

# Retirement Plan Quarterly Investment Review Summary



*Prepared for:*

*Plan Name:*

*Quarter Ending:*

Pepperdine University Retirement Plan

December 31, 2008



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# Introduction

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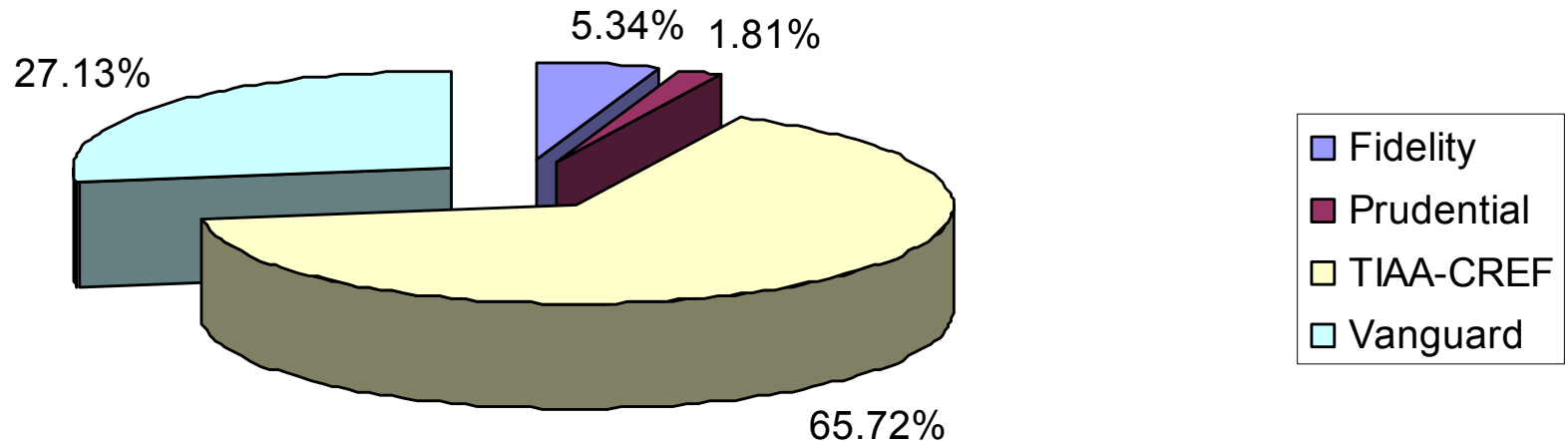
## **Asset Allocation by Fund Sponsor**

December 31, 2008

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## Asset Allocation by Fund Sponsor

Fund Sponsor	Total Assets	% of Plan
Fidelity	\$12,045,533	5.34%
Prudential	\$4,076,628	1.81%
TIAA-CREF	\$148,267,259	65.72%
Vanguard	\$61,204,458	27.13%
<b>Total Plan Assets</b>	<b>\$225,593,878</b>	<b>100.00%</b>





## Section 1

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# **Fidelity Portfolio Summary**

December 31, 2008

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# Fund Performance Summary

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(% of Plan*)	Returns		Annualized Return				Expense Ratio	Evaluation Methodology
			3 Month	YTD	1 Year	3 Year	5 Year	10 Year		
<b>Fidelity Cash Reserves</b>	<b>Money Market</b>	<b>6.27%</b>	<b>0.62</b>	<b>2.89</b>	<b>2.89</b>	<b>4.23</b>	<b>3.33</b>	<b>3.43</b>	<b>0.43</b>	<b>N/A</b>
Fidelity Money Market		4.61%	0.65	2.90	2.90	4.26	3.35	3.44	0.42	N/A
Fidelity Retirement Govt Money Market		0.27%	0.41	2.37	2.37	4.01	3.18	3.33	0.42	N/A
Fidelity Retirement Money Market		0.87%	0.67	2.93	2.93	4.28	3.37	3.46	0.42	N/A
Fidelity U.S. Government Reserves		2.80%	0.42	2.45	2.45	4.06	3.24	3.37	0.37	N/A
Fidelity U.S. Treasury Money Market		8.42%	0.14	1.49	1.49	3.42	2.76	3.00	0.49	N/A
3 Month T-Bill			0.10	1.51	1.51	3.77	3.21	3.35		
Cat: Money Market			0.30	2.01	2.01	3.68	2.87	3.00		
<b>Fidelity Short Term Bond</b>	<b>Short Term Bond</b>	<b>0.52%</b>	<b>-2.36</b>	<b>-3.66</b>	<b>-3.66</b>	<b>0.80</b>	<b>1.28</b>	<b>3.51</b>	<b>0.45</b>	<b>Perform</b>
Cat: Short Term Bond			-1.78	-4.61	-4.61	1.16	1.31	3.14		
<b>Fidelity Intermediate Bond</b>	<b>Intermediate Bond</b>	<b>0.55%</b>	<b>-2.62</b>	<b>-5.84</b>	<b>-5.84</b>	<b>0.68</b>	<b>1.39</b>	<b>4.00</b>	<b>0.44</b>	<b>Perform</b>
Fidelity U.S. Bond Index		2.27%	3.53	3.76	3.76	4.49	4.02	5.32	0.31	N/A
Barclays Aggregate Bond			4.58	5.24	5.24	5.51	4.65	5.63		
Cat: Intermediate Term Bond			-0.61	-4.70	-4.70	1.08	1.81	4.01		
<b>Fidelity Strategic Income</b>	<b>Multisector Bond</b>	<b>1.27%</b>	<b>-8.09</b>	<b>-11.37</b>	<b>-11.37</b>	<b>0.36</b>	<b>2.67</b>	<b>5.72</b>	<b>0.73</b>	<b>Outperform</b>
Cat: Multisector Bond			-8.66	-14.99	-14.99	-1.84	0.87	3.37		
<b>Fidelity High Income Bond</b>	<b>High Yield Bond</b>	<b>1.01%</b>	<b>-18.16</b>	<b>-23.72</b>	<b>-23.72</b>	<b>-4.73</b>	<b>-0.38</b>	<b>1.11</b>	<b>0.74</b>	<b>Perform</b>
ML US High Yield Master			-17.47	-26.21	-26.21	-5.59	-0.84	2.27		
Cat: High Yield Bond			-18.48	-26.41	-26.41	-6.59	-1.84	1.12		
<b>Fidelity New Markets Income</b>	<b>Emerging Markets Bond</b>	<b>0.62%</b>	<b>-12.52</b>	<b>-18.24</b>	<b>-18.24</b>	<b>-1.11</b>	<b>3.86</b>	<b>11.39</b>	<b>0.88</b>	<b>Perform</b>
Cat: Emerging Markets Bond			-11.39	-17.64	-17.64	-1.19	3.42	10.08		
<b>Fidelity Balanced</b>	<b>Hybrid</b>	<b>4.28%</b>	<b>-15.88</b>	<b>-31.31</b>	<b>-31.31</b>	<b>-5.80</b>	<b>0.52</b>	<b>3.51</b>	<b>0.60</b>	<b>Outperform</b>
40% Barclays Agg Bond / 60% Russell 1000 Growth			-12.38	-23.02	-23.02	-3.17	-0.01	0.06		
Cat: Moderate Allocation			-15.09	-28.01	-28.01	-5.31	-0.60	1.19		

## Fund Performance Summary (continued)

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(% of Plan*	Annualized Return		Annualized Return				Expense Ratio	Evaluation Methodology
			3 Month	YTD	1 Year	3 Year	5 Year	10 Year		
<b>Fidelity Equity Income</b>	<b>Large Cap Value</b>	<b>0.79%</b>	<b>-23.40</b>	<b>-41.64</b>	<b>-41.64</b>	<b>-10.83</b>	<b>-3.56</b>	<b>-0.08</b>	<b>0.66</b>	<b>Perform</b>
Russell 1000 Value			-22.18	-36.85	-36.85	-8.32	-0.79	1.36		
Cat: Large Value			-21.60	-37.09	-37.09	-8.92	-1.79	0.90		
<b>Fidelity Disciplined Equity</b>	<b>Large Cap Blend</b>	<b>0.91%</b>	<b>-23.33</b>	<b>-40.10</b>	<b>-40.10</b>	<b>-8.71</b>	<b>-1.24</b>	<b>-0.14</b>	<b>0.90</b>	<b>Perform</b>
<b>Fidelity Dividend Growth</b>		<b>1.09%</b>	<b>-26.75</b>	<b>-42.96</b>	<b>-42.96</b>	<b>-12.88</b>	<b>-6.25</b>	<b>-1.78</b>	<b>0.63</b>	<b>Perform</b>
<b>Fidelity Growth and Income</b>		<b>2.59%</b>	<b>-28.88</b>	<b>-50.89</b>	<b>-50.89</b>	<b>-18.18</b>	<b>-9.18</b>	<b>-5.12</b>	<b>0.67</b>	<b>Underperform</b>
<b>Fidelity Spartan 500 Index</b>		<b>1.41%</b>	<b>-21.96</b>	<b>-37.05</b>	<b>-37.50</b>	<b>-8.42</b>	<b>-2.27</b>	<b>-1.50</b>	<b>0.10</b>	<b>N/A</b>
S&P 500			-21.94	-37.00	-37.00	-8.36	-2.19	-1.38		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>Fidelity Blue Chip Growth</b>	<b>Large Cap Growth</b>	<b>3.36%</b>	<b>-24.75</b>	<b>-38.60</b>	<b>-38.60</b>	<b>-10.18</b>	<b>-4.34</b>	<b>-3.61</b>	<b>0.57</b>	<b>Perform</b>
<b>Fidelity Contrafund</b>		<b>5.29%</b>	<b>-20.43</b>	<b>-37.16</b>	<b>-37.16</b>	<b>-5.67</b>	<b>2.34</b>	<b>2.83</b>	<b>0.89</b>	<b>Outperform</b>
<b>Fidelity Export and Multinational</b>		<b>0.71%</b>	<b>-24.60</b>	<b>-43.36</b>	<b>-43.36</b>	<b>-10.87</b>	<b>-1.50</b>	<b>3.78</b>	<b>0.81</b>	<b>Outperform</b>
<b>Fidelity Fifty</b>		<b>0.34%</b>	<b>-27.52</b>	<b>-49.07</b>	<b>-49.07</b>	<b>-13.93</b>	<b>-5.34</b>	<b>1.13</b>	<b>0.98</b>	<b>Perform</b>
<b>Fidelity Growth Company</b>		<b>1.20%</b>	<b>-23.46</b>	<b>-40.90</b>	<b>-40.90</b>	<b>-8.10</b>	<b>-0.24</b>	<b>1.56</b>	<b>0.93</b>	<b>Outperform</b>
<b>Fidelity Growth Discovery</b>		<b>1.87%</b>	<b>-27.00</b>	<b>-46.72</b>	<b>46.72</b>	<b>-8.35</b>	<b>-2.75</b>	<b>0.35</b>	<b>0.90</b>	<b>Outperform</b>
<b>Fidelity Magellan</b>		<b>2.92%</b>	<b>-27.07</b>	<b>-49.40</b>	<b>-49.40</b>	<b>-13.61</b>	<b>-5.91</b>	<b>-3.52</b>	<b>0.72</b>	<b>Perform</b>
<b>Fidelity OTC Portfolio</b>		<b>0.69%</b>	<b>-24.17</b>	<b>-45.98</b>	<b>-45.98</b>	<b>-9.32</b>	<b>-2.56</b>	<b>-1.30</b>	<b>0.95</b>	<b>Perform</b>
Russell 1000 Growth			-22.79	-38.44	-38.44	-9.11	-3.42	-4.27		
Cat: Large Growth			-23.31	-40.67	-40.67	-10.28	-3.37	-2.46		
<b>Fidelity Value</b>	<b>Mid Cap Value</b>	<b>2.07%</b>	<b>-31.69</b>	<b>-46.52</b>	<b>-46.52</b>	<b>-14.32</b>	<b>-2.72</b>	<b>3.42</b>	<b>0.69</b>	<b>Perform</b>
Russell Mid Cap Value			-27.19	-38.44	-38.44	-9.98	0.33	4.44		
Cat: Mid Cap Value			-24.01	-36.77	-36.77	-9.93	-1.07	5.23		
<b>Fidelity Leveraged Company Stock</b>	<b>Mid Cap Blend</b>	<b>0.09%</b>	<b>-37.27</b>	<b>-54.54</b>	<b>-54.54</b>	<b>-14.26</b>	<b>-1.62</b>	<b>N/A</b>	<b>0.82</b>	<b>Perform</b>
<b>Fidelity Low Priced Stock</b>		<b>2.08%</b>	<b>-20.74</b>	<b>-36.17</b>	<b>-36.17</b>	<b>-8.13</b>	<b>0.59</b>	<b>7.97</b>	<b>0.96</b>	<b>Outperform</b>
Russell Mid Cap Index			-27.27	-41.46	-41.46	-10.68	-0.71	3.18		
Cat: Mid Cap Blend			-25.56	-39.18	-39.18	-10.33	-1.89	2.92		

## Fund Performance Summary *(continued)*

RETURNS AS OF 12/31/2008											
Fund Name	Asset Class	(% of Plan*	3 Month		Annualized Return				Expense Ratio	Evaluation Methodology	
			YTD	1 Year	3 Year	5 Year	10 Year				
<b>Fidelity Aggressive Growth</b>	<b>Mid Cap Growth</b>	<b>1.60%</b>	<b>-24.51</b>	<b>-49.27</b>	<b>-49.27</b>	<b>-13.09</b>	<b>-4.78</b>	<b>-7.31</b>	<b>0.78</b>	<b>Underperform</b>	
<b>Fidelity Mid Cap Stock</b>		<b>3.16%</b>	<b>-26.57</b>	<b>-45.96</b>	<b>-45.96</b>	<b>-12.45</b>	<b>-3.21</b>	<b>2.82</b>	<b>0.94</b>	<b>Perform</b>	
Russell Mid Cap Growth			-27.36	-44.32	-44.32	-11.79	-2.33	-0.19			
Cat: Mid Cap Growth			-26.47	-43.77	-43.77	-10.92	-2.44	0.79			
<b>Fidelity Worldwide</b>	<b>Global</b>	<b>0.70%</b>	<b>-20.93</b>	<b>-40.24</b>	<b>-40.24</b>	<b>-5.97</b>	<b>1.17</b>	<b>3.00</b>	<b>1.02</b>	<b>Perform</b>	
MSCI WORLD			-21.77	-40.71	-40.71	-8.10	-0.51	-0.64			
Cat: World Stock			-21.88	-41.91	-41.91	-8.35	-0.29	1.62			
<b>Fidelity Diversified International</b>	<b>International</b>	<b>2.14%</b>	<b>-23.37</b>	<b>-45.21</b>	<b>-45.21</b>	<b>-7.99</b>	<b>1.79</b>	<b>5.34</b>	<b>0.91</b>	<b>Outperform</b>	
<b>Fidelity International Discovery</b>		<b>0.80%</b>	<b>-19.93</b>	<b>-44.28</b>	<b>-44.28</b>	<b>-6.27</b>	<b>3.05</b>	<b>5.06</b>	<b>1.00</b>	<b>Outperform</b>	
<b>Fidelity Overseas</b>		<b>0.35%</b>	<b>-21.87</b>	<b>-47.32</b>	<b>-47.32</b>	<b>-8.21</b>	<b>0.93</b>	<b>1.26</b>	<b>0.91</b>	<b>Perform</b>	
<b>Fidelity Spartan International Index</b>		<b>1.96%</b>	<b>-19.07</b>	<b>-41.43</b>	<b>-41.43</b>	<b>-6.48</b>	<b>2.20</b>	<b>1.07</b>	<b>0.10</b>	<b>N/A</b>	
MSCI EAFE			-19.95	-43.38	-43.38	-7.35	1.66	0.80			
Cat: Foreign Large Equity			-21.18	-44.19	-44.19	-7.72	1.16	1.33			
<b>Fidelity International Small Cap</b>		<b>0.43%</b>	<b>-22.96</b>	<b>-46.54</b>	<b>-46.54</b>	<b>-11.58</b>	<b>2.98</b>	<b>N/A</b>	<b>1.15</b>	<b>Perform</b>	
MSCI EAFE			-19.95	-43.38	-43.38	-7.35	1.66	0.80			
Cat: Foreign Small / Mid Equity			-23.62	-48.19	-48.19	-10.74	1.88	5.74			
<b>Fidelity Emerging Markets</b>	<b>Emerging Markets</b>	<b>2.23%</b>	<b>-34.17</b>	<b>-60.83</b>	<b>-60.83</b>	<b>-8.83</b>	<b>6.10</b>	<b>7.58</b>	<b>0.99</b>	<b>Perform</b>	
MSCI EMF			-27.56	-53.18	-53.18	-4.62	8.02	9.32			
Cat: Emerging Markets			-29.45	-54.44	-54.44	-6.38	6.13	8.74			



## Fidelity Freedom Funds – Benchmark Comparison

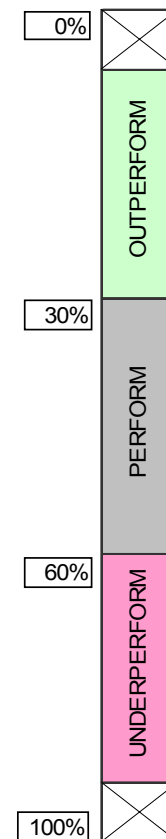
RETURNS AS OF 12/31/2008								
	(%) of Plan	3 Month	YTD	Annualized Returns				Expense Ratio
				1 Year	3 Year	5 Year	10 Year	
<b>Fidelity Freedom 2010</b>	<b>5.52%</b>	<b>-14.15</b>	<b>-25.32</b>	<b>-25.32</b>	<b>-4.24</b>	<b>-0.05</b>	<b>2.24</b>	<b>0.65</b>
Fidelity Freedom 2010 Passive BM		-10.39	-20.29	-20.29	-1.87	1.63	2.75	
Fidelity Freedom 2010 Active BM		-12.22	-22.47	-22.47	-4.11	0.01	1.90	
<b>Fidelity Freedom 2015</b>	<b>1.08%</b>	<b>-15.00</b>	<b>-27.15</b>	<b>-27.15</b>	<b>-4.65</b>	<b>0.13</b>	<b>N/A</b>	<b>0.67</b>
Fidelity Freedom 2015 Passive BM		-11.09	-21.42	-21.42	-2.23	1.50	2.63	
Fidelity Freedom 2015 Active BM		-12.85	-23.52	-23.52	-4.43	-0.09	1.81	
<b>Fidelity Freedom 2020</b>	<b>11.28%</b>	<b>-18.15</b>	<b>-32.12</b>	<b>-32.12</b>	<b>-6.32</b>	<b>-0.59</b>	<b>1.46</b>	<b>0.72</b>
Fidelity Freedom 2020 Passive BM		-14.33	-26.54	-26.54	-3.91	0.83	1.99	
Fidelity Freedom 2020 Active BM		-15.78	-28.34	-28.34	-5.89	-0.61	1.36	
<b>Fidelity Freedom 2025</b>	<b>2.03%</b>	<b>-19.17</b>	<b>-33.66</b>	<b>-33.66</b>	<b>-6.93</b>	<b>-0.84</b>	<b>N/A</b>	<b>0.73</b>
Fidelity Freedom 2025 Passive BM		-15.47	-28.30	-28.30	-4.52	0.58	1.74	
Fidelity Freedom 2025 Active BM		-16.77	-29.96	-29.96	-6.36	-0.77	1.20	
<b>Fidelity Freedom 2030</b>	<b>3.77%</b>	<b>-21.05</b>	<b>-36.93</b>	<b>-36.93</b>	<b>-8.03</b>	<b>-1.32</b>	<b>0.68</b>	<b>0.76</b>
Fidelity Freedom 2030 Passive BM		-18.07	-32.16	-32.16	-5.94	-0.05	1.08	
Fidelity Freedom 2030 Active BM		-18.91	-33.40	-33.40	-7.38	-1.12	0.83	
<b>Fidelity Freedom 2040</b>	<b>1.79%</b>	<b>-22.43</b>	<b>-38.80</b>	<b>-38.80</b>	<b>-8.77</b>	<b>-1.62</b>	<b>N/A</b>	<b>0.78</b>
Fidelity Freedom 2040 Passive BM		-20.04	-34.89	-34.89	-7.02	-0.54	0.63	
Fidelity Freedom 2040 Active BM		-20.52	-35.86	-35.86	-8.13	-1.40	0.58	

Note: The Custom Benchmark is calculated using the underlying Freedom Fund allocation applied to Morningstar category averages. For example, if the Fidelity Freedom Fund 2020 has 10% allocated to Fidelity large cap growth funds, then 10% would be allocated to the Morningstar Large Cap Growth category for the custom benchmark.

# Quantitative Analysis Summary

## EVALUATION METHODOLOGY SCORE

Fund Name	Fund Category	Fund Wgt*	4Q08	3Q08	2Q08	1Q08	3 Year Average Fund Score
Fidelity Short Term Bond	Short Term Bond	0.52%	42.24	38.79	42.73	41.52	30.96
Fidelity Intermediate Bond	Intermediate Bond	0.55%	46.90	41.56	38.57	36.64	36.83
Fidelity Strategic Income	Multisector Bond	1.27%	20.04	18.06	19.67	19.16	19.67
Fidelity High Income Bond	High Yield Bond	1.01%	39.10	35.73	36.74	37.90	38.28
Fidelity New Markets Income	Emerging Markets Bond	0.62%	33.10	34.89	33.58	36.38	33.33
Fidelity Balanced	Moderate Allocation	4.28%	26.18	23.38	15.51	15.95	16.94
Fidelity Equity Income	Large Cap Value	0.79%	52.04	48.23	42.72	40.90	41.58
Fidelity Disciplined Equity	Large Cap Blend	0.91%	34.17	33.15	30.02	33.25	31.57
Fidelity Dividend Growth		1.09%	59.87	57.65	55.46	51.61	47.97
Fidelity Growth and Income		2.59%	72.26	71.04	68.76	65.69	60.59
Fidelity Blue Chip Growth	Large Cap Growth	3.36%	53.81	50.64	55.84	54.48	50.92
Fidelity Contrafund		5.29%	24.07	23.27	21.67	21.63	22.67
Fidelity Exp & Multinational		0.71%	25.57	23.70	19.33	20.82	20.06
Fidelity Fifty		0.34%	42.14	40.37	29.72	34.07	32.83
Fidelity Growth Company		1.20%	25.93	25.08	21.84	22.66	25.03
Fidelity Growth Discovery		1.87%	27.39	24.35	21.04	22.21	24.92
Fidelity Magellan		2.92%	53.17	50.31	39.83	37.50	50.72
Fidelity OTC Portfolio		0.69%	33.53	34.23	31.50	33.45	34.62
Fidelity Value	Mid Cap Value	2.07%	50.59	40.84	39.97	38.26	38.16
Fidelity Leveraged Company Stock	Mid Cap Blend	0.09%	35.84	28.04	15.74	18.34	20.36
Fidelity Low-Priced Stock		2.08%	25.88	31.86	30.10	26.03	26.46
Fidelity Aggressive Growth	Mid Cap Growth	1.60%	64.28	66.74	61.67	61.72	59.91
Fidelity Mid Cap Stock		3.16%	40.45	41.30	32.09	36.36	34.12
Fidelity Worldwide	World Stock	0.70%	31.09	29.26	29.36	35.80	40.86
Fidelity Diversified International	Foreign Large Equity	2.14%	24.90	20.78	19.83	20.11	16.59
Fidelity International Discovery		0.80%	19.88	20.19	20.86	21.34	18.25
Fidelity Overseas		0.35%	46.05	41.71	42.86	40.19	45.08
Fidelity International Small Cap	Foreign Sm/Mid Equity	0.43%	36.83	38.55	34.58	38.53	30.68
Fidelity Emerging Markets	Emerging Markets	2.23%	51.55	41.46	34.66	36.98	49.10
<b>PLAN WEIGHTED SCORE:</b>			<b>39.46</b>	<b>35.05</b>	<b>32.31</b>	<b>32.29</b>	<b>34.73</b>



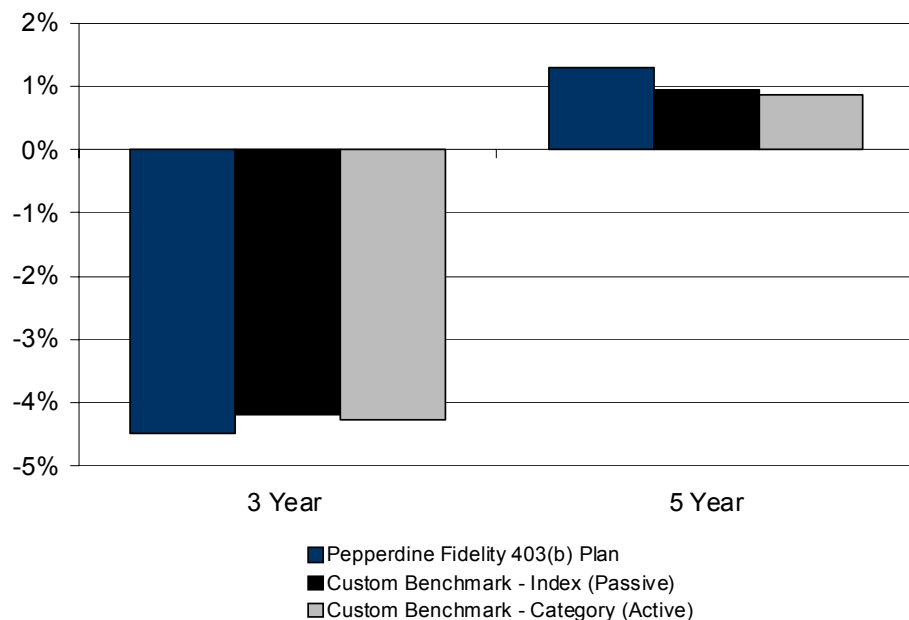
\*Fund weightings are remeasured by assigning a proportionate weighting to each fund included in the Evaluation Methodology Score.

# Portfolio Return vs. Custom Benchmark

Performance as of December 31, 2008	3 Month	1 Year	Annualized Returns			3 YR	3 YR	3 YR	Expense Ratio
			3 Year	5 Year	10 Year	Std Dev	Mean	Sharpe	
<b>Pepperdine Fidelity 403(b) Plan</b>	<b>-16.33%</b>	<b>-30.19%</b>	<b>-4.49%</b>	<b>1.31%</b>	<b>3.77%</b>	<b>12.93</b>	<b>-4.49</b>	<b>-0.57</b>	<b>0.66</b>
Custom Benchmark - Index (Passive)	-15.18%	-26.26%	-4.18%	0.95%	2.02%	N/A	N/A	N/A	N/A
Custom Benchmark - Category (Active)	-15.49%	-28.37%	-4.28%	0.88%	2.46%	12.13	-4.28	-0.60	0.81*

\*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

## Annualized Returns



## Benchmark Weightings

Category (Active)	Index (Passive)	Weight
Money Market	3 Month T-Bill	23.24%
Short Term Bond	3 Year Constant Maturity Treasury	0.52%
Intermediate Bond	Barclays Aggregate Bond	2.82%
Multisector Bond	Cat: Multisector Bond	1.27%
High Yield Bond	ML US High Yield Bond	1.01%
Emerging Markets Bond	Cat: Emerging Markets Bond	0.62%
Moderate Allocation	40% Barclays Agg Bond / 60% R 1000 Growth	4.28%
Large Cap Value	Russell 1000 Value	0.79%
Large Cap Blend	S&P 500 Index	6.00%
Large Cap Growth	Russell 1000 Growth	16.38%
Mid Cap Value	Russell Mid Value	2.07%
Mid Cap Blend	Russell Mid Cap Index	2.17%
Mid Cap Growth	Russell Mid Cap Growth	4.76%
World Stock	MSCI World	0.70%
Foreign Large Equity	MSCI EAFE	5.25%
Foreign Sm/Mid Equity	MSCI EAFE	0.43%
Emerging Markets	MSCF EMF	2.23%
Fidelity Freedom Funds	FF Custom Benchmark (Passive)	25.47%



## Section 2

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# **Prudential Portfolio Summary**

December 31, 2008

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# Fund Performance Summary

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(% of Plan)	3 Month		Annualized Return				Expense Ratio	Evaluation Methodology
			YTD	1 Year	3 Year	5 Year	10 Year			
<b>Medley Money Market</b>	<b>Money Market</b>	<b>6.05%</b>	<b>0.33</b>	<b>2.03</b>	<b>2.03</b>	<b>3.54</b>	<b>2.67</b>	<b>2.80</b>	<b>1.00</b>	<b>N/A</b>
3 Month T-Bill			0.10	1.51	1.51	3.77	3.21	3.35		
Cat: Money Market			0.30	2.01	2.01	3.68	2.87	3.00		
<b>Prudential Guaranteed Interest</b>	<b>Stable Value</b>	<b>64.08%</b>	<b>0.99</b>	<b>4.03</b>	<b>4.03</b>	<b>4.03</b>	<b>4.09</b>	<b>4.79</b>	<b>0.49</b>	<b>N/A</b>
Cat: Stable Value			0.89	4.05	4.05	4.22	4.09	4.72		
<b>Medley Government Income</b>	<b>Intermediate Government</b>	<b>1.26%</b>	<b>2.78</b>	<b>3.47</b>	<b>3.47</b>	<b>3.79</b>	<b>3.08</b>	<b>4.31</b>	<b>1.22</b>	<b>Perform</b>
Barclays Intermediate Government Bond			6.16	10.43	10.43	7.55	5.30	5.74		
Cat: Intermediate Government Bond			3.42	4.76	4.76	4.74	3.84	4.66		
<b>Medley Diversified Bond</b>	<b>Intermediate Bond</b>	<b>3.12%</b>	<b>-1.74</b>	<b>-4.16</b>	<b>-4.16</b>	<b>1.58</b>	<b>2.42</b>	<b>3.84</b>	<b>1.20</b>	<b>Perform</b>
Barclays Aggregate Bond			4.58	5.24	5.24	5.51	4.65	5.63		
Cat: Intermediate Term Bond			-0.61	-4.70	-4.70	1.08	1.81	4.01		
<b>Medley Conservative Balanced</b>	<b>Conservative Allocation</b>	<b>1.93%</b>	<b>-10.99</b>	<b>-21.99</b>	<b>-21.99</b>	<b>-3.44</b>	<b>-0.17</b>	<b>0.71</b>	<b>1.33</b>	<b>Perform</b>
<b>Medley Flexible Managed</b>		<b>1.06%</b>	<b>-12.95</b>	<b>-25.41</b>	<b>-25.41</b>	<b>-4.29</b>	<b>-0.08</b>	<b>0.38</b>	<b>1.38</b>	<b>Perform</b>
Cat: Conservative Allocation			-9.89	-18.61	-18.61	-2.49	0.49	1.86		
<b>Medley Stock Index</b>	<b>Large Cap Blend</b>	<b>2.66%</b>	<b>-21.96</b>	<b>-37.41</b>	<b>-37.41</b>	<b>-9.19</b>	<b>-3.16</b>	<b>-2.33</b>	<b>1.13</b>	<b>N/A</b>
S&P 500 Index			-21.94	-37.00	-37.00	-8.36	-2.19	-1.38		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>Medley Capital Growth</b>	<b>Large Cap Growth</b>	<b>7.67%</b>	<b>-25.77</b>	<b>-43.87</b>	<b>-43.87</b>	<b>-12.05</b>	<b>-2.23</b>	<b>-1.02</b>	<b>1.00</b>	<b>Perform</b>
<b>Medley Equity</b>		<b>11.06%</b>	<b>-22.78</b>	<b>-38.61</b>	<b>-38.61</b>	<b>-9.38</b>	<b>-2.11</b>	<b>-0.91</b>	<b>1.22</b>	<b>Perform</b>
Russell 1000 Growth			-22.79	-38.44	-38.44	-9.11	-3.42	-4.27		
Cat: Large Growth			-23.31	-40.67	-40.67	-10.28	-3.37	-2.46		
<b>Medley Global</b>	<b>Global</b>	<b>1.10%</b>	<b>-22.53</b>	<b>-43.34</b>	<b>-43.34</b>	<b>-9.63</b>	<b>-1.56</b>	<b>-1.07</b>	<b>1.57</b>	<b>Underperform</b>
MSCI WORLD			-21.77	-40.71	-40.71	-8.10	-0.51	-0.64		
Cat: World Stock			-21.88	-41.91	-41.91	-8.35	-0.29	1.62		

# Quantitative Analysis Summary

Fund Name	Fund Category	Fund Wgt*	EVALUATION METHODOLOGY SCORE			
			4Q08	3Q08	2Q08	1Q08
<b>Medley Government Income</b> <i>Barclays Intermediate Government</i>	Intermediate Government	1.26%	59.00	54.30	53.98	53.71
<b>Medley Diversified Bond</b> <i>Barclays Aggregate Bond</i>	Intermediate Bond	3.12%	52.58	45.56	43.07	43.84
<b>Medley Conservative Balanced</b> <i>Cat: Conservative Allocation</i>	Conservative Allocation	1.93%	58.04	47.64	47.91	47.19
<b>Medely Flexible Managed</b> <i>Cat: Conservative Allocation</i>		1.06%	53.26	43.05	42.63	43.41
<b>Medley Capital Growth</b> <i>Russell 1000 Growth</i>	Large Cap Growth	7.67%	36.68	36.12	28.58	30.99
<b>Medley Equity Account</b> <i>Russell 1000 Growth</i>		11.06%	38.91	36.02	34.89	34.61
<b>Medley Global</b> <i>MSCI World</i>	Global	1.10%	65.29	59.89	57.40	56.08
<b>PLAN WEIGHTED SCORE:</b>			<b>43.76</b>	<b>40.04</b>	<b>36.56</b>	<b>37.32</b>



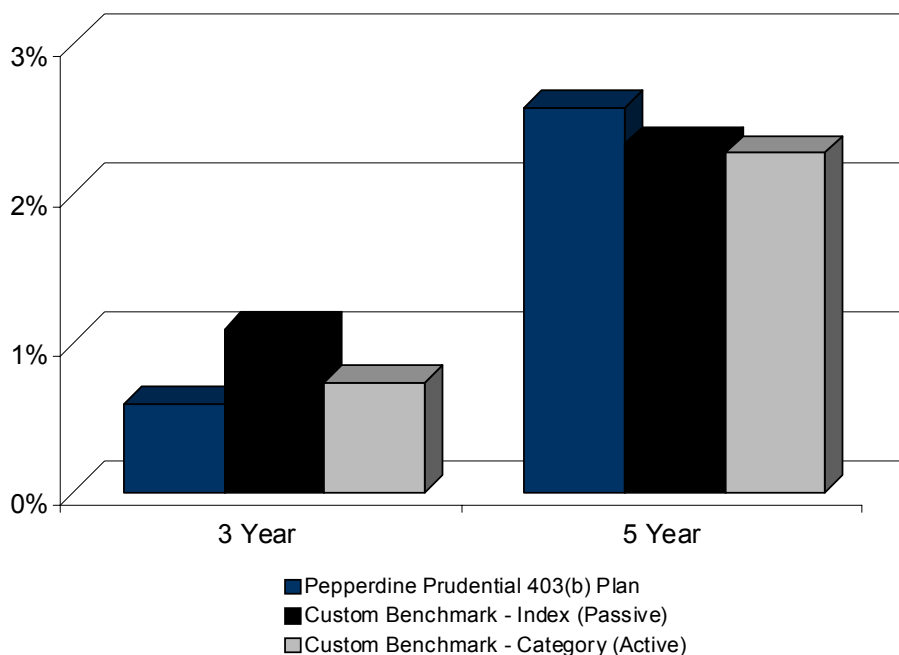
\*Fund weightings are remeasured by assigning a proportionate weighting to each fund included in the Evaluation Methodology Score.

# Portfolio Return vs. Custom Benchmark

Performance as of December 31, 2008	3 Month	1 Year	Annualized Returns			3 YR Std Dev	3 YR Mean	3 YR Sharpe	Expense Ratio
			3 Year	5 Year	10 Year				
<b>Pepperdine Prudential 403(b) Plan</b>	<b>-5.28%</b>	<b>-8.76%</b>	<b>0.59%</b>	<b>2.57%</b>	<b>3.41%</b>	<b>4.32</b>	<b>0.59</b>	<b>-0.73</b>	<b>0.73</b>
Custom Benchmark - Index (Passive)	-4.59%	-6.23%	1.09%	2.33%	2.70%	N/A	N/A	N/A	N/A
Custom Benchmark - Category (Active)	-5.08%	-8.67%	0.73%	2.27%	3.02%	4.19	0.73	-0.72	0.67*

\*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

## Annualized Returns



## Benchmark Weightings

Fund Name	Category (Active)	Index (Passive)	Weight
Medley Money Market	Money Market	3 Month T-Bill	6.05%
Prudential GIA	Stable Value	Cat: Stable Value	64.08%
Medley Government Income	Intermediate Government	Barclays Int Govt	1.26%
Medley Diversified Bond	Intermediate Bond	Barclays Aggregate	3.12%
Medley Conservative Balanced	Conservative Allocation	Cat: Conservative Alloc	1.93%
Medley Flexible Managed	Conservative Allocation	Cat: Conservative Alloc	1.06%
Medley Stock Index	Large Cap Blend	S&P 500 Index	2.66%
Medley Capital Growth	Large Cap Growth	Russell 1000 Growth	7.67%
Medley Equity Account	Large Cap Growth	Russell 1000 Growth	11.06%
Medley Global	World Stock	MSCI World	1.10%



## Section 3

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# **TIAA-CREF Portfolio Summary**

December 31, 2008

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# Fund Performance Summary

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(% of Plan	3 Month		Annualized Return				Expense Ratio	Evaluation Methodology
			YTD	1 Year	3 Year	5 Year	10 Year			
<b>CREF Money Market</b>	<b>Money Market</b>	<b>8.96%</b>	<b>0.61</b>	<b>2.44</b>	<b>2.44</b>	<b>4.02</b>	<b>3.19</b>	<b>3.34</b>	<b>0.54</b>	<b>N/A</b>
3 Month T-Bill			0.10	1.51	1.51	3.77	3.21	3.35		
Cat: Money Market			0.30	2.01	2.01	3.68	2.87	3.00		
<b>TIAA Traditional (GRA, RA)</b>	<b>Stable Value</b>	<b>43.96%</b>	<b>1.29</b>	<b>5.47</b>	<b>5.47</b>	<b>5.28</b>	<b>4.99</b>	<b>5.69</b>	<b>0.45</b>	<b>N/A</b>
<b>TIAA Traditional (GSRA, SRA)</b>		<b>6.98%</b>	<b>0.96</b>	<b>4.57</b>	<b>4.57</b>	<b>4.44</b>	<b>4.01</b>	<b>4.89</b>	<b>0.45</b>	<b>N/A</b>
Cat: Stable Value			0.89	4.05	4.05	4.22	4.09	4.72		
<b>CREF Inflation Linked Bond</b>	<b>Inflation Protected Bond</b>	<b>2.15%</b>	<b>-2.80</b>	<b>-1.77</b>	<b>-1.77</b>	<b>2.94</b>	<b>3.85</b>	<b>6.48</b>	<b>0.56</b>	<b>Outperform</b>
Barclays U.S. TIPS			-3.48	-2.35	-2.35	3.06	4.07	6.79		
Cat: Inflation Protected Bond			-3.79	-4.08	-4.08	1.87	3.14	5.38		
<b>CREF Bond Market</b>	<b>Intermediate Bond</b>	<b>3.10%</b>	<b>2.45</b>	<b>1.25</b>	<b>1.25</b>	<b>3.77</b>	<b>3.54</b>	<b>5.00</b>	<b>0.58</b>	<b>Outperform</b>
Barclays Aggregate Bond			4.58	5.24	5.24	5.51	4.65	5.63		
Cat: Intermediate Term Bond			-0.61	-4.70	-4.70	1.08	1.81	4.01		
<b>CREF Social Choice</b>	<b>Hybrid</b>	<b>2.65%</b>	<b>-13.37</b>	<b>-23.46</b>	<b>-23.46</b>	<b>-4.04</b>	<b>0.22</b>	<b>1.52</b>	<b>0.59</b>	<b>Perform</b>
40% Barclays Agg Bond / 60% S&P 500 Index			-11.85	-22.06	-22.06	-2.75	0.71	1.69		
Cat: Moderate Allocation			-15.09	-28.01	-28.01	-5.31	-0.60	1.19		
<b>CREF Stock</b>	<b>Large Cap Blend</b>	<b>23.54%</b>	<b>-22.92</b>	<b>-39.71</b>	<b>-39.71</b>	<b>-8.61</b>	<b>-1.49</b>	<b>-0.73</b>	<b>0.62</b>	<b>Perform</b>
S&P 500 Index			-21.94	-37.00	-37.00	-8.36	-2.19	-1.38		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>CREF Equity Index</b>		<b>1.98%</b>	<b>-22.78</b>	<b>-37.49</b>	<b>-37.49</b>	<b>-8.98</b>	<b>-2.33</b>	<b>-1.12</b>	<b>0.56</b>	<b>N/A</b>
Russell 3000 Index			-22.78	-37.31	-37.30	-8.63	-1.95	-0.80		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>CREF Growth</b>	<b>Large Cap Growth</b>	<b>2.87%</b>	<b>-22.89</b>	<b>-39.78</b>	<b>-39.78</b>	<b>-9.49</b>	<b>-3.64</b>	<b>-4.94</b>	<b>0.63</b>	<b>Perform</b>
Russell 1000 Growth			-22.79	-38.44	-38.44	-9.11	-3.42	-4.27		
Cat: Large Growth			-23.31	-40.67	-40.67	-10.28	-3.37	-2.46		
<b>CREF Global Equities</b>	<b>Global</b>	<b>2.74%</b>	<b>-23.02</b>	<b>-42.31</b>	<b>-42.31</b>	<b>-8.90</b>	<b>-1.22</b>	<b>-1.03</b>	<b>0.66</b>	<b>Underperform</b>
MSCI WORLD			-21.77	-40.71	-40.71	-8.10	-0.51	-0.64		
Cat: World Stock			-21.88	-41.91	-41.91	-8.35	-0.29	1.62		
<b>TIAA Real Estate</b>	<b>Specialty - Real Estate</b>	<b>1.07%</b>	<b>-13.17</b>	<b>-14.15</b>	<b>-14.15</b>	<b>3.65</b>	<b>7.41</b>	<b>7.30</b>	<b>0.84</b>	<b>N/A</b>
Wishire REIT Index			-39.95	-39.20	-39.20	-11.99	0.65	7.65		
Cat: Specialty - Real Estate			-38.54	-39.55	-39.55	-12.82	-0.66	6.76		

# Quantitative Analysis Summary

		EVALUATION METHODOLOGY SCORE				
Fund Name	Fund Category	Fund Wgt*	4Q08	3Q08	2Q08	1Q08
<b>CREF Inflation Linked Bond</b> <i>Barclays U.S. Tips</i>	<b>Inflation Protected Bond</b>	2.15%	26.31	25.70	31.53	31.00
<b>CREF Bond Market</b> <i>Barclays Aggregate Bond</i>	<b>Intermediate Bond</b>	3.10%	23.22	24.67	25.70	28.06
<b>CREF Social Choice</b> <i>40% Barclays Agg Bond/60% S&amp;P 500 Index</i>	<b>Moderate Allocation</b>	2.65%	43.08	41.25	43.03	39.61
<b>CREF Stock</b> <i>S&amp;P 500 Index</i>	<b>Large Cap Blend</b>	23.54%	31.09	28.47	25.69	24.73
<b>CREF Growth</b> <i>Russell 1000 Growth</i>	<b>Large Cap Growth</b>	2.87%	53.36	52.59	52.16	51.77
<b>CREF Global Equities</b> <i>MSCI World</i>	<b>Global</b>	2.74%	60.44	57.21	57.76	57.85
<b>PLAN WEIGHTED SCORE:</b>			<b>34.91</b>	<b>33.07</b>	<b>32.56</b>	<b>31.02</b>



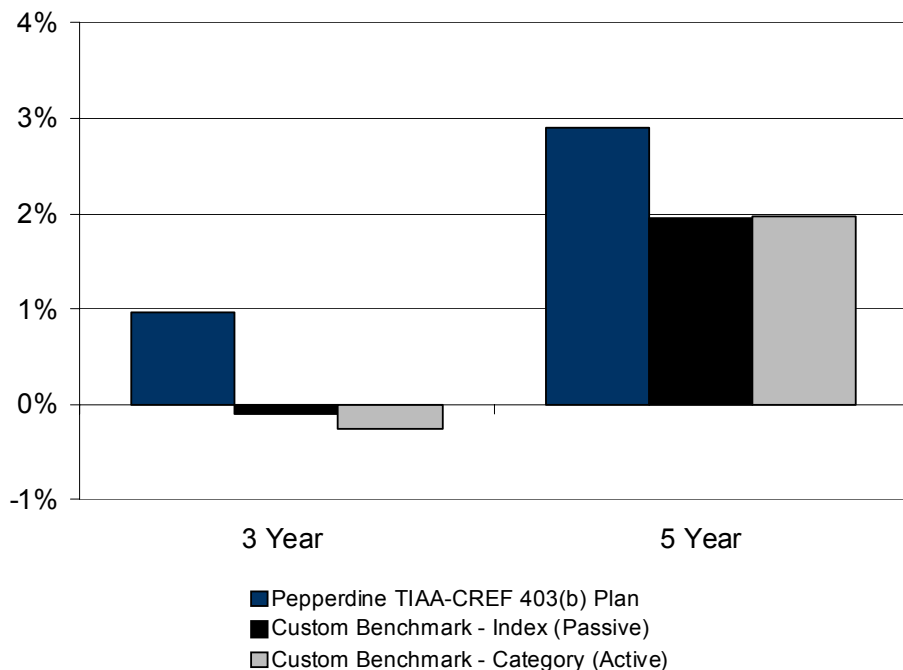
\*Fund weightings are remeasured by assigning a proportionate weighting to each fund included in the Evaluation Methodology Score.

# Portfolio Return vs. Custom Benchmark

Performance as of December 31, 2008	3 Month	1 Year	Annualized Returns			3 YR Std Dev	3 YR Mean	3 YR Sharpe	Expense Ratio
			3 Year	5 Year	10 Year				
<b>Pepperdine TIAA-CREF 403(b) Plan</b>	<b>-5.94%</b>	<b>-10.91%</b>	<b>0.97%</b>	<b>2.91%</b>	<b>3.40%</b>	<b>5.26</b>	<b>0.97</b>	<b>-0.51</b>	<b>0.53</b>
Custom Benchmark - Index (Passive)	-7.08%	-10.36%	-0.10%	1.96%	2.67%	N/A	N/A	N/A	N/A
Custom Benchmark - Category (Active)	-6.88%	-12.37%	-0.25%	1.97%	2.61%	5.63	-0.25	-0.70	0.69*

\*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

## Annualized Returns



## Benchmark Weightings

Fund Name	Category (Active)	Index (Passive)	Weight
CREF Money Market	Money Market	3 Month T-Bill	8.96%
TIAA Traditional (GRA, RA)	Stable Value	Cat: Stable Value	43.96%
TIAA Traditional (GSRA, SRA)	Stable Value	Cat: Stable Value	6.98%
CREF Inflation Linked Bond	Inflation Protected Bond	Barclays U.S. TIPS	2.15%
CREF Bond Market	Intermediate Term Bond	Barclays Aggregate Bond	3.10%
CREF Social Choice	Moderate Allocation	40%Barclays Agg/60%S&P500	2.65%
CREF Stock	Large Cap Blend	S&P 500 Index	23.54%
CREF Equity Index	Large Cap Blend	Russell 3000 Index	1.98%
CREF Growth	Large Cap Growth	Russell 1000 Growth	2.87%
CREF Global Equities	Global Stock	MSCI World	2.74%
TIAA Real Estate	Specialty - Real Estate	Wilshire REIT	1.07%



## Section 4

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# Vanguard Portfolio Summary

December 31, 2008

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# Fund Performance Summary

RETURNS AS OF 12/31/2008

Fund Name	Asset Class	(% of Plan)	3 Month		Annualized Return				Expense Ratio	Evaluation Methodology
			3 Month	YTD	1 Year	3 Year	5 Year	10 Year		
<b>Vanguard Federal Money Market</b>	<b>Money Market</b>	<b>3.00%</b>	<b>0.51</b>	<b>2.53</b>	<b>2.53</b>	<b>4.13</b>	<b>3.28</b>	<b>3.42</b>	<b>0.24</b>	<b>N/A</b>
<b>Vanguard Prime Money Market</b>		<b>9.55%</b>	<b>0.64</b>	<b>2.77</b>	<b>2.77</b>	<b>4.26</b>	<b>3.37</b>	<b>3.48</b>	<b>0.24</b>	<b>N/A</b>
<b>Vanguard Treasury Money Market</b>		<b>3.31%</b>	<b>0.30</b>	<b>1.97</b>	<b>1.97</b>	<b>3.71</b>	<b>2.98</b>	<b>3.15</b>	<b>0.24</b>	<b>N/A</b>
3 Month T-Bill			0.10	1.51	1.51	3.77	3.21	3.35		
Cat: Money Market			0.30	2.01	2.01	3.68	2.87	3.00		
<b>Vanguard Short Term Federal</b>	<b>Short Government Bond</b>	<b>0.92%</b>	<b>3.89</b>	<b>7.04</b>	<b>7.04</b>	<b>6.25</b>	<b>4.36</b>	<b>5.10</b>	<b>0.20</b>	<b>Outperform</b>
<b>Vanguard Short Term Treasury</b>		<b>1.65%</b>	<b>2.72</b>	<b>6.68</b>	<b>6.68</b>	<b>6.10</b>	<b>4.19</b>	<b>4.96</b>	<b>0.22</b>	<b>Outperform</b>
Barclays 1-3 Yr Govt			3.04	6.66	6.66	5.95	4.11	4.81		
Cat: Short Government Bond			2.31	4.80	4.80	4.85	3.36	4.13		
<b>Vanguard Short Term Investment Grade</b>	<b>Short Term Bond</b>	<b>0.29%</b>	<b>-2.36</b>	<b>-4.74</b>	<b>-4.74</b>	<b>1.92</b>	<b>2.01</b>	<b>3.88</b>	<b>0.21</b>	<b>Perform</b>
<b>Vanguard Short Term Bond Index</b>		<b>0.36%</b>	<b>3.71</b>	<b>5.43</b>	<b>5.43</b>	<b>5.57</b>	<b>3.92</b>	<b>4.87</b>	<b>0.18</b>	<b>N/A</b>
Cat: Short Term Bond			-1.78	-4.61	-4.61	1.16	1.31	3.14		
<b>Vanguard Inflation Protected Securities</b>	<b>Inflation Protected Bond</b>	<b>1.26%</b>	<b>-3.89</b>	<b>-2.85</b>	<b>-2.85</b>	<b>2.88</b>	<b>3.88</b>	<b>N/A</b>	<b>0.20</b>	<b>Outperform</b>
Barclays U.S. TIPS			-3.48	-2.35	-2.35	3.06	4.07	6.79		
Cat: Inflation Protected Bond			-3.79	-4.08	-4.08	1.87	3.14	5.38		
<b>Vanguard GNMA</b>	<b>Intermediate Government</b>	<b>1.92%</b>	<b>3.97</b>	<b>7.22</b>	<b>7.22</b>	<b>6.17</b>	<b>5.19</b>	<b>5.77</b>	<b>0.21</b>	<b>Outperform</b>
<b>Vanguard Intermediate Term Treasury</b>		<b>2.69%</b>	<b>7.97</b>	<b>13.32</b>	<b>13.32</b>	<b>8.73</b>	<b>6.34</b>	<b>6.52</b>	<b>0.26</b>	<b>Outperform</b>
<b>Vanguard Intermediate Term Bond Index</b>		<b>0.22%</b>	<b>6.83</b>	<b>4.93</b>	<b>4.93</b>	<b>5.47</b>	<b>4.67</b>	<b>5.81</b>	<b>0.18</b>	<b>N/A</b>
Barclays Intermediate Govt. Bond			6.16	10.43	10.43	7.55	5.30	5.74		
Cat: Intermediate Government Bond			3.42	4.76	4.76	4.74	3.84	4.66		
<b>Vanguard Total Bond Market Index</b>	<b>Intermediate Bond</b>	<b>6.32%</b>	<b>4.37</b>	<b>5.05</b>	<b>5.05</b>	<b>5.41</b>	<b>4.56</b>	<b>5.37</b>	<b>0.19</b>	<b>N/A</b>
<b>Vanguard Intermediate Investment Grade</b>		<b>0.32%</b>	<b>-0.21</b>	<b>-6.16</b>	<b>-6.16</b>	<b>1.32</b>	<b>2.13</b>	<b>4.50</b>	<b>0.21</b>	<b>Perform</b>
Barclays Aggregate Bond			4.58	5.24	5.24	5.51	4.65	5.63		
Cat: Intermediate Term Bond			-0.61	-4.70	-4.70	1.08	1.81	4.01		
<b>Vanguard Long Term Treasury</b>	<b>Long Government</b>	<b>1.00%</b>	<b>17.58</b>	<b>22.52</b>	<b>22.52</b>	<b>10.84</b>	<b>9.23</b>	<b>7.83</b>	<b>0.26</b>	<b>Perform</b>
Barclays Long Govt. Bond			17.92	22.69	22.69	11.15	9.58	8.07		
Cat: Long Government Bond			23.08	27.67	27.67	11.23	9.40	7.45		
<b>Vanguard Long Term Investment Grade</b>	<b>Long Term Bond</b>	<b>1.16%</b>	<b>11.07</b>	<b>2.29</b>	<b>2.29</b>	<b>2.97</b>	<b>4.54</b>	<b>5.62</b>	<b>0.22</b>	<b>Perform</b>
Barclays Corporate Long Bond			8.16	-3.92	-3.92	0.99	3.17	5.25		
Cat: Long Term Bond			5.41	-3.72	-3.72	0.38	1.48	3.94		
<b>Vanguard Long Term Bond Index</b>		<b>0.15%</b>	<b>13.03</b>	<b>8.64</b>	<b>8.64</b>	<b>5.94</b>	<b>6.30</b>	<b>6.65</b>	<b>0.18</b>	<b>N/A</b>
Barclays Long Govt/Credit			13.06	8.44	8.44	5.89	6.31	6.62		
Cat: Long Term Bond			5.41	-3.72	-3.72	0.38	1.48	3.94		
<b>Vanguard High Yield Corporate</b>	<b>High Yield Bond</b>	<b>1.16%</b>	<b>-13.94</b>	<b>-21.29</b>	<b>-21.29</b>	<b>-4.56</b>	<b>-0.62</b>	<b>1.91</b>	<b>0.25</b>	<b>Perform</b>
ML US High Yield Master			-17.47	-26.21	-26.21	-5.59	-0.84	2.27		
Cat: High Yield Bond			-18.48	-26.41	-26.41	-6.59	-1.84	1.12		

## Fund Performance Summary (continued)

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(% of Plan)	3 Month		Annualized Return				Expense Ratio	Evaluation Methodology
			YTD	1 Year	3 Year	5 Year	10 Year			
<b>Vanguard Wellesley Income</b>	<b>Conservative Allocation</b>	<b>2.88%</b>	<b>-3.10</b>	<b>-9.84</b>	<b>-9.84</b>	<b>1.95</b>	<b>3.36</b>	<b>4.93</b>	<b>0.25</b>	<b>Outperform</b>
Cat: Conservative Allocation			-9.89	-18.61	-18.61	-2.49	0.49	1.86		
<b>Vanguard Wellington</b>	<b>Hybrid</b>	<b>8.79%</b>	<b>-10.66</b>	<b>-22.30</b>	<b>-22.30</b>	<b>-1.08</b>	<b>2.82</b>	<b>4.49</b>	<b>0.27</b>	<b>Outperform</b>
40% Barclays Agg Bond / 60% Russell 1000 Value			-11.99	-21.96	-21.96	-2.71	1.58	3.35		
Cat: Moderate Allocation			-15.09	-28.01	-28.01	-5.31	-0.60	1.19		
<b>Vanguard STAR</b>		<b>0.41%</b>	<b>-12.40</b>	<b>-25.10</b>	<b>-25.10</b>	<b>-3.76</b>	<b>1.34</b>	<b>3.51</b>	<b>0.32</b>	<b>Outperform</b>
<b>Vanguard Balanced Index</b>		<b>0.19%</b>	<b>-12.54</b>	<b>-22.21</b>	<b>-22.21</b>	<b>-2.85</b>	<b>0.96</b>	<b>2.08</b>	<b>0.19</b>	<b>N/A</b>
40% Barclays Agg Bond / 60% S&P 500 Index			-11.85	-22.06	-22.06	-2.75	0.71	1.69		
Cat: Moderate Allocation			-15.09	-28.01	-28.01	-5.31	-0.60	1.19		
<b>Vanguard Capital Value</b>	<b>Large Cap Value</b>	<b>0.05%</b>	<b>-23.07</b>	<b>-48.84</b>	<b>-48.84</b>	<b>-17.49</b>	<b>-7.55</b>	<b>N/A</b>	<b>0.45</b>	<b>Underperform</b>
<b>Vanguard Dividend Growth</b>		<b>0.20%</b>	<b>-17.10</b>	<b>-25.57</b>	<b>-25.57</b>	<b>-1.62</b>	<b>1.96</b>	<b>0.16</b>	<b>0.32</b>	<b>Perform</b>
<b>Vanguard Equity Income</b>		<b>0.33%</b>	<b>-17.98</b>	<b>-30.95</b>	<b>-30.95</b>	<b>4.42</b>	<b>0.69</b>	<b>1.92</b>	<b>0.30</b>	<b>Outperform</b>
<b>Vanguard U.S. Value</b>		<b>0.09%</b>	<b>-21.98</b>	<b>-34.79</b>	<b>-34.79</b>	<b>-9.61</b>	<b>-2.23</b>	<b>N/A</b>	<b>0.37</b>	<b>Perform</b>
<b>Vanguard Windsor</b>		<b>13.36%</b>	<b>-20.60</b>	<b>-41.10</b>	<b>-41.10</b>	<b>-12.07</b>	<b>-4.15</b>	<b>1.65</b>	<b>0.30</b>	<b>Perform</b>
<b>Vanguard Windsor II</b>		<b>1.33%</b>	<b>-21.62</b>	<b>-36.70</b>	<b>-36.70</b>	<b>-8.54</b>	<b>-0.63</b>	<b>1.09</b>	<b>0.32</b>	<b>Perform</b>
<b>Vanguard Value Index</b>		<b>0.55%</b>	<b>-20.44</b>	<b>-35.97</b>	<b>-35.97</b>	<b>-7.84</b>	<b>0.68</b>	<b>0.62</b>	<b>0.20</b>	<b>N/A</b>
Russell 1000 Value			-22.18	-36.85	-36.85	-8.32	-0.79	1.36		
Cat: Large Value			-21.60	-37.09	-37.09	-8.92	-1.79	0.90		
<b>Vanguard Growth and Income</b>	<b>Large Cap Blend</b>	<b>0.86%</b>	<b>-23.47</b>	<b>-37.72</b>	<b>-37.72</b>	<b>-10.01</b>	<b>-3.04</b>	<b>-1.18</b>	<b>0.31</b>	<b>Perform</b>
<b>Vanguard 500 Index</b>		<b>9.27%</b>	<b>-21.94</b>	<b>-37.02</b>	<b>-37.02</b>	<b>-8.44</b>	<b>-2.29</b>	<b>-1.46</b>	<b>0.15</b>	<b>N/A</b>
S&P 500			-21.94	-37.00	-37.00	-8.36	-2.19	-1.38		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>Vanguard Total Stock Market Index</b>		<b>3.55%</b>	<b>-22.73</b>	<b>-37.04</b>	<b>-37.04</b>	<b>-8.45</b>	<b>-1.76</b>	<b>-0.66</b>	<b>0.15</b>	<b>N/A</b>
MSCI U.S. Broad Market Index			-22.76	-37.04	-37.04	-8.37	-1.66	N/A		
Cat: Large Blend			-22.07	-37.79	-37.79	-9.03	-2.47	-0.84		
<b>Vanguard Growth Equity</b>	<b>Large Cap Growth</b>	<b>0.12%</b>	<b>-25.43</b>	<b>-47.86</b>	<b>-47.86</b>	<b>-12.16</b>	<b>-5.09</b>	<b>-4.49</b>	<b>0.72</b>	<b>Perform</b>
<b>Vanguard Morgan Growth</b>		<b>3.84%</b>	<b>-24.46</b>	<b>-41.43</b>	<b>-41.43</b>	<b>-10.22</b>	<b>-2.70</b>	<b>-1.00</b>	<b>0.38</b>	<b>Perform</b>
<b>Vanguard PRIMECAP</b>		<b>2.00%</b>	<b>-22.40</b>	<b>-32.41</b>	<b>-32.41</b>	<b>-5.41</b>	<b>1.67</b>	<b>3.75</b>	<b>0.43</b>	<b>Outperform</b>
<b>Vanguard U.S. Growth</b>		<b>1.24%</b>	<b>-21.69</b>	<b>-37.82</b>	<b>-37.82</b>	<b>-11.34</b>	<b>-3.68</b>	<b>-7.72</b>	<b>0.43</b>	<b>Underperform</b>
<b>Vanguard Growth Index</b>		<b>2.47%</b>	<b>-23.88</b>	<b>-38.22</b>	<b>-38.32</b>	<b>-8.87</b>	<b>-3.14</b>	<b>-3.30</b>	<b>0.22</b>	<b>N/A</b>
Russell 1000 Growth			-22.79	-38.44	-38.44	-9.11	-3.42	-4.27		
Cat: Large Growth			-23.31	-40.67	-40.67	-10.28	-3.37	-2.46		
<b>Vanguard Selected Value</b>	<b>Mid Cap Value</b>	<b>0.53%</b>	<b>-19.51</b>	<b>-35.49</b>	<b>-35.49</b>	<b>-8.48</b>	<b>0.42</b>	<b>5.05</b>	<b>0.40</b>	<b>Perform</b>
Russell Mid Cap Value			-27.19	-38.44	-38.44	-9.98	0.33	4.44		
Cat: Mid Cap Value			-24.01	-36.77	-36.77	-9.93	-1.07	5.23		
<b>Vanguard Strategic Equity</b>	<b>Mid Cap Blend</b>	<b>0.28%</b>	<b>-27.08</b>	<b>-41.51</b>	<b>-41.51</b>	<b>-13.32</b>	<b>-2.90</b>	<b>3.83</b>	<b>0.25</b>	<b>Perform</b>
<b>Vanguard Extended Market Index</b>		<b>0.66%</b>	<b>-26.60</b>	<b>-38.73</b>	<b>-38.73</b>	<b>-9.94</b>	<b>-0.89</b>	<b>1.62</b>	<b>0.24</b>	<b>N/A</b>
<b>Vanguard Mid Cap Index</b>		<b>0.45%</b>	<b>-25.63</b>	<b>-41.82</b>	<b>-41.82</b>	<b>-11.18</b>	<b>-0.80</b>	<b>4.08</b>	<b>0.21</b>	<b>N/A</b>
Russell Mid Cap Index			-27.27	-41.46	-41.46	-10.68	-0.71	3.18		
Cat: Mid Cap Blend			-25.56	-39.18	-39.18	-10.33	-1.89	2.92		

## Fund Performance Summary (continued)

RETURNS AS OF 12/31/2008										
Fund Name	Asset Class	(%) of Plan	3 Month	YTD	Annualized Return				Expense Ratio	Evaluation Methodology
					1 Year	3 Year	5 Year	10 Year		
Vanguard Capital Opportunity	Mid Cap Growth	1.66%	-23.74	-39.08	-39.08	-7.69	0.71	8.94	0.45	Outperform
Vanguard Mid Cap Growth		0.14%	-23.88	-39.59	-39.59	-7.91	-1.04	4.12	0.53	Outperform
Russell Mid Cap Growth			-27.36	-44.32	-44.32	-11.79	-2.33	-0.19		
Cat: Mid Cap Growth			-26.47	-43.77	-43.77	-10.92	-2.44	0.79		
Vanguard Small Cap Value Index	Small Value	0.42%	-25.57	-32.05	-32.05	-9.03	-0.27	5.22	0.22	N/A
Russell 2000 Value Index			-24.89	-28.92	-28.92	-7.49	0.27	6.11		
Cat: Small Cap Value			-25.17	-32.24	-32.24	-9.63	-0.97	5.51		
Vanguard Small Cap Index	Small Blend	0.43%	-26.66	-36.07	-36.07	-9.23	-0.76	3.32	0.22	N/A
Russell 2000 Index			-26.12	-33.79	-33.79	-8.29	-0.93	3.02		
Cat: Small Cap Blend			-26.34	-36.56	-36.56	-10.07	-1.30	4.39		
Vanguard Explorer	Small Growth	2.42%	-26.16	-40.40	-40.40	-11.70	-3.11	3.42	0.41	Perform
Vanguard Small Cap Growth Index		0.19%	-27.95	-40.00	-40.00	-9.70	-1.47	3.09	0.22	N/A
Russell 2000 Growth			-27.45	-38.54	-38.54	-9.32	-2.35	-0.76		
Cat: Small Cap Growth			-26.65	-41.55	-41.55	-11.35	-3.52	1.51		
Vanguard Global Equity	Global	0.40%	-24.00	-46.66	-46.66	-9.71	-0.24	5.02	0.51	Outperform
MSCI WORLD			-21.77	-40.71	-40.71	-8.10	-0.51	-0.64		
Cat: World Stock			-21.88	-41.91	-41.91	-8.35	-0.29	1.62		
Vanguard International Growth	International	1.88%	-23.22	-44.94	-44.94	-7.01	1.93	1.31	0.47	Perform
Vanguard International Value		0.86%	-20.51	-41.74	-41.74	-5.80	3.38	3.47	0.40	Outperform
Vanguard Total International Stock		1.43%	-21.03	-44.10	-44.10	-6.49	2.69	1.77	0.27	N/A
MSCI EAFE			-19.95	-43.38	-43.38	-7.35	1.66	0.80		
Cat: Foreign Large Equity			-21.18	-44.19	-44.19	-7.72	1.16	1.33		
Vanguard International Explorer		0.48%	-26.16	-40.40	-40.40	-11.77	-3.11	3.42	0.41	Perform
MSCI EAFE			-19.95	-43.38	-43.38	-7.35	1.66	0.80		
Cat: Foreign Small / Mid Equity			-23.62	-48.19	-48.19	-10.74	1.88	5.74		
Vanguard Emerging Markets Stock Index	Emerging Markets	1.01%	-27.82	-52.81	-52.81	-5.35	7.15	8.89	0.37	N/A
MSCI EMF			-27.56	-53.18	-53.18	-4.62	8.02	9.32		
Cat: Emerging Markets			-29.45	-54.44	-54.44	-6.38	6.13	8.74		

# Quantitative Analysis Summary

## EVALUATION METHODOLOGY SCORE

Fund Name	Fund Category	Fund Wgt*	4Q08	3Q08	2Q08	1Q08	3 Year Average Fund Score
Vanguard Short Term Federal	Short Government	0.92%	20.07	19.02	18.78	17.73	20.06
Vanguard Short Term Treasury		1.65%	21.91	21.11	21.49	19.97	23.69
Vanguard Short Term Investment Grade	Short Term Bond	0.29%	30.89	27.18	17.63	17.29	21.05
Vanguard Inflation Protected Securities	Inflation Protected Bond	1.26%	22.00	14.96	15.62	16.89	18.10
Vanguard GNMA	Intermediate Government	1.92%	18.19	15.40	17.03	18.10	10.27
Vanguard Intermediate Term Treasury		2.69%	21.46	23.17	24.33	22.83	28.22
Vanguard Intermediate Investment Grade	Intermediate Term Bond	0.32%	37.02	36.71	28.97	26.44	31.24
Vanguard Long Term Treasury	Long Government	1.00%	33.87	30.64	31.14	32.41	34.63
Vanguard Long Term Investment Grade	Long Term Bond	1.16%	35.78	45.41	47.67	48.02	42.50
Vanguard High Yield Corporate	High Yield Bond	1.16%	42.87	52.27	55.54	49.50	49.61
Vanguard Wellesley Income	Conservative Allocation	2.88%	18.79	17.98	22.60	18.86	20.17
Vanguard Wellington	Moderate Allocation	8.79%	16.56	18.00	15.54	14.90	16.42
Vanguard STAR		0.41%	21.28	23.06	21.41	20.36	19.17
Vanguard Capital Value	Large Cap Value	0.05%	60.55	61.09	57.93	58.10	49.44
Vanguard Dividend Growth		0.20%	43.78	46.86	46.53	47.41	55.20
Vanguard Equity Income		0.33%	29.26	30.27	35.29	31.30	32.99
Vanguard U.S. Value		0.09%	45.22	43.22	42.80	46.89	41.40
Vanguard Windsor		13.36%	48.22	48.54	48.93	45.57	43.97
Vanguard Windsor II		1.33%	34.70	35.03	39.10	31.35	29.57
Vanguard Growth and Income	Large Cap Blend	0.86%	44.40	40.10	41.64	41.30	34.53
Vanguard Growth Equity	Large Cap Growth	0.12%	53.76	52.06	43.59	41.66	43.55
Vanguard Morgan Growth		3.84%	32.50	29.21	28.31	27.43	26.24
Vanguard PRIMECAP		2.00%	17.13	15.55	15.74	16.35	16.84
Vanguard U.S. Growth		1.24%	66.13	65.51	66.17	66.21	62.41
Vanguard Selected Value	Mid Cap Value	0.53%	34.87	39.28	50.46	48.86	44.86
Vanguard Strategic Equity	Mid Cap Blend	0.28%	43.32	42.26	40.40	40.00	35.19
Vanguard Capital Opportunity	Mid Cap Growth	1.66%	20.95	19.83	20.89	17.65	21.52
Vanguard Mid Cap Growth		0.14%	28.60	30.51	32.65	32.32	32.12
Vanguard Explorer	Small Cap Growth	2.42%	37.91	36.86	34.29	34.89	32.72
Vanguard Global Equity	World Stock	0.40%	29.25	27.30	21.34	22.69	23.53
Vanguard International Growth	Foreign Large Equity	1.88%	37.70	32.93	33.54	32.76	32.76
Vanguard International Value		0.86%	22.68	20.48	21.84	21.41	25.66
Vanguard International Explorer	Foreign Sm/Mid Equity	0.48%	34.50	38.48	37.64	32.66	31.72
<b>PLAN WEIGHTED SCORE:</b>			<b>32.04</b>	<b>32.26</b>	<b>32.79</b>		<b>30.20</b>



\*Fund weightings are remeasured by assigning a proportionate weighting to each fund included in the Evaluation Methodology Score.

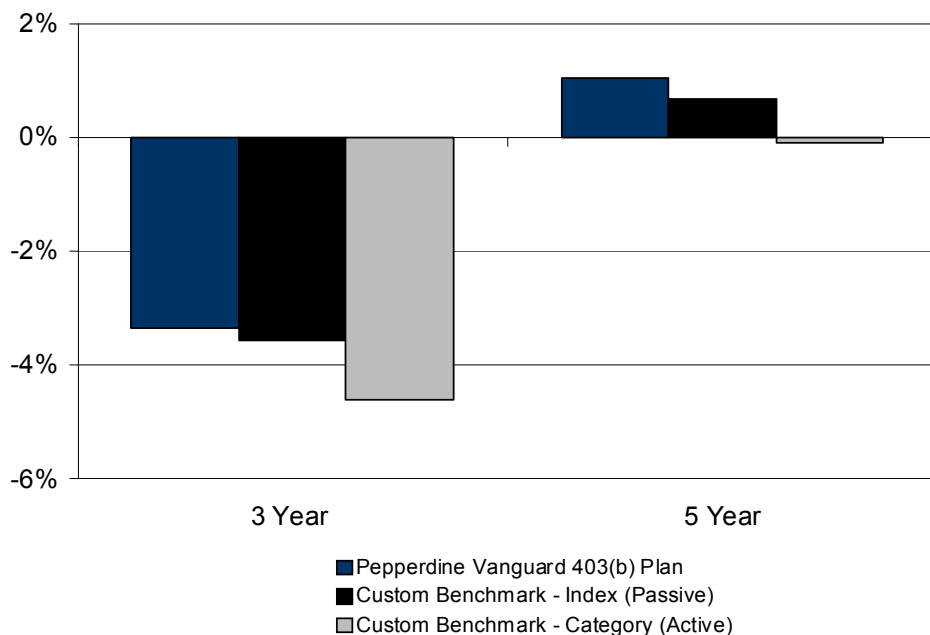


# Portfolio Return vs. Custom Benchmark

Performance as of December 31, 2008	3 Month	1 Year	Annualized Returns			3 YR	3 YR	3 YR	Expense Ratio
			3 Year	5 Year	10 Year	Std Dev	Mean	Sharpe	
<b>Pepperdine Vanguard 403(b) Plan</b>	<b>-12.79%</b>	<b>-24.24%</b>	<b>-3.35%</b>	<b>1.06%</b>	<b>3.03%</b>	<b>10.46</b>	<b>-3.35</b>	<b>-0.62</b>	<b>0.27</b>
Custom Benchmark - Index (Passive)	-13.20%	-22.69%	-3.56%	0.67%	1.68%	N/A	N/A	N/A	N/A
Custom Benchmark - Category (Active)	-14.25%	-26.28%	-4.62%	-0.09%	1.45%	10.73	-4.62	-0.73	0.81*

\*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

## Annualized Returns



## Benchmark Weightings

Category (Active)	Index (Passive)	Weight
Money Market	3 Month T- Bill	14.13%
Short Term Govt Bond	Barclays 1-3 Yr Govt	2.28%
Short Term Bond	Cat: Short Term Bond	0.58%
Inflation Protection Bond	Barclays U.S. TIPS	1.12%
Intermediate Govt Bond	Barclays Int Govt Bond	4.11%
Intermediate Bond	Barclays Aggregate Bond	6.11%
Long Government Bond	Barclays Long Government Bond	0.89%
Long Term Bond	Barclays Corporate Long Bond	1.16%
High Yield Bond	ML High Yield Master	1.04%
Convertible Bond	Cat: Convertible	0.01%
Conservative Allocation	Cat: Conservative Allocation	3.24%
Moderate Allocation	40% Barclays Agg Bond / 60% R 1000 Val	7.83%
Moderate Allocation	40% Barclays Agg Bond / 60% S&P 500 Id	2.55%
Large Cap Value	Russell 1000 Value	14.17%
Large Cap Blend	S&P 500 Index	14.41%
Large Cap Growth	Russell 1000 Growth	8.62%
Mid Cap Value	Russell Mid Value	0.47%
Mid Cap Blend	Russell Mid Cap Index	1.24%
Mid Cap Growth	Russell Mid Growth	1.60%
Small Cap Value	Russell 2000 Value	0.37%
Small Cap Blend	Russell 2000 Index	0.38%
Small Cap Growth	Russell 2000 Growth	2.32%
Europe Stock	MSCI Europe	0.52%
Japan Stock	MSCI Japan	0.37%
World Stock	MSCI World	0.35%
Foreign Large Equity	MSCI EAFE	3.81%
Foreign Sm/Mid Equity	MSCI EAFE	0.42%
Diversified Emerging Mkts	MSCI EMF	0.90%
Specialty-Real Estate	Wilshire REIT	0.56%
Target Date 2000-2014	Cat: Target Date 2000-2014	1.52%
Target Date 2015-2029	Cat: Target Date 2015-2029	1.45%
Target Date 2030+	Cat: Target Date 2030+	1.45%



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# Appendix

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## Evaluation Methodology Changes

### Effective 9/30/2007 – Change to Foreign Large Cap Equity Universe

The evaluation methodology for foreign large cap equity funds has been changed to broaden the universe to include value, blend and growth funds. The rationale for this change was based on the following criteria:

- Return-based style analysis illustrates that foreign large cap equity funds do not display strong style consistency quarter over quarter
- The portfolio characteristics (P/E, regional exposure, market caps) are highly correlated across the value, blend and growth categories
- Foreign equity fund mandates (prospectus objectives and guidelines) generally allow managers greater flexibility to invest in companies with various style versus their domestic counterparts
- Foreign funds can invest across regions and countries whose market valuations are affected by individual currency and interest rates that are inherent to those areas, therefore, classifying holdings in traditional value and growth categories may not accurately reflect the manager's stock selection style. For example, a high P/E growth company (based upon domestic measures) in Japan may be classified as a value stock simply because the Japanese market is undervalued compared to other foreign markets, thereby undervaluing the individual companies.

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# Glossary of Terms

## **3-Month Treasury Bill**

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

## **Constant Maturity Treasury Indices (CMT)**

The 3 Year Constant Maturity Treasury yield is derived by the Treasury from the daily yield curve. The daily yield curve relates the yield on a security to its time to maturity and is based on the closing market bid yields on actively traded Treasury securities. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York.

## **Down Capture Ratio**

The Down Capture Ratio calculates the percentage of return of an index a fund will capture during down market cycles.

## **Expense Ratio**

The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

## **Growth Stocks**

Investors employing a growth investment strategy buy stocks of companies with a recent history of increasing earnings, in anticipation that earnings momentum will continue. Growth stocks are often characterized by high valuation ratios (e.g., price-to-earnings ratios). See also: value stocks.

## **Information Ratio**

Similar to the Sharpe Ratio, the Information Ratio is a risk-adjusted performance measurement, taking the excess return over the fund's appropriate index and dividing it by the standard deviation. The Information Ratio measures the consistency with which a manager beats a benchmark.

Formula:  $(R_x - R_i) / \sigma^e$

$R_x$  = Fund's 5 year annualized return (calculated on a monthly basis)

$R_i$  = Benchmark index 5 year annualized return

$\sigma^e = \sqrt{\sum (\text{Excess return} - \text{Benchmark Index})^2}$

## **Lehman Brothers Bond Indices**

The Lehman Brothers Bond Indices include fixed rate debt issue rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least \$100 million for US Government issues and \$50 million for all others. All returns are market value weighted inclusive of accrued interest.

## **MSCI Country Indices**

Morgan Stanley Capital International Inc. (MSCI) maintains a set of indices commonly used by institutional investors as benchmarks for international stock markets. The most commonly cited index is the Europe, Australasia, Far East Index (EAFE), which covers developing markets within the indicated regions. The MSCI EAFE is typically used as a benchmark for broadly diversified "international" or "foreign" stock funds and accounts. The MSCI World Index covers all developed markets in the world including the United States, and is typically used as a benchmark for broadly diversified "global" or "world" stock funds and accounts. MSCI maintains many specialized indices covering other developed regions, emerging markets, and specific countries.

## **Mutual Fund**

A type of investment company that offers for sale or has outstanding securities which it has issued and which are redeemable on demand by the fund at current net asset value. All owners in the fund share in the gains or losses of the fund.

## **Net Asset Value (NAV)**

Usually used in connection with investment companies to mean net asset value per share. An investment company computes its assets daily, or even twice daily, by totaling the market value of all securities owned. All liabilities are deducted, and the balance is divided by the number of shares outstanding. The resulting figure is the net asset value per share. The net asset value of a mutual fund (open-end investment company) is the bid and redemption price.

## **Russell 1000 Value Index**

Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the invest-able US equity market.

## **R-squared**

R-squared is a measure of what percentage of a fund's return can be attributed to movements in the benchmark. An R-squared of 100 indicates that all movements of a fund can be explained by its benchmark index.

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# Glossary of Terms

## **Russell 1000 Growth Index**

Market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the invest-able US equity market.

## **Russell Mid Cap Value Index**

Market-weighted total return index that measures the performance of companies within the Russell 2000 having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 includes the 2000 firms in the Russell 3000 with the smallest market capitalizations. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

## **Russell Mid Cap Growth Index**

Market-weighted total return index that measures the performance of companies within the Russell 2000 having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 includes firms 201 through 1000, based on market capitalization, from the Russell 3000. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

## **Russell 2000 Value Index**

Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the investable US equity market.

## **Russell 2000 Growth Index**

Market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 3000 Index represents 98% of the investable US equity market.

## **S&P 500 Index**

The S&P 500 Index consists of widely held common stocks, consisting of four broad sectors (industrials, utilities, financial, and transportation). It is a market-value weighted index (stock price times shares outstanding), with each stock affecting the index in proportion to its market value. This index, calculated by Standard & Poor's, is a total return index with dividends reinvested.

## **Sharpe Ratio**

A direct measure of reward-to-risk. Defined as:

$$\text{Formula: } (R_x - R_f) / \sigma^x$$

$R_x$  = Average annual rate of return of X

$R_f$  = Best available rate of return of a "risk-free" security (3 month T-bill)

$$\sigma^x = \sqrt{\sum (\text{Excess return} - 3 \text{ month T-bill})^2}$$

Sharpe ratio measures the efficiency in the amount of risk taken as compared to the reward received for taking such risk.

## **Standard Deviation**

A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

## **Total Returns**

Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

## **Up Capture Ratio**

The Up Capture Ratio calculates the percentage return of an index a fund will capture during up market cycles.

## **Value Stocks**

Investors employing a value investment strategy buy stocks of companies they believe are under-priced based on their fundamental ability to generate earnings, in anticipation that the price performance of the stock will reverse. Value stocks are often characterized by low valuation ratios (e.g., price-to-earnings ratios). See also: growth stocks.

## **Wilshire 4500**

Measures the performance of all US common equity securities excluding the stocks in the S&P 500. Wilshire indices are reported as total returns with dividends reinvested.

## Retirement Plan Limits

ITEM	IRS CODE	2009	2008	2007	2006	2005
Defined Contribution Annual Limit <sup>1</sup>	415 (c)(1)(A)	\$ 49,000	\$ 46,000	\$ 45,000	\$ 44,000	\$ 42,000
Defined Benefit Annual Limit <sup>1</sup>	415 (b)(1)(A)	\$ 195,000	\$ 185,000	\$ 180,000	\$ 175,000	\$ 170,000
Maximum Compensation Limit <sup>2</sup>	401(a)(17)	\$ 245,000	\$ 230,000	\$ 225,000	\$ 220,000	\$ 210,000
401(k) & 403(b) Employee Deferral Limit <sup>3</sup>	402(g)(1)	\$ 16,500	\$ 15,500	\$ 15,500	\$ 15,000	\$ 14,000
Catch-Up Deferral Limit <sup>4</sup>	414(v)(2)(B)(i)	\$ 5,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000
Highly Compensated Employee (HCE) Compensation Level <sup>5</sup>	414(q)(1)(B)	\$ 110,000	\$ 105,000	\$ 100,000	\$ 100,000	\$ 95,000
Maximum SIMPLE Plan Deferral Limit <sup>1</sup>	408(p)(2)(E)	\$ 11,500	\$ 10,500	\$ 10,500	\$ 10,000	\$ 10,000
Social Security Tax Wage Base		\$ 106,800	\$ 102,000	\$ 97,500	\$ 94,200	\$ 90,000

<sup>1</sup> Limits are applied for the calendar year.

<sup>2</sup> Based on year in which plan year begins. All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

<sup>3</sup> Employee deferrals to 401(k) and 403(b) plans must be aggregated for purposes of this limit. Limits are applied during the calendar year.

<sup>4</sup> Available to employees age 50 and older during the calendar year.

<sup>5</sup> For the 2008 plan year, an employee who earned \$100,000 in 2007 is an HCE. For the 2009 plan year, an employee who earns \$105,000 in 2008 is an HCE.

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*Past investment performance does not guarantee future results.*

## **DISCLOSURES**

*Returns stated in this report are net of fees unless otherwise noted.*

*Sharpe Ratio and Standard Deviation data are provided for a 3-year period prior to the reporting date, unless otherwise noted.*

*Calculations for returns-based style analysis charts are done by MPI Stylus.*

*Evaluation methodology calculations are provided by MPI Stylus and Morningstar, Inc.*

*Universe information is provided by Morningstar, Inc.*

*Fund details and portfolio characteristics are provided by Morningstar, Inc. with the most recent data available from the investment companies.*

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