plans define a retirement age range within the Plan Document and let the participant choose when to retire; other plans choose the date for the participant.

OMT: Outright Monetary Transactions denotes the European Central Bank's purchases in the secondary, sovereign bond markets, under certain conditions, of bonds issued by Eurozone member states.

Pacific Basin - Managers who invest predominantly in Pacific Basin equities. Countries include: Japan, Hong Kong, Singapore, Malaysia, Australia, and New Zealand. These products will exhibit risk/return profiles similar to the MSCI Pacific Index.

Pacific Rim - Managers who invest predominantly in Pacific Basin equities excluding Japan. Countries include: Hong Kong, Singapore, Malaysia, Australia, and New Zealand. These products will exhibit risk/return profiles similar to the MSCI Pacific ex-Japan Index.

Participant: An active employee who has met the eligibility requirements of the employer's retirement plan, a former employee (such as a retiree or terminated employee) who previously met such eligibility requirements and maintains a balance in the former employer's plan, a beneficiary, or an alternate payee. (Note that beneficiaries and alternate payees are technically "beneficiaries" rather than "participants" as defined under ERISA, but the term "participant" is commonly used in investment contracts to refer to both categories.) A participant may sometimes be called an investor because the participant of a plan directs allocations among a plan's investment options.

Participant-Directed Cash Flow: In a stable value investment option, contributions, withdrawals, loans, or transfers that are controlled by a plan's participant. (See also participant-initiated withdrawals.)

Participant-Initiated Withdrawals: Withdrawals or transfers requested by participants without any influence, inducement, or prompting by the plan sponsor or other plan intermediaries.

Payout: Payment from a 457b, 403b or 401k plan or a defined benefit pension plan – also called a distribution. Examples include disbursements, loans, rollovers to another plan and separation from service payments.

Payout Ratio: The Payout Ratio describes the portion of earnings over a twelve month period that is paid out as dividends and addresses the sustainability of a given dividend level. The ratio is equal to ex-dividends per share divided by fully diluted earnings per share, excluding extraordinary items and discontinued operations. Ex-dividend implies that the dividend is declared but not paid and that a buyer of a stock after an ex-dividend does not receive the dividend. Fully diluted earnings per share are earnings that are reduced or diluted, by assuming the conversion of all securities that are convertible into equities.

Payroll Frequency: How often your regular paycheck is issued – daily, weekly, bi-weekly (once every two weeks), bi-monthly (twice per month), etc.

Performance Benchmark: Index used to evaluate a mutual fund's performance.

Plan Document: A collection of documents that, taken together, officially define the plan and specify how it is to be governed and operated.

Plan-Initiated Withdrawal: A withdrawal requested by a plan sponsor, trustee, or contract-holder, or agent thereof, of some or all of a plan's investment in a stable value investment option or investment contract. Plans that wish to terminate their participation in stable value commingled funds or some insurance company guaranteed insurance accounts and receive contract value may be subject to a deferral period. Any deferral period is outlined in the investment documentation (also known as a put option). Other commingled funds or insurance funds may offer a different deferral period, a series of book value payments over a period of time, or no deferral period and instead offer a lesser of book or market payment option. During any deferral period participant directed transactions will continue to be made at book value.

Plan Sponsor: The entity, usually an employer, that has established a retirement plan, selected the type of plan and investment options, and determined the method of funding plan benefits.

Plant and Equipment/Assets: This ratio shows the portion of Total Assets that consists of capital goods permanently employed in the business of a company. The ratio is equal to the book value of gross plant and equipment assets divided by the total assets. Plant and equipment includes land, buildings, machinery, and any other equipment permanently employed in the business of a company. Total assets includes the sum of all current, non-current, and intangible assets.

PMIEA: Passively Managed International Equity Account

PMUSEA: Passively Managed U. S. Equity Account

Policy means, collectively, the Declarations, the Application, this Designated Benefit Plan Fiduciary Liability Coverage, and any endorsements attached hereto.

Portfolio: Collection of investments owned by the same individual or organization.

Positive Eco: The Cleary Gull fixed income team's short name for a period when economic indicators are improving, resulting in rising interest rates and tightening credit spreads.

Post-tax: Paycheck contribution made to a retirement plan after taxes have been paid on the amount.

Potential Claim means, any Wrongful Act that may subsequently give rise to a Claim.

Pre-Tax: Paycheck contribution made to a retirement plan prior to taxes being paid on it.

Price To Book: The weighted average of the price/book ratios of all the stocks in a composite. A company's book value is the total assets of the company, less total liabilities. A company's P/B ratio is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding.

Price to Earnings: The price/earnings ratio of a portfolio is the weighted average of the price/earnings ratios of the stocks in a portfolio. The P/E ratio of a company is calculated by dividing the price of the company's stock by its trailing 12-month earnings per share.

Prime Rate: Interest rate commercial banks charge their best clients -- generally large corporations. Many consumer loans, such as mortgages, automobile and credit card loans are tied to the prime rate.

Principal: Money contributed to a financial account, such as a 457b or 401k plan.

Prospectus: Legal document offering securities or mutual fund shares for sale. Federal and state securities regulators require that the prospectus include the fund's investment objectives, policies and restrictions, fees and expenses, and the process for buying and selling shares. It should be read carefully before investing.

Purchase Block: An action taken by a mutual fund manager to prevent certain investors, including retirement plan participants, who move $5000 or more out of its mutual fund in a single day (by way of exchange or restructure), from moving $5000 or more back into the same mutual fund for a period of 30 days. This is to prevent frequent trading, which tends to increase costs to all investors in the fund.

QPAM (Qualified Professional Asset Manager): A registered investment adviser, bank or insurance company that meets certain requirements specified by the DOL (i.e., independence from the plan sponsor and minimum equity capital and for registered investment advisers, assets under management tests). A QPAM is important to the stable value market because the DOL has issued an exemption that permits a QPAM to engage in otherwise prohibited transactions between a plan and parties in interest to that plan. Investment contracts often require a stable value manager to represent that it qualifies as a QPAM.

Qualified Domestic Relations Order (QDRO): Divorce judgment, decree or order that relates to the provision of child support, alimony payments or marital property rights. This judgment may include a spouse, former spouse, child or other dependent of the employee, and may affect the disposition of or rights to assets in a participant's 457b, 403b or 401k plan account.

Qualified Plan: Defined benefit and defined contribution plans that meet the requirements of 401(a) of the Internal Revenue Code. A key IRC provision governing these plans is that they must exist and operate "for the exclusive benefit of participants or their beneficiaries." Employer-sponsored qualified plans include 401(k) and 401(a) plans.

R & D/Sales: Research and development expenditures divided by sales. Research and development expenses are costs that relate to the development of new products or services. Sales represent gross sales reduced by cash discounts, returned sales, etc.

Rate of Return: Percentage of change in an investment, including appreciation or depreciation and dividends or interest, over a given time period. Most rates of return of funds within a retirement plan are expressed on an annual basis ("annualized"), unless stated otherwise.

Rate Reset: The change that periodically occurs to the rate of the interest earned (also known as the crediting rate) on a stable value investment contract, as may be agreed to in the terms outlined in such contract.

Reallocate: Process of rebalancing the investment mix of an entire portfolio instead of exchanging one mutual fund at a time. Participants may reallocate their account when they get closer to retirement, to potentially invest in less aggressive mutual funds, for instance.

Rebalance: A strategy to sell investments that have been performing well and invest more into those that have fallen behind – a buy low, sell high approach. It won't change how future contributions are invested and is sometimes referred to as an end-result exchange.

Recession: General economic decline that generally lasts from six to eighteen months.

Reinvestment Risk: The risk there will be a difference between the original coupon yield on an investment and the rates available when interest income is reinvested.

REIT: Real Estate Investment Trust. Similar to a closed-end fund, REITs invest in real estate or loans secured by real estate and issue shares in such investments. REITs receive special tax considerations and typically pay investors high dividend yields.

Relative Sector Variance: A measure illustrating how significantly a portfolio currently differs from the sector weights of the index. This measure is the sum of the differences (absolute value) between the portfolio and index sector weights across all sectors. The higher the number the more aggressive the deviation from the index sector weights, and vice versa. This relative risk measure can help explain the magnitude of past tracking error and potential future tracking error versus the index.

Relative Standard Deviation: is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Required Minimum Distribution (RMD): Distribution amount that must be paid to a participant in a public retirement plan. U.S. Dept. of Treasury and IRS regulations generally require that participants begin taking an annual RMD by April 1 of the year after they reach age 70½ or the year in which they retire, whichever is later. There are also RMD requirements for beneficiaries.

Residual Portfolio Risk: is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Return: The percentage change in the value of a composite, adjusted for any contributions or distributions, over an evaluation period.

Risk: There are many types of risk in finance, but in general it is the probability of actual returns being less than expected returns. Investors should always carefully consider an investment's objectives, risks, and fees before investing. Although stable value investment options generally seek to preserve investor capital, provide liquidity, and generate a steady, positive return, it is important to recognize that all investments, including a stable value investment option, have risks, some of which may be unique, including the potential risk of loss of some or all of an investment. There is no guarantee that any investment option, including a stable value investment option, will achieve its investment objective.

Risk-Adjusted Return: The Risk-Adjusted Return is the fund or composite's return adjusted for the volatility (risk) assumed in order to deliver that return. It is found by dividing the annualized return for the period by the annualized standard deviation of returns for the period. All else held equal, a higher Risk-Adjusted Return is better.

Risk-based Funds: Mutual funds that include an asset mix (stocks, bonds, cash and cash-like products) based on a participant's investment style and tolerance for risk (e.g., moderately conservative).

Risk Charge: The cost embedded in every stable value investment contract to cover the risks assumed by the issuer. Typically the charge is based on the risks associated with the specific plan and/or assets involved.

Risk Tolerance: Degree of uncertainty that an investor can handle in regards to a negative change in the value of his or her portfolio.

Rollover (Pre-Tax): Amounts transferred to the plan from an eligible retirement plan or IRA. Reinvestment of assets into an IRA that an individual receives from a qualified tax-deferred retirement plan. It must be reinvested into an IRA within 60 days to avoid tax and penalties.

Roth Contributions: Roth contributions are designated employee after-tax pay that's contributed to a participant's 401k, 403b or governmental 457 plan account. Subject to certain restrictions, distributions of earnings from the Roth account may be taken tax-free. There are several different types of Roth accounts: IRAs, 457b, 401k and more.

Rule of 72: A calculation used to estimate how many years it will take an investment to double in value. To use the Rule of 72, divide 72 by the assumed rate of return of the investment. For example, if $1,000 is invested at an 8% annual rate of return, the money may double in nine years. Since variable investments fluctuate in value, there can be no guarantee how long it will take to double the money.

R-Squared: indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Russell 1000 Growth: measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value: measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth: contains those Russell 2000 securities with a greater than average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earning ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 2000 Value: contains those Russell 2000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 3000 Growth Index: The Russell 3000 Growth contains those Russell 3000 securities with a greater than average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 3000 Value: The Russell 3000 Value contains those Russell 3000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values then the Growth universe.

Russell Mid Cap Growth: measures the performance of those Russell Mid Cap Companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

Russell MidCap Value Index: The Russell MidCap Value index contains those Russell MidCap securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratio, higher dividend yields and lower forecasted growth values than the Growth universe.

S & P Rating: This is the Standard and Poor’s market weighted average rating of all of the rated securities in the portfolio. Stock ratings are intended to provide an objective measure of the risk of a company in terms of the perceived level of stability in earnings and dividends. Securities which are not rated by Standard and Poor’s are excluded from the weighted average rating.

Salary Reduction: Contributions an employee makes to a employer-sponsored retirement plan.

Sales: Equal to gross sales and earnings from interest, dividends, and rents. Gross sales is the amount of actual billings to customers for delivery of products and services in exchange for cash, a promise to pay, or a money equivalent, reduced by returns, allowances, and discounts. Earnings from interest, dividends, and rents is net of transaction costs.

Salomon Brothers Broad Investment-Grade Bond Index: is a composite of all institutionally traded U.S. Treasury, agency, mortgage, and corporate securities. The issues are rated BBB- or better, have remaining maturities of one year or longer and at least $25 million outstanding. The index is capitalization-weighted.

Sector Concentration: A measure of current portfolio diversification by economic sector (equity) or market sector (fixed income) to illustrate potential risk from concentrated sector exposures. The measure itself represents how few sectors contain half of the portfolio market value. A low number means the assets are concentrated in a few sectors and potentially highly exposed to the risks of those sectors.

Self-Directed Brokerage Window: A structure some plan sponsors incorporate into their plan design that gives participants the opportunity to supplement a plan's core investment option menu through self-directed trading access in an in-plan brokerage account. Access to the brokerage window may allow participants to trade stocks, bonds, mutual funds, and exchange-traded funds. Participants typically pay additional fees for access to the brokerage window. (See also mutual fund window.)

Separate Account: Privately managed investment account that uses pooled money to buy individual assets. It is similar to a mutual fund. However, in a retirement-plan context, while a mutual fund is available to the general public, a separate account is available only to participants of the plan that sponsors it.

Separate Account GIC: A stable value investment contract that is first supported by associated assets in a segregated separate account held by the issuing insurance company and then, to the extent necessary, by the insurer's general account assets and surplus. The crediting rate on a separate account GIC resets periodically based upon the earnings of the separate account assets. The securities held in the separate account are owned by the insurance company, but are held for the exclusive benefit of the plan or plans participating in the separate account. If the investment contract stipulates, in the event that the insurance company becomes insolvent the separate account assets may not be used to satisfy any of the insurer's other liabilities. (See also guaranteed insurance account.)

Separately Managed Account (SMA): An investment account, typically preferred by plan sponsors with larger plans, in which the assets are owned by and managed for the specific plan's participants and are generally not commingled with the assets of other investors. With respect to a stable value investment option, when compared to commingled funds, SMAs may allow for a degree of customization.

Share: Unit of ownership, referring to stocks or mutual funds.

Sharpe Ratio: The Sharpe ratio adjusts a return based on the amount of risk taken to achieve it. It is calculated by dividing the total risk premium by the standard deviation of the risk premium. The risk premium is the return above the risk-free rate, such as the T-Bill rate. Higher Sharpe ratios are preferred as relative measures of total risk-adjusted return.

Sharpe Ratio: is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

Short-Term Capital Gains: Profits from the sale of a stock and/or bond held for one year or less.

Short-Term Investments: Short-Term Investments include two basic underlying asset types: (1) cash, which refers to short term securities, such as bank certificates of deposit (CDs) and money market funds and (2) fixed income, which includes securities issued by the U.S. Government, U.S. Agencies, corporate bonds, residential and commercial mortgage-backed securities, and other asset-backed securities. Typically, short-term investments encounter less market risk than do stocks, diversified real return, and bonds because of their short duration. Therefore, they usually provide a lower rate of return than investments in those categories.

Short-Term Investment Fund (STIF): A short-term investment vehicle, typically with similar objectives as a money market fund, typically managed by the plan's custodian or trustee bank.

Short Term Redemption Fee: Redemption charge common in mutual funds (especially International funds). It usually lasts for 3, 6, or 12 months from the time shares are purchased and commonly is limited to a small amount (1, 2, or 3%) if shares are sold within that timeframe.

Significant deficiency:
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Single Premium Deferred Annuity (SPDA): Type of annuity contract that is established with a single lump-sum payment by the owner which may grow on a tax-deferred basis until annuitized. An SDPA may be either fixed or variable, distributions are only taxed when you take them and there are no investment limits.

Small Capitalization: Generally benchmarked to an international small cap index (like MSCI EAFE Small or MSCI ACWI ex-US Small or S&P/Citigroup EMI), International Small Cap managers focus on selecting smaller capitalization stocks. They may pursue any combination of Growth, Value, or Core, or "Plus" strategies. Portfolios are diversified across countries, and may have significant exposure to emerging markets.

Small Capitalization (Growth): Managers who invest mainly in small companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. The Small Cap Growth Style invests in companies with P/E ratios, Price-to Book values, and Growth-in Earnings values above the broader market, in addition to the small capitalization market segment. The companies typically have zero dividends or dividend yields below the broader market. The securities exhibit greater volatility than the broader market as well as the small capitalization market segment as measured by the risk statistics values Beta and Standard Deviation. Portfolios have high growth z-scores and low value z-scores.

Small Capitalization (Value): Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

Small/Mid Cap (Value): Managers who invest in small to medium cap companies that are believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value.

Sortino Ratio: is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

Specialty Stock Funds: Funds that invest in a specific market sector or type of security from a similar industry or market sector. These investments generally bear a higher level of risk than other asset classes because they are not usually diversified outside their market sector.

Spousal IRA: An IRA account set up for a non-working spouse (no earned income) of a working spouse. Up to $5,000 a year can be contributed to this account.

Spread: A spread is the difference between the actual earnings on some investment contracts offered by insurance companies, such as traditional GICs or general account stable value investment options, and the crediting rate that is declared and guaranteed by the insurance company for a given period. While there is no certainty an insurance company will earn a targeted spread, the anticipated spread is used to compensate the insurer for risk charges, capital charges allocated by regulators, and other expenses. An issuer attempts to earn a spread using assumptions based on many factors such as the magnitude and timing of deposits, participant cash flows, investment performance, rate environment, and potential credit impairments. (See also guaranteed insurance account.)

Stable Value: Stable value is a unique asset class available only in corporate and governmental tax-qualified defined contribution plans, as well as some tuition assistance plans. When offered as an investment option in such a plan, stable value seeks to offer capital preservation, liquidity, and returns typically higher than other options focused on capital preservation, such as money market funds. Stable value investment options may be offered by investment managers, trust companies, or insurance companies in various structures, such as separately managed accounts, commingled funds or guaranteed insurance accounts. Sometimes a stable value investment option will be managed by a plan sponsor. While stable value investment options may be managed or structured in a variety of ways, the important similarity is the use of stable value investment contracts, issued by banks, insurance companies, and other financial institutions, which convey to the investment option the ability to carry certain assets at book value. These investment contracts are what enable a stable value investment option to maintain principal value and minimize return volatility. The investment options that typically purchase or offer stable value investment contracts are commonly named Fixed Income Fund, Capital Preservation Fund, GIC Fund, Interest Income Fund, Stable Interest Fund or Stable Value Fund, among others.

Stable Value Investment Association (SVIA): A non-profit organization dedicated to educating retirement plan sponsors and participants about (1) the importance of saving for retirement and (2) the contribution that stable value investment options can make toward achieving retirement security. The SVIA provides leadership and representation for stable value investments before the media, educators, legislators, regulators, and opinion leaders, and it provides a forum for the exchange of ideas and the discussion of pertinent issues. The SVIA is further committed to supporting public and private plan sponsor members in the fulfillment of their fiduciary obligations.

Stable Value Manager: Refers to an investment manager, typically a QPAM, responsible for management and oversight of a stable value investment option. The stable value manager may manage all or only some of the associated assets of the stable value investment option.

Standard & Poor’s 500 Index: is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Standard & Poor’s MidCap Index: is a composite of 400 medium-capitalization, domestic common stocks. Stocks in this index are not included in the Standard & Poor’s 500 Index. The index is capitalization-weighted.

Standard Deviation: is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Status Quo: Cleary Gull fixed income team's short name for a period when interest rates move to the average level of the recent ranges and credit spreads continue to tighten modestly.

Stock Market: Commonly referred to in the singular form "market", all stock markets are auctions, where traders come together to buy and sell ownership shares in companies, investment bonds, and other investment items. Some of the largest stock markets include The New York Stock Exchange, The Chicago Mercantile Exchange, The NASDAQ and The London Stock Exchange. Similar to most auctions, prices are driven by supply and demand, the real or perceived value of the item and/or emotion. It's for this reason that prices continually change on the market.

Stocks (Equities): Units of ownership in a corporation. Many factors influence the value of a stock, but a company's earnings generally have the biggest impact. As earnings increase, the value of the stock typically increases too.

SVA: Stable Value Account

Synthetic GIC (also known as a "synthetic" or "synthetic investment contract" or a "wrap contract"): A stable value investment structure that offers similar characteristics as a guaranteed investment contract, i.e., pays a specified rate of return for a specific period of time, is benefit-responsive, and offers book value accounting. A synthetic GIC includes an asset ownership component and a contractual component that is intended to be valued at book value. The associated assets backing the contract's book value are owned and held in the name of the plan or the plan's trustee. Such associated assets typically consist of a diversified fixed income portfolio, including but not limited to treasury, government, mortgage, and/or corporate securities of high average credit quality. To support the book value obligation, the contract-holder relies first on any associated assets and then, to the extent those assets are insufficient, the financial backing of the wrap contract issuer. Wrap contracts can be issued by banks, insurance companies, or other financial institutions.

Systematic Withdrawal Plan: Plan where a fixed dollar amount or percentage is redeemed from a retirement account at regular intervals (monthly, quarterly, etc.). This plan is popular with retirees who will have a certain amount redeemed from a mutual fund or retirement plan on a regular basis, while keeping their remaining assets in the fund or plan.

Target-based Funds: Mutual funds that include an asset mix (stocks, bonds, cash and cash-like products) that addresses some date in the future, such as a participant's retirement date. A fund based on a participant's expected retirement date is called a time-based, or target-date fund.

Tax-Deferral: Pre-tax money invested now to grow tax-free until money is withdrawn, at which point taxes will be assessed. Used to help people save for retirement in both the public and private sector.

Tax-Deferred Savings Plan: tax-deferred savings plans are savings plans established by sections of the Internal Revenue Code and governed by the Internal Revenue Service. Tax-deferred savings plans are typically offered by employers. For defined contribution plans, these tax-deferred savings plans include 401(k), 457, 403(b) and some college tuition plans such as 529 plans.

Term Life Insurance: Policy with a set coverage period or duration. There is no cash value and no underlying investment.

Time Horizon: The number of years until a participant retires and/or begins to take distributions from their retirement plan.

TIPS: Treasury Inflation-Protected Security is a Treasury that is indexed to inflation in order to protect investors from the negative effects of inflation. The coupon rate is fixed but the par value rises with inflation.

Top Down/Country Allocator: Managers who attempt to add value over an index such as the Morgan Stanley Capital International (MSCI) EAFE Index by emphasizing macroeconomic analysis in selecting allocations in countries with above average gain prospects. Stock selection plays a secondary role in the investment decision process, or can be passively matched to the index stock holdings within each country.

Total Assets: Everything a company owns or is due. Includes all current, non-current, and intangible assets. Current assets include cash, temporary investments, receivables, inventories, and prepaid expenses. Non-current assets include fixed assets such as buildings and machinery. Intangible assets include such items as patents and goodwill.

Total Portfolio Risk: is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

Total Return: The return on an investment, including income from dividends and interest as well as appreciation or depreciation in the price of the security, over a given time period.

Tracking Error: is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Traditional GIC: A traditional GIC is typically a non-participating, fully guaranteed investment contract backed by the assets in an insurance company's general account. (See also guaranteed investment contract.)

Transaction Types: Identifies how money came into or moved out of a deferred compensation account, such as contributions, exchanges, distributions, fees, loan repayments and more.

Transfers: Movement by a plan participant of assets from one investment option to another option within the plan. (See also participant-directed cash flow.)

Transfer Restriction: A plan rule or contractual provision limiting the frequency, amount, or direction of participant transfers between plan investment options. (See also equity wash.)

Treynor Ratio: represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Trust: Legal arrangement through which title to assets is given to one party to manage for the benefit of others. Under Internal Revenue Code regulations, defined contribution retirement plan assets must be held in a trust or an annuity established for the benefit of participants or their beneficiaries.

Trustee: Person(s) legally appointed to act on behalf of a beneficiary or a trust. Often times, an employer acts as a trustee for a retirement plan.

Turnover: Refers to the lesser of purchases or sales of non-cash securities divided by total net assets.

Up Market Capture Ratio: Refers to the measure of a composite's performance in up markets relative to the market itself. The higher the up market capture ratio, the better the performance during a rising market. A ratio of 110 indicates that a composite performed, on average, 10% better than the market in up quarters.

Underlying Funds: The investments in a mutual fund, a variable annuity's separate account fund or other fund.

Unearned Income: Income from sources other than salary or wages from employment. They include interest income and capital gains, among other forms income.

Unforeseeable Emergency: A severe financial hardship, as defined by a governmental 457b deferred compensation plan. While the plan document may add further criteria, an unforeseeable emergency must be defined in the plan as (1) a severe financial hardship of the participant that results from illnesses or accidents of the participant, their spouse or a dependent, (2) unreimbursable loss of the participant's property due to casualty, or (3) other similar extraordinary and unforeseeable circumstances that arise as a result of events beyond the participant's control.

Universal Life Insurance: Flexible permanent life insurance combining the low-cost protection of term life insurance and a savings element (like whole life insurance) invested to provide a cash value buildup. Allows the policyholder to use the interest from his or her accumulated savings to help pay premiums.

Up Months/Quarters: The number of periods a manager has had a return above the risk-free rate over the stated time period. The risk premium is the return above the risk-free rate, such as the T-Bill rate.

Yield-to-Maturity: The percentage rate of return paid on a fixed income security if the investor buys and holds it to its maturity date. The calculation for YTM is based on the coupon rate, length of time to maturity and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

Value of Holdings: This represents the total market value of all the securities in the portfolio, computed as the sum of the products of the closing value per share and the number of shares of each security held in the portfolio.

Variable Annuity: Contract between an investor and an insurance company, where the investor or participant makes a lump-sum payment or series of payments. Participants may choose to invest payments in different investment options, typically mutual funds.

Variable Universal Life Insurance (VUL): Life insurance policy that builds a cash benefit and guarantees a minimum death benefit to be paid to the policy's state beneficiaries, as long as there is sufficient cash value. The cash value or benefit of a VUL may be invested in separate accounts as determined by the contract owner.

Voice Response System (VRS or VRU): Automated phone system that allows you to access your account information, perform account transactions, and request materials. Account access requires a personal identification number (PIN).

Volatility: The variability of returns in a security or portfolio over time. Volatility is measured by the standard deviation of returns of the investment. Stable value investment options tend to have very low volatility because of book value accounting, which is regulated by FASB and GASB.

Whole Life Insurance: A life insurance contract with both an insurance and an investment component. The insurance component may pay a stated amount upon death of the insured; the investment component accumulates a cash value that the policyholder can withdraw or borrow against.

Withdrawal – Also called a distribution, a withdrawal is money taken from a financial account, such as 457b, 403b or 401k plan account or an IRA. In most situations, participants of a 457b plan who have left employment of the plan sponsor may take distributions from their plan without penalty, regardless of age. Distributions from 401k and 403b plans made prior to age 59½ may be subject to a tax penalty.

Wrap Contract (see Synthetic GIC above): A stable value investment contract that "wraps" a designated portfolio of associated assets within a stable value investment option to provide an assurance (1) of principal and accumulated interest for that portfolio, (2) of payment of an interest rate, which will not be less than 0%, for a specified period of time (the crediting rate) on that portfolio, and (3) that participant-initiated withdrawals and transfers out of the assets of the portfolio will occur at book value subject to the terms of the contract. Wrap contracts can be issued by banks, insurance companies, or other financial institutions. When combined with any associated assets, a wrap contract may also be known as a synthetic GIC or synthetic investment contract. The selection of the wrap issuer is usually made separately from the selection of an investment manager's services investing the associated assets.

Wrap Fees: Expenses paid to the issuer of the wrap contract. (See also expense ratio.)

Yield: Managers whose primary objective is a high current dividend yield. Invests in companies with Price-to-Book values and Growth-in-Earnings values below the broader market. Invests in securities with dividend yields above the broader market. Invests in securities with significantly lower volatility than the broader market as measured by the risk statistics Beta and Standard Deviation.