



**TO:** All U.S. Private Clients of Oliver Capital Management, Inc.

**FROM:** Mark K. Oliver, President - Senior Investment Advisor

**DATE:** February 2, 2009

**RE:** **2008 Year End Report**, including the model Strategically Engineered Portfolio Program (SEPP) Performance Report and related Q4 - 2008 materials

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**Dear Oliver Capital Management Private Client:**

The enclosed report contains three sections:

1. The model Strategically Engineered Portfolio Program (SEPP)
2. The Economy, the Markets, and Business in general
3. Oliver Capital Management and You

**THE MODEL STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)**

2008 was truly an extraordinary year for investors worldwide. Thus, it brings me great satisfaction to report that while our proprietary model Strategically Engineered Portfolio Program (SEPP) was not immune to the market downturn, **we were able to add value to our client's portfolios by outperforming the average of the five (5) major market benchmark indexes by nearly 6% in 2008!** *(Please see the enclosed Strategically Engineered Portfolio Program Performance Report for more detailed performance information).*

A contributing factor to our 2008 market beating performance is our systematic annual rebalancing of all client portfolios at the beginning of each year back to their target benchmark weightings. This time-tested strategy should not only help to reduce portfolio volatility, but should also help us to recover more quickly than the overall market. **David F. Swensen, the renowned Yale University Endowment Chief Investment Officer** (who produced an unparalleled two-decade investment record of 16.1% per year) wrote about the virtues of rebalancing in his book **"Unconventional Success"**:

"Since few investors engage in systematic rebalancing activity, most portfolios wax and wane with the markets, subjecting the portfolio to a strange form of market timing. By pursuing a tack that overweights recent strong performers and underweights recent weak performers, investors reduce chances for investment success.

Overweighting assets that produced strong past performance and underweighting assets that produced weak past performance provides a poor recipe for pleasing prospective results. Strong evidence exists that markets exhibit mean-



reverting behavior, a tendency for good performance to follow bad and bad performance to follow good. In markets characterized by mean reversion, investors who fail to rebalance portfolios to long term targets end up with outsized exposure to recently appreciated assets that prove most vulnerable to poor future results. Only by regularly rebalancing portfolios to long term targets do investors realize the [favorable] results that correspond to the policy asset-allocation decision.”

In addition to annual rebalancing, we also allocate a certain portion of client portfolio assets to a strategically selected contrarian sector index each year. For 2009, the model SEPP’s contrarian component is the Basic Materials Index (IYM). This sector was off nearly 51% in 2008, pays a healthy dividend, has an incredibly low P/E ratio of only 7.2 (roughly half the historical average of the S & P 500), and should be propelled in large part by the “infrastructure” rebuilding campaign that the new Administration has outlined as it works to stimulate the economy and create jobs.

Lastly, it is noteworthy to mention that for the first time in six years, we are adding two new core Indexes to our model Strategically Engineered Portfolio Program in 2009, as follows:

- % to an **Emerging Market Index (EEM)**
- % to a **Clean / Green / Alternative Energy Index (PBW)**

Given the significant pullback in emerging markets during 2008, dropping more than 50%, we now have an opportunity to add an asset class to our model SEPP portfolio that has been too “pricey” to buy into over the past few years. Adding an emerging market index (EEM) to our model SEPP portfolio provides increased diversification and gives our model SEPP exposure to the expected above average growth rate of developing economies around the world, such as China, India, Brazil, Russia, Mexico, and others.

The Clean / Alternative Energy Index (PBW) addition gives us exposure to a rapidly developing and expanding sector that will continue to play an increasingly significant role in global energy supply over the next decade and beyond. Additionally, the new Administration has made it quite clear that hundreds of billions of dollars will be directed towards green/clean/alternative energy initiatives over the coming years. Lastly, I believe it is opportunistic to add this Index at this time given that it pulled back nearly 70% in 2008!

After the annual rebalancing of client portfolios, and accounting for the addition of the two new core Indexes (Emerging Markets and Clean/Alternative Energy), **our model 2009 Strategically Engineered Portfolio Program target allocations are as follows:**

- |   |   |
|---|---|
| -- % <b>Large-Cap Domestic Equity Index</b> | -- % <b>High Dividend Yield Domestic Equity Index</b> |
| -- % <b>Mid-Cap Domestic Equity Index</b>   | -- % <b>Clean / Alternative Energy Index</b>          |
| -- % <b>Small-Cap Domestic Equity Index</b> | -- % <b>Basic Materials - Contrarian Sector Index</b> |
| -- % <b>International Equity Index</b>      | -- % <b>Fixed Income / Bonds Index</b>                |
| -- % <b>Emerging Markets Index</b>          |   |



Given the annual rebalancing of our model Strategically Engineered Portfolio Program portfolios, coupled with the addition of the two new core Indexes, I am anticipating good things in 2009, and looking forward to watching how these opportunistic and timely changes will play out and add value over the coming year and beyond.

## **THE ECONOMY, THE MARKETS, AND BUSINESS IN GENERAL**

Rather than recount the headlines of the past year, or review a plethora of (mostly contradictory) economic and market forecasts, in this section of the report it is my intent to simply remind you of a few timeless investment principles – ones which will continue to guide us through this challenging environment.

### *Timeless Principles*

What made the second half of 2008 such an extraordinary period was that nearly every single type of asset, except cash and Treasury bonds, plummeted in value. Naturally, this led many people to question the benefits of diversification and other time-tested investment principles.

**Diversification.** We believe that being well diversified across non-correlated asset classes will produce healthy returns while mitigating portfolio risk over the long-term.

**Value Orientation.** We believe that remaining value-oriented at all times and rotating portfolios into asset classes that are likely to provide the best future returns is essential to successful investing. This means avoiding three common investor traps. First is “home bias” – or the tendency to invest in one’s area of geographic or sector expertise – instead of maintaining a global perspective and evaluating good opportunities as they present themselves. Second is “chasing performance” – or adding to asset classes that have performed well recently – instead of finding areas which may have fallen out of favor. The third is “getting greedy” – or not reducing exposures when trends reach disproportionate levels on the upside (in other words, failing to rebalance portfolios back to their target benchmark weightings).

**Long Term View.** We believe that it is improbable, if not impossible, to consistently “beat the markets” over the short-term. For that reason, our time horizon on investments is typically three years or more. We are not interested in tapping into a short term fad that will likely fizzle-out in the near term.

**These are guiding principles that we believe are essential to building successful investment portfolios and we believe they are as sound and relevant as ever.**

## **OLIVER CAPITAL MANAGEMENT AND YOU**

We are pleased to announce that Mr. Oliver M. Nicolas, AAMS, joined us recently as an Investment Advisor from Edward Jones. Mr. Nicolas graduated from DePaul University with a B.A. in Business



Management in 1995 and feels the Oliver Capital Management proprietary wealth management platform will allow him to better serve his clientele in an unbiased manner.

Ms. Bridgett Herzog also joined the firm recently as a highly qualified and industry tenured Operations Manager and Senior Client Associate. Ms. Herzog's values and skill set are a perfect complement to the world class service that we strive to deliver.

Not surprisingly, both Mr. Nicolas and Ms. Herzog have already proven themselves to be a great addition, and we are grateful to have them on our team.

While this past year was unsettling for many investment advisory firms, we are proud to have managed our way through remaining disciplined while providing our clientele with sincere, unbiased and sound investment advice. We continue to be humbled by the expression of trust from our client base and are grateful for the opportunity to serve them.

As always, please do not ever hesitate to call or e-mail me with any thoughts or questions.

Very truly yours,

**Mark K. Oliver**  
President - Senior Investment Advisor

#### Disclosure

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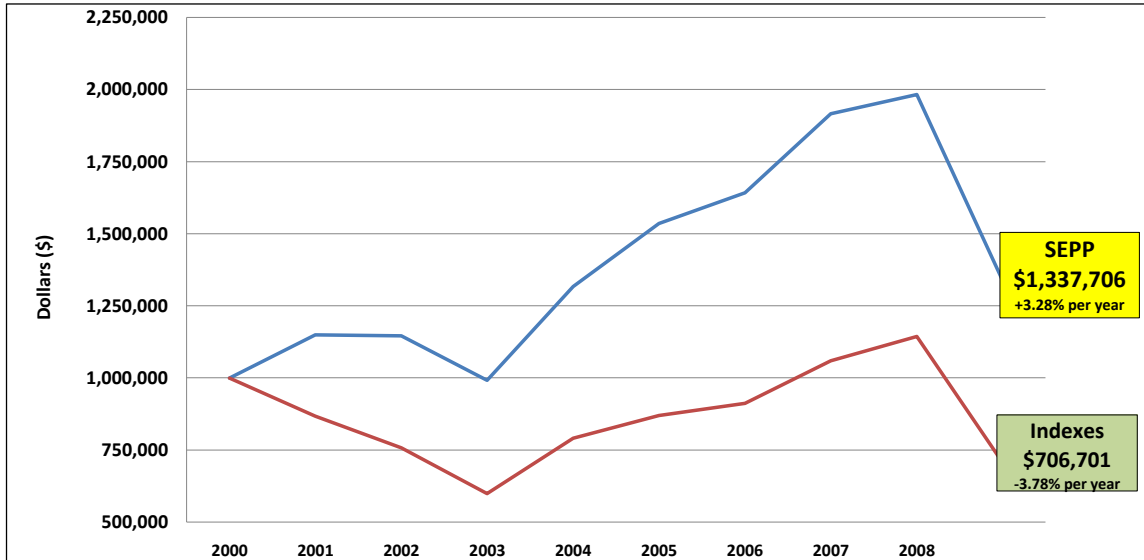
For additional information about Oliver Capital Management, including fees and services, please contact us to receive our disclosure statement as set forth on Form ADV using the contact information herein. Please read the disclosure statement carefully before you invest.



## STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

**Performance Detail Showing Growth of \$1,000,000 Invested in the Model SEPP**  
 Compared to the Average of the S&P 500, Dow Jones Industrial Average, NASDAQ, Russell 3000, and MSCI International Index

**January 1, 2000 through December 31, 2008**



|           | Model SEPP Portfolio |   |
|-----------|----------------------|---|
|           | SEPP Return (%)      | \$1,000,000 Invested in the SEPP on January 1, 2000 |
| Year 2000 | 14.92%               | \$ 1,149,200  |
| Year 2001 | -0.24%               | \$ 1,146,442  |
| Year 2002 | -13.49%              | \$ 991,787  |
| Year 2003 | 32.82%               | \$ 1,317,291  |
| Year 2004 | 16.55%               | \$ 1,535,303  |
| Year 2005 | 6.91%                | \$ 1,641,393  |
| Year 2006 | 16.72%               | \$ 1,915,801  |
| Year 2007 | 3.48%                | \$ 1,982,375  |
| Year 2008 | -32.52%              | \$ 1,337,706  |

|           | Indexes          |  |
|-----------|------------------|--|
|           | Index Return (%) | \$1,000,000 invested in Indexes on January 1, 2000 |
| Year 2000 | -13.28%          | \$ 867,220   |
| Year 2001 | -12.60%          | \$ 757,967   |
| Year 2002 | -21.03%          | \$ 598,603   |
| Year 2003 | 32.17%           | \$ 791,177   |
| Year 2004 | 9.92%            | \$ 869,665   |
| Year 2005 | 4.90%            | \$ 912,249   |
| Year 2006 | 16.11%           | \$ 1,059,204                                       |
| Year 2007 | 8.00%            | \$ 1,143,993                                       |
| Year 2008 | -38.23%          | \$ 706,701   |

| Compound Annual Growth Rate                    |                 |
|--|-----------------|
| Model SEPP Portfolio                           | +3.28% per year |
| Indexes  | -3.78% per year |
| From January 1, 2000 through December 31, 2008 |                 |

ALL DATA IS BASED ON PRICE RETURN. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Unless otherwise stated, all performance data above reflects the reinvestment of all dividends and interest and have been reduced by applicable iShare expense ratios, and do not represent the returns one would receive if shares were traded at other times than that of the Model SEPP. Performance numbers above have not been reduced by Oliver Capital Management fees. The Model SEPP is intended for investors seeking long-term growth of capital. Comparisons to broad stock market indexes, such as the unmanaged indexes listed above, may not be appropriate. Client accounts may be invested in securities that are not included in these indexes, and one cannot invest directly in an index. The model SEPP involves investment risk, including possible loss of principal. The Major Market Indexes used in the analysis above is the average of the S&P 500, Dow Jones Industrial Average, NASDAQ, and the Russell 3000 for the same period.

The results and conclusions made herein do not necessarily reflect that of any OCM client portfolio and are not intended to recommend any specific investment or type of investment. Fund Indexes, minus applicable iShare expense ratios, were used when actual iShare funds did not exist. Before making any investment, all aspects associated with it, including, but not limited to, applicable fees, charges, expenses and tax implications, should be considered. The information and results contained herein are based upon data obtained from sources we believe to be reliable (including, but not limited to, Ibbotson Associates, Barclays Global Investors, SEI); however, Oliver Capital Management, Inc., and/or its affiliates, do not guarantee the completeness or accuracy thereof.



## Lame [Active] Fund Managers Head for an ETF Thumping

Commentary by Jane Bryant Quinn (*Excerpts*)

**Jan. 14 (Bloomberg) -- The ETF industry has the enemy in its sights: It's the active manager who runs a traditional equity mutual fund.** When they first appeared in the marketplace, ETFs -- exchange-traded funds -- talked up such virtues as their lower costs, tax advantages and how easy they were to trade. Now, after the worst year for the Dow Jones Industrial Average since 1931, they're going in for the kill.

**"Active managers say they'll protect you when the market falls by getting ahead of it," says Lee Kranefuss, chief executive officer of Barclays Global Investors' iShares business. "That promise is hard to deliver on." ETFs are not only cheaper, he says, they outperform the managers, too.**

An ETF is a mutual fund that you buy and sell through a brokerage account, like an individual stock. Most ETFs are index funds -- meaning they track the performance of a particular market, or slice of the market, rather than try to exceed it.

In theory, active managers should beat indexes because their funds can build up cash during a market drop. They're also supposed to be able to pick the stocks that will hold up better during declines. That's one of the things you pay them for.

**They're not earning their pay. Last year, 58 percent of all actively managed funds lost more in value than the benchmark they measure themselves against, according to Morningstar. That's not much better than chance. Small-cap managers, who are supposed to be especially nimble, had a particularly bad year: 72 percent of them fell behind their benchmarks.**

### Beating the Indexes

**The numbers get worse when you compare the [active fund] managers' performance with the Standard & Poor's 500 Index. Among large-cap U.S. funds, 62 percent lagged behind the S&P in 2008, as did 63 percent of all U.S. diversified equity funds.**

**Most managed funds trailed the indexes in the first phase of a recovery, too.** As an example, look at what happened in the 12 months starting in October 2002, the bottom of the last bear market. Seventy-eight percent of U.S. managed equity funds did worse than the benchmark they measured themselves against. You are paying your managers to miss.

**Investors are catching on.** They pulled \$128.7 billion out of managed equity mutual funds in the first 11 months of 2008, according to the Investment Company Institute in Washington, but didn't give up on stocks entirely. During that same period, they put \$20.8 billion into traditional index funds. Exchange-traded products attracted \$133 billion.

**"Any time the market is struggling, investors are more likely to notice the drag on performance caused by the fees active managers charge,"** says Jim Wiandt, publisher of IndexUniverse.com. "That pushes them toward indexing in general and ETFs in particular," he says.



## Tax Planning

In December, ETFs accounted for 38 percent of all equity trades by dollar value on the NYSE Arca, up from 32 percent in the third quarter. A majority of the volume is coming from large investors, including institutions and hedge funds, Wiandt says.

Retail investors are playing, too, especially for year-end tax planning. They were selling traditional mutual funds, booking the loss, and staying in the market by buying a similar ETF.

Christy White, a principal of the consulting firm Cogent Research in Cambridge, Massachusetts, says that ETFs also interest high-net-worth investors, who use them in place of individual stocks for broad exposure to market segments. As any money manager can tell you, picking [individual] stocks is hard.

## Lower Fees

The largest, most popular ETFs mimic major indexes: the SPDR, tracking the S&P 500 stock index; PowerShares QQQ, tracking the Nasdaq index of 100 large non-financial companies, especially techs; iShares MSCI Emerging Market Index ETF ; and iShares Russell 2000 Index of smaller companies.

ETFs for industry sectors gain or lose investors as market sentiment changes. Right now, Financial Select Sector SPDR is getting a lot of play. Sector ETFs simplify your life, because you don't have to research each stock separately, says Tom Lydon, editor of EFTrends.com and co-author (with my Bloomberg colleague John Wasik) of "iMoney: Profitable ETF Strategies for Every Investor."

**ETFs have two other things going for them, besides performance. They charge lower annual fees than managed funds do and, in most cases, they offer an edge to taxable investors. ETFs rarely distribute taxable capital gains during the time you hold the investment, as many traditional funds do.** You usually (but not always) don't have to book any gains until you sell your shares.

## Cutting Trading Costs

You can also reinvest [ETF] dividends without paying brokerage commissions or other trading costs.

Where ETFs shine [the brightest] is against the higher-cost managed mutual funds.

Scott Burns, director of ETF analysis at Morningstar, says that indexing usually grabs more market share during slowdowns, when managers underperform. But when stocks turn up again, a certain percentage of retail investors go back to chasing funds that they think can beat the market. **"To be an index investor takes a great amount of discipline," Burns says. But worth it, in the end.**

*(Jane Bryant Quinn, a leading personal finance writer and author of "Smart and Simple Financial Strategies for Busy People," is a Bloomberg News columnist. She is a director of Bloomberg LP, parent of Bloomberg News. The opinions expressed are her own.)*



**2008 Strategically Engineered Portfolio Program (SEPP)  
 Top Twenty Holdings Report As of 12/31/2008**

**LARGE CAP PORTFOLIO (IVV)  
 TOP 20 HOLDINGS AS OF 12/31/2008**

|    | <u>Name</u>                | <u>Ticker</u> | <u>Market</u> |
|----|----------------------------|---------------|---------------|
| 1  | Exxon Mobil Corp           | XOM           | NYSE          |
| 2  | Procter & Gamble           | PG            | NYSE          |
| 3  | General Electric Co        | GE            | NYSE          |
| 4  | AT&T Inc                   | T             | NYSE          |
| 5  | Johnson & Johnson          | JNJ           | NYSE          |
| 6  | Chevron Corp               | CVX           | NYSE          |
| 7  | Microsoft Corp             | MSFT          | NASDAQ        |
| 8  | Wal-Mart Stores Inc        | WMT           | NYSE          |
| 9  | Pfizer Inc                 | PFE           | NYSE          |
| 10 | JPMorgan Chase             | JPM           | NYSE          |
| 11 | Intl Business Machines     | IBM           | NYSE          |
| 12 | Wells Fargo&Company        | WFC           | NYSE          |
| 13 | Verizon Communications Inc | VZ            | NYSE          |
| 14 | Cisco Systems Inc          | CSCO          | NASDAQ        |
| 15 | Coca-Cola Co               | KO            | NYSE          |
| 16 | Hewlett-Packard Co         | HPQ           | NYSE          |
| 17 | Philip Morris              | PM            | NYSE          |
| 18 | Pepsico Inc                | PEP           | NYSE          |
| 19 | Abbott Laboratories        | ABT           | NYSE          |
| 20 | Intel Corp                 | INTC          | NASDAQ        |

**MID CAP PORTFOLIO (IJH)  
 TOP 20 HOLDINGS AS OF 12/31/2008**

|    | <u>Name</u>                | <u>Ticker</u> | <u>Market</u> |
|----|----------------------------|---------------|---------------|
| 1  | Everest Re Group Ltd       | RE            | NYSE          |
| 2  | Vertex Pharmaceuticals Inc | VRTX          | NASDAQ        |
| 3  | Health Care Reit Inc       | HCN           | NYSE          |
| 4  | Wr Berkley Corp            | WRB           | NYSE          |
| 5  | Flir Systems Inc           | FLIR          | NYSE          |
| 6  | Scana Corp                 | SCG           | NYSE          |
| 7  | O'reilly Automotive Inc    | ORLY          | NASDAQ        |
| 8  | New York Community Bancorp | NYB           | NYSE          |
| 9  | Martin Marietta Materials  | MLM           | NYSE          |
| 10 | Mdu Resources Group Inc    | MDU           | NYSE          |
| 11 | Saic Inc                   | SAI           | NYSE          |
| 12 | Church & Dwight Co         | CHD           | NYSE          |
| 13 | Quanta Services Inc        | PWR           | NYSE          |
| 14 | Nstar                      | NST           | NYSE          |
| 15 | Roper Industries Inc       | ROP           | NYSE          |
| 16 | Ross Stores Inc            | ROST          | NASDAQ        |
| 17 | Dollar Tree Inc            | DLTR          | NASDAQ        |
| 18 | Fidelity National Finl     | FNF           | NYSE          |
| 19 | Northeast Utilities        | NU            | NYSE          |
| 20 | Federal Realty Invs Trust  | FRT           | NYSE          |

**S&P SMALL CAP PORTFOLIO (IJR)  
 TOP 20 HOLDINGS AS OF 12/31/2008**

|    | <u>Name</u>               | <u>Ticker</u> | <u>Market</u> |
|----|---------------------------|---------------|---------------|
| 1  | Piedmont Natural Gas Co   | PNY           | NYSE          |
| 2  | Itron Inc                 | ITRI          | NASDAQ        |
| 3  | Atmos Energy Corp         | ATO           | NYSE          |
| 4  | Senior Housing Prop Trust | SNH           | NYSE          |
| 5  | Watson Wyatt Worldwide    | WW            | NYSE          |
| 6  | Landstar System Inc       | LSTR          | NASDAQ        |
| 7  | Immuco Inc                | BLUD          | NASDAQ        |
| 8  | Proassurance Corp         | PRA           | NYSE          |
| 9  | Clarcor Inc               | CLC           | NYSE          |
| 10 | New Jersey Resources      | NJR           | NYSE          |
| 11 | Panera Bread Company      | PNRA          | NASDAQ        |
| 12 | Teledyne Technologies     | TDY           | NYSE          |
| 13 | Magellan Health Services  | MGLN          | NASDAQ        |
| 14 | Amerigroup Corp           | AGP           | NYSE          |
| 15 | Moog Inc-                 | MOG           | NYSE          |
| 16 | Owens & Minor Inc         | OMI           | NYSE          |
| 17 | Lennox International Inc  | LII           | NYSE          |
| 18 | Curtiss-Wright Corp       | CW            | NYSE          |
| 19 | Emcor Group Inc           | EME           | NYSE          |
| 20 | Kirby Corp                | KEX           | NYSE          |

**INTERNATIONAL PORTFOLIO (EFA)  
 TOP 20 HOLDINGS AS OF 12/31/2008**

|    | <u>Name</u>                    | <u>Ticker</u> |
|----|--------------------------------|---------------|
| 1  | BP Plc                         | BP            |
| 2  | Nestle SA                      | NESN          |
| 3  | HSBC Holdings Plc              | HSBA          |
| 4  | Total SA                       | FP            |
| 5  | Novartis Ag                    | NOVN          |
| 6  | Vodafone Group Plc             | VOD           |
| 7  | Roche Holding Ag               | ROG           |
| 8  | GlaxoSmithKline Plc            | GSK           |
| 9  | Royal Dutch Shell Plc          | RDSA          |
| 10 | Telefonica SA                  | TEF           |
| 11 | Toyota Motor Corp              | TM            |
| 12 | Royal Dutch Shell Plc-B Shares | RDSB          |
| 13 | BHP Billiton Ltd               | BHP           |
| 14 | E-On Ag                        | EOAN          |
| 15 | Eni Spa                        | ENI           |
| 16 | Sanofi-Aventis                 | SAN           |
| 17 | Mitsubishi UFJ Financial Gro   | MTU           |
| 18 | Astrazeneca Plc                | AZN           |
| 19 | Nokia Oyj                      | NOK           |
| 20 | Banco Santander SA             | SAN           |



## 2008 Strategically Engineered Portfolio Program (SEPP) Top Twenty Holdings Report As of 12/31/2008

### AGGREGATE BOND PORTFOLIO (AGG) TOP 20 HOLDINGS AS OF 12/31/2008

| <u>Name</u>                | <u>Credit Rating (S&amp;P)</u> |
|----------------------------|--------------------------------|
| 1 FGOLD 30 Yr TBA (REG A)  | Aaa / AAA                      |
| 2 FNMA 30 Yr TBA (REG A)   | Aaa / AAA                      |
| 3 FGOLD 30 Yr TBA (REG A)  | Aaa / AAA                      |
| 4 FNMA 30 Yr TBA (REG A)   | Aaa / AAA                      |
| 5 Treasury Note            | TSY / TSY                      |
| 6 Treasury Note            | TSY / TSY                      |
| 7 FNMA 30 Yr TBA (REG A)   | Aaa / AAA                      |
| 8 FGOLD 30 Yr TBA (REG A)  | Aaa / AAA                      |
| 9 FANNIE MAE               | TSY / TSY                      |
| 10 Treasury Bond           | TSY / TSY                      |
| 11 Treasury Note           | TSY / TSY                      |
| 12 FREDDIE MAC             | TSY / TSY                      |
| 13 Treasury Bond           | TSY / TSY                      |
| 14 Treasury Note           | TSY / TSY                      |
| 15 FGOLD 15 Yr TBA (REG B) | Aaa / AAA                      |
| 16 FNMA 15 Yr TBA (REG B)  | Aaa / AAA                      |
| 17 Treasury Note           | TSY / TSY                      |
| 18 FREDDIE MAC             | TSY / TSY                      |
| 19 FHLMC                   | TSY / TSY                      |
| 20 FGOLD 15 Yr TBA (REG B) | Aaa / AAA                      |

### SELECT DIVIDEND PORTFOLIO (DVY) TOP 20 HOLDINGS AS OF 12/31/2008

| <u>Name</u>              | <u>Ticker</u> | <u>Market</u> |
|--------------------------|---------------|---------------|
| 1 Mercury General Corp   | MCY           | NYSE          |
| 2 Entergy Corp           | ETR           | NYSE          |
| 3 Chevron Corp           | CVX           | NYSE          |
| 4 Pinnacle West Capital  | PNW           | NYSE          |
| 5 PNC Financial Services | PNC           | NYSE          |
| 6 DTE Energy Company     | DTE           | NYSE          |
| 7 Eaton Corp             | ETN           | NYSE          |
| 8 PPG Industries Inc     | PPG           | NYSE          |
| 9 Firstenergy Corp       | FE            | NYSE          |
| 10 Suntrust Banks Inc    | STI           | NYSE          |
| 11 Nicor Inc             | GAS           | NYSE          |
| 12 Kimberly-Clark Corp   | KMB           | NYSE          |
| 13 Watsco Inc            | WSO           | NYSE          |
| 14 Bank Of Hawaii Corp   | BOH           | NYSE          |
| 15 General Mills Inc     | GIS           | NYSE          |
| 16 Allstate Corp         | ALL           | NYSE          |
| 17 Eli Lilly & Co        | LLY           | NYSE          |
| 18 AT&T Inc              | T             | NYSE          |
| 19 Genuine Parts Co      | GPC           | NYSE          |
| 20 BB&T Corporation      | BBT           | NYSE          |

### US FINANCIAL SECTOR PORTFOLIO (IYF) TOP 20 HOLDINGS AS OF 12/31/2008

| <u>Name</u>                     | <u>Ticker</u> | <u>Market</u> |
|---------------------------------|---------------|---------------|
| 1 JPMorgan Chase                | JPM           | NYSE          |
| 2 Wells Fargo & Company         | WFC           | NYSE          |
| 3 Bank Of America               | BAC           | NYSE          |
| 4 US Bancorp                    | USB           | NYSE          |
| 5 Citigroup Inc                 | C             | NYSE          |
| 6 Goldman Sachs Group Inc       | GS            | NYSE          |
| 7 Bank Of New York Mellon       | BK            | NYSE          |
| 8 Travelers Cos                 | TRV           | NYSE          |
| 9 Visa Inc-Class A Shrs         | V             | NYSE          |
| 10 Aflac Inc                    | AFL           | NYSE          |
| 11 American Express Co          | AXP           | NYSE          |
| 12 Chubb Corp                   | CB            | NYSE          |
| 13 Metlife Inc                  | MET           | NYSE          |
| 14 Ace Ltd                      | ACE           | NYSE          |
| 15 Allstate Corp                | ALL           | NYSE          |
| 16 State Street Corp            | STT           | NYSE          |
| 17 PNC Financial Services Group | PNC           | NYSE          |
| 18 Morgan Stanley               | MS            | NYSE          |
| 19 Charles Schwab Corp          | SCHW          | NASDAQ        |
| 20 BB&T Corporation             | BBT           | NYSE          |