



**Performance Report  
Fourth Quarter 2009**

Milwaukee County Deferred  
Compensation Plan



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*All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.*

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## INVESTMENT HIGHLIGHTS

### RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>North Shore Savings Fund</b>	<b>0.1 %</b>	<b>0.8 %</b>	<b>2.2 %</b>	<b>2.6 %</b>
iMoney Net Money Fund Average	0.1	0.3	2.3	2.5
<b>Stable Value Fund</b>	<b>1.1</b>	<b>4.7</b>	<b>4.8</b>	<b>4.7</b>
EnnisKnupp GIC Index	1.0	4.5	4.6	4.3
<b>PIMCO Total Return Institutional Fund</b>	<b>1.0</b>	<b>13.8</b>	<b>9.2</b>	<b>6.8</b>
Barclays Capital Aggregate Bond Index	0.2	5.9	6.0	5.0

### RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>TRP PS Income</b>	<b>3.1 %</b>	<b>25.5 %</b>	<b>2.3 %</b>	<b>4.3 %</b>
Custom Benchmark	2.2	14.0	1.0	3.4
<b>TRP PS Balanced</b>	<b>4.1</b>	<b>32.6</b>	<b>0.3</b>	<b>3.8</b>
Custom Benchmark	3.2	19.3	-0.8	2.9
<b>TRP PS Growth</b>	<b>4.9</b>	<b>37.5</b>	<b>-2.5</b>	<b>2.6</b>
Custom Benchmark	4.3	24.5	-2.8	2.3

Benchmark descriptions can be found in the Appendix.

## INVESTMENT HIGHLIGHTS

### RETURN SUMMARY ENDING 12/31/09

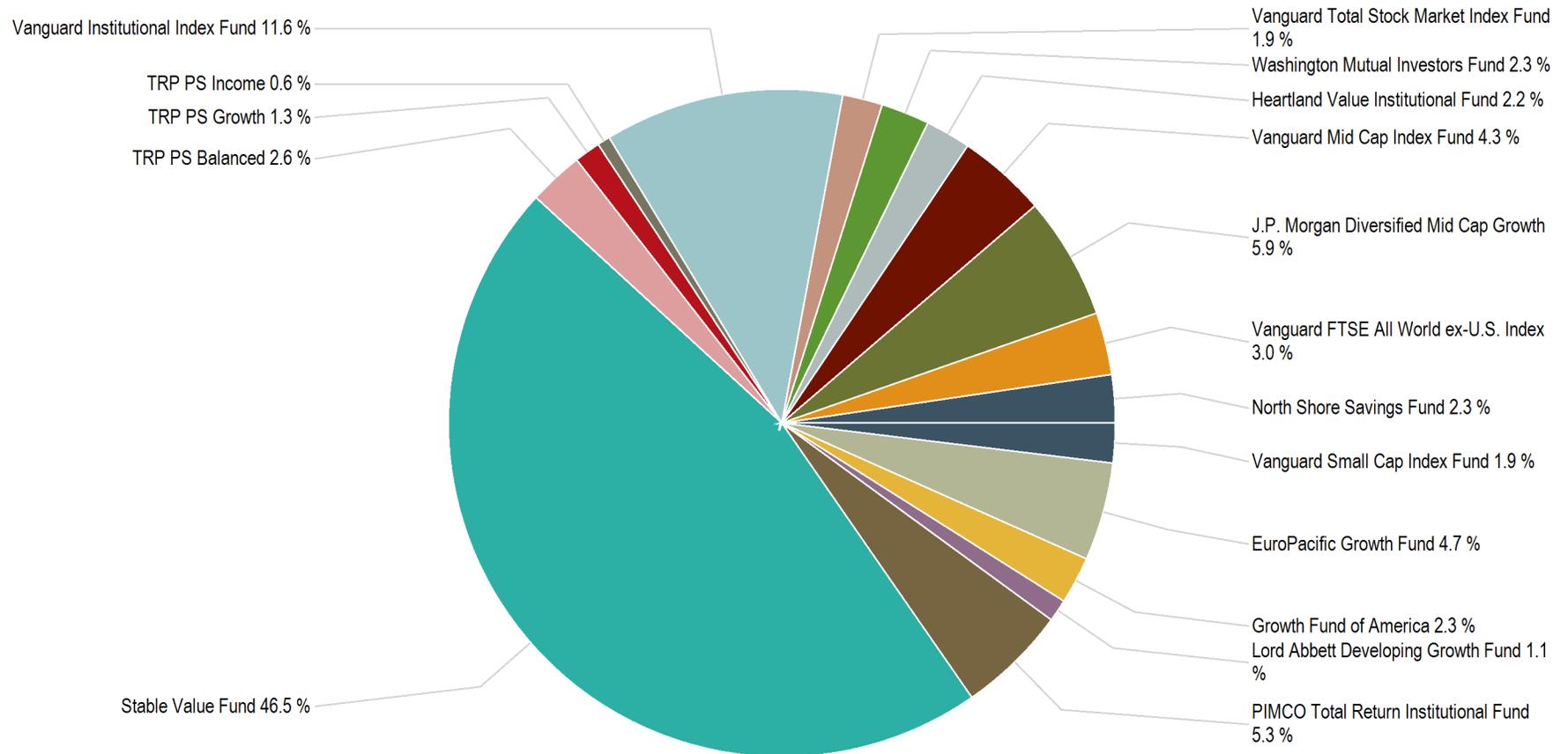
	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Washington Mutual Investors Fund</b>	<b>7.5 %</b>	<b>19.0 %</b>	<b>-6.1 %</b>	<b>0.2 %</b>
Russell 1000 Value Index	4.2	19.7	-9.0	-0.3
<b>Vanguard Institutional Index Fund</b>	<b>6.1</b>	<b>26.6</b>	<b>-5.6</b>	<b>0.5</b>
S&P 500 Index	6.0	26.5	-5.6	0.4
<b>Growth Fund of America</b>	<b>5.9</b>	<b>34.9</b>	<b>-2.8</b>	<b>3.2</b>
Russell 1000 Growth Index	7.9	37.2	-1.9	1.6
<b>Vanguard Total Stock Market Index Fund</b>	<b>5.9</b>	<b>28.8</b>	<b>-5.0</b>	<b>1.0</b>
Performance Benchmark	5.9	28.8	-5.1	1.0
<b>J.P. Morgan Diversified Mid Cap Growth</b>	<b>7.6</b>	<b>42.9</b>	<b>-2.2</b>	<b>2.8</b>
Russell Mid Cap Growth Index	6.7	46.3	-3.2	2.4
<b>Vanguard Mid Cap Index Fund</b>	<b>6.6</b>	<b>40.5</b>	<b>-4.6</b>	<b>2.4</b>
MSCI U.S. Mid Cap 450 Index	6.6	40.5	-4.6	2.4
<b>Vanguard Small Cap Index Fund</b>	<b>4.1</b>	<b>36.3</b>	<b>-4.1</b>	<b>1.9</b>
Small-Cap Index	4.1	36.1	-4.2	1.8
<b>Lord Abbett Developing Growth Fund</b>	<b>5.8</b>	<b>47.0</b>	<b>1.6</b>	<b>5.7</b>
Russell 2000 Growth Index	4.1	34.5	-4.0	0.9
<b>Heartland Value Institutional Fund</b>	<b>4.1</b>	<b>44.9</b>	<b>-6.0</b>	<b>1.6</b>
Russell 2000 Value Index	3.6	20.6	-8.2	0.0

### RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>EuroPacific Growth Fund</b>	<b>3.5 %</b>	<b>39.5 %</b>	<b>-0.3 %</b>	<b>8.0 %</b>
MSCI All Country World ex-U.S. Index	3.7	41.4	-3.5	5.8
<b>Vanguard FTSE All World ex-U.S. Index</b>	<b>3.2</b>	<b>39.0</b>	<b>--</b>	<b>--</b>
FTSE All World ex-U.S. Index	3.7	43.3	--	--

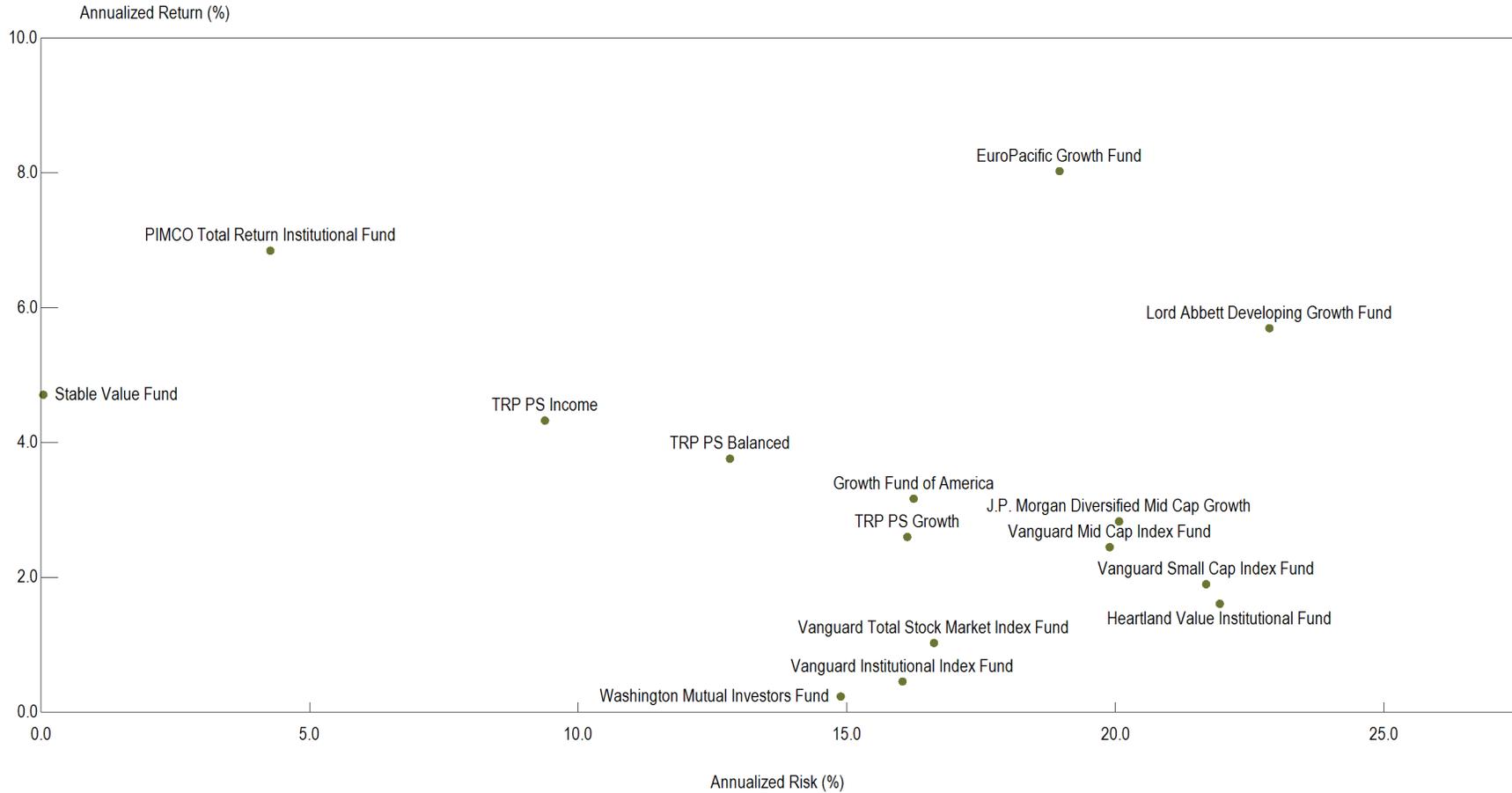
Benchmark descriptions can be found in the Appendix.

ASSET ALLOCATION  
ACTUAL AS OF 12/31/09



# INVESTMENT HIGHLIGHTS

## ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



Cash Flow Summary

Quarter Ending December 31, 2009

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
EuroPacific Growth Fund	\$10,159,438	-\$674,894	\$763,224	\$88,330	\$350,858	\$10,598,626
Growth Fund of America	\$4,818,500	-\$219,867	\$227,081	\$7,214	\$286,196	\$5,111,910
Heartland Value Institutional Fund	\$4,718,232	-\$304,138	\$295,286	-\$8,851	\$186,463	\$4,895,844
J.P. Morgan Diversified Mid Cap Growth	\$12,742,003	-\$703,438	\$267,557	-\$435,881	\$942,593	\$13,248,715
Lord Abbett Developing Growth Fund	\$2,265,731	-\$179,008	\$187,773	\$8,765	\$128,845	\$2,403,341
North Shore Savings Fund	\$5,536,417	-\$511,111	\$161,814	-\$349,297	\$7,471	\$5,194,591
PIMCO Total Return Institutional Fund	\$10,692,124	-\$421,918	\$1,499,159	\$1,077,241	\$104,396	\$11,873,761
Stable Value Fund	\$102,218,187	-\$2,709,942	\$3,052,919	\$342,978	\$1,168,818	\$103,729,983
TRP PS Balanced	\$5,713,639	-\$253,053	\$219,318	-\$33,736	\$232,847	\$5,912,750
TRP PS Growth	\$2,676,086	-\$171,808	\$184,789	\$12,981	\$129,882	\$2,818,949
TRP PS Income	\$1,285,232	-\$27,953	\$85,214	\$57,261	\$40,756	\$1,383,249
Vanguard FTSE All World ex-U.S. Index	\$6,224,382	-\$572,414	\$889,985	\$317,570	\$194,761	\$6,736,713
Vanguard Institutional Index Fund	\$26,219,404	-\$2,475,574	\$610,413	-\$1,865,161	\$1,532,489	\$25,886,732
Vanguard Mid Cap Index Fund	\$8,332,542	-\$253,601	\$974,327	\$720,725	\$581,011	\$9,634,278
Vanguard Small Cap Index Fund	\$4,007,863	-\$383,775	\$491,314	\$107,539	\$165,712	\$4,281,114
Vanguard Total Stock Market Index Fund	\$4,073,779	-\$138,316	\$149,410	\$11,094	\$240,076	\$4,324,949
Washington Mutual Investors Fund	\$4,224,250	-\$193,860	\$876,496	\$682,636	\$336,442	\$5,243,328
<b>Total</b>	<b>\$215,907,809</b>	<b>-\$10,194,671</b>	<b>\$10,936,078</b>	<b>\$741,407</b>	<b>\$6,629,617</b>	<b>\$223,278,833</b>

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Factor	Rationale	Measurement
1. Short -Term Performance Concerns	Short term performance should never be the sole factor in a manager's assessment; however, short-term performance concerns should be monitored and understood.	Has the fund underperformed in three of the last four quarters?
2. Longer-Term Performance Concerns	Since past performance is not indicative of future performance, performance records must be considered carefully. Longer-term underperformance, and poor results compared to peers, may indicate that more competitive offerings are available.	Has the fund underperformed or fallen below the median fund in an appropriate peer group over the trailing 5 year period?
3. Investment Strategy Concerns	An investment option in a savings plan often serves a unique role; significant divergence from the strategy could indicate the fund is no longer appropriate for the Plan.	Has the fund diverged from its strategy?
4. Portfolio Management Concerns	The portfolio manager (or managers) responsible for the buy and sell decisions of the fund has a key role. Adverse changes could present performance challenges going forward.	Have there been adverse changes to the fund's management?
5. Organizational Concerns	A stable and strong organization is preferred. Adverse changes to the organization could negatively impact the fund's strategy, focus, resources, or management team.	Have there been adverse changes to the organization?

Each fund will be evaluated every quarter within this framework. The monitoring system will have a "generally indicated status" based on the number of affirmative answers to the above questions.

- **Green-Level Status.** No concerns; or only one affirmative response to measurement 1, 2, or 3.
- **Yellow-Level Status.** An investment fund receives a Yellow designation with two or three affirmative responses or if there is an affirmative response to measurement 4 or 5.
- **Red-Level Status.** An investment fund receives a Red designation when it has been on the Yellow status for more than two consecutive quarters or when there are four or more affirmative responses.

## FUND MONITORING SYSTEM

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If a manager is placed on the Red Level Status, a formal manager review will be conducted by EnnisKnupp. EnnisKnupp will review the concerns regarding the fund and recommend to the Committee whether it should be retained or terminated. If the fund is retained, and remains on red-status, it will be re-reviewed every six months.

### **Special Circumstances**

In the event of a major change in the firm's ownership, performance, or staffing, EnnisKnupp may immediately recommend termination of a manager without placing a fund on a specific "status." Any fund monitoring system should only be used as a tool in a Committee's monitoring activities. The Committee has the right to take action on any fund regardless of its status in the monitoring system.

### **Applying the Fund Monitoring System to the Plan**

The table on the following page has applied the fund monitoring system to the funds in the Milwaukee County Plan. As shown, all the funds except the Vanguard FTSE All World ex-U.S. Index Fund are currently on green status. The Vanguard FTSE All World ex-U.S. Index Fund is on yellow status as a result of underperforming three of the four trailing calendar quarters and underperforming since its inception. (The Vanguard FTSE index fund started in April 2007, therefore performance is based on a since-inception period and not a trailing five-year period.) Underperformance is due to the effects of fair value pricing which is employed by Vanguard. Differences in the Fund's performance and the Index's performance that result from fair value pricing typically wash over several quarters.

## FUND MONITORING SYSTEM

### Investment Fund Monitoring Summary:

	1.	2.	3.	4.	5.				
	Underperformed in 3 of 4 Trailing Calendar Quarters?	Underperformed Benchmark and/or Falls Below Median over Trailing Five Year Period?*	Diverged from Strategy?	Adverse Change in Portfolio Manager?	Adverse Organizational Change?	4th Quarter 2009 Status	3rd Quarter 2009 Status	2nd Quarter 2009 Status	1st Quarter 2009 Status
North Shore Savings Fund	No	No	No	No	No				
Stable Value Fund	No	No	No	No	No				
PIMCO Total Return Fund	No	No	No	No	No				
TRP PS Income	No	No	No	No	No				
TRP PS Balanced	No	No	No	No	No				
TRP PS Growth	No	No	No	No	No				
Washington Mutual Investors	No	No	No	No	No				
Vanguard Institutional Index	No	No	No	No	No				
Growth Fund of America	No	No	No	No	No				
Vanguard Total Stock Market	No	No	No	No	No				
JP Morgan Diversified Mid Cap Growth	No	No	No	No	No				
Vanguard Mid Cap Index	No	No	No	No	No				
Vanguard Small Cap Index	No	No	No	No	No				
Lord Abbett	No	No	No	No	No				
Heartland Value	No	No	No	No	No				
EuroPacific Growth	Yes	No	No	No	No				
Vanguard FTSE All World ex-U.S.	Yes	Yes*	No	No	No				

\*The Vanguard FTSE All World ex-U.S. Fund started in April 2007. Therefore, performance is based on since-inception period.

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**MARKET ENVIRONMENT**  
**Fourth Quarter 2009**

# MARKET ENVIRONMENT

## OVERVIEW

### MAJOR MARKET RETURNS

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09	10 Years Ending 12/31/09
<b>Dow Jones US Total Stock Index</b>	<b>5.8 %</b>	<b>28.6 %</b>	<b>-5.2 %</b>	<b>1.0 %</b>	<b>-0.2 %</b>
<b>MSCI All Country World ex-U.S. Index</b>	<b>3.7</b>	<b>41.4</b>	<b>-3.5</b>	<b>5.8</b>	<b>2.7</b>
MSCI EAFE Index	2.2	31.8	-6.0	3.5	1.2
MSCI Emerging Markets Index	8.5	78.5	5.1	15.5	9.8
<b>MSCI All Country World Index</b>	<b>4.6</b>	<b>34.6</b>	<b>-4.6</b>	<b>3.1</b>	<b>0.4</b>
<b>Barclays Capital Aggregate Bond Index</b>	<b>0.2</b>	<b>5.9</b>	<b>6.0</b>	<b>5.0</b>	<b>6.3</b>

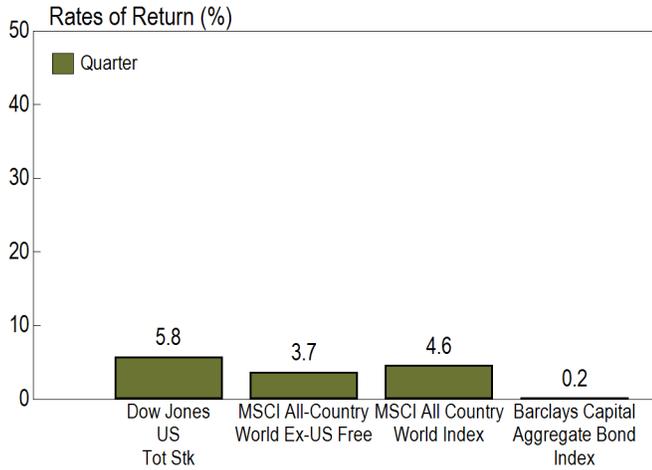
Global capital markets ended the quarter and year up, with all major markets delivering positive, though comparatively modest returns, as economic indicators hinted at stabilization. The Federal Open Markets Committee met twice during the quarter, in November and December, each time maintaining the target federal funds rate at 0.00-0.25%. It also stated that it would complete its purchase of \$1.25 trillion in agency securities and \$175 billion of agency debt by the end of the first quarter of 2010.

The Dow Jones U.S. Total Stock Market Index returned 5.8% for the fourth quarter of 2009, outperforming international equity markets for the first time since the first quarter of 2009. Growth stocks outperformed their value counterparts with the market placing greater emphasis on style than market capitalization. The technology and material sectors yielded the highest returns for both the quarter and trailing one-year period, while financials underperformed during the quarter and telecommunications lagged for the year. Financials returned -1.4% for the quarter and was the only sector to post a negative return during the fourth quarter.

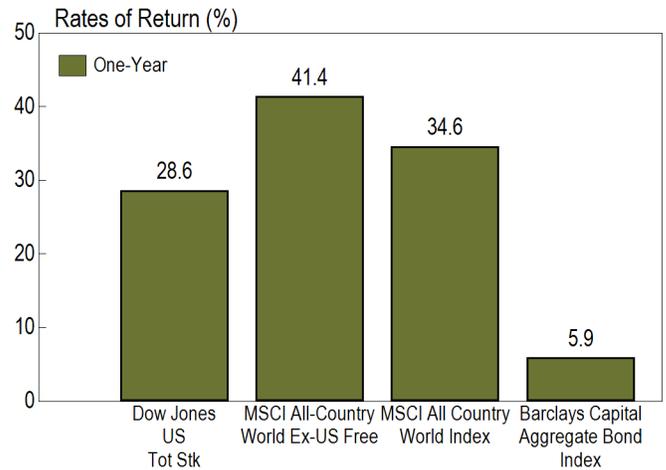
International equity markets underperformed their U.S. counterparts by 2.1 percentage points during the fourth quarter while at the same time significantly outpacing them for the year. In 2009, the MSCI All Country World ex-U.S. Index outperformed the Dow Jones U.S. Total Stock Market Index by 12.8 percentage points. International markets continued to outperform U.S. markets over the trailing one, three, five, and ten-year periods. Emerging markets continued to produce significantly greater returns than developed markets with the Latin America region delivering the highest return for the quarter and one-year period. Japan continued to be the weakest region, yielding a negative return for the quarter and a 6.3% gain for 2009.

The domestic fixed income market, as measured by the Barclays Capital Aggregate Bond Index returned 0.2% for the fourth quarter. High yield bonds continued to outperform all other sectors, returning 6.2% for the quarter and 58.2% for the year. Government securities underperformed the broad bond market amidst concern regarding an increased supply and investors' continued appetite for risk. It remains the only sector with a negative return for the trailing year. Long-term Treasury yields rose during the fourth quarter, leaving the yield curve steeper than it was exactly one year ago.

**MAJOR MARKET RETURNS  
FOURTH QUARTER**

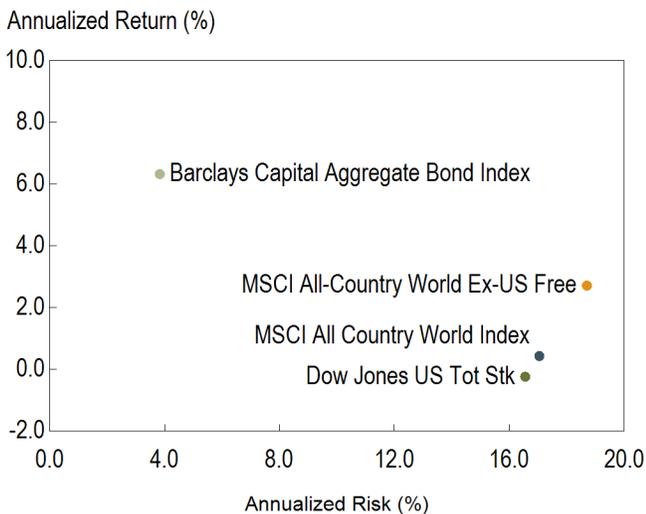


**MAJOR MARKET RETURNS  
ONE-YEAR ENDING 12/31/09**

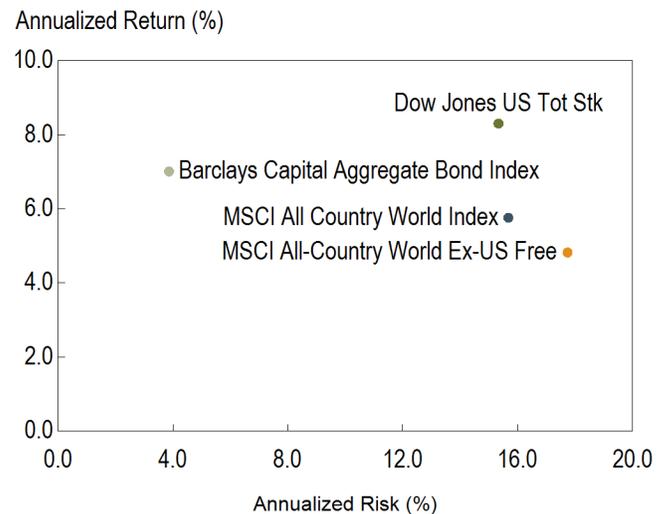


The exhibits above show the performance of the major capital markets during the fourth quarter and one-year periods.

**MARKET RISK/RETURN  
10 YEARS ENDING 12/31/09**



**MARKET RISK/RETURN  
20 YEARS ENDING 12/31/09**

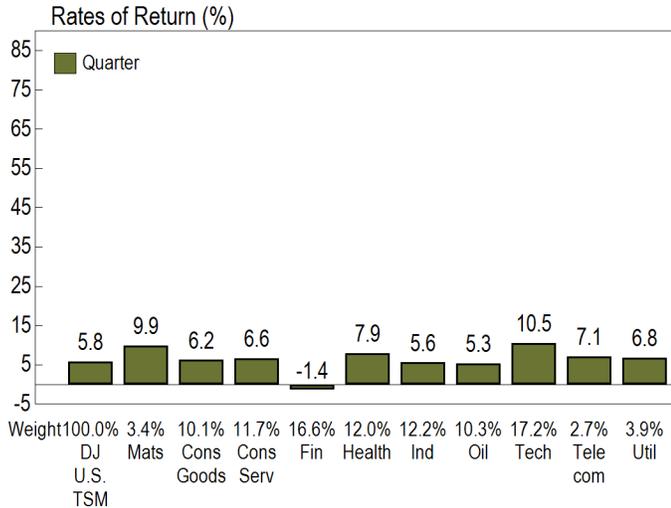


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

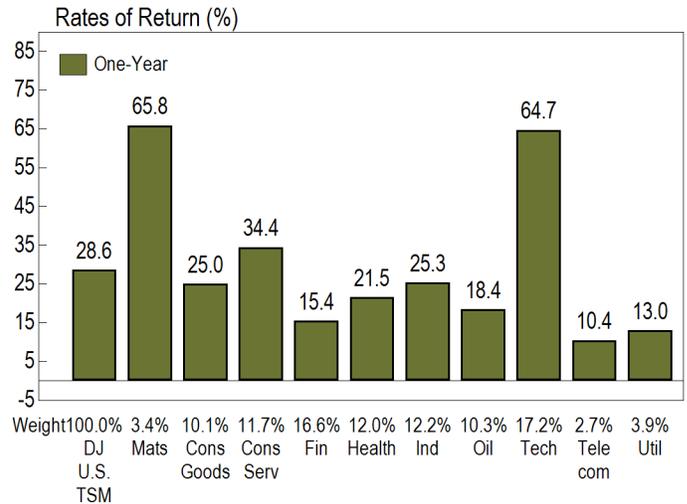
# MARKET ENVIRONMENT

## U.S. STOCK MARKET

### SECTOR RETURNS FOURTH QUARTER



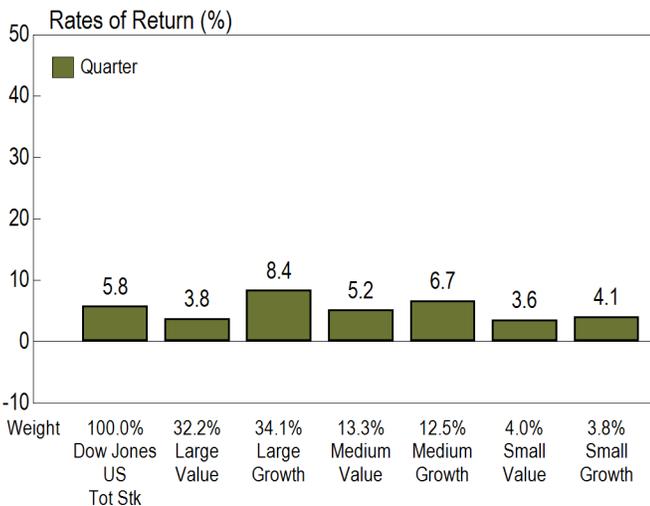
### SECTOR RETURNS ONE-YEAR ENDING 12/31/09



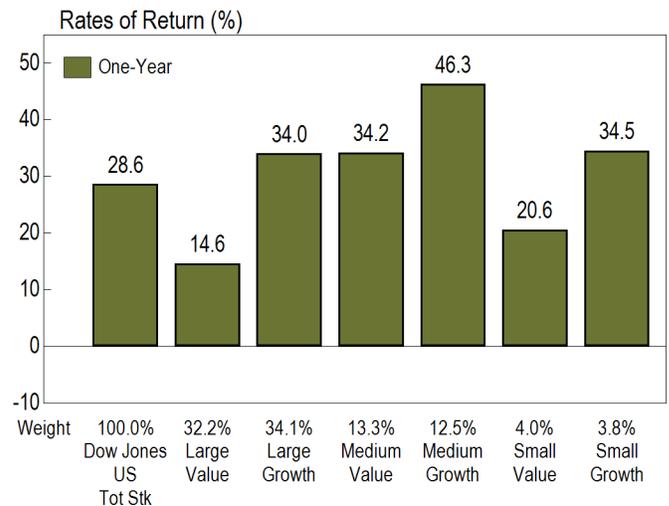
The Dow Jones U.S. Total Stock Market Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones U.S. Total Stock Market Index. The percentage below each bar indicates the sector's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

### STYLE RETURNS FOURTH QUARTER

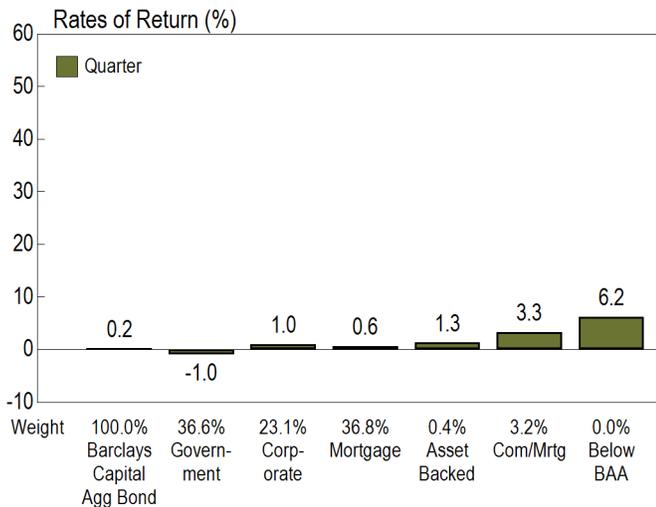


### STYLE RETURNS ONE-YEAR ENDING 12/31/09

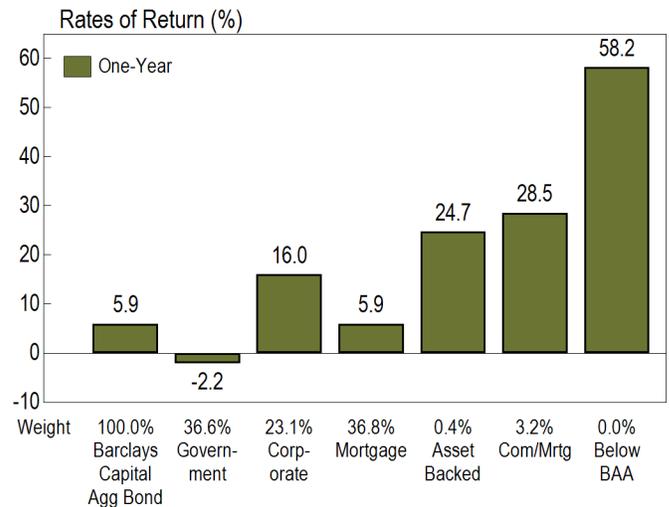


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones U.S. Total Stock Market Index at quarter-end.

**SECTOR RETURNS  
FOURTH QUARTER**



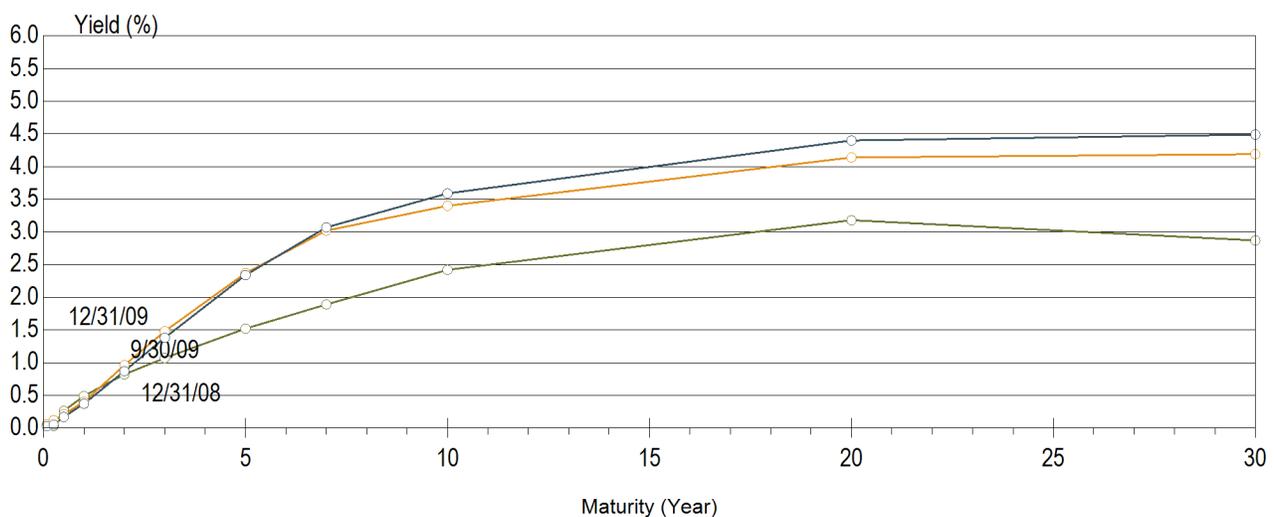
**SECTOR RETURNS  
ONE-YEAR ENDING 12/31/09**



The Barclays Capital Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of credit, government, and mortgage-backed securities and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Barclays Capital Aggregate Bond Index at quarter-end.

**U.S. TREASURY CURVE**

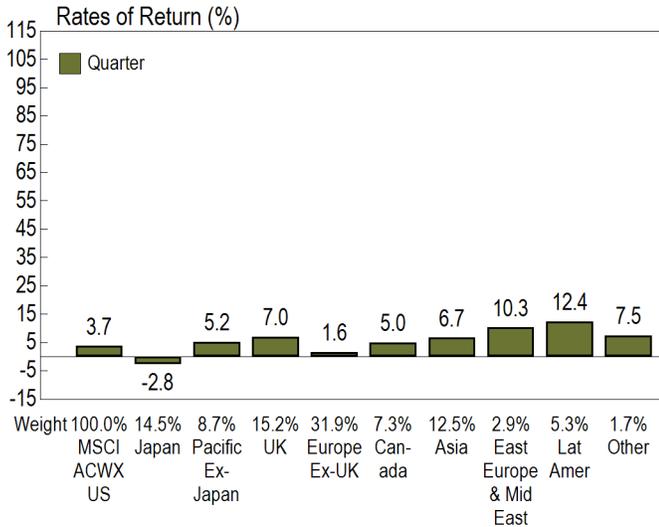


The exhibit above illustrates yields of Treasury securities of various maturities as of December 31, 2008, September 30, 2009, and December 31, 2009.

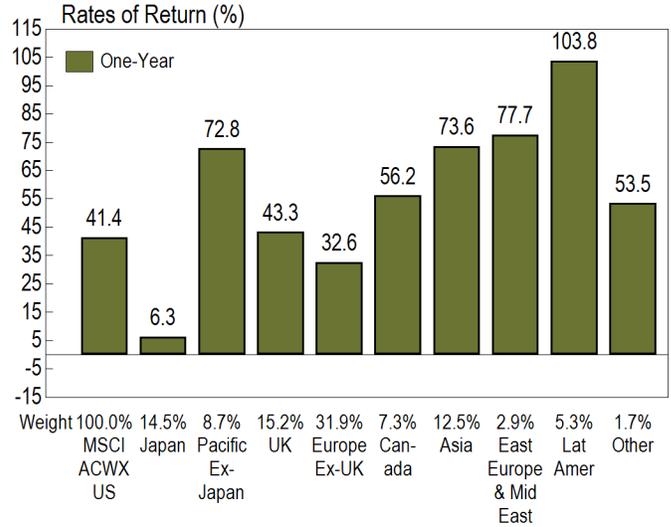
# MARKET ENVIRONMENT

## NON-U.S. STOCK MARKETS

**NON-U.S. STOCK MARKET RETURNS  
FOURTH QUARTER**

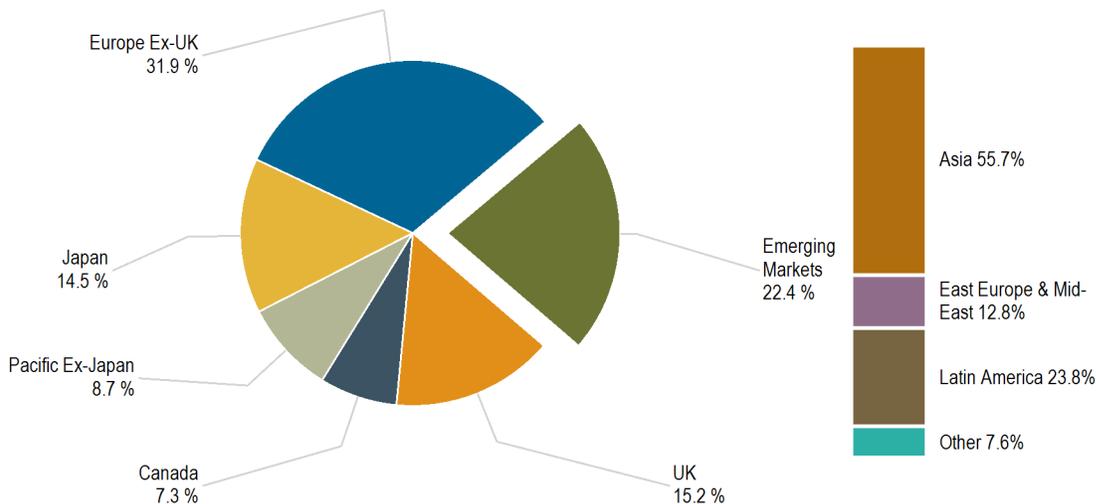


**NON-U.S. STOCK MARKET RETURNS  
ONE-YEAR ENDING 12/31/09**



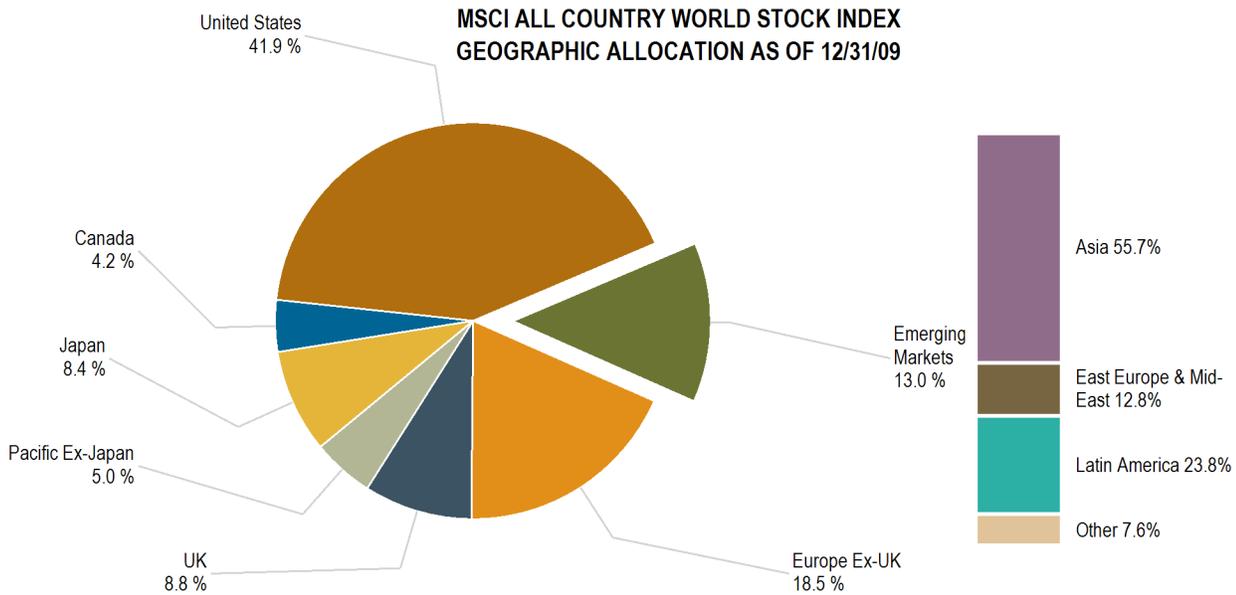
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 22 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

**MSCI ALL COUNTRY WORLD EX-U.S. STOCK INDEX  
GEOGRAPHIC ALLOCATION AS OF 12/31/09**



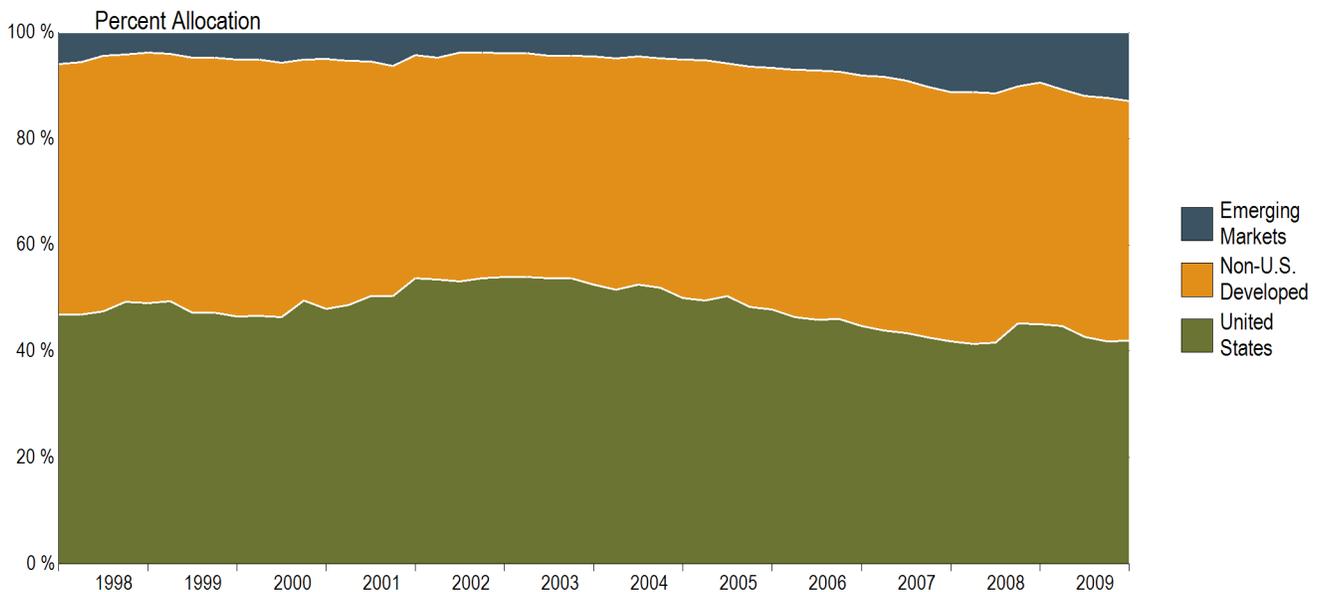
The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

Note on Other: Includes South Africa, Egypt, and Morocco. Returns expressed are the weighted average returns.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 22 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end. Note on Other: Includes South Africa, Egypt, and Morocco.

**ALLOCATION**



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY  
ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>North Shore Savings Fund</b>	<b>0.1 %</b>	<b>0.8 %</b>	<b>2.2 %</b>	<b>2.6 %</b>
iMoney Net Money Fund Average	0.1	0.3	2.3	2.5

**Investment Strategy**

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured. The Milwaukee County Investment Policy Statement requires that the savings account be with a "well-capitalized" bank, which means the bank has to have a risk-based capital ratio of at least 10%. This ratio takes into account the asset quality and loan-loss reserve coverage. As of 12/31/09 North Shore was "well capitalized".

**HISTORICAL RETURNS  
(BY YEAR)**

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008	2.0	2.0	0.0
2009	0.8	0.3	0.5
Trailing 3-Year	2.2%	2.3%	-0.1
Trailing 5-Year	2.6	2.5	0.1
Trailing 10-Year	2.7	2.6	0.1

## STABLE VALUE

### RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Stable Value Fund</b>	<b>1.1 %</b>	<b>4.7 %</b>	<b>4.8 %</b>	<b>4.7 %</b>
EnnisKnupp GIC Index	1.0	4.5	4.6	4.3

### Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

### HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008	4.8	4.7	0.1
2009	4.7	4.5	0.2
Trailing 3-Year	4.8 %	4.6 %	0.2
Trailing 5-Year	4.7	4.3	0.4
Trailing 10-Year	5.1	4.7	0.4

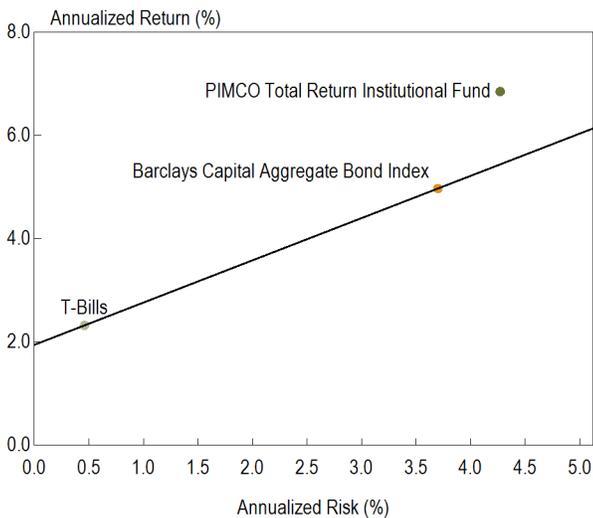
**RETURN SUMMARY  
ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>PIMCO Total Return Institutional Fund</b>	<b>1.0 %</b>	<b>13.8 %</b>	<b>9.2 %</b>	<b>6.8 %</b>
Barclays Capital Aggregate Bond Index	0.2	5.9	6.0	5.0

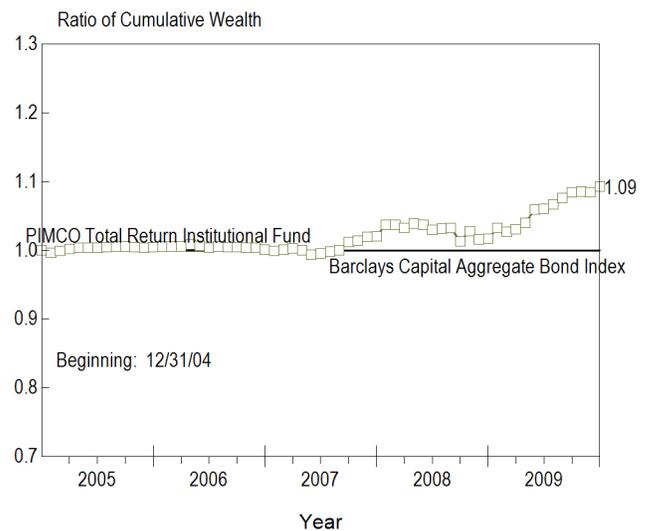
**Investment Strategy**

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Barclays Capital Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds.

**ANNUALIZED RISK RETURN  
5 YEARS ENDING 12/31/09**



**RATIO OF CUMULATIVE WEALTH  
5 YEARS ENDING 12/31/09**



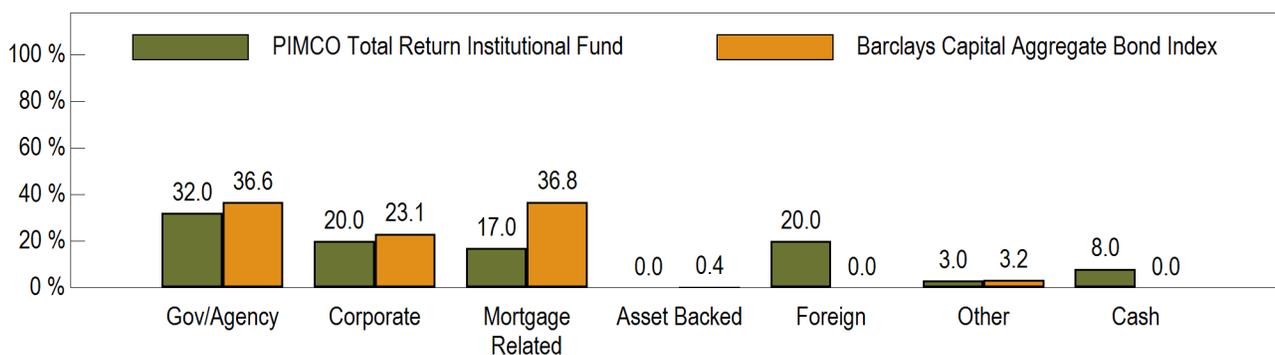
# PIMCO TOTAL RETURN INSTL

## Fund Information as of 12/31/2009

<b>Fund Name</b>	Pimco Fds Total Return Bd Fund I
<b>Ticker</b>	PTTRX
<b>Category</b>	Intermediate-Term Bond
<b>Benchmark</b>	Barclays Capital Aggregate Bond Index
<b>Expense Ratio</b>	0.46%
<b>Fund Assets (millions)</b>	115,919.44
<b>Share Class Inception Date</b>	5/11/1987
<b>Manager Tenure</b>	23

## SECTOR ALLOCATION AS OF 12/31/09

### PIMCO Total Return Institutional Fund



## HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Institutional Fund	Barclays Capital Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.8%	8.7%	1.1
1999	-0.3	-0.8	0.5
2000	12.1	11.6	0.5
2001	9.5	8.4	1.1
2002	10.2	10.3	-0.1
2003	5.6	4.1	1.5
2004	5.1	4.3	0.8
2005	2.9	2.4	0.5
2006	4.0	4.3	-0.3
2007	9.1	7.0	2.1
2008	4.8	5.2	-0.4
2009	13.8	5.9	7.9
Trailing 3-Year	9.2%	6.0%	3.2
Trailing 5-Year	6.8	5.0	1.8
Trailing 10-Year	7.7	6.3	1.4

**RETURN SUMMARY**  
**ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>TRP PS Income</b>	<b>3.1%</b>	<b>25.5%</b>	<b>2.3%</b>	<b>4.3%</b>
Custom Benchmark	2.2	14.0	1.0	3.4

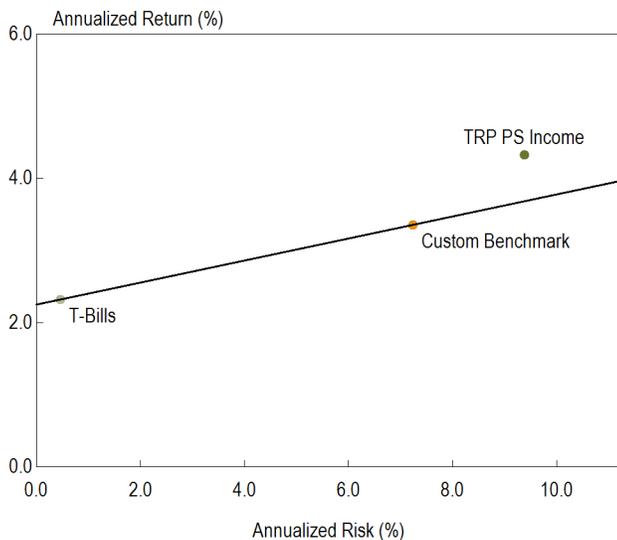
**Investment Strategy**

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

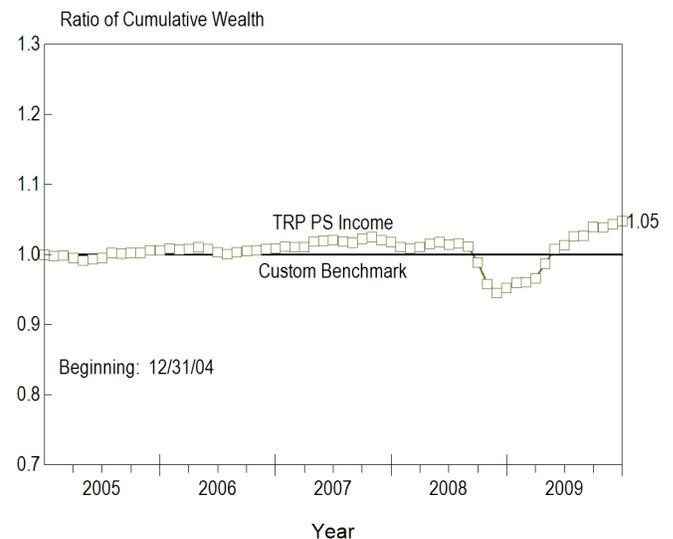
The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

As illustrated in the graphs below and the table above, T. Rowe Price Personal Strategy Income Fund has exceeded the Index over the trailing five-year period at a higher level of risk.

**ANNUALIZED RISK RETURN**  
**5 YEARS ENDING 12/31/09**



**RATIO OF CUMULATIVE WEALTH**  
**5 YEARS ENDING 12/31/09**



# T. ROWE PRICE

## PERSONAL STRATEGY INCOME

### Fund Information as of 11/30/2009

<b>Fund Name</b>	T Rowe Price Prs Str:Inc
<b>Ticker</b>	PRSEX
<b>Category</b>	Conservative Allocation
<b>Benchmark</b>	Custom Benchmark
<b>Expense Ratio</b>	0.72%
<b>Fund Assets (millions)</b>	818.96
<b>Share Class Inception Date</b>	7/29/1994
<b>Manager Tenure</b>	11

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	2.1%
<b>CONSUMER GOODS</b>	3.4%
<b>CONSUMER SERVICES</b>	5.1%
<b>ENERGY</b>	4.4%
<b>FINANCIAL SERVICES</b>	8.6%
<b>HARDWARE</b>	4.3%
<b>HEALTHCARE</b>	4.4%
<b>INDUSTRIAL MATERIALS</b>	4.9%
<b>MEDIA</b>	1.8%
<b>SOFTWARE</b>	1.5%
<b>TELECOMMUNICATION</b>	2.5%
<b>UTILITIES</b>	1.2%

### Top Holdings as of 09/30/2009

<b>T. ROWE PRICE RESERVE</b>	12.7%
<b>T. ROWE PRICE INSTL HIGH YIELD</b>	6.3%
<b>T. ROWE PRICE INSTL EMERGING MKTS BOND</b>	5.2%
<b>T. ROWE PRICE INSTL INTL BOND</b>	4.5%
<b>T. ROWE PRICE INSTL EMERGING MKTS EQ</b>	1.9%
<b>APPLE, INC.</b>	0.9%
<b>MICROSOFT CORPORATION</b>	0.8%
<b>UNITED STATES TREAS NTS 4%</b>	0.8%
<b>UNITED STATES TREAS NTS</b>	0.7%
<b>UNITED STATES TREAS NTS 3.125%</b>	0.7%

### HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008	-20.4	-14.9	-5.5
2009	25.5	14.0	11.5
Trailing 3-Year	2.3%	1.0%	1.3
Trailing 5-Year	4.3	3.4	0.9
Trailing 10-Year	5.3	3.3	2.0

\* Fund information throughout the report is shown as of the most recent date available.

**RETURN SUMMARY  
ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>TRP PS Balanced</b>	<b>4.1 %</b>	<b>32.6 %</b>	<b>0.3 %</b>	<b>3.8 %</b>
Custom Benchmark	3.2	19.3	-0.8	2.9

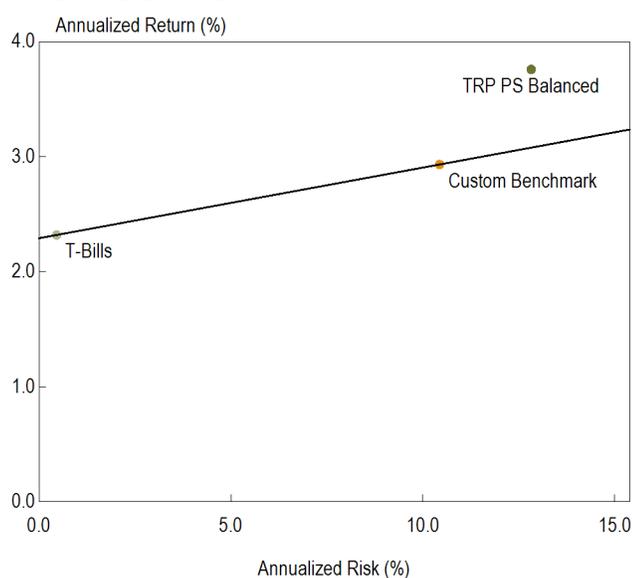
**Investment Strategy**

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

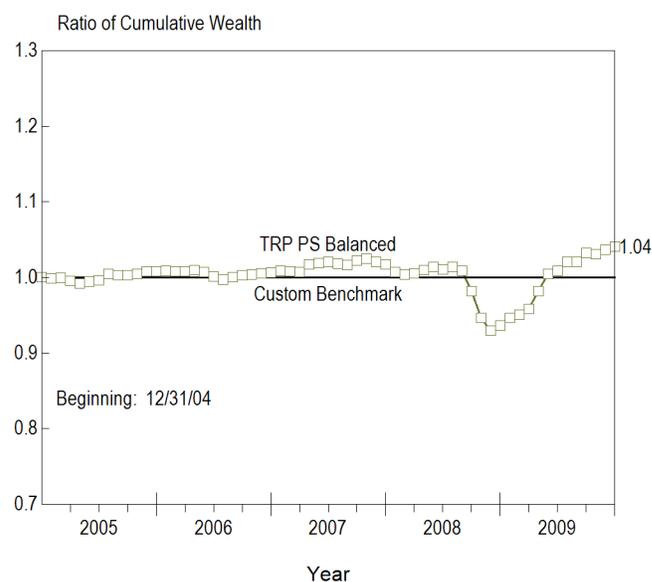
The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the moderate fund relative to the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

As illustrated in the graphs below and the table above, T. Rowe Price Personal Strategy Balanced Fund has exceeded the Index over the trailing five-year period at a higher level of risk.

**ANNUALIZED RISK RETURN  
5 YEARS ENDING 12/31/09**



**RATIO OF CUMULATIVE WEALTH  
5 YEARS ENDING 12/31/09**



# T. ROWE PRICE

## PERSONAL STRATEGY BALANCED

### Fund Information as of 11/30/2009

<b>Fund Name</b>	T Rowe Price Prs Str:Bal
<b>Ticker</b>	TRPBX
<b>Category</b>	Moderate Allocation
<b>Benchmark</b>	Custom Benchmark
<b>Expense Ratio</b>	0.81%
<b>Fund Assets (millions)</b>	1,376.99
<b>Share Class Inception Date</b>	7/29/1994
<b>Manager Tenure</b>	11

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	3.1%
<b>CONSUMER GOODS</b>	4.9%
<b>CONSUMER SERVICES</b>	7.2%
<b>ENERGY</b>	6.3%
<b>FINANCIAL SERVICES</b>	12.3%
<b>HARDWARE</b>	6.1%
<b>HEALTHCARE</b>	6.3%
<b>INDUSTRIAL MATERIALS</b>	7.0%
<b>MEDIA</b>	2.5%
<b>SOFTWARE</b>	2.1%
<b>TELECOMMUNICATION</b>	3.5%
<b>UTILITIES</b>	1.8%

### Top Holdings as of 09/30/2009

<b>T. ROWE PRICE INSTL HIGH YIELD</b>	3.8%
<b>T. ROWE PRICE RESERVE</b>	3.8%
<b>T. ROWE PRICE INSTL EMERGING MKTS BOND</b>	3.5%
<b>T. ROWE PRICE INSTL INTL BOND</b>	2.8%
<b>T. ROWE PRICE INSTL EMERGING MKTS EQ</b>	2.8%
<b>APPLE, INC.</b>	1.4%
<b>MICROSOFT CORPORATION</b>	1.1%
<b>GOOGLE, INC.</b>	0.9%
<b>AMAZON.COM, INC.</b>	0.9%
<b>GOLDMAN SACHS GROUP, INC.</b>	0.9%

### HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.4	-6.4
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008	-29.3	-23.2	-6.1
2009	32.6	19.3	13.3
Trailing 3-Year	0.3%	-0.8%	1.1
Trailing 5-Year	3.8	2.9	0.9
Trailing 10-Year	4.8	2.5	2.3

**RETURN SUMMARY**  
**ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>TRP PS Growth</b>	<b>4.9 %</b>	<b>37.5 %</b>	<b>-2.5 %</b>	<b>2.6 %</b>
Custom Benchmark	4.3	24.5	-2.8	2.3

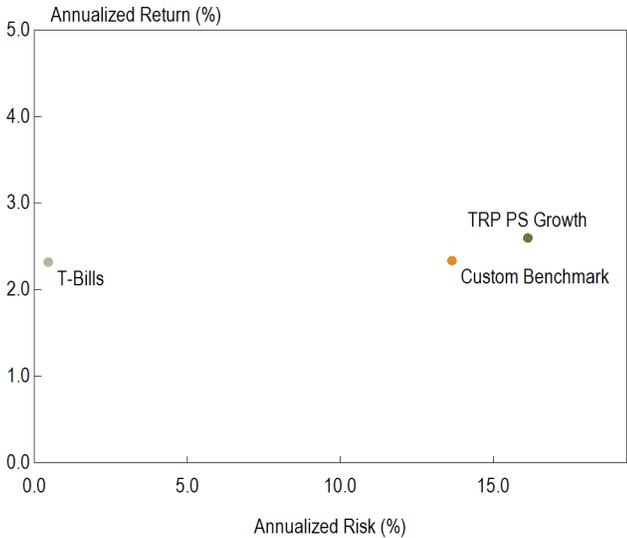
**Investment Strategy**

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

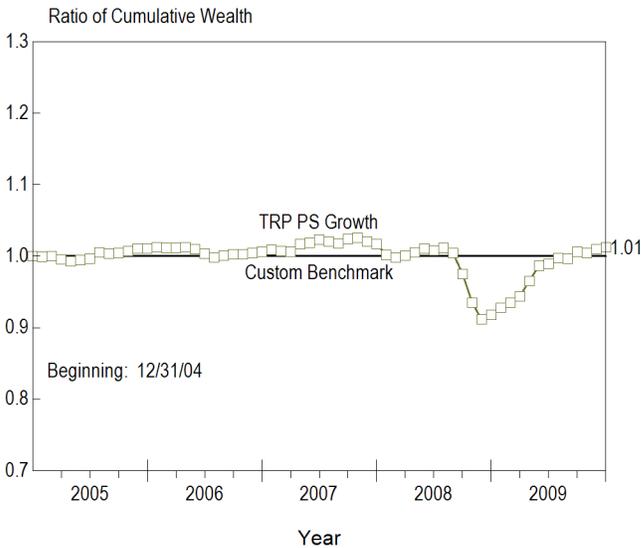
The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

As illustrated in the graphs below and the table above, T. Rowe Price Personal Strategy Growth Fund has exceeded the Index over the trailing five-year period at a higher level of risk.

**ANNUALIZED RISK RETURN**  
**5 YEARS ENDING 12/31/09**



**RATIO OF CUMULATIVE WEALTH**  
**5 YEARS ENDING 12/31/09**



# T. ROWE PRICE

## PERSONAL STRATEGY GROWTH

### Fund Information as of 11/30/2009

<b>Fund Name</b>	T Rowe Price Prs Str:Gro
<b>Ticker</b>	TRSGX
<b>Category</b>	Large Blend
<b>Benchmark</b>	Custom Benchmark
<b>Expense Ratio</b>	0.91%
<b>Fund Assets (millions)</b>	1,033.18
<b>Share Class Inception Date</b>	7/29/1994
<b>Manager Tenure</b>	11

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	4.0%
<b>CONSUMER GOODS</b>	6.4%
<b>CONSUMER SERVICES</b>	9.4%
<b>ENERGY</b>	8.2%
<b>FINANCIAL SERVICES</b>	16.0%
<b>HARDWARE</b>	8.0%
<b>HEALTHCARE</b>	8.3%
<b>INDUSTRIAL MATERIALS</b>	9.0%
<b>MEDIA</b>	3.3%
<b>SOFTWARE</b>	2.8%
<b>TELECOMMUNICATION</b>	4.6%
<b>UTILITIES</b>	2.3%

### Top Holdings as of 09/30/2009

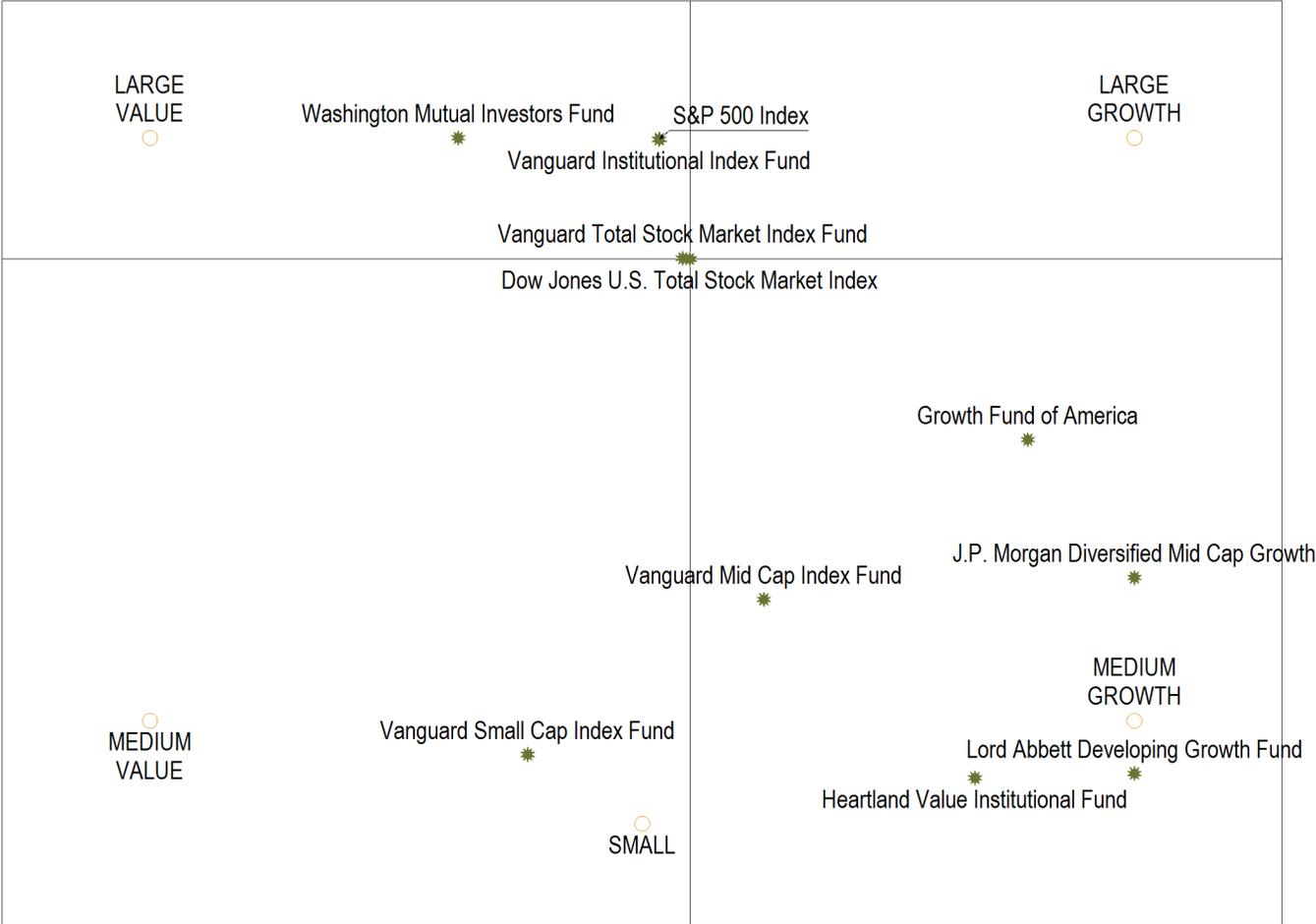
<b>T. ROWE PRICE INSTL EMERGING MKTS EQ</b>	3.0%
<b>T. ROWE PRICE RESERVE</b>	2.0%
<b>APPLE, INC.</b>	1.8%
<b>T. ROWE PRICE INSTL HIGH YIELD</b>	1.6%
<b>T. ROWE PRICE INSTL EMERGING MKTS BOND</b>	1.5%
<b>MICROSOFT CORPORATION</b>	1.5%
<b>GOOGLE, INC.</b>	1.2%
<b>T. ROWE PRICE INSTL INTL BOND</b>	1.2%
<b>GOLDMAN SACHS GROUP, INC.</b>	1.1%
<b>AMAZON.COM, INC.</b>	1.1%

### HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.9	-7.7
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008	-37.6	-30.8	-6.8
2009	37.5	24.5	13.0
Trailing 3-Year	-2.5%	-2.8%	0.3
Trailing 5-Year	2.6	2.3	0.3
Trailing 10-Year	3.8	1.5	2.3

EFFECTIVE STYLE MAP  
 5 YEARS ENDING 12/31/09



# WASHINGTON MUTUAL INVESTORS

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Washington Mutual Investors Fund</b>	<b>7.5%</b>	<b>19.0%</b>	<b>-6.1%</b>	<b>0.2%</b>
Russell 1000 Value Index	4.2	19.7	-9.0	-0.3
S&P 500 Index	6.0	26.5	-5.6	0.4

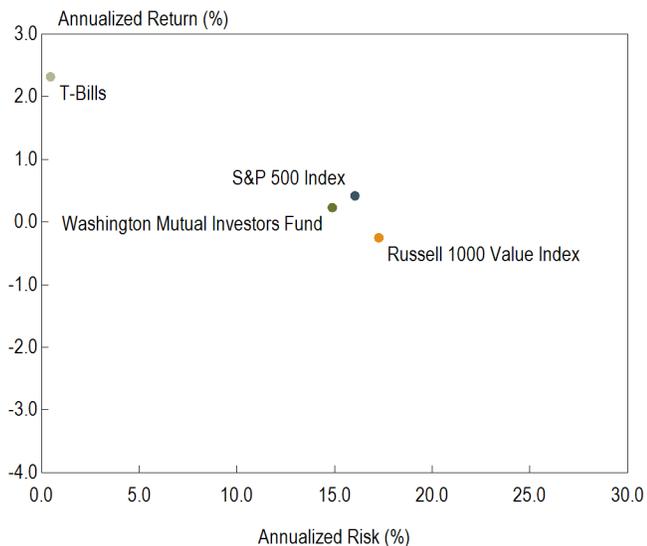
### Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. Management prefers companies that have paid consistent dividends and by mandate excludes those that derive their primary revenues from alcohol or tobacco. In particular, they seek companies that have paid dividends in at least nine of the last ten years.

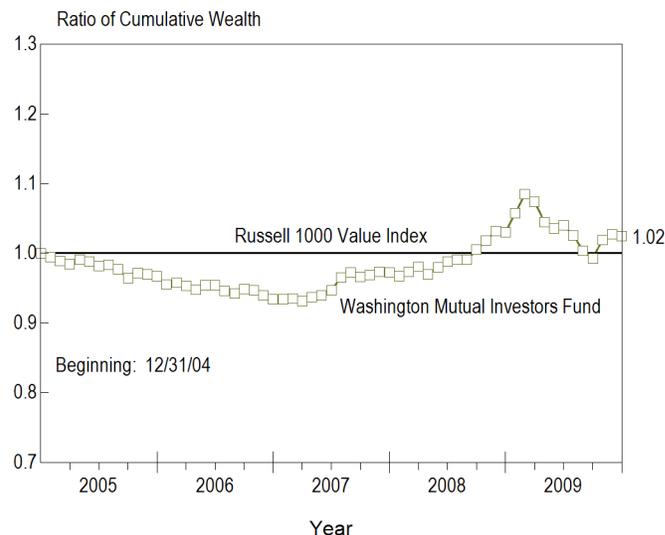
Capital Research & Management (the American Funds family) provides investment services for this Fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

As illustrated in the graphs below and the table above, Washington Mutual Investors Fund has outperformed the Russell 1000 Value Index over the trailing five-year period at a lower level of risk.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



Fund Information as of 12/31/2009

Fund Name	AMERICAN-WA-A
Ticker	AWSHX
Category	Large Value
Benchmark	Russell 1000 Value Index
Expense Ratio	0.67%
Fund Assets (millions)	38,906.06
Share Class Inception Date	7/31/1952
Manager Tenure	6

Sector Allocation as of 09/30/2009

BUSINESS SERVICES	4.06%
CONSUMER GOODS	10.54%
CONSUMER SERVICES	6.30%
ENERGY	14.21%
FINANCIAL SERVICES	7.74%
HARDWARE	4.66%
HEALTHCARE	14.13%
INDUSTRIAL MATERIALS	17.00%
MEDIA	0.44%
SOFTWARE	1.40%
TELECOMMUNICATION	8.21%
UTILITIES	10.43%

Top Holdings as of 09/30/2009

CHEVRON CORPORATION	4.89%
AT&T, INC.	3.94%
VERIZON COMMUNICATIONS INC.	3.76%
ROYAL DUTCH SHELL PLC ADR B	3.64%
MERCK & CO., INC.	3.24%
COCA-COLA COMPANY	2.61%
MCDONALD'S CORPORATION	2.52%
BOEING COMPANY	2.47%
UNITED TECHNOLOGIES	2.47%
ABBOTT LABORATORIES	2.39%

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference	S&P 500 Index	Return Difference
	Return	Return		Return	
1998	19.4 %	15.6 %	3.8	28.6 %	-9.2
1999	1.2	7.3	-6.1	21.0	-19.8
2000	9.1	7.0	2.1	-9.1	18.2
2001	1.5	-5.6	7.1	-11.9	13.4
2002	-14.8	-15.5	0.7	-22.1	7.3
2003	25.8	30.0	-4.2	28.7	-2.9
2004	9.9	16.5	-6.6	10.9	-1.0
2005	3.5	7.1	-3.6	4.9	-1.4
2006	18.0	22.2	-4.2	15.8	2.2
2007	4.0	-0.2	4.2	5.5	-1.5
2008	-33.1	-36.8	3.7	-37.0	3.9
2009	19.0	19.7	-0.7	26.5	-7.5
Trailing 3-Year	-6.1 %	-9.0 %	2.9	-5.6 %	-0.5
Trailing 5-Year	0.2	-0.3	0.5	0.4	-0.2
Trailing 10-Year	2.8	2.5	0.3	-0.9	3.7

# VANGUARD INSTITUTIONAL INDEX

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Vanguard Institutional Index Fund</b>	<b>6.1 %</b>	<b>26.6 %</b>	<b>-5.6 %</b>	<b>0.5 %</b>
S&P 500 Index	6.0	26.5	-5.6	0.4

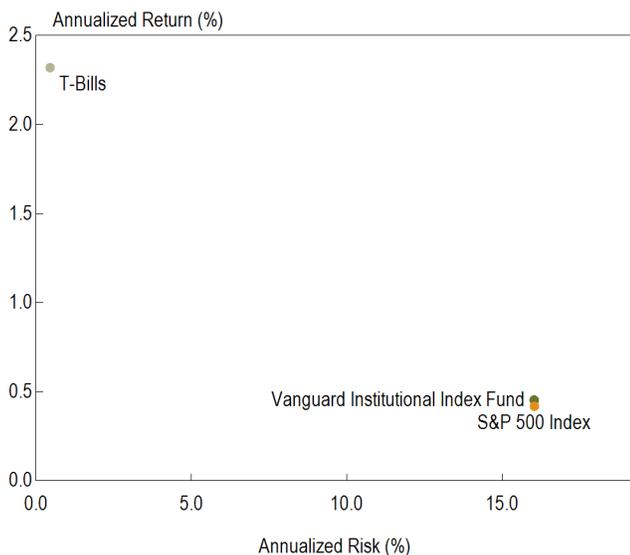
### Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The Fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

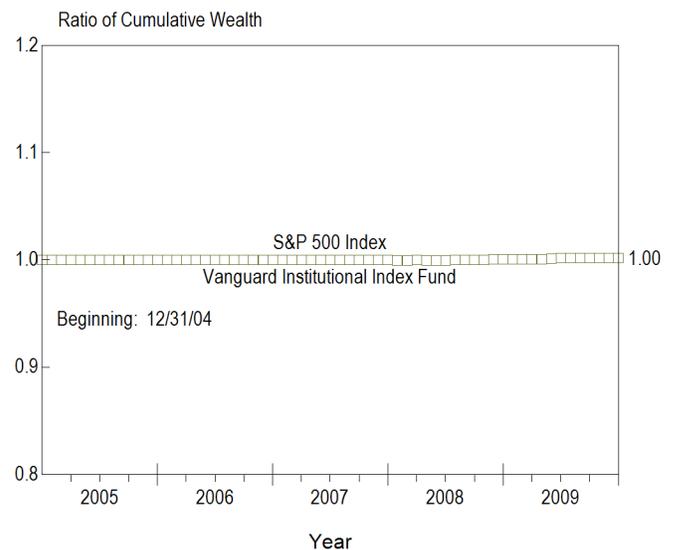
Management uses S&P 500 Index futures to manage fund inflows and outflows.

As illustrated in the graphs below and the table above, Vanguard Institutional Index Fund has tracked the Index over the trailing five-year period.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



Fund Information as of 12/31/2009

<b>Fund Name</b>	VANGUARD-INST-IS
<b>Ticker</b>	VINIX
<b>Category</b>	Large Blend
<b>Benchmark</b>	S&P 500 Index
<b>Expense Ratio</b>	0.05%
<b>Fund Assets (millions)</b>	44,401.04
<b>Share Class Inception Date</b>	7/31/1990
<b>Manager Tenure</b>	5

Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	3.31%
<b>CONSUMER GOODS</b>	10.84%
<b>CONSUMER SERVICES</b>	8.54%
<b>ENERGY</b>	11.73%
<b>FINANCIAL SERVICES</b>	15.16%
<b>HARDWARE</b>	10.99%
<b>HEALTHCARE</b>	12.37%
<b>INDUSTRIAL MATERIALS</b>	10.70%
<b>MEDIA</b>	2.51%
<b>SOFTWARE</b>	4.43%
<b>TELECOMMUNICATION</b>	5.40%
<b>UTILITIES</b>	3.64%

Top Holdings as of 09/30/2009

<b>EXXONMOBIL CORPORATION</b>	3.52%
<b>MICROSOFT CORPORATION</b>	2.14%
<b>GENERAL ELECTRIC COMPANY</b>	1.86%
<b>J.P. MORGAN CHASE &amp; CO.</b>	1.84%
<b>PROCTER &amp; GAMBLE COMPANY</b>	1.80%
<b>JOHNSON &amp; JOHNSON</b>	1.79%
<b>APPLE, INC.</b>	1.77%
<b>AT&amp;T, INC.</b>	1.70%
<b>INTERNATIONAL BUSINESS MACHINES CORP</b>	1.67%
<b>BANK OF AMERICA CORPORATION</b>	1.56%

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008	-37.0	-37.0	0.0
2009	26.6	26.5	0.1
Trailing 3-Year	-5.6%	-5.6%	0.0
Trailing 5-Year	0.5	0.4	0.1
Trailing 10-Year	-0.9	-0.9	0.0

# GROWTH FUND OF AMERICA

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Growth Fund of America</b>	<b>5.9%</b>	<b>34.9%</b>	<b>-2.8%</b>	<b>3.2%</b>
Russell 1000 Growth Index	7.9	37.2	-1.9	1.6

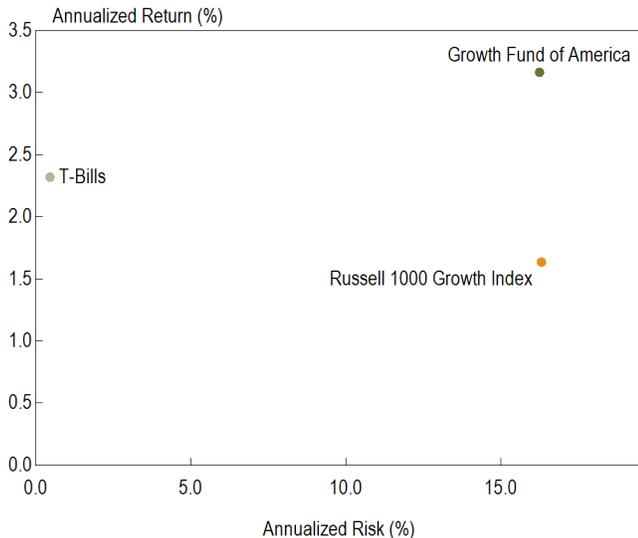
### Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

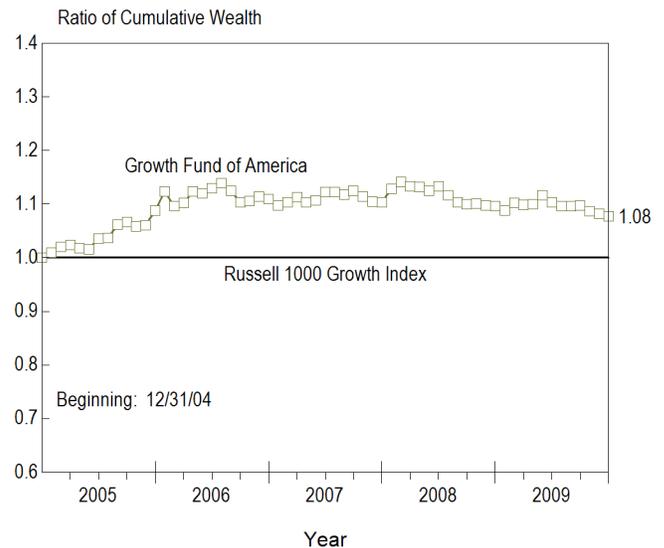
The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

As illustrated in the graphs below and the table above, Growth Fund of America has outperformed the Index over the trailing five-year period at approximately the same level of risk.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



Fund Information as of 12/31/2009

<b>Fund Name</b>	Mutual Fund
<b>Ticker</b>	RGAFX
<b>Category</b>	Large Growth
<b>Benchmark</b>	Russell 1000 Growth Index
<b>Expense Ratio</b>	0.40%
<b>Fund Assets (millions)</b>	15,294.99
<b>Share Class Inception Date</b>	5/15/2002
<b>Manager Tenure</b>	8

Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	5.44%
<b>CONSUMER GOODS</b>	7.22%
<b>CONSUMER SERVICES</b>	5.27%
<b>ENERGY</b>	9.47%
<b>FINANCIAL SERVICES</b>	11.02%
<b>HARDWARE</b>	10.98%
<b>HEALTHCARE</b>	11.50%
<b>INDUSTRIAL MATERIALS</b>	10.30%
<b>MEDIA</b>	3.28%
<b>SOFTWARE</b>	7.38%
<b>TELECOMMUNICATION</b>	6.19%
<b>UTILITIES</b>	0.83%

Top Holdings as of 09/30/2009

<b>MICROSOFT CORPORATION</b>	3.49%
<b>GOOGLE, INC.</b>	3.06%
<b>ORACLE CORPORATION</b>	2.53%
<b>APPLE, INC.</b>	2.04%
<b>CISCO SYSTEMS, INC.</b>	1.80%
<b>BANK OF AMERICA CORPORATION</b>	1.51%
<b>COCA-COLA COMPANY</b>	1.43%
<b>PHILIP MORRIS INTERNATIONAL INC</b>	1.32%
<b>J.P. MORGAN CHASE &amp; CO.</b>	1.30%
<b>MEDTRONIC, INC.</b>	1.28%

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.7	3.6
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008	-38.9	-38.4	-0.5
2009	34.9	37.2	-2.3
Trailing 3-Year	-2.8%	-1.9%	-0.9
Trailing 5-Year	3.2	1.6	1.6
Trailing 10-Year	2.6	-4.0	6.6

# VANGUARD TOTAL STOCK MARKET INDEX

## RETURN SUMMARY ENDING 12/31/09

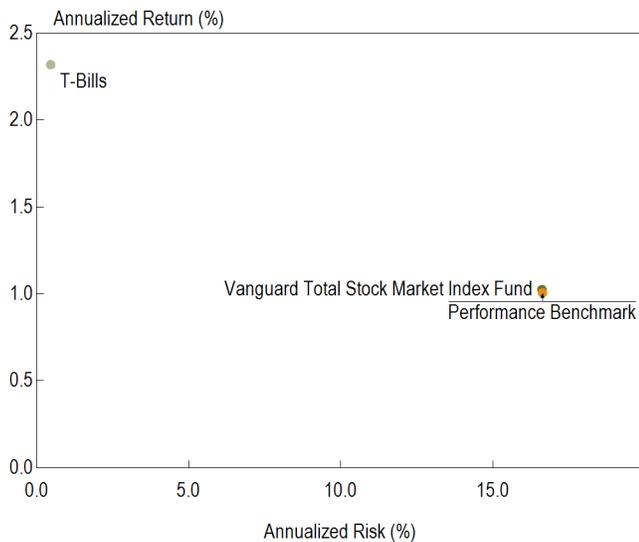
	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Vanguard Total Stock Market Index Fund</b>	<b>5.9 %</b>	<b>28.8 %</b>	<b>-5.0 %</b>	<b>1.0 %</b>
Performance Benchmark	5.9	28.8	-5.1	1.0

### Investment Strategy

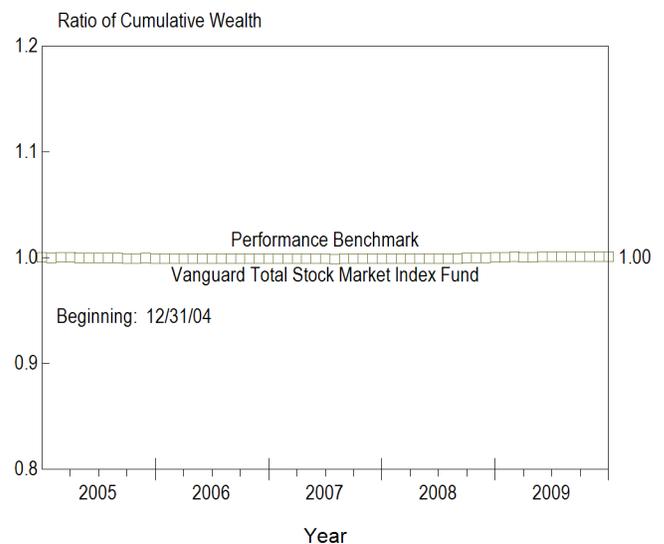
The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

As illustrated in the graphs below and the table above, Vanguard Total Stock Market Index Fund has closely tracked the return of the Index over the trailing five-year period.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



An explanation of the Performance Benchmark can be found in the Appendix.

# VANGUARD TOTAL STOCK MARKET INDEX

## Fund Information as of 09/30/2009

<b>Fund Name</b>	VANGUARD-T ST-AD
<b>Ticker</b>	VTSAX
<b>Category</b>	Large Blend
<b>Benchmark</b>	Performance Benchmark
<b>Expense Ratio</b>	0.06%
<b>Fund Assets (millions)</b>	25,590.18
<b>Share Class Inception Date</b>	11/13/2000
<b>Manager Tenure</b>	15

## Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	4.54%
<b>CONSUMER GOODS</b>	9.96%
<b>CONSUMER SERVICES</b>	8.59%
<b>ENERGY</b>	11.00%
<b>FINANCIAL SERVICES</b>	15.98%
<b>HARDWARE</b>	10.41%
<b>HEALTHCARE</b>	12.02%
<b>INDUSTRIAL MATERIALS</b>	10.99%
<b>MEDIA</b>	2.61%
<b>SOFTWARE</b>	4.55%
<b>TELECOMMUNICATION</b>	5.08%
<b>UTILITIES</b>	3.71%

## Top Holdings as of 09/30/2009

<b>EXXONMOBIL CORPORATION</b>	2.87%
<b>MICROSOFT CORPORATION</b>	1.78%
<b>GENERAL ELECTRIC COMPANY</b>	1.49%
<b>PROCTER &amp; GAMBLE COMPANY</b>	1.45%
<b>JOHNSON &amp; JOHNSON</b>	1.44%
<b>APPLE, INC.</b>	1.42%
<b>J.P. MORGAN CHASE &amp; CO.</b>	1.41%
<b>AT&amp;T, INC.</b>	1.37%
<b>INTERNATIONAL BUSINESS MACHINES CORP</b>	1.36%
<b>BANK OF AMERICA CORPORATION</b>	1.25%

## HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008	-36.9	-37.0	0.1
2009	28.8	28.8	0.0
Trailing 3-Year	-5.0%	-5.1%	0.1
Trailing 5-Year	1.0	1.0	0.0
Trailing 10-Year	-0.2	-0.2	0.0

# J.P. MORGAN DIVERSIFIED MID CAP GROWTH

## RETURN SUMMARY ENDING 12/31/09

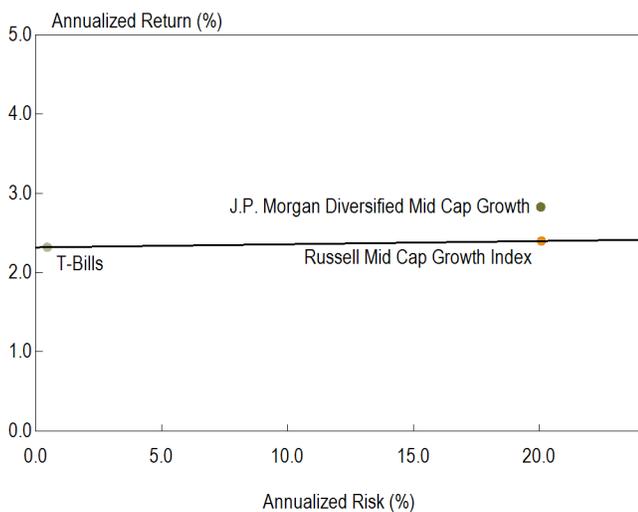
	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>J.P. Morgan Diversified Mid Cap Growth</b>	<b>7.6 %</b>	<b>42.9 %</b>	<b>-2.2 %</b>	<b>2.8 %</b>
Russell Mid Cap Growth Index	6.7	46.3	-3.2	2.4

## Investment Strategy

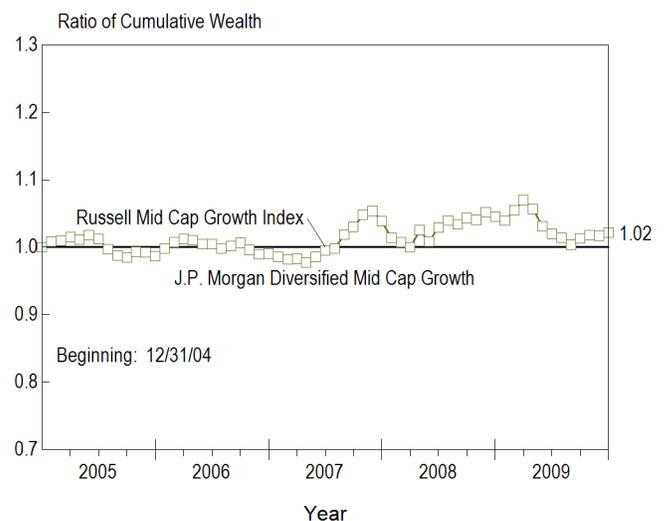
The J.P. Morgan Diversified Mid Cap Growth Fund seeks growth of capital and current income by investing primarily in equity securities. The Fund invests in common stocks of mid-cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell Mid Cap Growth Index; however, the Fund's actual allocations can vary from those in the Index. The Fund may use derivatives to hedge various investments.

As illustrated in the graphs below and the table above, J.P. Morgan Diversified Mid Cap Growth Fund has outperformed the return of the Index with approximately the same level of risk over the trailing five-year period.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



An explanation of the Performance Benchmark can be found in the Appendix.

## J.P. MORGAN DIVERSIFIED MID CAP GROWTH

### Fund Information as of 12/31/2009

<b>Fund Name</b>	JPMorgan:Dvds MCG;A
<b>Ticker</b>	OSGIX
<b>Category</b>	Mid-Cap Growth
<b>Benchmark</b>	Russell Mid Cap Growth Index
<b>Expense Ratio</b>	1.24%
<b>Fund Assets (millions)</b>	615.31
<b>Share Class Inception Date</b>	2/18/1992
<b>Manager Tenure</b>	5

### Sector Allocation as of 11/30/2009

<b>BUSINESS SERVICES</b>	10.43%
<b>CONSUMER GOODS</b>	7.49%
<b>CONSUMER SERVICES</b>	15.75%
<b>ENERGY</b>	5.47%
<b>FINANCIAL SERVICES</b>	12.58%
<b>HARDWARE</b>	11.54%
<b>HEALTHCARE</b>	11.32%
<b>INDUSTRIAL MATERIALS</b>	8.93%
<b>MEDIA</b>	1.68%
<b>SOFTWARE</b>	11.14%
<b>TELECOMMUNICATION</b>	2.94%
<b>UTILITIES</b>	0.00%

### Top Holdings as of 11/30/2009

<b>AMDOCS LTD.</b>	2.52%
<b>COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION A</b>	2.05%
<b>UNITEDHEALTH GROUP, INC.</b>	1.67%
<b>AMPHENOL CORPORATION</b>	1.53%
<b>PRECISION CASTPARTS CORP.</b>	1.49%
<b>MARVELL TECHNOLOGY GROUP, LTD.</b>	1.46%
<b>EXPRESS SCRIPTS</b>	1.37%
<b>NETAPP, INC.</b>	1.37%
<b>W.W. GRAINGER, INC.</b>	1.37%
<b>SOUTHWESTERN ENERGY COMPANY</b>	1.32%

### HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Diversified Mid Cap Growth	Russell Mid Cap Growth Index	Return Difference
	Return	Return	
1998	37.1%	17.9%	19.2
1999	28.7	51.3	-22.6
2000	5.6	-11.7	17.3
2001	-10.9	-20.2	9.3
2002	-20.4	-27.4	7.0
2003	26.5	42.7	-16.2
2004	12.6	15.5	-2.9
2005	10.6	12.1	-1.5
2006	11.0	10.7	0.3
2007	16.8	11.4	5.4
2008	-43.9	-44.3	0.4
2009	42.9	46.3	-3.4
Trailing 3-Year	-2.2%	-3.2%	1.0
Trailing 5-Year	2.8	2.4	0.4
Trailing 10-Year	2.1	-0.5	2.6

# VANGUARD MID CAP INDEX

## RETURN SUMMARY ENDING 12/31/09

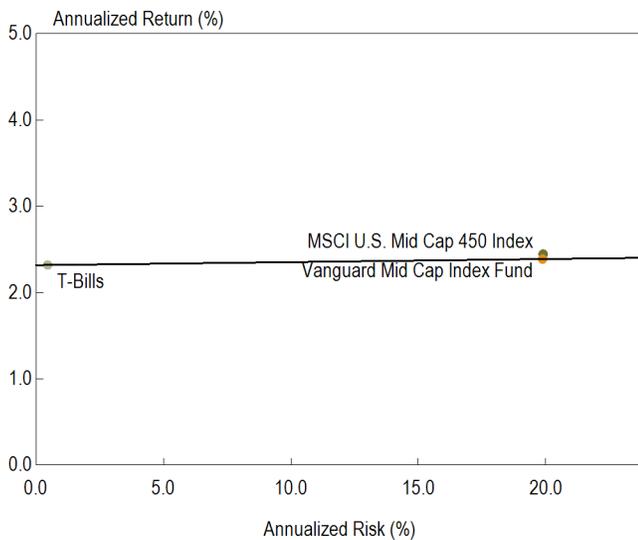
	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Vanguard Mid Cap Index Fund</b>	<b>6.6 %</b>	<b>40.5 %</b>	<b>-4.6 %</b>	<b>2.4 %</b>
MSCI U.S. Mid Cap 450 Index	6.6	40.5	-4.6	2.4

### Investment Strategy

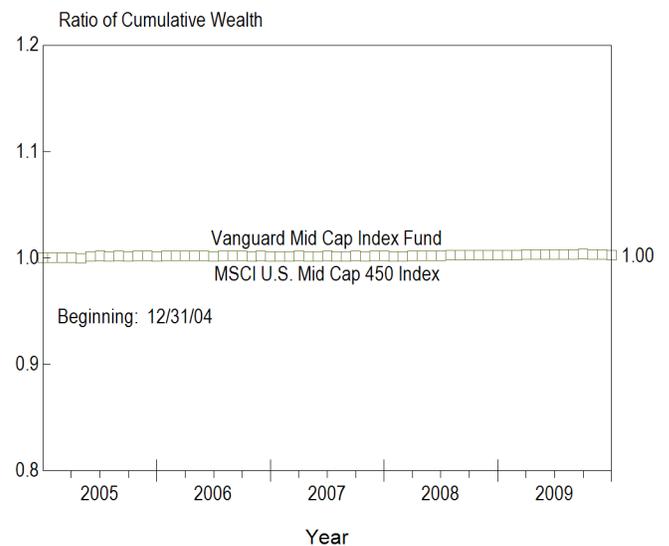
The Vanguard Mid Cap Index Fund seeks to replicate the performance of the MSCI U.S. Mid Cap 450 Index. In 2003, the Fund adopted the MSCI version of the mid-cap index. The Performance Benchmark consists of the S&P Mid Cap 400 Index prior to June 2003. In June 2003, the benchmark was changed to the MSCI Mid Cap 450 Index.

As illustrated in the graphs below and the table above, Vanguard Mid Cap Index Fund has matched the return of the Index over the trailing five-year period.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



Fund Information as of 12/31/2009

<b>Fund Name</b>	VANGUARD-MC I-IS
<b>Ticker</b>	VMCIX
<b>Category</b>	Mid-Cap Blend
<b>Benchmark</b>	MSCI U.S. Mid Cap 450 Index
<b>Expense Ratio</b>	0.09%
<b>Fund Assets (millions)</b>	5,960.13
<b>Share Class Inception Date</b>	5/21/1998
<b>Manager Tenure</b>	12

Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	6.47%
<b>CONSUMER GOODS</b>	9.14%
<b>CONSUMER SERVICES</b>	10.24%
<b>ENERGY</b>	8.60%
<b>FINANCIAL SERVICES</b>	18.15%
<b>HARDWARE</b>	8.75%
<b>HEALTHCARE</b>	9.07%
<b>INDUSTRIAL MATERIALS</b>	13.32%
<b>MEDIA</b>	2.24%
<b>SOFTWARE</b>	5.54%
<b>TELECOMMUNICATION</b>	2.28%
<b>UTILITIES</b>	6.09%

Top Holdings as of 09/30/2009

<b>INTUITIVE SURGICAL, INC.</b>	0.59%
<b>DISCOVER FINANCIAL SERVICES</b>	0.51%
<b>HARTFORD FINANCIAL SERVICES GROUP, INC.</b>	0.51%
<b>MARVELL TECHNOLOGY GROUP, LTD.</b>	0.50%
<b>BUNGE, LTD.</b>	0.49%
<b>HCP, INC.</b>	0.49%
<b>CAMERON INTERNATIONAL CORPORATION</b>	0.48%
<b>CONSOL ENERGY, INC.</b>	0.48%
<b>LIFE TECHNOLOGIES CORP</b>	0.48%
<b>WESTERN DIGITAL CORPORATION</b>	0.48%

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Mid Cap Index Fund	MSCI U.S. Mid Cap 450 Index	Return Difference
	Return	Return	
1998 (7 months)	11.1%	1.9%	9.2
1999	15.5	34.3	-18.8
2000	18.4	-1.9	20.3
2001	-0.4	-6.4	6.0
2002	-14.5	-16.5	2.0
2003	34.3	39.0	-4.7
2004	20.5	20.5	0.0
2005	14.1	13.9	0.2
2006	13.8	13.7	0.1
2007	6.2	6.2	0.0
2008	-41.8	-41.8	0.0
2009	40.5	40.5	0.0
Trailing 3-Year	-4.6%	-4.6%	0.0
Trailing 5-Year	2.4	2.4	0.0
Trailing 10-Year	6.3	3.8	2.5

# VANGUARD SMALL CAP INDEX

## RETURN SUMMARY

ENDING 12/31/09

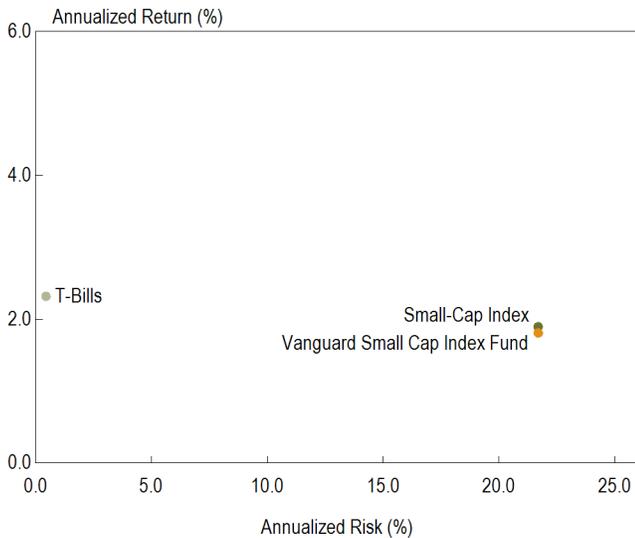
	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Vanguard Small Cap Index Fund</b>	<b>4.1%</b>	<b>36.3%</b>	<b>-4.1%</b>	<b>1.9%</b>
Small-Cap Index	4.1	36.1	-4.2	1.8

## Investment Strategy

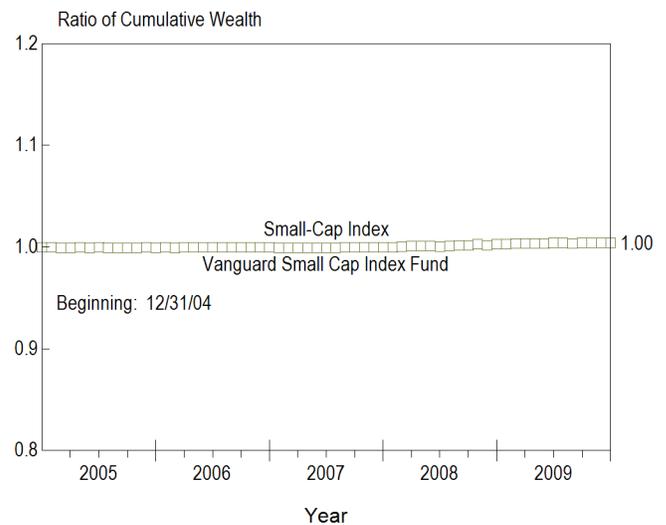
The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI U.S. 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to June 30, 2003, the Fund used a sampling technique to track the Russell 2000 Index. The Fund was moved from Admiral shares to the new Signal share class on October 6, 2007.

As illustrated in the graphs below and the table above, Vanguard Small Cap Index Fund has approximated the return of the Index over the trailing five-year period.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



An explanation of the Performance Benchmark can be found in the Appendix.

## VANGUARD SMALL CAP INDEX

### Fund Information as of 12/31/2009

<b>Fund Name</b>	VANGUARD-SC I-AD
<b>Ticker</b>	VSMAX
<b>Category</b>	Small Blend
<b>Benchmark</b>	Small-Cap Index
<b>Expense Ratio</b>	0.15%
<b>Fund Assets (millions)</b>	1,992.41
<b>Share Class Inception Date</b>	11/13/2000
<b>Manager Tenure</b>	18

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	9.25%
<b>CONSUMER GOODS</b>	9.21%
<b>CONSUMER SERVICES</b>	8.48%
<b>ENERGY</b>	5.01%
<b>FINANCIAL SERVICES</b>	21.05%
<b>HARDWARE</b>	8.34%
<b>HEALTHCARE</b>	10.76%
<b>INDUSTRIAL MATERIALS</b>	11.82%
<b>MEDIA</b>	2.06%
<b>SOFTWARE</b>	5.60%
<b>TELECOMMUNICATION</b>	4.29%
<b>UTILITIES</b>	3.85%

### Top Holdings as of 09/30/2009

<b>GENWORTH FINANCIAL, INC.</b>	0.47%
<b>AMERICAN INTERNATIONAL GROUP</b>	0.43%
<b>ROVI CORP</b>	0.28%
<b>SL GREEN REALTY CORPORATION</b>	0.26%
<b>ASHLAND, INC.</b>	0.25%
<b>DENDREON CORPORATION</b>	0.25%
<b>F5 NETWORKS, INC.</b>	0.25%
<b>AEROPOSTALE, INC.</b>	0.24%
<b>HUMAN GENOME SCIENCES</b>	0.24%
<b>MSCI, INC.</b>	0.24%

### HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008	-36.0	-36.2	0.2
2009	36.3	36.1	0.2
Trailing 3-Year	-4.1%	-4.2%	0.1
Trailing 5-Year	1.9	1.8	0.1
Trailing 10-Year	4.4	4.3	0.1

# LORD ABBETT DEVELOPING GROWTH

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Lord Abbett Developing Growth Fund</b>	<b>5.8 %</b>	<b>47.0 %</b>	<b>1.6 %</b>	<b>5.7 %</b>
Russell 2000 Growth Index	4.1	34.5	-4.0	0.9

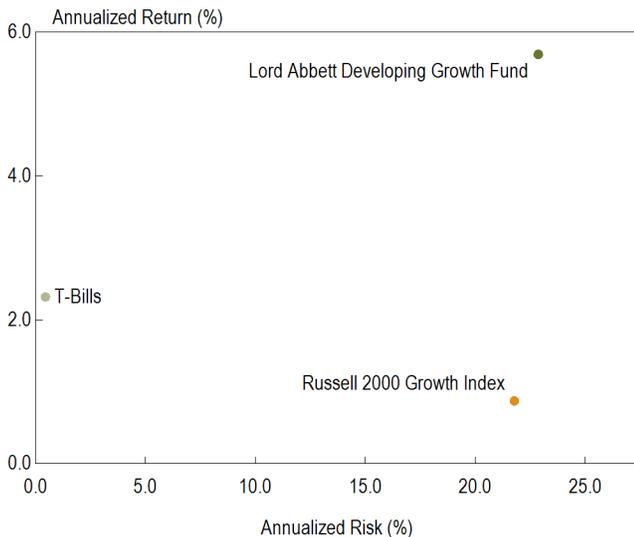
### Investment Approach

Management of the Lord Abbett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer, and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

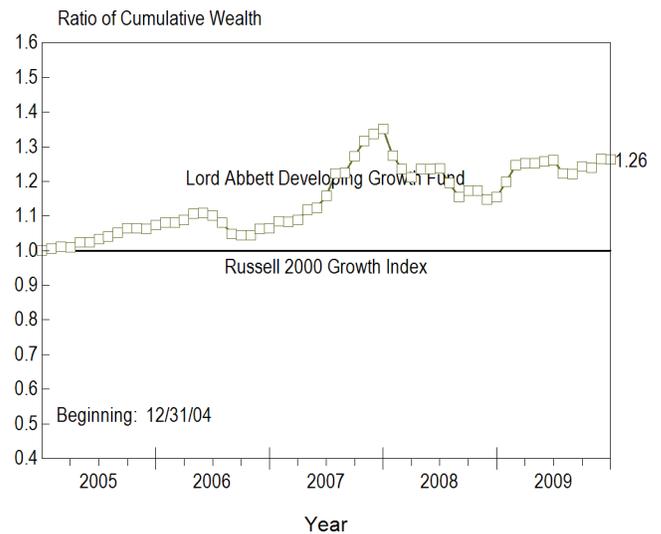
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

As illustrated in the graphs below and the table above, Lord Abbett Developing Growth Fund has exceeded the return of the Index over the trailing five-year period at a slightly higher level of risk.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



## LORD ABBETT DEVELOPING GROWTH

### Fund Information as of 12/31/2009

<b>Fund Name</b>	Lord Abbett Dev Gro;A
<b>Ticker</b>	LAGWX
<b>Category</b>	Small Growth
<b>Benchmark</b>	Russell 2000 Growth Index
<b>Expense Ratio</b>	1.28%
<b>Fund Assets (millions)</b>	526.74
<b>Share Class Inception Date</b>	10/10/1973
<b>Manager Tenure</b>	6

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	12.23%
<b>CONSUMER GOODS</b>	5.74%
<b>CONSUMER SERVICES</b>	11.10%
<b>ENERGY</b>	2.10%
<b>FINANCIAL SERVICES</b>	8.32%
<b>HARDWARE</b>	18.68%
<b>HEALTHCARE</b>	15.74%
<b>INDUSTRIAL MATERIALS</b>	10.61%
<b>MEDIA</b>	0.98%
<b>SOFTWARE</b>	9.84%
<b>TELECOMMUNICATION</b>	2.63%
<b>UTILITIES</b>	1.73%

### Top Holdings as of 09/30/2009

<b>ENERNOC, INC.</b>	1.97%
<b>SILICON LABORATORIES, INC.</b>	1.82%
<b>NETLOGIC MICROSYSTEMS, INC.</b>	1.69%
<b>VISTAPRINT, LTD.</b>	1.66%
<b>CONCUR TECHNOLOGIES, INC.</b>	1.64%
<b>ALEXION PHARMACEUTICALS, INC.</b>	1.62%
<b>MERCADOLIBRE, INC.</b>	1.55%
<b>SUCCESSFACTORS, INC.</b>	1.50%
<b>LULULEMON ATHLETICA, INC</b>	1.48%
<b>LUMBER LIQUIDATORS, INC.</b>	1.45%

### HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.2	7.7
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008	-47.5	-38.5	-9.0
2009	47.0	34.5	12.5
Trailing 3-Year	1.6%	-4.0%	5.6
Trailing 5-Year	5.7	0.9	4.8
Trailing 10-Year	0.6	-1.4	2.0

# HEARTLAND VALUE INSTITUTIONAL

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>Heartland Value Institutional Fund</b>	<b>4.1 %</b>	<b>44.9 %</b>	<b>-6.0 %</b>	<b>1.6 %</b>
Russell 2000 Value Index	3.6	20.6	-8.2	0.0

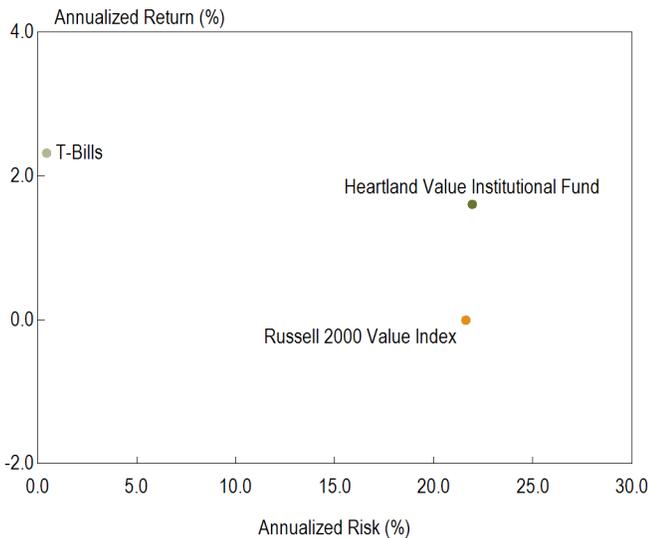
### Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

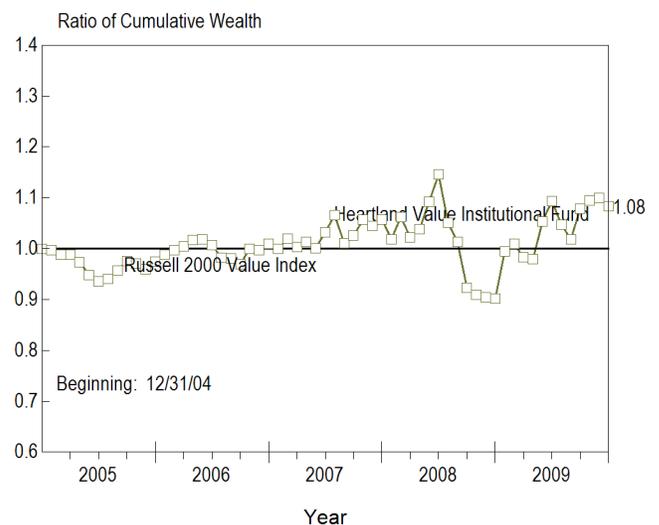
Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

As illustrated in the graphs below and the table above, Heartland Value Fund has outperformed the Index over the trailing five-year period at a similar level of risk.

### ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 5 YEARS ENDING 12/31/09



## Fund Information as of 12/31/2009

<b>Fund Name</b>	Heartland Val Inst
<b>Ticker</b>	HNTVX
<b>Category</b>	Small Value
<b>Benchmark</b>	Russell 2000 Value Index
<b>Expense Ratio</b>	0.99%
<b>Fund Assets (millions)</b>	57.45
<b>Share Class Inception Date</b>	5/1/2008
<b>Manager Tenure</b>	6

## Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	7.75%
<b>CONSUMER GOODS</b>	10.50%
<b>CONSUMER SERVICES</b>	2.89%
<b>ENERGY</b>	8.38%
<b>FINANCIAL SERVICES</b>	6.51%
<b>HARDWARE</b>	7.00%
<b>HEALTHCARE</b>	23.09%
<b>INDUSTRIAL MATERIALS</b>	17.52%
<b>MEDIA</b>	0.64%
<b>SOFTWARE</b>	4.98%
<b>TELECOMMUNICATION</b>	4.44%
<b>UTILITIES</b>	3.41%

## Top Holdings as of 09/30/2009

<b>ANALOGIC CORPORATION</b>	2.96%
<b>INTERDIGITAL, INC.</b>	2.92%
<b>HOLLYSYS AUTOMATION TECHNOLOGIES LTD</b>	2.59%
<b>FORCE PROTECTION, INC.</b>	2.30%
<b>BASIC SANITATION COMPANY OF THE STATE OF SAO PAULO ADR</b>	2.24%
<b>BIOSCRIP, INC.</b>	2.22%
<b>ACCURAY, INC.</b>	2.00%
<b>SWIFT ENERGY COMPANY</b>	1.99%
<b>ROSETTA RESOURCES, INC.</b>	1.85%
<b>SHERRITT INTERNATIONAL CORP</b>	1.81%

## HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Institutional Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5%	-6.5%	-5.0
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.2	-13.1
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008	-39.4	-28.9	-10.5
2009	44.9	20.6	24.3
Trailing 3-Year	-6.0%	-8.2%	2.2
Trailing 5-Year	1.6	0.0	1.6
Trailing 10-Year	8.9	8.3	0.6

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**RETURN SUMMARY  
ENDING 12/31/09**

	Fourth Quarter	1 Year Ending 12/31/09	3 Years Ending 12/31/09	5 Years Ending 12/31/09
<b>EuroPacific Growth Fund</b>	<b>3.5 %</b>	<b>39.5 %</b>	<b>-0.3 %</b>	<b>8.0 %</b>
MSCI All Country World ex-U.S. Index	3.7	41.4	-3.5	5.8

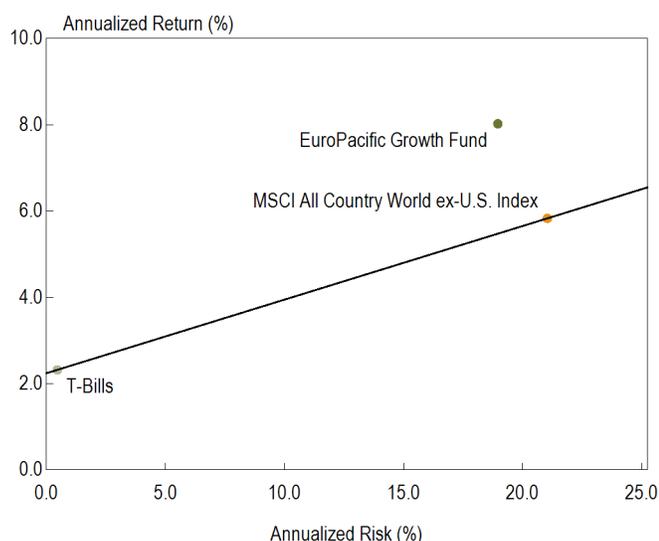
**Investment Approach**

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

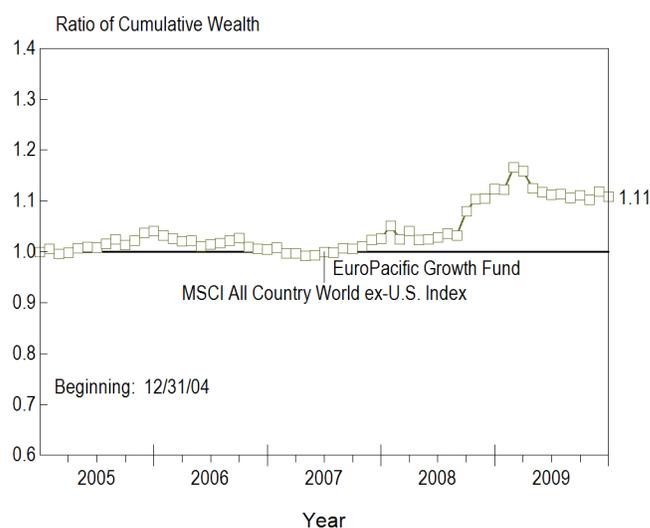
The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

As illustrated in the graphs below and the table above, EuroPacific Growth Fund has exceeded the return of the Index over the trailing five-year period at a lower level of risk.

**ANNUALIZED RISK RETURN  
5 YEARS ENDING 12/31/09**



**RATIO OF CUMULATIVE WEALTH  
5 YEARS ENDING 12/31/09**



## EUROPACIFIC GROWTH

### Fund Information as of 12/31/2009

<b>Fund Name</b>	AMERICAN-EU-R5
<b>Ticker</b>	RERFX
<b>Category</b>	Foreign Large Blend
<b>Benchmark</b>	MSCI All Country World ex-U.S. Index
<b>Expense Ratio</b>	0.54%
<b>Fund Assets (millions)</b>	17,707.71
<b>Share Class Inception Date</b>	5/15/2002
<b>Manager Tenure</b>	9

### Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	1.38%
<b>CONSUMER GOODS</b>	15.92%
<b>CONSUMER SERVICES</b>	4.83%
<b>ENERGY</b>	8.73%
<b>FINANCIAL SERVICES</b>	19.11%
<b>HARDWARE</b>	3.68%
<b>HEALTHCARE</b>	11.17%
<b>INDUSTRIAL MATERIALS</b>	10.68%
<b>MEDIA</b>	1.11%
<b>SOFTWARE</b>	1.53%
<b>TELECOMMUNICATION</b>	9.54%
<b>UTILITIES</b>	3.23%

### Top Holdings as of 09/30/2009

<b>BAYER AG</b>	2.64%
<b>AMERICA MOVIL S.A.B. DE C.V. ADR L</b>	2.25%
<b>ANHEUSER-BUSCH INBEV SA</b>	2.05%
<b>ROCHE HOLDING AG</b>	1.92%
<b>BANCO SANTANDER SA</b>	1.89%
<b>NOVARTIS</b>	1.85%
<b>TELEFONICA, S.A.</b>	1.72%
<b>GAZPROM OAO (EDR)</b>	1.57%
<b>NOVO NORDISK A/S</b>	1.51%
<b>SAMSUNG ELECTRONICS</b>	1.39%

### HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.7	-4.5
2007	19.2	16.7	2.5
2008	-40.4	-45.5	5.1
2009	39.5	41.4	-1.9
Trailing 3-Year	-0.3%	-3.5%	3.2
Trailing 5-Year	8.0	5.8	2.2
Trailing 10-Year	3.9	2.7	1.2

## EUROPACIFIC GROWTH

### COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 12/31/09

	Manager Allocation	Index Allocation	Index Return
<b>Europe</b>			
Austria	0.7 %	0.2 %	-9.8 %
Belgium	2.5	0.7	1.6
Czech Republic*	--	0.1	-6.9
Denmark	1.8	0.6	-2.8
Finland	0.6	0.8	-3.5
France	9.3	7.8	2.1
Germany	9.4	5.7	2.2
Greece	0.4	0.4	-22.4
Hungary*	0.2	0.1	3.5
Ireland	0.8	0.2	-2.7
Italy	1.7	2.4	-2.7
Netherlands	2.0	1.9	3.8
Norway	0.8	0.6	14.9
Poland*	0.1	0.3	12.9
Portugal	0.2	0.2	0.4
Russia*	2.2	1.4	10.5
Spain	4.3	3.2	1.3
Sweden	1.3	1.8	3.6
Switzerland	8.1	5.4	3.8
United Kingdom	9.9	15.2	7.0
<b>Asia/Pacific</b>			
Australia	2.7 %	5.9 %	4.9 %
China*	3.3	4.0	7.7
Hong Kong	1.1	1.6	3.6
India*	2.8	1.7	7.7
Indonesia*	0.5	0.4	5.1
Japan	8.9	14.6	-2.8
Korea*	2.2	2.8	2.3
Malaysia*	0.1	0.6	6.7
New Zealand	--	0.1	-0.1
Philippines*	0.3	0.1	9.7
Singapore	0.2	1.0	9.8
Taiwan, China*	1.8	2.5	8.1
Thailand*	--	0.3	1.1
<b>Americas</b>			
Brazil*	3.6 %	3.8 %	12.9 %
Canada	3.2	7.3	5.0
Chile*	--	0.3	15.3
Colombia*	--	0.1	-1.1
Mexico*	3.2	1.0	13.7
Peru*	--	0.1	0.8
United States	--	--	5.9
<b>Other</b>			
Egypt*	--	0.1 %	-6.2 %
Israel*	1.2 %	0.6	14.0
Morocco*	--	0.0	-7.1
Other Countries*	0.4	--	--
South Africa*	1.3	1.5	9.4
Turkey*	0.4	0.3	9.1
<b>Cash</b>			
Cash	6.5 %	--	--
<b>Total</b>	100.0 %	100.0 %	3.7 %
Developed	69.9	77.6	
Emerging*	23.6	22.4	
Cash	6.5	--	

# VANGUARD FTSE ALL WORLD EX-U.S. INDEX

## RETURN SUMMARY ENDING 12/31/09

	Fourth Quarter	1 Year Ending 12/31/09	Since Inception	Inception Date
<b>Vanguard FTSE All World ex-U.S. Index</b>	<b>3.2 %</b>	<b>39.0 %</b>	<b>-4.6 %</b>	<b>3/31/07</b>
FTSE All World ex-U.S. Index	3.7	43.3	-4.0	

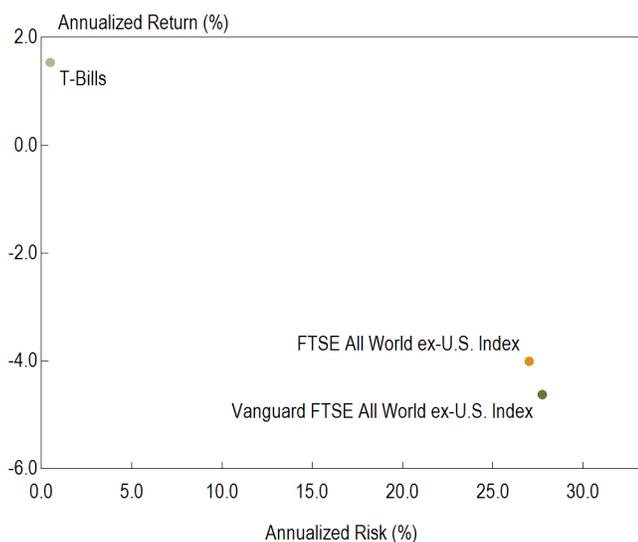
### Investment Strategy

The Vanguard FTSE All World ex-U.S. Index Fund is designed to track the investment performance of the FTSE All World ex-U.S. Index which is comprised of approximately 47 developed and emerging countries, excluding the U.S., while including Canada.

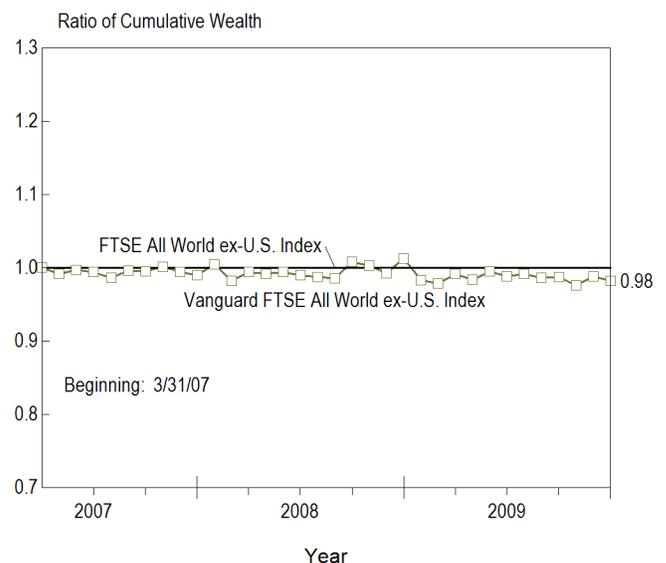
The Fund's year-to-date return has trailed the return of the Index. The discrepancy is due to the effects of fair value pricing which is employed by Vanguard. During the trailing one-year period, the Fund has lagged the Index also as a result of fair value pricing. Since the Fund's inception in April 2007, it has trailed the Index by 60 basis points.

As illustrated in the graphs below and the table above, FTSE All World ex-U.S. Index Fund has underperformed the return of the Index since its inception at a modestly higher risk level.

### ANNUALIZED RISK RETURN 2 YEARS 9 MONTHS ENDING 12/31/09



### RATIO OF CUMULATIVE WEALTH 2 YEARS 9 MONTHS ENDING 12/31/09



# VANGUARD FTSE ALL WORLD EX-U.S. INDEX

## Fund Information as of 12/31/2009

<b>Fund Name</b>	Vanguard FTSE AWIdexUS It
<b>Ticker</b>	VFWSX
<b>Category</b>	Foreign Large Blend
<b>Benchmark</b>	FTSE All World ex-U.S. Index
<b>Expense Ratio</b>	0.15%
<b>Fund Assets (millions)</b>	1,981.37
<b>Share Class Inception Date</b>	4/30/2007
<b>Manager Tenure</b>	3

## Sector Allocation as of 09/30/2009

<b>BUSINESS SERVICES</b>	3.26%
<b>CONSUMER GOODS</b>	13.96%
<b>CONSUMER SERVICES</b>	4.45%
<b>ENERGY</b>	10.38%
<b>FINANCIAL SERVICES</b>	25.98%
<b>HARDWARE</b>	2.54%
<b>HEALTHCARE</b>	5.98%
<b>INDUSTRIAL MATERIALS</b>	16.28%
<b>MEDIA</b>	1.33%
<b>SOFTWARE</b>	0.93%
<b>TELECOMMUNICATION</b>	7.58%
<b>UTILITIES</b>	4.49%

## Top Holdings as of 09/30/2009

<b>HSBC HOLDINGS PLC</b>	1.34%
<b>BP PLC</b>	1.13%
<b>NESTLE</b>	1.06%
<b>TOTAL SA</b>	0.96%
<b>BANCO SANTANDER SA</b>	0.90%
<b>TELEFONICA, S.A.</b>	0.86%
<b>VODAFONE GROUP PLC</b>	0.80%
<b>NOVARTIS</b>	0.77%
<b>ROCHE HOLDING AG</b>	0.77%
<b>BHP BILLITON LIMITED</b>	0.75%

## HISTORICAL RETURNS

(BY Years)

	Vanguard FTSE All World ex-U.S. Index	FTSE All World ex-U.S. Index
	Return	Return
2007 (9 months)	12.7 %	13.9 %
2008	-44.0	-45.3
2009	39.0	43.3
Since Inception (3/31/07)	-4.6 %	-4.0 %

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## RETURNS OF THE MAJOR CAPITAL MARKETS

	Fourth Quarter	Annualized Periods Ending 12/31/09				
		1-Year	3-Year	5-Year	10-Year	15-Year
<b>Domestic Stock Indices:</b>						
Dow Jones US Total Stock Index	5.8%	28.6%	-5.2%	1.0%	-0.2%	8.1%
S&P 500 Index	6.0	26.5	-5.6	0.4	-0.9	8.0
Russell 3000 Index	5.9	28.3	-5.4	0.8	-0.2	8.1
Russell 1000 Value Index	4.2	19.7	-9.0	-0.3	2.5	8.9
Russell 1000 Growth Index	7.9	37.2	-1.9	1.6	-4.0	6.9
Russell MidCap Value Index	5.2	34.2	-6.6	2.0	7.6	10.9
Russell MidCap Growth Index	6.7	46.3	-3.2	2.4	-0.5	8.2
Russell 2000 Value Index	3.6	20.6	-8.2	0.0	8.3	9.9
Russell 2000 Growth Index	4.1	34.5	-4.0	0.9	-1.4	5.0
<b>Domestic Bond Indices:</b>						
Barclays Capital Aggregate Index	0.2%	5.9%	6.0%	5.0%	6.3%	6.8%
Barclays Capital Govt/Credit Index	-0.2	4.5	5.8	4.7	6.3	6.8
Barclays Capital Long Govt/Credit Index	-2.6	1.9	5.6	5.0	7.7	8.1
Barclays Capital 1-3 Year Govt/Credit Index	0.4	3.8	5.2	4.3	4.9	5.4
Barclays Capital U.S. MBS Index	0.6	5.9	7.0	5.8	6.5	7.0
Barclays Capital High Yield Index	6.2	58.2	6.0	6.5	6.7	7.6
Barclays Capital Universal Index	0.6	8.6	5.8	5.0	6.4	6.9
<b>Real Estate Indices:</b>						
NCREIF Property Index	-2.1%	-16.9%	-3.4%	4.7%	7.3%	8.8%
NCREIF ODCE Index	-3.7	-30.4	-10.6	-0.2	4.0	6.5
Dow Jones Real Estate Securities Index	9.0	29.0	-13.9	-0.2	10.5	9.7
FTSE NAREIT US Real Estate Index	9.4	28.0	-12.4	0.3	10.6	9.8
<b>Foreign/Global Stock Indices:</b>						
MSCI All Country World Index	4.6%	34.6%	-4.6%	3.1%	0.4%	6.2%
MSCI All Country World IMI	4.5	36.4	-4.8	3.1	0.8	6.1
MSCI All Country World ex-U.S. Index	3.7	41.4	-3.5	5.8	2.7	5.7
MSCI All Country World ex-U.S. IMI	3.7	43.6	-3.4	6.0	2.7	5.4
MSCI All Country World ex-U.S. Small Cap Index	3.1	62.9	-3.5	6.9	6.5	5.3
MSCI EAFE Index	2.2	31.8	-6.0	3.5	1.2	4.9
MSCI EAFE IMI	1.8	33.2	-6.1	3.7	1.1	4.8
MSCI EAFE Index (in local currency)	3.3	24.7	-8.3	3.0	-1.0	4.2
MSCI Emerging Markets IMI	9.0	82.4	5.6	15.8	9.1	5.3
<b>Foreign Bond Indices:</b>						
Citigroup World Gov't Bond Index	-2.1%	4.4%	8.6%	4.5%	6.6%	6.4%
Citigroup Hedged World Gov't Bond Index	0.1	2.4	5.1	4.8	5.3	7.2
<b>Cash Equivalents:</b>						
Treasury Bills (30-Day)	0.0%	0.1%	1.7%	2.3%	2.4%	3.2%
EnnisKnupp STIF Index	0.1	0.5	2.9	3.4	3.3	4.0
<b>Inflation Index:</b>						
Consumer Price Index	0.0%	2.7%	2.3%	2.6%	2.5%	2.5%

## APPENDIX II

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### Benchmark Descriptions

**iMoney Net Money Fund Average** - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

**Custom Benchmark (Personal Strategy Balanced)** - A mix of 51% Dow Jones U.S. Total Stock Market Index, 30% Barclays Capital Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

**Custom Benchmark (Personal Strategy Growth)** - A mix of 65% Dow Jones U.S. Total Stock Market Index, 20% Barclays Capital Aggregate Bond Index and 12% MSCI EAFE Index.

**Custom Benchmark (Personal Strategy Income)** - A mix of 34% Dow Jones U.S. Total Stock Market Index, 40% Barclays Capital Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

**Performance Benchmark (Vanguard Total Stock Market Index)** - Dow Jones U.S. Total Stock Market Index until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

**Performance Benchmark (Vanguard Small Cap Index)** - Russell 2000 Index until 6/30/2003, the MSCI U.S 1750 Small Cap Index going forward.

**EnnisKnupp GIC Index** - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

**Barclays Capital Aggregate Bond Index** - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

**MSCI All Country World ex-U.S. Free Index** - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

**MSCI U.S. 1750 Small Cap Index** - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

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## Benchmark Descriptions

**S&P 500 Index** - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

**FTSE All World ex-U.S. Index** - An index of stocks representing approximately 47 developed and emerging countries, excluding the U.S. while including Canada.

**Russell 1000 Index** - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

**Russell 1000 Value Index** - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

**Russell 1000 Growth Index** - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

**Russell Mid Cap Index** - A capitalization-weighted index consisting of the smallest 800 companies in the Russell 1000 Index. The Russell 1000 Index represents the 1,000 largest publicly traded stocks by capitalization.

**Russell 2500 Index** - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

**Russell 2000 Index** - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

**Russell 2000 Value Index** - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

**Russell 2000 Growth Index** - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

**Dow Jones U.S. Total Stock Market Index** - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

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