



Investment Proposal

Prepared for AAVSO

December 03, 2012

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Private Wealth Management

Robert W. Baird & Co.

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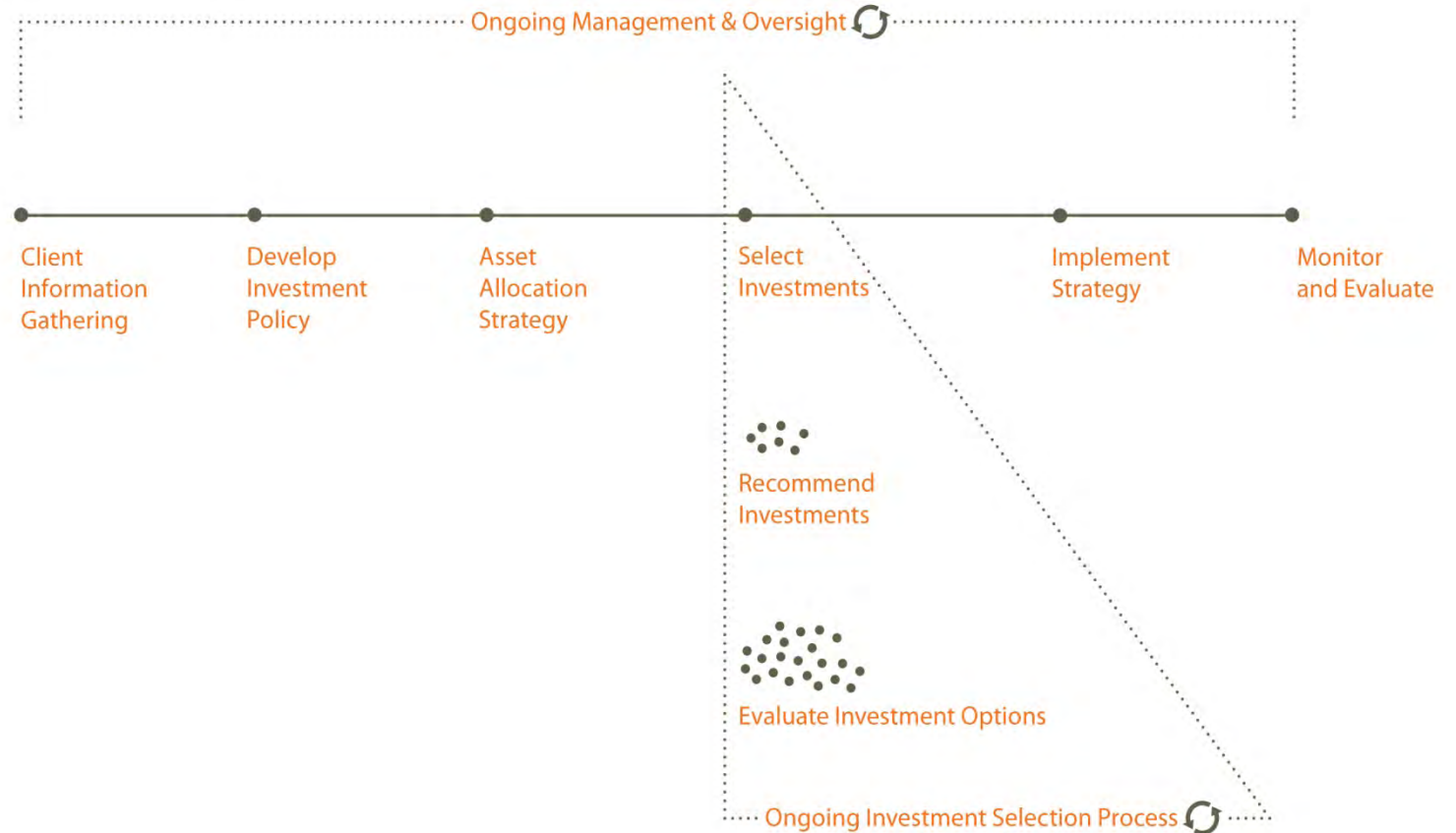
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Overview of Investment Process

Baird Investment Process

Baird offers the benefits of diversification through asset allocation expertise and a disciplined initial and ongoing investment process, which are integral to managing your investments.



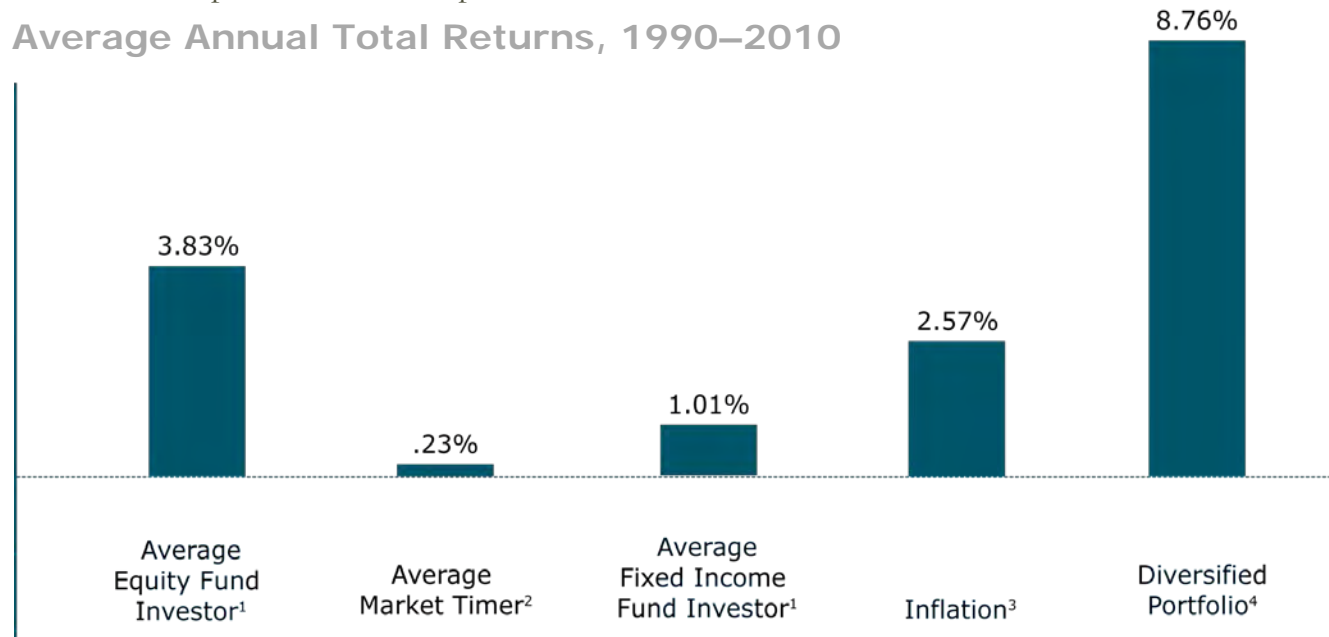
Diversification does not ensure a profit or guarantee against loss.

The Importance of Process

The Average Investor

Lack of a disciplined investment process hinders investment results

Average Annual Total Returns, 1990–2010



Source: “Quantitative Analysis of Investor Behavior” Report, 2011, Dalbar, Inc. (January 1990 – December 2010)

This material is for illustrative purposes only and is not meant to represent any specific investment or investment allocation.

¹Average stock investor, average bond investor and average asset allocation investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions and exchanges for each period.

²The Average Market Timer return is calculated by subtracting the Systematic Equity Investor return (an investment made in equal monthly increments for the 20-year period, using S&P 500 performance) from the Average Equity Fund Investor return.

³Inflation is based on the U.S. Consumer Price Index.

⁴The Diversified Portfolio is represented by the following allocation: 17.5% Russell 1000® Growth Index (Large Cap Growth), 22.5% Russell 1000® Value Index (Large Cap Value), 2.5% Russell 2000® Index (Small Cap), 7.5% Russell Midcap® Index, 10% MSCI EAFE Index (International stocks) and 40% Barclays US Govt/Credit Intermediate (Fixed Income securities). The Russell Indices are a trademark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company. Indices are unmanaged and one cannot invest directly in an index. Past performance is no guarantee of future results and diversification does not ensure against loss. All Risk/Return data is based on a 20-year period ending December 2010. Portfolio is rebalanced on an annual basis.

Asset Class Diversification Matters

Annual returns of key asset classes
1991–2010

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Small Growth 51.2%	Small Value 29.1%	Int'l Stocks 32.9%	Int'l Stocks 8.1%	Large Value 38.4%	Large Growth 23.1%	Large Value 35.2%	Large Growth 38.7%	Small Growth 43.1%	Small Value 22.8%	Small Value 14.0%	Fixed Income 10.3%	Small Growth 48.5%	Small Value 22.3%	Int'l Stocks 14.0%	Int'l Stocks 26.8%	Large Growth 11.8%	Fixed Income 5.2%	Mid Cap 40.5%	Small Growth 29.0%
Small Value 41.7%	Mid Cap 16.3%	Small Value 23.9%	Large Growth 2.7%	Large Growth 37.2%	Large Value 21.6%	Small Value 31.8%	Int'l Stocks 20.3%	Large Growth 33.2%	Fixed Income 11.6%	Fixed Income 8.4%	Small Value -11.4%	Small Value 46.0%	Int'l Stocks 20.7%	Mid Cap 12.7%	Small Value 23.5%	Int'l Stocks 11.6%	Small Value -28.9%	Large Growth 37.2%	Mid Cap 25.4%
Mid Cap 41.5%	Large Value 13.8%	Large Value 18.1%	Small Value -1.6%	Mid Cap 34.5%	Small Value 21.4%	Large Growth 30.5%	Large Value 15.6%	Int'l Stocks 27.3%	Mid Cap 8.3%	Large Value -5.6%	Large Value -15.5%	Mid Cap 40.1%	Mid Cap 20.2%	Large Value 7.1%	Large Value 22.3%	Small Growth 7.1%	Large Value -36.9%	Small Growth 34.5%	Small Value 24.5%
Large Growth 41.2%	Small Growth 7.8%	Mid Cap 14.3%	Large Value -2.0%	Small Growth 31.0%	Mid Cap 19.0%	Mid Cap 29.0%	Mid Cap 10.1%	Mid Cap 18.2%	Large Value 7.0%	Mid Cap -5.6%	Int'l Stocks -15.7%	Int'l Stocks 39.2%	Large Value 16.5%	Large Growth 5.3%	Mid Cap 15.3%	Fixed Income 7.0%	Large Growth -38.4%	Int'l Stocks 32.5%	Large Growth 16.7%
Large Value 24.6%	Fixed Income 7.4%	Small Growth 13.4%	Mid Cap -2.1%	Small Value 25.8%	Small Growth 11.3%	Small Growth 13.0%	Fixed Income 8.7%	Large Value 7.4%	Int'l Stocks -14.0%	Small Growth -9.2%	Mid Cap -16.2%	Large Value 30.0%	Small Growth 14.3%	Small Value 4.7%	Small Growth 13.4%	Mid Cap 5.6%	Small Growth -38.5%	Small Value 20.5%	Large Value 15.5%
Fixed Income 16.0%	Large Growth 5.0%	Fixed Income 9.8%	Small Growth -2.4%	Fixed Income 18.5%	Int'l Stocks 6.4%	Fixed Income 9.7%	Small Growth 1.2%	Fixed Income -0.8%	Large Growth -22.4%	Large Growth -20.4%	Large Growth -27.9%	Large Growth 29.8%	Large Growth 6.3%	Small Growth 4.2%	Large Growth 9.1%	Large Value -0.2%	Mid Cap -41.5%	Large Value 19.7%	Int'l Stocks 8.2%
Int'l Stocks 12.5%	Int'l Stocks -11.9%	Large Growth 2.9%	Fixed Income -2.9%	Int'l Stocks 11.6%	Fixed Income 3.6%	Int'l Stocks 2.1%	Small Value -6.5%	Small Value -1.5%	Small Growth -22.4%	Int'l Stocks -21.2%	Small Growth -30.3%	Fixed Income 4.1%	Fixed Income 4.3%	Fixed Income 2.4%	Fixed Income 4.3%	Small Value -9.8%	Int'l Stocks -43.1%	Fixed Income 5.9%	Fixed Income 6.5%

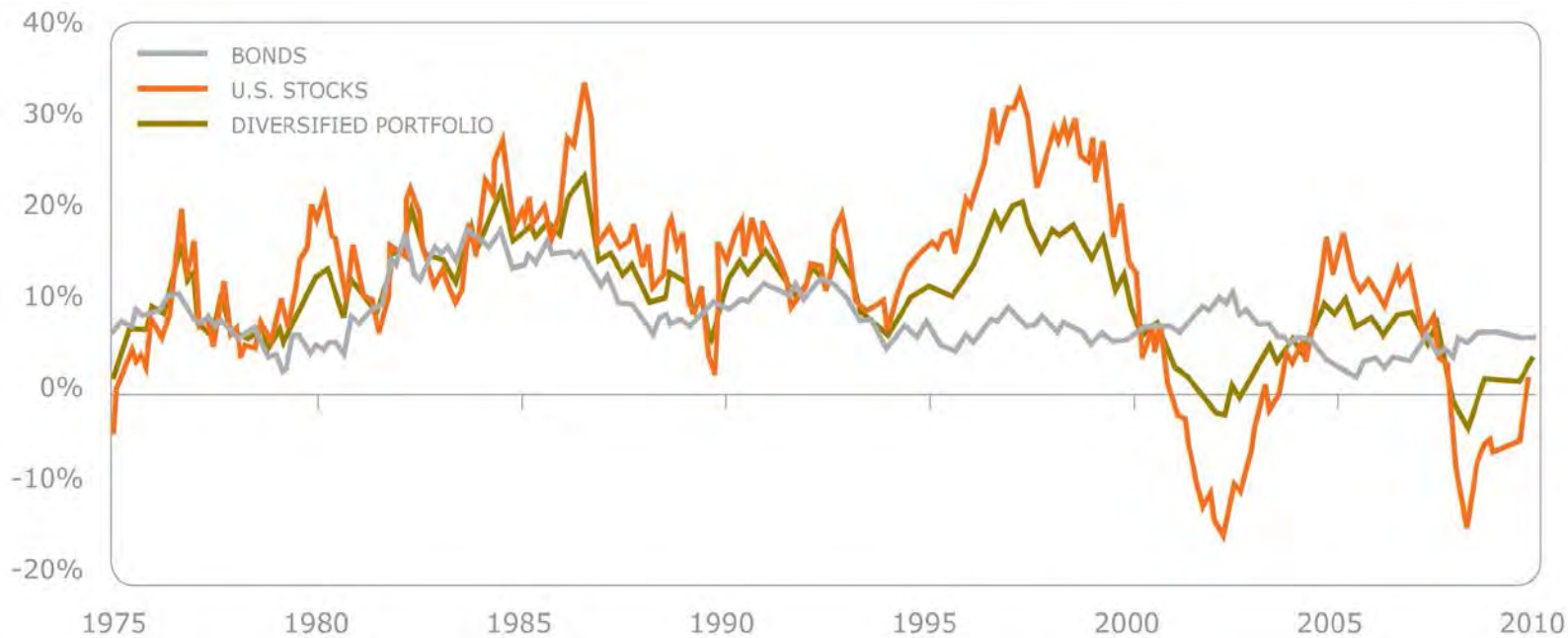
Allocating your investments among diverse asset classes can help insulate your portfolio against market fluctuations and underperformance in any single class.

Source: Baird Advisory Services Research, Baclays Capital, MSCI, Standard and Poor's, Russell. Large Growth represented by Russell 1000® Growth Index; measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. Large Value represented by Russell 1000® Value Index; measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. Mid Cap represented by Russell Midcap® Index; measures the performance of the 800 smallest companies of the Russell 1000® Index, which represent approximately 25% of the total market capitalization of the Russell 1000® Index. Small Growth represented by Russell 2000® Growth Index; measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. Small Value represented by Russell 2000® Value Index; measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. Fixed Income represented by Barclays Capital Aggregate Bond Index, which is comprised of approximately 6,000 publicly traded bonds, including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an average maturity of approximately 10 years. Int'l Stocks is represented by The MSCI EAFE Index, which is an international index measuring market performance of 21 countries in Europe, Australasia, and the Far East. Indices are unmanaged and are used to measure and report performance of various sectors of the market. Past performance is no guarantee of future results and diversification does not ensure against loss. Direct investment in indices is not available. The Russell Indices are a trademark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company.

Asset Allocation Addresses Risk

Multiple asset classes can help control volatility

Three-Year Average Performance, Rolling Period Calendar Year Returns
1975 through 2010



U.S. Stocks are represented by the S&P 500 Index, which includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Bonds are represented by the U.S. Intermediate Government Bond Index, which is an index of U.S. Treasury Bonds with maturities between one year and 10 years. The Combined Portfolio consists of 50% of the S&P 500 Index, 50% of the U.S. Intermediate Government Bond Index. The portfolio is rebalanced to a 50/50 mix on an annual basis. Source of Data: Ibbotson Associates.

An investment cannot be made directly in an index. Past performance is not indicative of future results and diversification does not ensure against loss. Performance illustrated here is not reflective of the performance of any specific investment.

Multiple Levels of Oversight

Baird Financial Advisor

Works closely with our advisory research team to make ongoing adjustments and recommendations to your portfolio solution based on continuous feedback from the research and oversight process and your evolving financial needs.

Investment Policy Committee

Reviews and adjusts strategic allocations quarterly based on long-term expectations of the economy and markets.

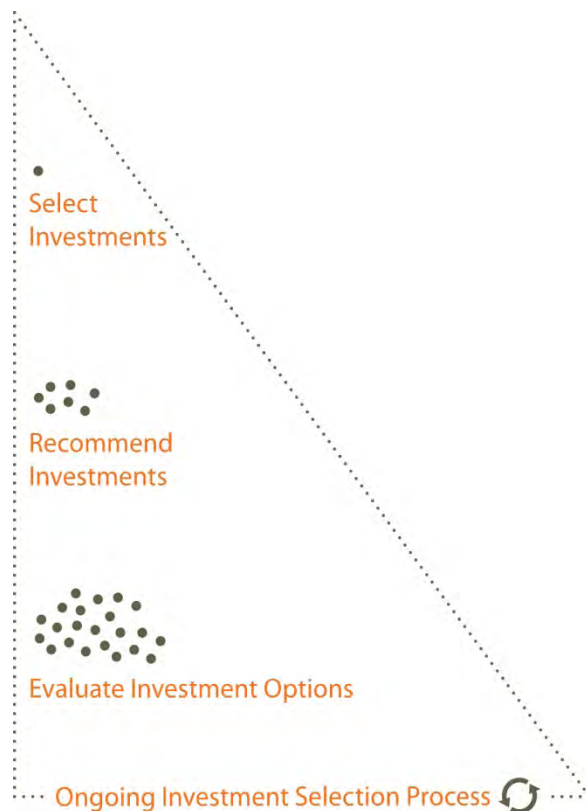
Oversight Committees

Review and approve specific changes to investment recommendations at least quarterly and on an as-needed basis.

Baird Advisory Services Research and Wilshire Associates

Provide ongoing monitoring and due diligence reviews of recommended and potential new investment vehicles.

Ongoing Investment Selection Process



Evaluate investment options

- Quarterly quantitative analysis
Proprietary scoring and ranking of more than 15,000 investment vehicles
- Qualitative analysis
On-site due diligence review

Recommend investments

- Managers, mutual funds and multi-fund sleeves
- Ongoing qualitative and quantitative due diligence
- Multiple levels of oversight

Select investments

- Baird Financial Advisor makes specific investment recommendations based on your investment goals, asset allocation needs and suitability

Investment Selection Process

Many Tools, One Toolkit

Disciplined diversification is achieved through the breadth of asset classes and the depth of investment options.



Investors should consider the investment objectives, risks, charges and expenses of each fund or separately managed account advisor carefully before investing. This and other information is found in the fund's prospectus or in the separately managed account's ADV. For a prospectus or ADV, ask your Baird Financial Advisor. Please read the prospectus or ADV carefully before investing. The cash portion of the portfolio invests in money market funds. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Portfolio Services

Baird provides a full range of investment and account management services. Implementation of all services requires ongoing communication with your Baird Financial Advisor to ensure your investment strategy aligns with your goals and objectives, especially if your financial situation changes.

Investment Management Services¹

- Asset allocation
- Multi-fund sleeve development
- Investment research and selection
- Investment monitoring – ongoing due diligence cycles
- Risk management through diversification
- Portfolio rebalancing
- Annual strategy assessment – continued alignment with your objectives
- Rigorously researched and analyzed investments

Account Management Services

- Quarterly performance reporting – Baird OneView™ reports
- Regular account statements
- Online account management – real-time access to account information²
- Asset protection³

¹Additional investments in brokerage accounts are not subject to firm oversight and do not undergo firm due diligence.

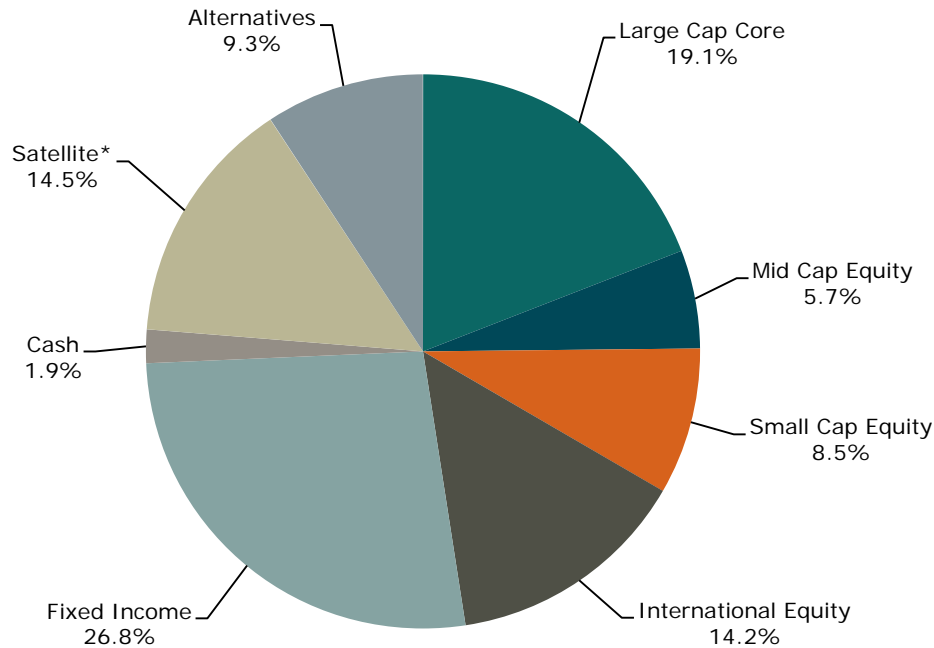
²Baird OnLine includes online account information, investing tools, Quicken® Account downloads and TurboTax® instant data entry.

³For additional security, Baird offers coverage in excess of SIPC limits through an insurance policy from Lloyd's of London.



Recommended Portfolio/Implementation

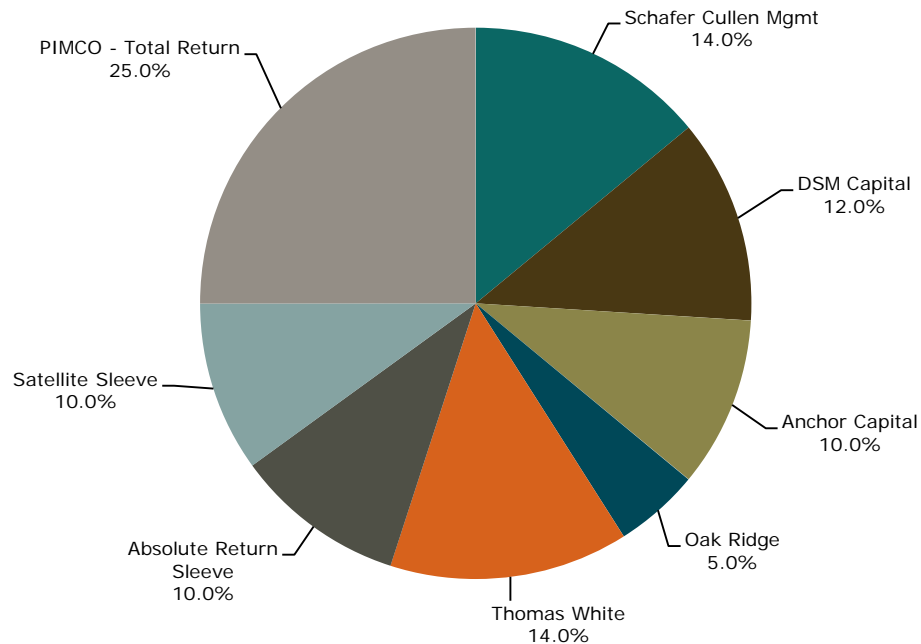
Current Portfolio Allocation Summary



Asset Class	Benchmark	Amount
Large Cap Core	S&P 500	\$2,379,638
Large Cap Growth	Russell 1000 Growth	\$0
Large Cap Value	Russell 1000 Value	\$0
Mid Cap Equity	Russell Mid Cap	\$715,530
Small Cap Equity	Russell 2000	\$1,065,386
International Equity	MSCI EAFE	\$1,766,921
Fixed Income	Barclays Aggregate	\$3,337,330
Cash	Citigroup 3 Month Tbill	\$242,529
Satellite*	Blended Benchmark	\$1,802,831
Alternatives	HFRI FOF Composite	\$1,154,880
Total Investment		\$12,465,045

Recommended Portfolio

In accordance with the Investment guidelines as set forth within AAVSO's Investment Policy Statement Addendum dated August 12th 2009, we believe the combination of professional managers from the asset classes listed below are most suitable to manage your accounts.



Manager	Asset Class	Amount
Schafer Cullen Mgmt	Large Cap Value	\$1,745,106
DSM Capital	Large Cap Growth	\$1,495,805
Anchor Capital	Mid Cap Value	\$1,246,505
Oak Ridge	SMID Growth	\$623,252
Thomas White	International Equity	\$1,745,106
Absolute Return Sleeve	Multi-Class	\$1,246,505
Satellite Sleeve	Multi-Class	\$1,246,505
PIMCO - Total Return	Fixed Income	\$3,116,261
Total Investment		\$12,465,045



Portfolio Back-Test Report

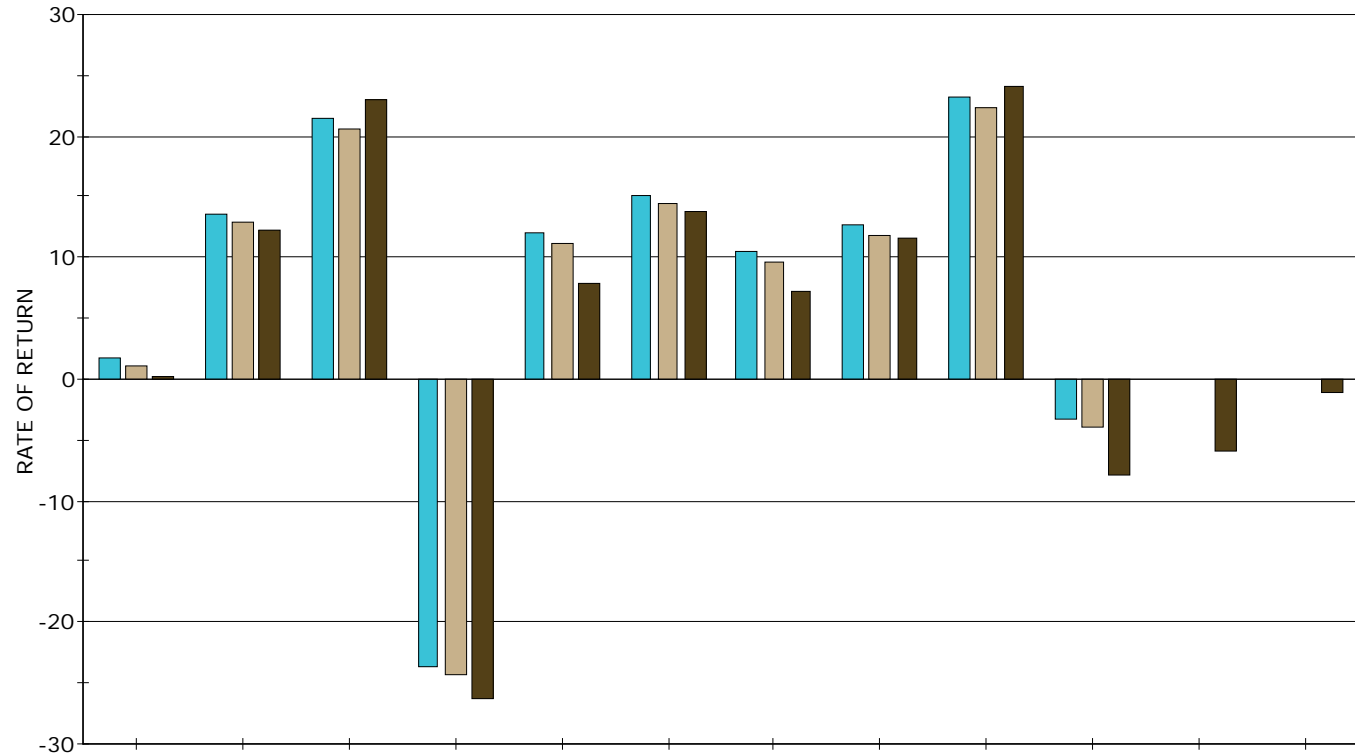
The historical performance of the hypothetical portfolio and a blended benchmark is provided in the following pages. The historical performance is based on the longest common time period for the investment options included in the portfolio. Separately Managed Accounts (SMAs) returns are gross of fees, do not include transactions costs, and assumes annual rebalancing with dividends reinvested. The historical performance of the Blended Benchmark is based on a weighted portfolio consisting of each manager's stated benchmark. Indices are unmanaged and are used to measure and report performance of various sectors of the market. Direct investment in indices is not available. Past performance is no guarantee of future results.

The recommended portfolio and asset allocation illustrations are hypothetical in nature and do not represent any actual portfolio for the time frames indicated. While these illustrations can be helpful in selecting an appropriate asset allocation for your situation, there are significant limitations in using historical performance as a basis for investing. Past performance is no guarantee of future results and it is impossible to be certain that the asset allocation weightings and specific investments would have been maintained throughout the economic and market conditions experienced during these time frames.

This is not a complete analysis of every material fact regarding any company, industry or investment and you should speak with your financial and tax professionals prior to implementing any of the recommendations in this report. The information has been obtained from sources we consider to be reliable, however, we can not guarantee the accuracy.

Please refer to last page for statistical definitions as well as the enclosed factsheets for detailed information on each manager.

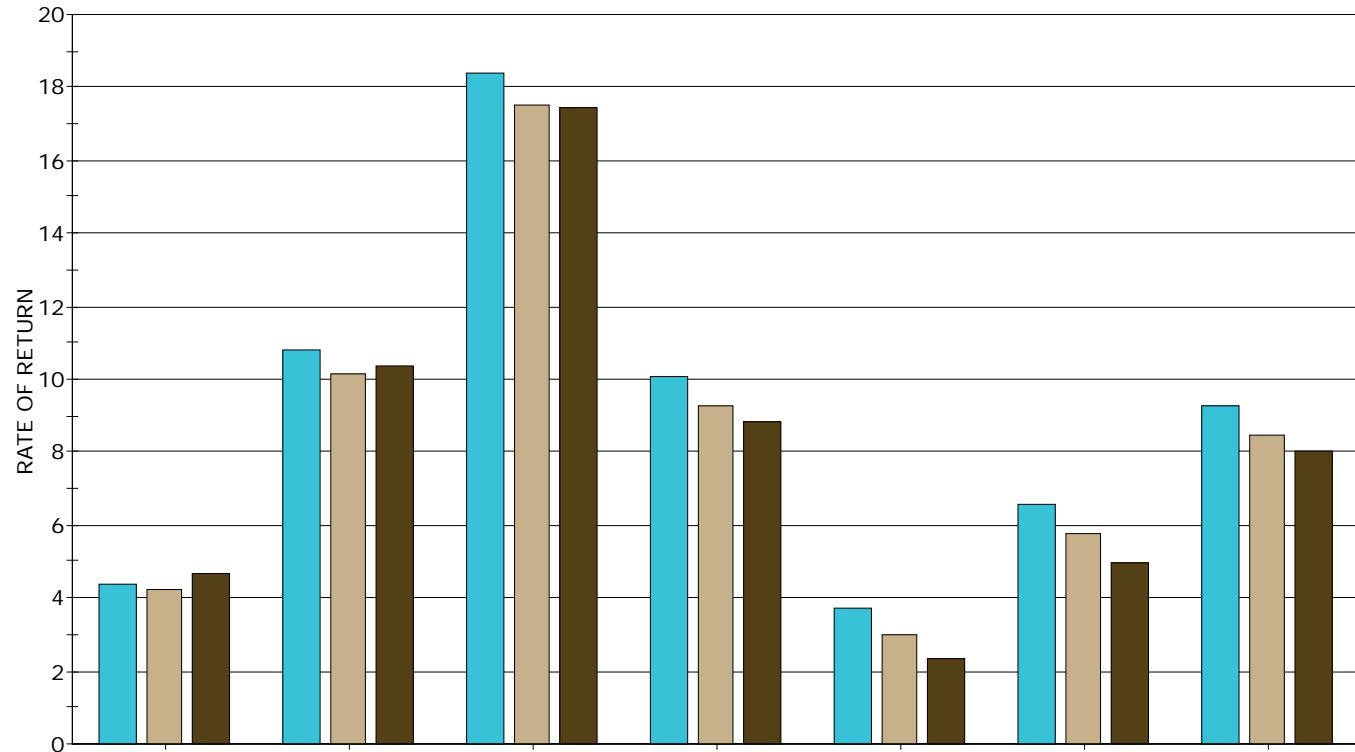
CALENDAR YEAR RETURNS
DECEMBER 31, 1999 TO DECEMBER 31, 2011



	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Recommended Portfolio	1.75	13.67	21.52	-23.66	12.00	15.20	10.47	12.75	23.30	-3.30	N/A	N/A
Recommended Portfolio Net	1.01	12.83	20.62	-24.20	11.18	14.35	9.65	11.92	22.38	-4.00	N/A	N/A
Blended Benchmark	0.25	12.24	23.08	-26.25	7.85	13.84	7.32	11.66	24.06	-7.82	-5.90	-1.11

The information contained in the above graph has been obtained by sources we believe to be reliable. We cannot, however, guarantee the accuracy or completeness of the information or make any warranties with regard to the results to be obtained from its use. This material is for informational purposes only. Past performance is not necessarily indicative of future performance. The investment results depicted herein represent historical gross performance with no deduction for management fees or transaction costs. Dividends are assumed to be reinvested.

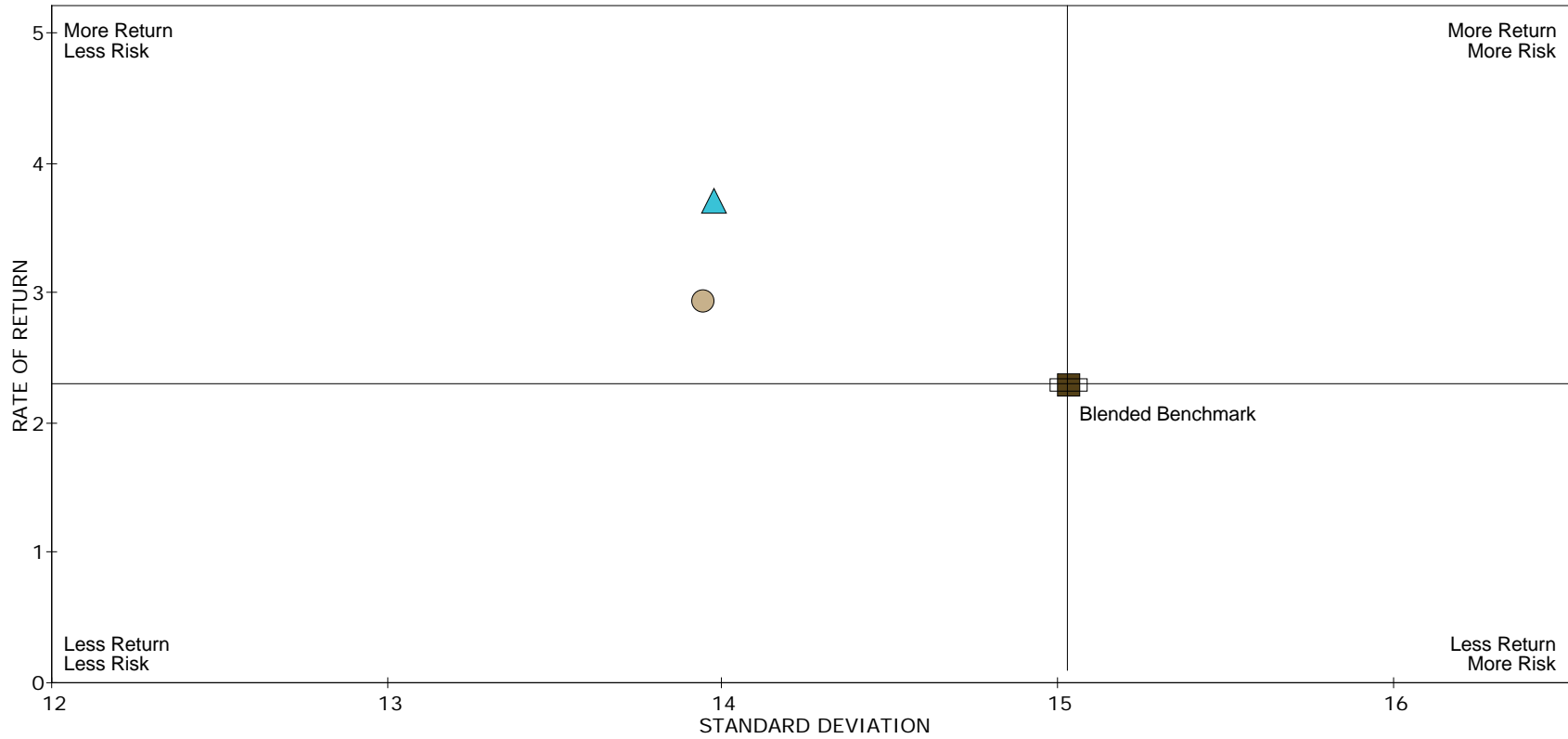
ANNUALIZED RATE OF RETURN
SEPTEMBER 30, 2002 TO SEPTEMBER 30, 2012



	Latest Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Recommended Portfolio	4.41	10.78	18.36	10.06	3.72	6.56	9.29
Recommended Portfolio Net	4.22	10.17	17.49	9.25	2.96	5.78	8.48
Blended Benchmark	4.69	10.37	17.45	8.84	2.30	4.99	8.00

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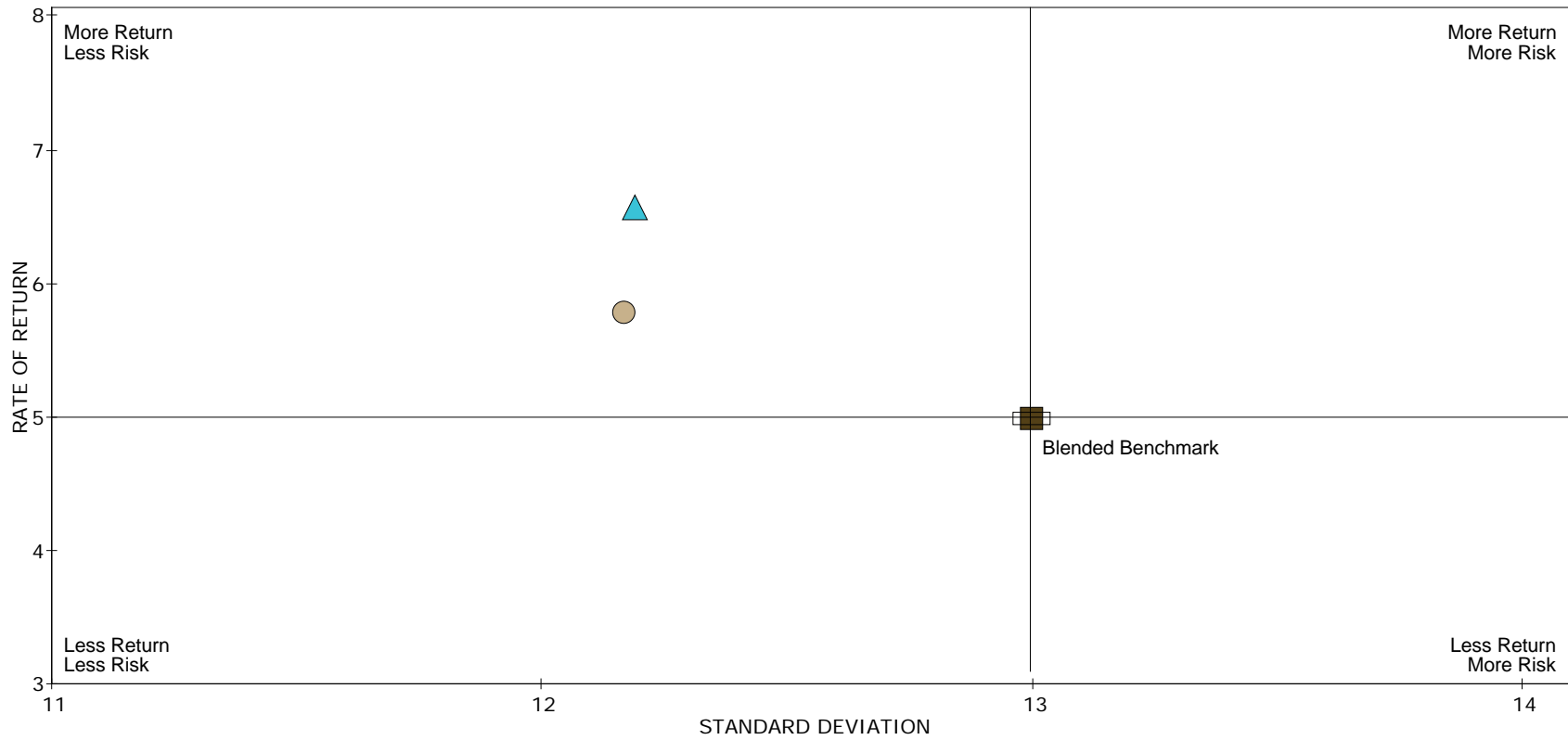
MANAGER RISK/RETURN
 SEPTEMBER 30, 2007 TO SEPTEMBER 30, 2012
 5 YEAR



	ROR	Std Dev Sample	Beta	Alpha	R-Squared	Sharpe Sample
▲ Recommended Portfolio	3.72	14.34	0.92	1.46	0.99	0.22
● Recommended Portfolio Net	2.96	14.30	0.92	0.71	0.99	0.17
■ Blended Benchmark	2.30	15.42	1.00	0.00	1.00	0.12

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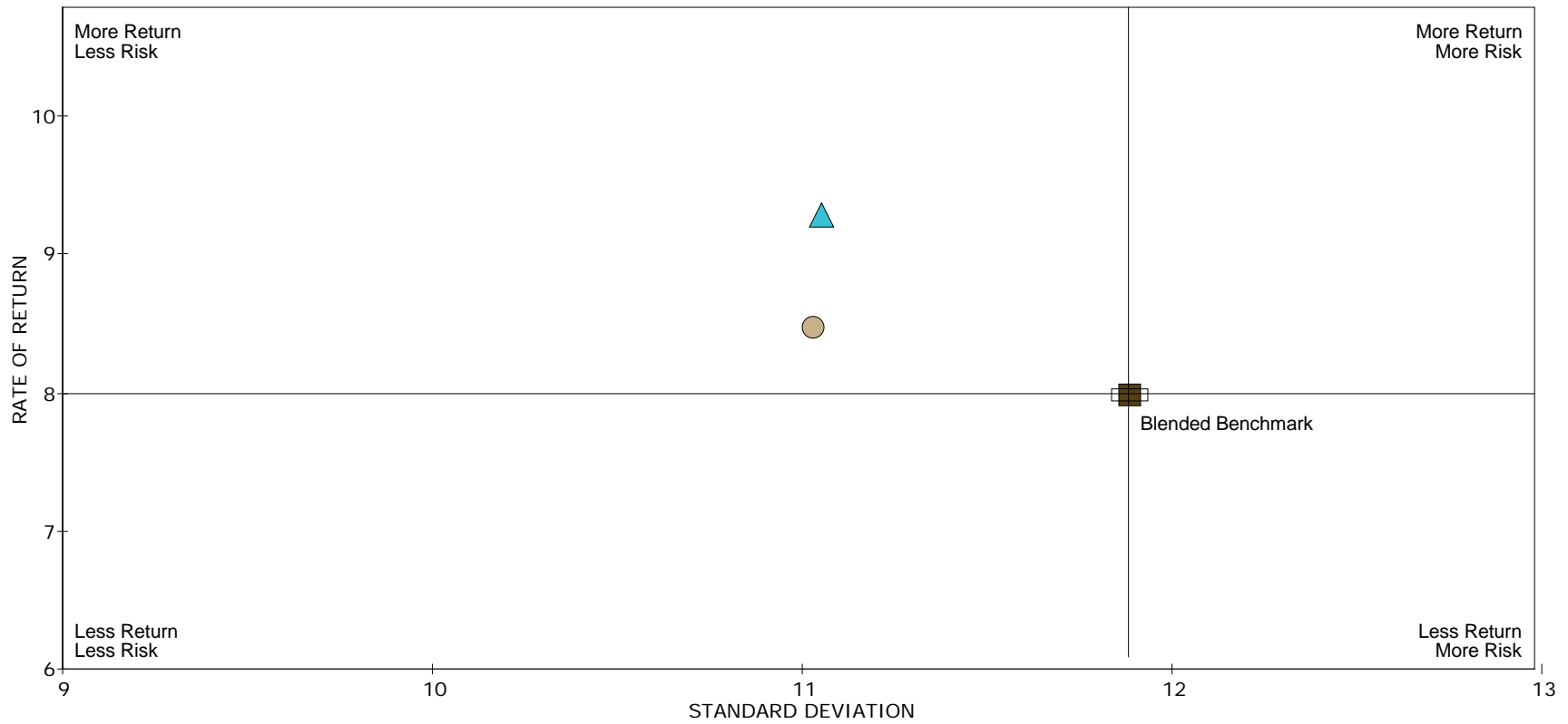
MANAGER RISK/RETURN
 SEPTEMBER 30, 2005 TO SEPTEMBER 30, 2012
 7 YEAR



	ROR	Std Dev Sample	Beta	Alpha	R-Squared	Sharpe Ratio Samp
▲ Recommended Portfolio	6.56	12.41	0.93	1.70	0.99	0.39
● Recommended Portfolio Net	5.78	12.39	0.93	0.95	0.99	0.33
■ Blended Benchmark	4.99	13.23	1.00	0.00	1.00	0.25

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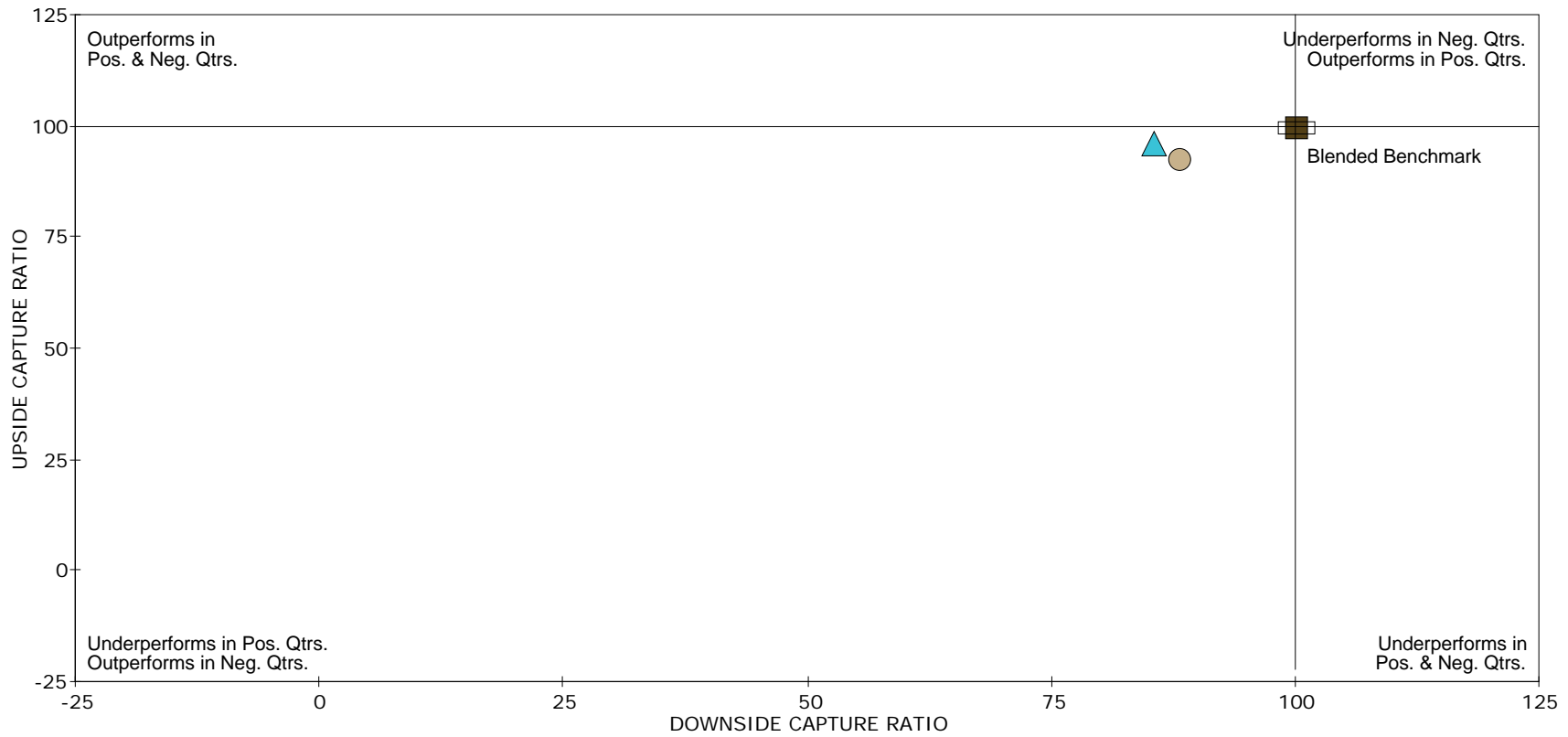
MANAGER RISK/RETURN
 SEPTEMBER 30, 2002 TO SEPTEMBER 30, 2012
 10 YEAR



	ROR	Std Dev Sample	Beta	Alpha	R-Squared	Sharpe Sample
▲ Recommended Portfolio	9.29	11.19	0.92	1.68	0.98	0.68
● Recommended Portfolio Net	8.48	11.17	0.92	0.93	0.98	0.61
■ Blended Benchmark	8.00	12.03	1.00	0.00	1.00	0.52

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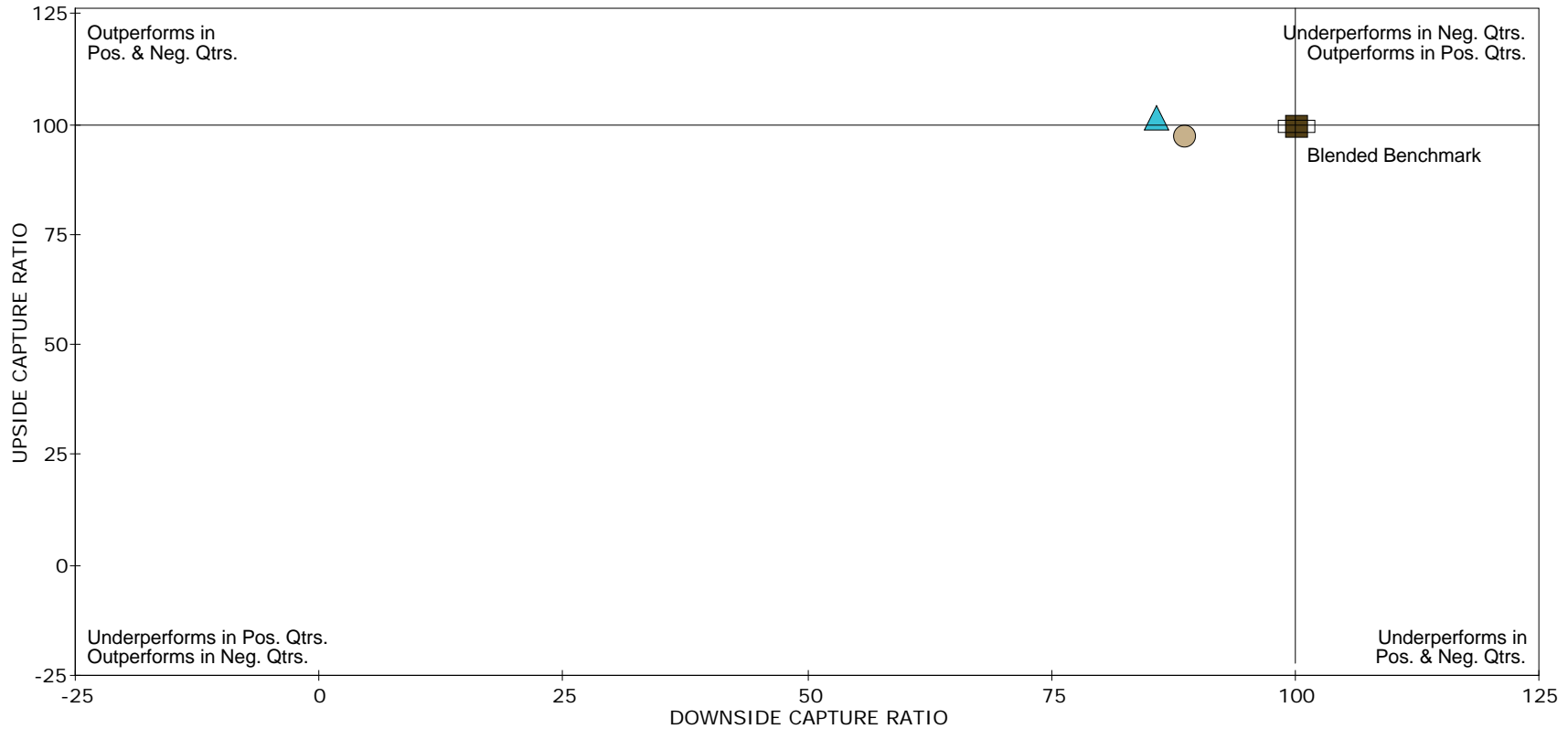
UPSIDE DOWNSIDE
 SEPTEMBER 30, 2007 TO SEPTEMBER 30, 2012
 5 YEAR



	Up Cap Ratio	Dnside Cap Ratio	Best 4 Qtrs	Worst 4 Qtrs	Best Qtr	Worst Qtr	Avg Gain	Avg Loss
▲ Recommended Portfolio	95.89	85.52	35.13	-25.55	12.75	-13.63	5.52	-6.92
● Recommended Portfolio Net	92.61	88.07	34.13	-26.08	12.54	-13.78	5.32	-7.09
■ Blended Benchmark	100.00	100.00	37.40	-27.91	13.69	-14.54	6.58	-6.14

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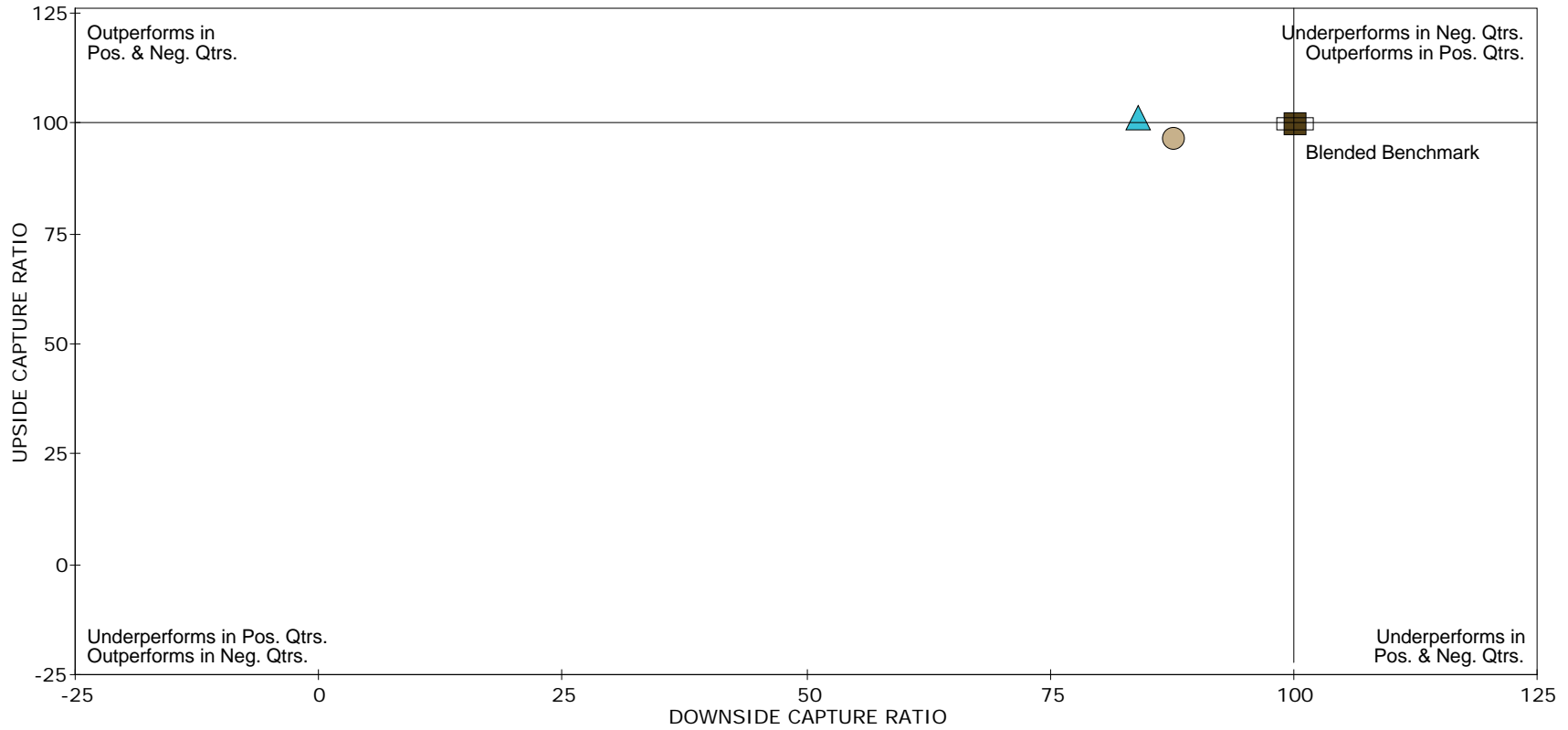
UPSIDE DOWNSIDE
 SEPTEMBER 30, 2005 TO SEPTEMBER 30, 2012
 7 YEAR



	Up Cap Ratio	Dnside Cap Ratio	Best 4 Qtrs	Worst 4 Qtrs	Best Qtr	Worst Qtr	Avg Gain	Avg Loss
▲ Recommended Portfolio	101.38	85.80	35.13	-25.55	12.75	-13.63	4.97	-6.16
● Recommended Portfolio Net	97.40	88.63	34.13	-26.08	12.54	-13.78	4.78	-6.33
■ Blended Benchmark	100.00	100.00	37.40	-27.91	13.69	-14.54	5.35	-5.60

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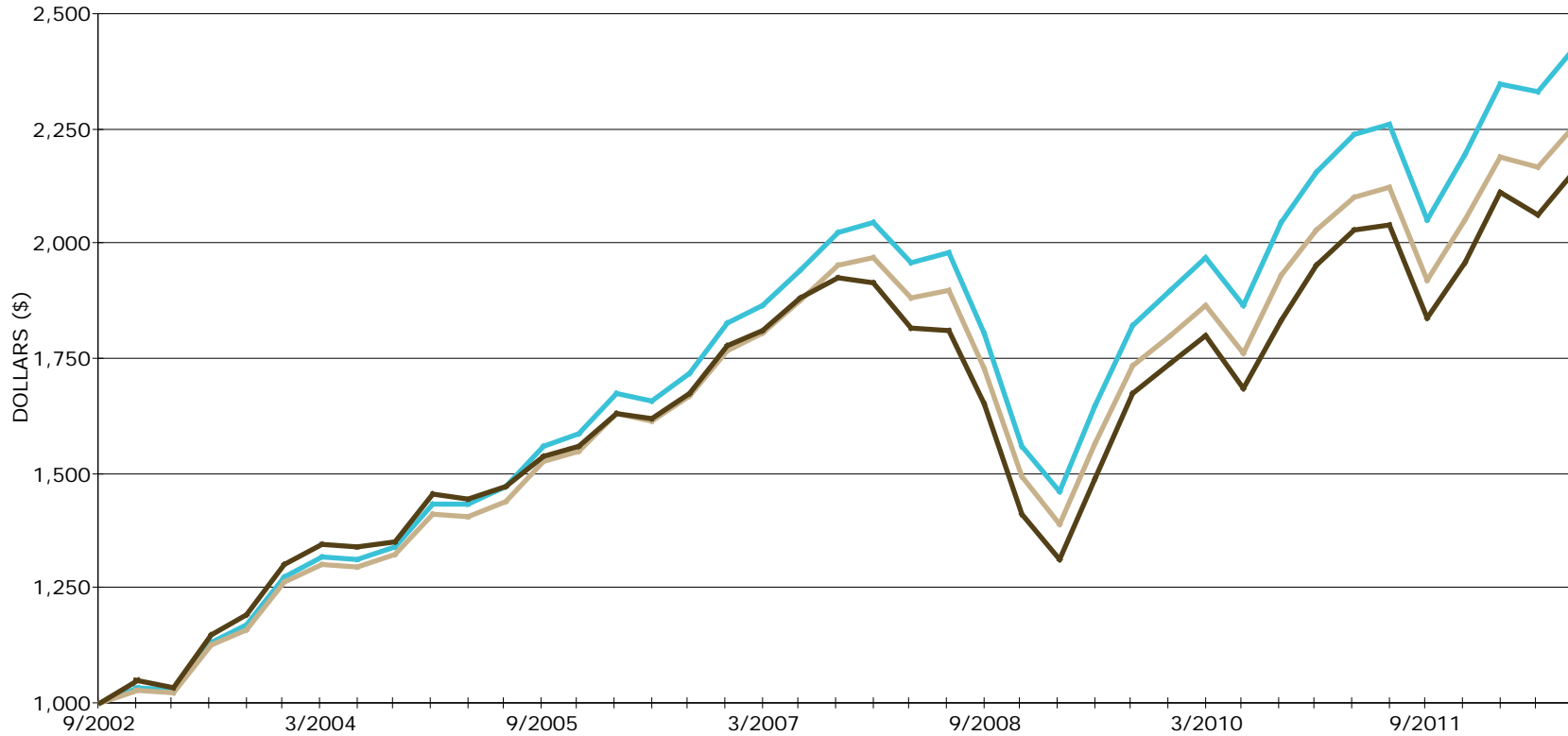
UPSIDE DOWNSIDE
 SEPTEMBER 30, 2002 TO SEPTEMBER 30, 2012
 10 YEAR



	Up Cap Ratio	Dnside Cap Ratio	Best 4 Qtrs	Worst 4 Qtrs	Best Qtr	Worst Qtr	Avg Gain	Avg Loss
▲ Recommended Portfolio	101.00	84.07	35.13	-25.55	12.75	-13.63	5.06	-4.61
● Recommended Portfolio Net	97.00	87.66	34.13	-26.08	12.54	-13.78	4.86	-4.79
■ Blended Benchmark	100.00	100.00	37.40	-27.91	13.69	-14.54	5.32	-4.53

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GROWTH OF AN INVESTMENT
 SEPTEMBER 30, 2002 TO SEPTEMBER 30, 2012
 10 YEAR



	Latest Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Recommended Portfolio	1,044	1,108	1,184	1,333	1,200	1,561	2,431
Recommended Portfolio Net	1,042	1,102	1,175	1,304	1,157	1,482	2,258
Blended Benchmark	1,047	1,104	1,174	1,289	1,121	1,407	2,158

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Statistical Definitions

Alpha - Alpha is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers had the same return but one had a lower beta, that manager would have a higher alpha.

Beta - Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.

Excess Return - The difference between the returns of two portfolios. Usually excess return is the difference between a manager's return and the return of a benchmark for that manager. In the context of a beta benchmark, excess return refers to the difference between a manager or market benchmark and T-bills.

Geometric Mean Return - A compounded and annualized rate of return.

Information Ratio - The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark and dividing it by the standard deviation of excess return.

R-Squared - (Correlation Squared) - A measure of how well two portfolios track each other. R-squared ranges between zero and 100%. An R-squared of 100% indicates perfect tracking, while an R-squared of zero indicates no tracking at all. R-squared is used in style analysis to determine how much information about a return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

Upside Capture - The percentage of upside performance attained by a manager relative to an index in periods of positive index performance. A positive index period is defined as any period (month or quarter) where the index's return is greater than or equal to zero.

Downside Capture - The percentage of downside performance attained by a manager relative to an index in periods of negative index performance. A negative index period is defined as any period (month or quarter) where the index's return is less than zero.

Sharpe Ratio - The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk -- the higher the Sharpe Ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation - A gauge of risk that measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns.



Manager Factsheets

Schafer Cullen Capital Management

Strategy: High Dividend Value Equity

As of September 30, 2012



Strategy Overview			Admin Information		Contact Information
Product Code SFRLV	Capitalization Large Capitalization	Process Fundamental	Manager Team	Assets \$9057.13 Million	Address 645 Fifth Avenue, Suite 700 New York, NY 10022
Investment Vehicle Separate Account	Style Value	Benchmark Russell 1000® Value Index (R1000V)	Tenure 1994	# of Securities 25 - 30	
Asset Class Equity	Discipline Active		Inception 1st Quarter 1994	Avg 12 Month Turnover 20 - 30	Website www.schafer-cullen.com

Overview

Schafer Cullen Capital Management (“Schafer Cullen”) was founded in 1984 by Jim Cullen and David Schafer to provide investment management to a variety of clients. Mr. Schafer is no longer actively involved with the firm and all of ownership interest now resides within the firm.

The firm manages Large Cap, All Cap, Small Cap and International portfolios using an investment process that reflects the deep value principals set forth by Ben Graham.

Analyst Opinion

The High Dividend Value portfolio is an attractive offering for clients who seek above-average dividend yields. However, the portfolio ranks competitively relative to the entire Large Value universe, making this also suitable for those without a preference for yield.

Schafer Cullen follows an investment process that works across investment styles and during many market environments. It is not likely to keep pace in strong up markets; rather, it is expected to provide the best results in moderate to difficult markets.

The portfolio was designed in 1994 to provide clients with conservative exposure to stocks. Since then, it has produced strong risk-adjusted performance, chiefly due to its lower volatility and strong downside protection. Up to 25% may be invested in international ADRs, which should be taken into consideration in a client's asset allocation.

Process

Like most investment firms, Schafer Cullen’s investment process begins with a screen. The universe includes all companies with a market cap greater than \$3 billion (and includes international ADRs). Ideally, the team seeks stocks that rank in the bottom quartile for valuation and top quartile for dividend yield. About 100-150 stocks fit these criteria, and that is where Schafer Cullen spends most of its research efforts.

A problem that many deep value managers have is investing in value traps (e.g., those companies that stay inexpensive for extended periods of time). An important part of Schafer Cullen's process is identifying catalysts that have the potential to unlock a

company's value. The team spends considerable time talking to company management, analyzing financial statements and speaking with other analysts to fully understand the challenges and opportunities that each company faces.

A typical portfolio contains 25 to 30 holdings and is adequately diversified by sector. It also contains up to 25% in international ADR stocks, which gives it more global exposure than many domestic portfolios. A stock may be sold when its fundamentals deteriorate or its dividend yield falls below 2%. Trading activity is moderate, making it a suitable investment for taxable accounts.

People

The High Dividend Value portfolio is co-managed by Jim Cullen and John Gould. Jim Cullen is one of the firm's founders and has extensive experience. He has an open-ended retirement date, but in the event of his departure, we have a high degree of confidence in John Gould. Gould is the Director of Research and an influential member of the firm. The co-managers are supported by a team of analysts that range in experience, but are well-versed in Schafer Cullen's investment process.

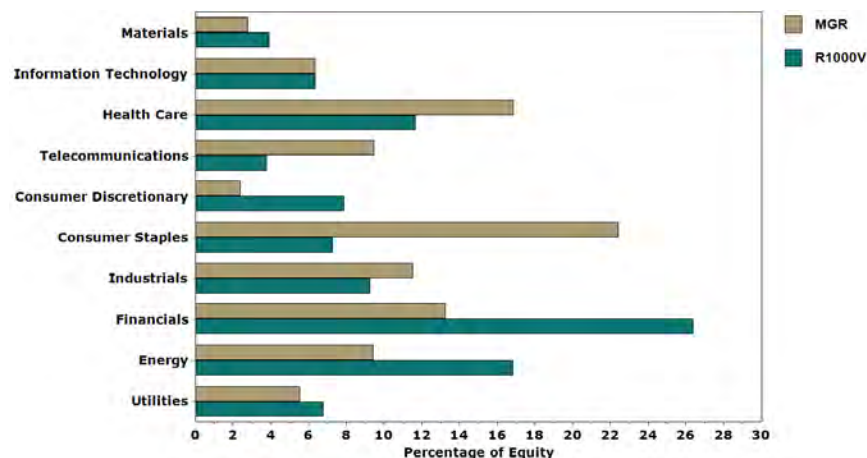
Schafer Cullen Capital Management

Strategy: High Dividend Value Equity

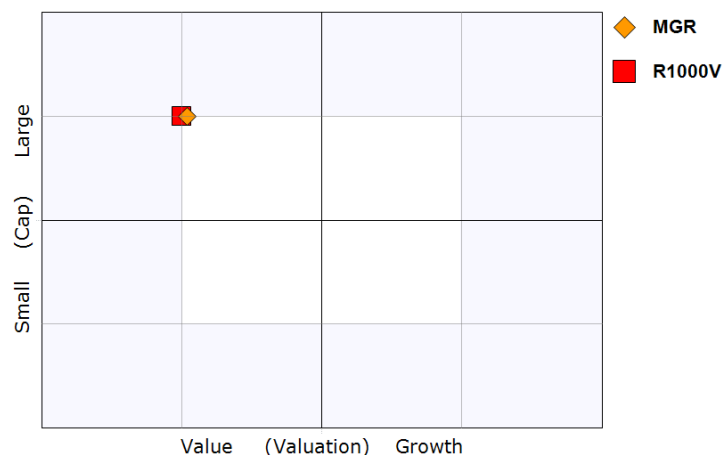
As of September 30, 2012



Equity Sector Analysis



Style Analysis



Portfolio Characteristics

	MGR	R1000V
Wtd Avg Market Cap (\$mil)	93,648	91,935
Historical EPS Growth	3.1	1.7
Yield (12 month)	4.0%	2.5%
Price To Book	4.3	2.0
Price To Earnings	25.3	24.2
Price To Sales	1.2	1.0
Price To Free Cash Flow	26.8	15.9
Equity	97%	100%
Fixed Income	0%	0%
Cash	3%	0%
Other	0%	0%

Top Portfolio Holdings

ALTRIA GROUP INC	3.6%
KRAFT FOODS INC	3.6%
LILLY ELI & CO	3.6%
MERCK & CO INC	3.5%
JOHNSON & JOHNSON	3.4%
NEXTERA ENERGY, INC	3.4%
AT&T INC	3.4%
CONOCOPHILLIPS	3.3%
BRISTOL MYERS SQUIBB C	3.3%
KIMBERLY CLARK CORP	3.3%

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Schafer Cullen Capital Management

Strategy: High Dividend Value Equity

As of September 30, 2012



Performance

Trailing Period Performance (Annualized Returns %)

	MGR	R1000V
Q3 2012	3.46	6.51
1 Year	25.81	30.92
3 Year	14.84	11.84
5 Year	1.77	(0.90)
10 Year	9.30	8.17

Calendar Year Performance (Annualized Returns %)

	MGR	R1000V
2012 YTD	11.76	15.75
2011	13.69	.39
2010	12.17	15.51
2009	10.47	19.69
2008	(28.81)	(36.85)
2007	5.20	(.17)
2006	25.63	22.25
2005	7.08	7.05
2004	13.86	16.49
2003	28.45	30.03

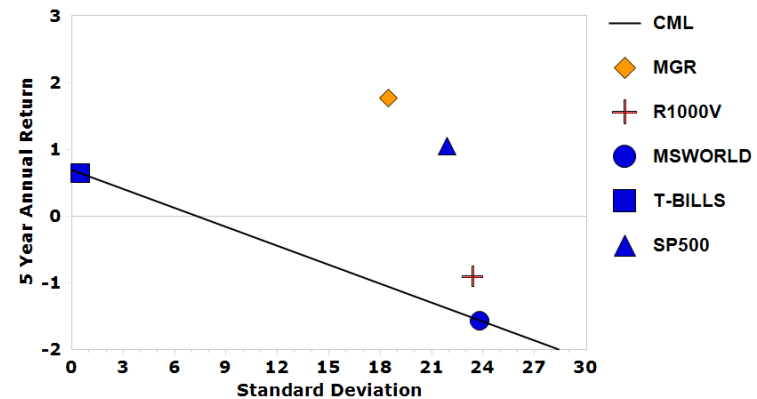
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	R1000V
Beta	0.7	1
Annualized Alpha	2.0	N/A
R-Squared	88	100
3 Yr Std Deviation	12.9	18.3
5 Yr Std Deviation	18.5	23.4
Sharpe Ratio	0.06	(0.07)
Up Quarters	12	10
Up Market Capture	73%	100%
Down Quarters	8	10
Down Market Capture	69%	100%
Best 1 Quarter Return	13.39	18.24
Worst 1 Quarter Return	(17.64)	(22.18)
Maximum Drawdown	(42.82)	(50.48)

Capital Market Line Chart



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Schafer Cullen Capital Management

Strategy: High Dividend Value Equity

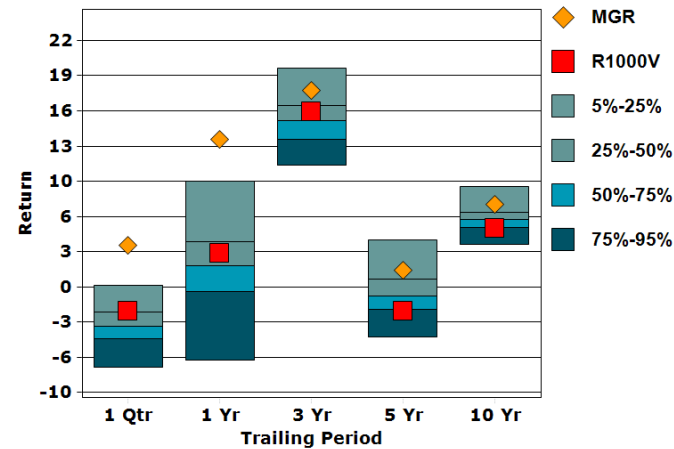
As of June 30, 2012



Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	3.77	13.32	17.75	1.49	7.45
Percentile	1	2	15	18	14
R1000V	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(2.20)	3.01	15.80	(2.19)	5.28
Percentile	26	39	36	74	75
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	0.10	9.53	19.73	4.23	9.07
25th Percentile	(2.25)	4.06	16.40	0.72	6.72
50th Percentile	(3.56)	1.93	14.99	(0.80)	6.08
75th Percentile	(4.71)	(0.42)	13.34	(2.07)	5.38
95th Percentile	(7.29)	(6.63)	10.98	(4.53)	3.80
Number of Products	363	361	356	334	247

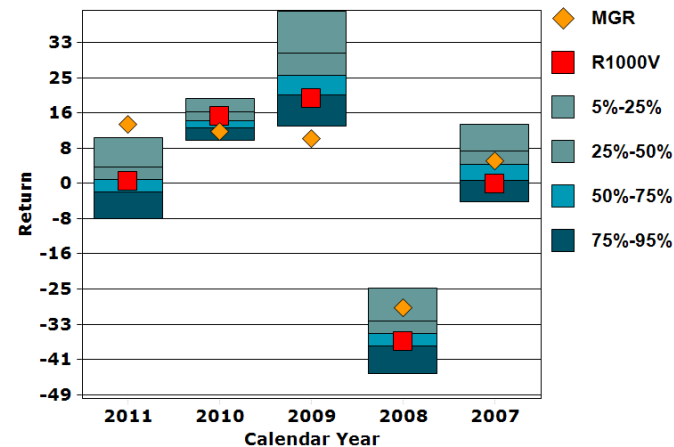
* Trailing returns through 6/30/2012
 ** PSN Large Cap Value Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	13.69	12.17	10.47	(28.81)	5.20
Percentile	2	83	98	15	42
R1000V	2011	2010	2009	2008	2007
Return	0.39	15.51	19.69	(36.85)	(0.17)
Percentile	55	37	78	69	79
Universe *	2011	2010	2009	2008	2007
5th Percentile	10.63	19.63	44.48	(24.42)	13.64
25th Percentile	3.82	16.58	30.28	(31.92)	7.57
50th Percentile	0.84	14.61	25.03	(34.92)	4.42
75th Percentile	(2.07)	12.87	20.52	(37.74)	0.69
95th Percentile	(8.12)	10.06	13.32	(44.11)	(4.24)
Number of Products	372	368	364	352	338

* PSN Large Cap Value Universe



Each portfolio is assigned to the asset class universe to which it has the highest correlation. Each asset class is then scrubbed to remove any portfolio that has a high correlation, but clearly does not belong in the asset class. For example, many convertible bond portfolios correlate highly to the mid and small cap equity classes. Once each asset class is scrubbed, the universe returns on a quarterly, annual, and periodic basis are calculated and the percentile rankings assigned based on the returns of the portfolio.

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Glossary

Russell 1000® Value Index: The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Russell Indices are a trademark of the Frank Russell Company. Russell is a trademark of the Frank Russell Company.

Weighted Average Market Cap: This value, displayed as millions of dollars, is the market capitalization of each security in the portfolio times its weight in the portfolio.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.

Historical EPS Growth: The quarterly earnings per share for the past 20 quarters are regressed on time to determine the trend growth rate in earnings. The quarterly growth trend rate is annualized.

Dividend Yield: The Indicated Annual Dividend divided by current price.

Price/Book Ratio: Price divided by Book Value per Share.

Price/Earnings Ratio: Price divided by EPS, where EPS is the sum of the earnings available for common stockholders over the most recent four quarters, divided by a weighted average of common shares outstanding over the most recent four quarters.

Price/Sales Ratio: The current price of a stock divided by the most recent annual sales per share.

Price/Free Cash Flow Ratio: Price divided by most recently reported free cash flow per share.

Alpha: Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.

R-Squared: R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index.

Standard Deviation: Measures the central tendency of a probability distribution. The more a product varies from its mean, the higher the standard deviation.

Sharpe Ratio: A measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. A high value for the Sharpe Ratio is generally considered to be positive since either the excess return is rather large or the level of risk is low.

Up Quarters: The number of quarters in the given time period where fund or composite's returns were greater than zero.

Up Market Capture Ratio: Measures the managers performance in up markets relative to the

performance of the market (index) itself. An up market is defined as any period (month or quarter) where the markets return is greater than or equal to zero.

Down Quarters: The number of quarters in the given time period where the fund or composite's returns were less than zero.

Down Market Capture Ratio: Measures the managers performance in down markets relative to the performance of the market (index) itself. A down market is defined as any period (month or quarter) where the markets return is less than zero.

Best 1 Quarter Return: The highest absolute quarterly return in the given time period.

Worst 1 Quarter Return: The lowest absolute quarterly return in the given time period.

Maximum Drawdown: The maximum drawdown % over some time frame. A drawdown is defined as the percentage lost from a peak to a valley. Over time, products may experience several peaks and valleys. This statistic is designed to show the maximum loss during a single downturn.

GICS: The Global Industry Classification Standard ("GICS") is the exclusive property of Morgan Stanley Capital International Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Robert W. Baird & Co. Inc. MSCI and S&P hereby provided all information "as is" and expressly disclaim all warranties. Without limiting any of the foregoing, in no event shall MSCI or S&P have any liability.

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DSM Capital Partners LLC

Strategy: US Large Cap Growth

As of September 30, 2012

Strategy Overview			Admin Information		Contact Information
Product Code DSMLG	Capitalization Large Capitalization	Process Fundamental	Manager Team	Assets \$2775.39 Million	Address 116 Radio Circle Drive Mount Kisco, NY 10549
Investment Vehicle Separate Account	Style Growth	Benchmark Russell 1000® Growth Index (R1000G)	Tenure 2001	# of Securities 25-35	
Asset Class Equity	Discipline Active		Inception 1st Quarter 2002	Avg 12 Month Turnover 35 - 80%	Website www.dsmcapital.com

Overview

DSM Capital Partners LLC ("DSM"), located in Mt. Kisco, New York, was founded in 2001 by portfolio managers Stephen Memishian, CFA and Dan Strickberger, who had worked together for nine years at conservative growth manager W.P. Stewart. This boutique firm manages large-cap, small-cap and global strategies, primarily for institutional clients. DSM is owned by most of its employees, has a good culture and high employee retention.

Analyst Opinion

Experienced portfolio management, an academically strong analyst team, quality research and a best ideas approach to portfolio construction should help this portfolio continue to outperform its benchmark most of the time. Investments in relatively high quality stocks, and what appears to be an effective sell discipline, have helped the portfolio perform similarly to slightly better than the benchmark in down markets, and we don't expect this to change.

However, this portfolio will likely underperform when low quality stocks rally, as was the case in 2009, or when the Health Care sector underperforms the broad market, as the portfolio is often overweight this area.

This portfolio is suitable for both high net worth and institutional clients.

Process

DSM invests in large cap growth stocks with an expected annualized return of 20%. The expected return is a function of P/E expansion, whereby the firm buys a stock at a discounted P/E and waits until it appreciates to DSM's targeted P/E. The firm favors companies that are dominant in their industry, have relatively low debt and strong cash flow. DSM limits the portfolio's exposure to economically cyclical companies given their less predictable earnings growth, but retains some exposure to cyclical sectors.

We view the quality of DSM's research as above average. Research is performed by analysts with relatively strong academic credentials and in a collaborative environment. Also, DSM commonly uses "special experts" in its research process (e.g., interview medical doctors to better understand a medical device), which we view as an "edge" relative to peers.

A typical portfolio invests in 25 to 35 securities and is often overweight the Health Care sector, as it exhibits characteristics the firm desires, such as more stable earnings growth and defensiveness. The portfolio is constructed with a best-ideas approach and individual positions can reach up to 10% of the portfolio. Sector weights are usually limited to 35% of the portfolio.

In general, a stock is trimmed when its expected annualized return falls below 20% and sold when the return falls below 15%. A declining expected return can result from price appreciation or deterioration in business fundamentals, such as softer than expected sales, manufacturing problems, pricing pressures, rising commodity and other input prices.

People

Portfolio managers Strickberger and Memishian have above-average investment experience (25 years on average) and favorable academic credentials. Dan Strickberger serves as Director of Research and is primarily responsible for identifying likely candidates for the portfolio. Stephen Memishian serves as COO of the firm and focuses on late-stage analysis of stocks as part of the approval process.

The firm's eight analysts have good investment experience overall and favorable academic credentials. Four have prior experience in consulting or evaluating Health Care companies. Most have an MBA degree and two have hedge fund experience. With favorable portfolio performance and a good firm culture, there has been very little turnover on the analyst team.

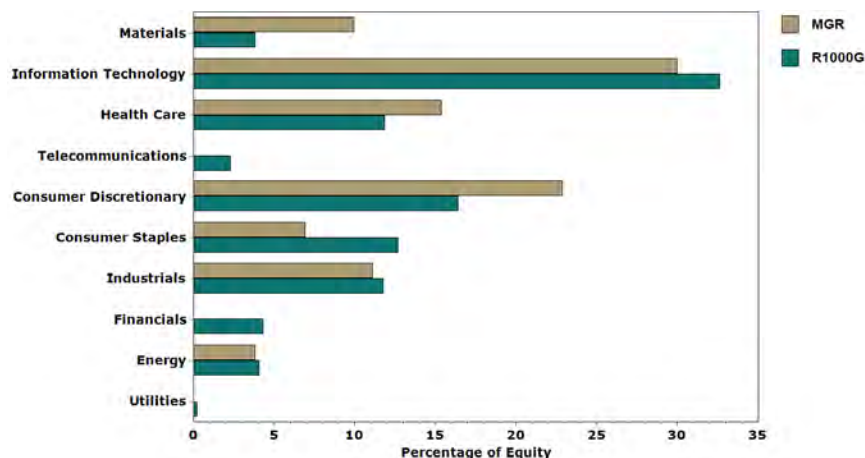
DSM Capital Partners LLC

Strategy: US Large Cap Growth

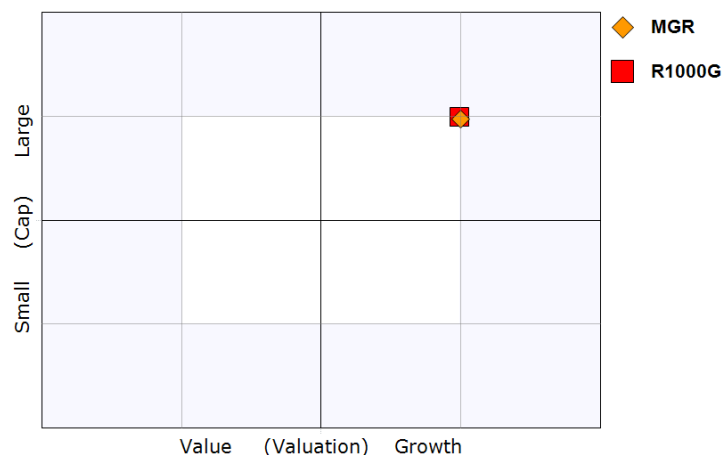
As of September 30, 2012



Equity Sector Analysis



Style Analysis



Portfolio Characteristics

	MGR	R1000G
Wtd Avg Market Cap (\$mil)	120,239	121,069
Historical EPS Growth	25.7	18.7
Yield (12 month)	1.1%	1.7%
Price To Book	5.5	6.3
Price To Earnings	34.3	28.2
Price To Sales	3.0	1.9
Price To Free Cash Flow	21.2	22.6
Equity	97%	100%
Fixed Income	0%	0%
Cash	3%	0%
Other	0%	0%

Top Portfolio Holdings

APPLE INC	9.8%
CELGENE CORP	5.9%
MONSANTO CO NEW	5.0%
GENERAL ELECTRIC COMPA	4.9%
ALLERGAN INC	4.7%
EBAY INC	4.6%
DOLLAR GEN CORP NEW	4.5%
SCHLUMBERGER LTD	3.8%
PHILIP MORRIS INTL INC	3.8%
DISCOVERY COMMUNICATNS	3.8%

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DSM Capital Partners LLC

Strategy: US Large Cap Growth

As of September 30, 2012



Performance

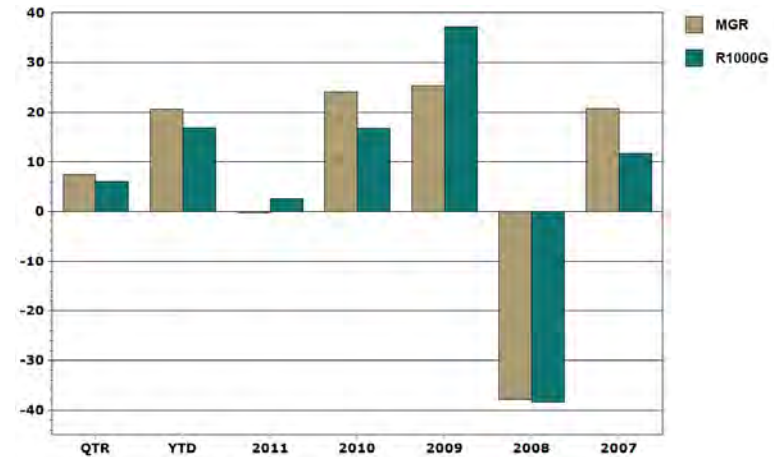
Trailing Period Performance (Annualized Returns %)

	MGR	R1000G
Q3 2012	7.41	6.11
1 Year	33.98	29.19
3 Year	16.06	14.73
5 Year	2.99	3.24
10 Year	9.60	8.41

Calendar Year Performance (Annualized Returns %)

	MGR	R1000G
2012 YTD	20.61	16.80
2011	(.18)	2.64
2010	24.11	16.71
2009	25.40	37.21
2008	(37.84)	(38.44)
2007	20.84	11.81
2006	11.44	9.07
2005	13.03	5.26
2004	11.05	6.30
2003	27.09	29.75

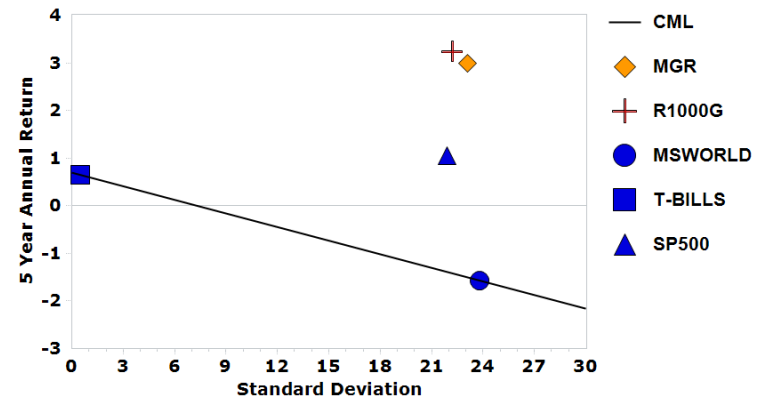
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	R1000G
Beta	1.0	1
Annualized Alpha	(0.1)	N/A
R-Squared	96	100
3 Yr Std Deviation	19.9	18.5
5 Yr Std Deviation	23.1	22.2
Sharpe Ratio	0.10	0.11
Up Quarters	12	12
Up Market Capture	103%	100%
Down Quarters	8	8
Down Market Capture	104%	100%
Best 1 Quarter Return	17.47	16.32
Worst 1 Quarter Return	(25.25)	(22.79)
Maximum Drawdown	(41.21)	(41.43)

Capital Market Line Chart



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DSM Capital Partners LLC

Strategy: US Large Cap Growth

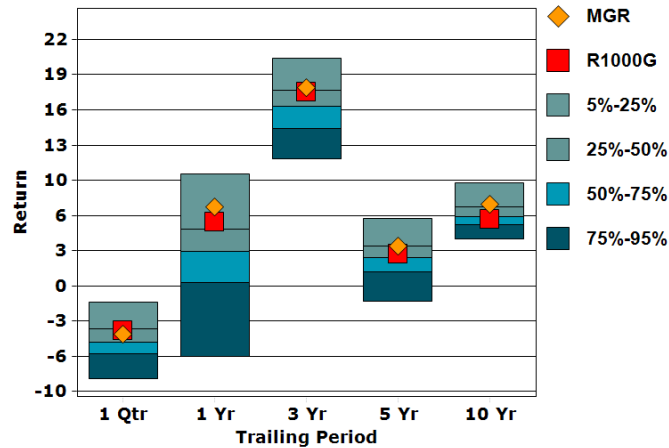
As of June 30, 2012



Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(4.39)	7.15	17.94	3.62	7.36
Percentile	36	13	24	27	24
R1000G	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(4.02)	5.76	17.50	2.87	6.03
Percentile	30	21	30	40	55
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	(1.44)	10.14	20.59	6.07	9.33
25th Percentile	(3.89)	5.16	17.69	3.64	7.18
50th Percentile	(5.11)	3.16	16.20	2.51	6.24
75th Percentile	(6.10)	0.31	14.19	1.25	5.55
95th Percentile	(8.37)	(6.34)	11.50	(1.40)	4.28
Number of Products	318	316	310	295	224

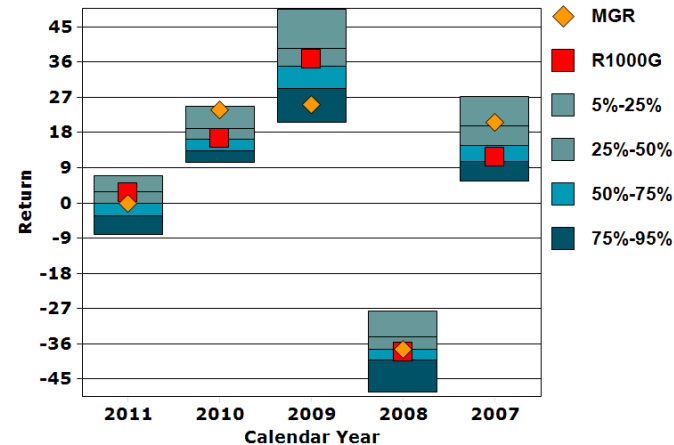
* Trailing returns through 6/30/2012
 ** PSN Large Cap Growth Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	(0.18)	24.11	25.40	(37.84)	20.84
Percentile	51	6	87	50	20
R1000G	2011	2010	2009	2008	2007
Return	2.64	16.71	37.21	(38.44)	11.81
Percentile	26	47	36	54	67
Universe *	2011	2010	2009	2008	2007
5th Percentile	7.08	24.97	50.89	(27.93)	27.54
25th Percentile	2.92	19.30	39.90	(34.54)	19.90
50th Percentile	(0.07)	16.42	35.24	(37.81)	14.94
75th Percentile	(3.23)	13.39	29.61	(40.67)	10.73
95th Percentile	(8.13)	10.52	20.83	(48.82)	5.58
Number of Products	328	323	321	314	296

* PSN Large Cap Growth Universe



Each portfolio is assigned to the asset class universe to which it has the highest correlation. Each asset class is then scrubbed to remove any portfolio that has a high correlation, but clearly does not belong in the asset class. For example, many convertible bond portfolios correlate highly to the mid and small cap equity classes. Once each asset class is scrubbed, the universe returns on a quarterly, annual, and periodic basis are calculated and the percentile rankings assigned based on the returns of the portfolio.

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Glossary

Russell 1000® Growth Index: The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Indices are a trademark of the Frank Russell Company. Russell is a trademark of the Frank Russell Company.

Weighted Average Market Cap: This value, displayed as millions of dollars, is the market capitalization of each security in the portfolio times its weight in the portfolio.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.

Historical EPS Growth: The quarterly earnings per share for the past 20 quarters are regressed on time to determine the trend growth rate in earnings. The quarterly growth trend rate is annualized.

Dividend Yield: The Indicated Annual Dividend divided by current price.

Price/Book Ratio: Price divided by Book Value per Share.

Price/Earnings Ratio: Price divided by EPS, where EPS is the sum of the earnings available for common stockholders over the most recent four quarters, divided by a weighted average of common shares outstanding over the most recent four quarters.

Price/Sales Ratio: The current price of a stock divided by the most recent annual sales per share.

Price/Free Cash Flow Ratio: Price divided by most recently reported free cash flow per share.

Alpha: Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.

R-Squared: R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index.

Standard Deviation: Measures the central tendency of a probability distribution. The more a product varies from its mean, the higher the standard deviation.

Sharpe Ratio: A measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. A high value for the Sharpe Ratio is generally considered to be positive since either the excess return is rather large or the level of risk is low.

Up Quarters: The number of quarters in the given time period where fund or composite's returns were greater than zero.

Up Market Capture Ratio: Measures the managers performance in up markets relative to the

performance of the market (index) itself. An up market is defined as any period (month or quarter) where the markets return is greater than or equal to zero.

Down Quarters: The number of quarters in the given time period where the fund or composite's returns were less than zero.

Down Market Capture Ratio: Measures the managers performance in down markets relative to the performance of the market (index) itself. A down market is defined as any period (month or quarter) where the markets return is less than zero.

Best 1 Quarter Return: The highest absolute quarterly return in the given time period.

Worst 1 Quarter Return: The lowest absolute quarterly return in the given time period.

Maximum Drawdown: The maximum drawdown % over some time frame. A drawdown is defined as the percentage lost from a peak to a valley. Over time, products may experience several peaks and valleys. This statistic is designed to show the maximum loss during a single downturn.

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Anchor Capital Advisors LLC

Strategy: Mid-Cap Value Wrap

As of September 30, 2012

Strategy Overview			Admin Information		Contact Information
Product Code ACAMM	Capitalization Medium Capitalization	Process Fundamental	Manager Team	Assets \$4097.2 Million	Address One Post Office Square Boston, MA 02109-2103
Investment Vehicle Separate Account	Style Value	Benchmark Russell Midcap® Value Index (RMIDV)	Tenure 1992	# of Securities 35-55	
Asset Class Equity	Discipline Active		Inception 1st Quarter 1992	Avg 12 Month Turnover 20-40%	Website www.anchorcapital.com

Overview

Anchor Capital Advisors, located in Boston, Massachusetts, was founded in 1983 and is 80% owned by Boston Private Financial and 20% owned by employees. The firm focuses on Value investing across the market-cap spectrum, and the majority of assets are managed in this mid-cap value style. The longevity and stability of the investment team is one of the firm's defining characteristics.

Analyst Opinion

The key attribute of this strategy is the portfolio manager's willingness to be different from the benchmark and peers. This may cause short-term periods where performance deviates significantly from the benchmark; however, over time the portfolio tends to perform competitively with less volatility. Examples of this non-traditional investing style include raising cash levels during turbulent markets and investing in companies that aren't classified as mid-cap if the opportunity is attractive enough.

The experience of Anchor's lead members is also a strength. The three senior principals are all in their 60s and have managed portfolios through many market cycles and environments.

Given that the key portfolio manager is in his late-60s, and that the team has the flexibility (and has used it) to vary the portfolio characteristics meaningfully, we believe this portfolio is best suited for investors who have a clear understanding of these two key risks.

Process

Anchor believes that capital preservation is as important as capital appreciation. In order to achieve this, the investment team looks to invest in sound businesses with strong outlooks, but only when they are available at attractive prices. They seek to outperform over an investment cycle by providing consistent results – often avoiding the highs and lows of the market.

The team uses a "valuation methodology to select growth" realizing you cannot fully ignore one or the other. Three criteria encompass much of their stock selection process:

- Low valuation relative to the overall market

- Large discount to private market value (what someone would pay for the whole business)
- High current dividend yield and/or potential for dividend growth

Companies that meet one or more of these criteria are subject to further analysis, which includes a thorough review of the financial statements. Conversations with company management may also take place. Once the analysis is complete, stocks are discussed at the weekly Investment Policy Committee meeting. This committee consists of all investment professionals, and it is here that an approved buy list is generated; this list generally consists of about 100 holdings. For every security on the buy list, there is a maximum buy price above which they will not buy the security for new portfolios even if it is held in other portfolios. A 12-18 month horizon price is also set; once this price is achieved, they must reevaluate the stock.

The resultant portfolio typically contains 35 to 55 holdings across various sectors. For risk management purposes no sector can exceed 35% of the portfolio. Stocks are sold when the company's fundamental position is deteriorating, it becomes too expensive, or another better opportunity exists.

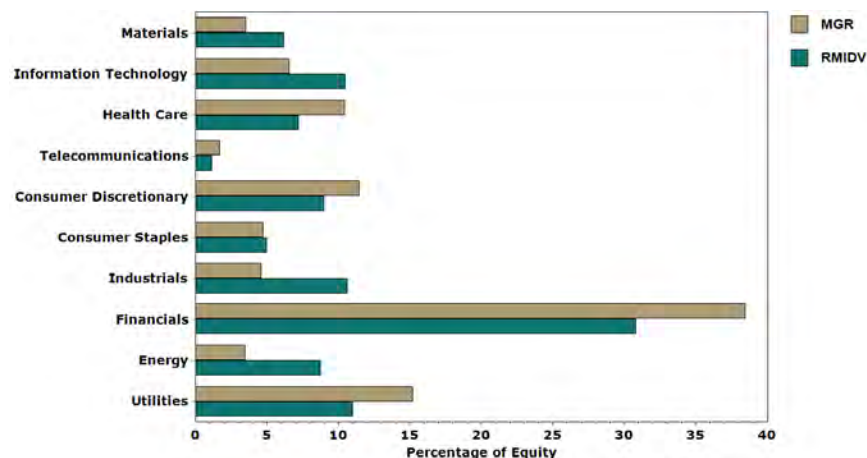
People

The firm has nine investment professionals in total: three senior members who are primarily responsible for the investment decisions, and six people who support them in the investment process. All investment professionals are generalists in terms of both sector and market capitalization.

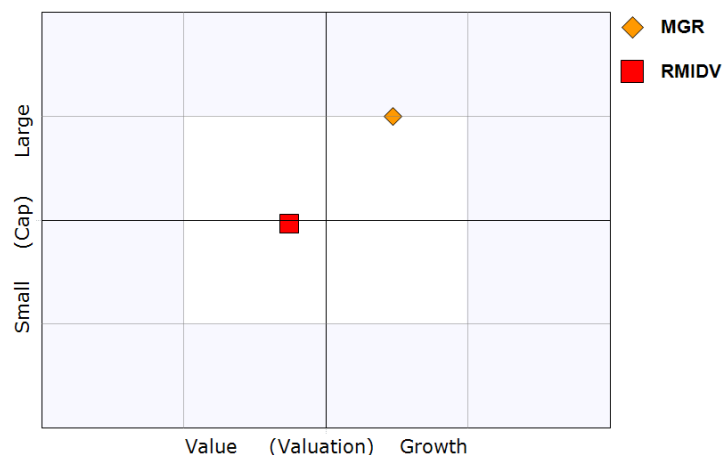
For the mid-cap value portfolio, Mark Rickabaugh is the dominant player. He has an MBA from Wharton, is a CFA charterholder and has nearly 40 years of investment experience. While he has no plans to leave or retire, should he leave the firm for any reason we would most likely need to terminate this portfolio.



Equity Sector Analysis



Style Analysis



Portfolio Characteristics

	MGR	RMIDV
Wtd Avg Market Cap (\$mil)	14,562	8,156
Historical EPS Growth	6.6	0.4
Yield (12 month)	3.6%	2.2%
Price To Book	2.6	1.8
Price To Earnings	21.1	24.5
Price To Sales	1.2	0.9
Price To Free Cash Flow	33.7	26.1
Equity	83%	100%
Fixed Income	0%	0%
Cash	17%	0%
Other	0%	0%

Top Portfolio Holdings

SPDR GOLD TRUST	5.0%
AMERICAN CA	3.5%
HEINZ H J CO	3.0%
ANNALY CAP MGMT INC	2.9%
MATTEL INC	2.9%
DUKE ENERGY CORP NEW	2.8%
M&T BANK	2.7%
CHUBB CORP	2.6%
OMNICOM GROUP INC	2.6%
ST JUDE MED INC	2.6%

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Anchor Capital Advisors LLC

Strategy: Mid-Cap Value Wrap

As of September 30, 2012



Performance

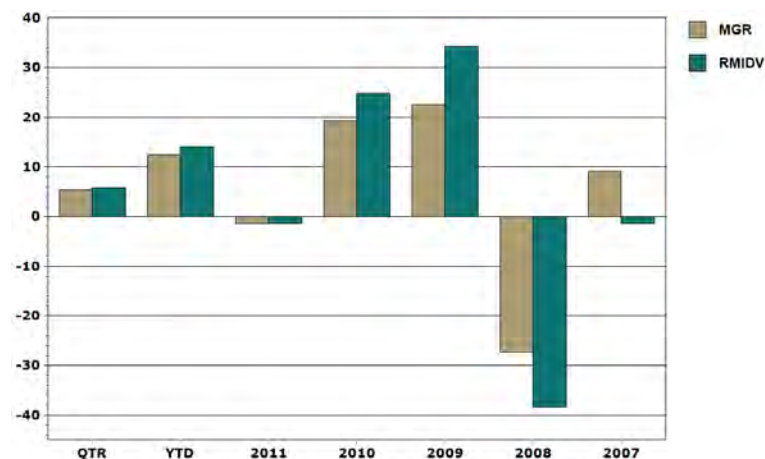
Trailing Period Performance (Annualized Returns %)

	MGR	RMI DV
Q3 2012	5.48	5.80
1 Year	22.22	29.28
3 Year	11.16	13.86
5 Year	3.37	1.74
10 Year	10.96	10.96

Calendar Year Performance (Annualized Returns %)

	MGR	RMI DV
2012 YTD	12.47	14.03
2011	(1.44)	(1.38)
2010	19.34	24.75
2009	22.46	34.21
2008	(27.24)	(38.45)
2007	9.25	(1.43)
2006	18.95	20.22
2005	15.69	12.65
2004	13.51	23.71
2003	35.41	38.07

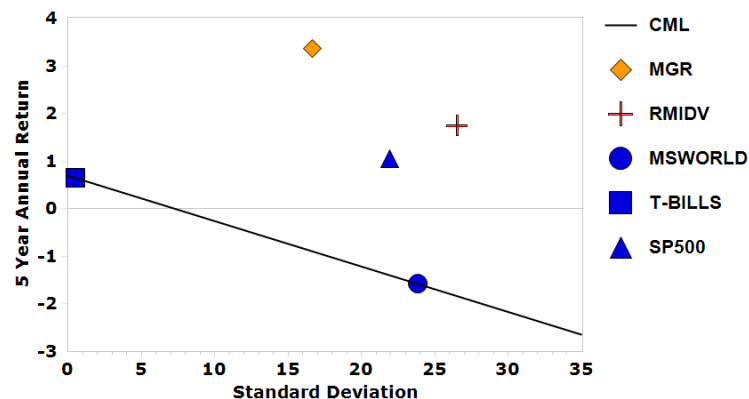
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	RMI DV
Beta	0.6	1
Annualized Alpha	1.3	N/A
R-Squared	93	100
3 Yr Std Deviation	12.5	19.9
5 Yr Std Deviation	16.6	26.5
Sharpe Ratio	0.16	0.04
Up Quarters	12	11
Up Market Capture	64%	100%
Down Quarters	8	9
Down Market Capture	64%	100%
Best 1 Quarter Return	14.69	23.62
Worst 1 Quarter Return	(16.36)	(27.19)
Maximum Drawdown	(32.12)	(50.61)

Capital Market Line Chart



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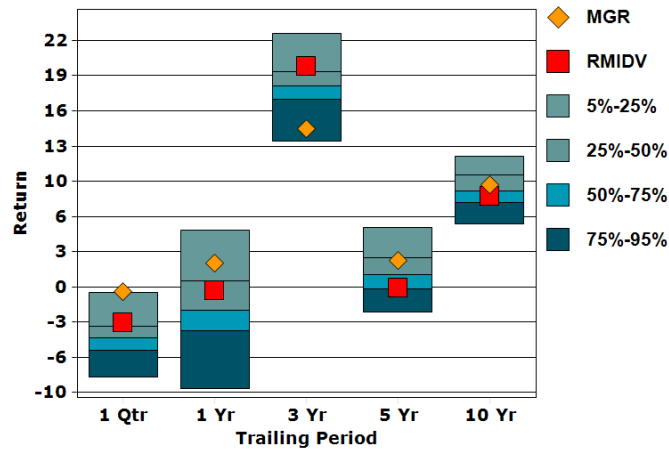
As of June 30, 2012



Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(0.41)	2.13	14.31	2.37	9.26
Percentile	4	14	92	29	36
RMI DV	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(3.26)	(0.37)	19.92	(0.13)	8.17
Percentile	25	32	21	71	61
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	(0.47)	5.12	22.92	5.41	11.82
25th Percentile	(3.54)	0.53	19.47	2.62	10.15
50th Percentile	(4.65)	(2.15)	18.15	1.08	8.64
75th Percentile	(5.70)	(3.93)	16.94	(0.17)	7.66
95th Percentile	(8.17)	(9.18)	13.17	(2.25)	5.71
Number of Products	152	152	144	137	94

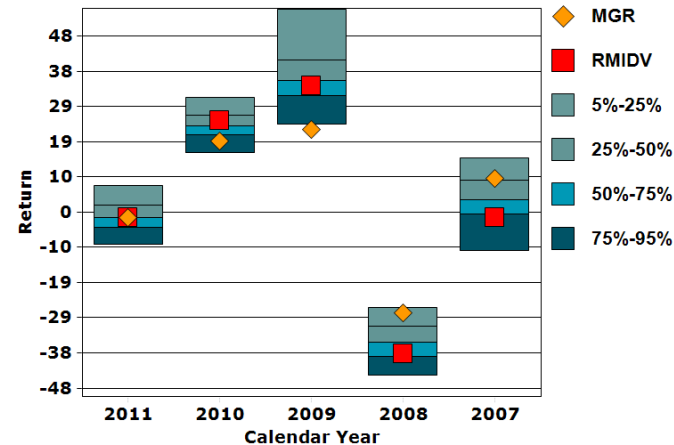
* Trailing returns through 6/30/2012
 ** PSN Mid Cap Value Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	(1.44)	19.34	22.46	(27.24)	9.25
Percentile	50	88	97	12	20
RMI DV	2011	2010	2009	2008	2007
Return	(1.38)	24.75	34.21	(38.45)	(1.43)
Percentile	50	42	58	71	80
Universe *	2011	2010	2009	2008	2007
5th Percentile	7.14	31.22	63.63	(25.90)	14.68
25th Percentile	1.80	26.24	41.28	(30.98)	8.56
50th Percentile	(1.38)	23.34	35.60	(35.28)	3.30
75th Percentile	(4.11)	20.99	31.47	(39.07)	(0.50)
95th Percentile	(8.76)	16.08	23.78	(44.32)	(10.42)
Number of Products	152	147	144	139	135

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Oak Ridge Investments, LLC

Strategy: Small to Mid Cap Growth

As of September 30, 2012

Strategy Overview			Admin Information		Contact Information
Product Code ORISM	Capitalization Small Capitalization	Process Fundamental	Manager Team	Assets \$2098 Million	Address 10 S. Lasalle Street, Suite 1900 Chicago, IL 60603
Investment Vehicle Separate Account	Style Growth	Benchmark Russell 2000® Growth Index (R2000G)	Tenure 1990	# of Securities 50-60	
Asset Class Equity	Discipline Active		Inception 2nd Quarter 1990	Avg 12 Month Turnover 20-50%	Website www.oakridgeinvest.com

Overview

Located in Chicago, Illinois, Oak Ridge Investments was founded in 1989 and has grown into a mid-sized manager specializing solely in growth investing. The firm offers several growth strategies including Large Cap, Mid Cap, Small/Mid Cap and All Cap. These strategies are also offered in a mutual fund structure under the Pioneer Oak Ridge brand. Pioneer Investment Management recently owns a 49% stake in Oak Ridge, with the balance held by various Oak Ridge employees.

The firm's specialization in growth investing and ability to leverage its process across market cap is viewed as a strong competitive advantage. Oak Ridge is a bottom-up, growth-at-a-reasonable-price (GARP) manager and uses that same style across all portfolios. This portfolio had been closed since 2003 but recently re-opened to select firms, one of which is Baird.

Analyst Opinion

Oak Ridge's underlying philosophy is that earnings growth drives stock prices; however, they do not want to pay too much for that growth. Also, this is a small-cap portfolio that will let its winners "run" and therefore will have a mix of small- and mid-sized companies.

Oak Ridge's process is conservative in nature and is expected to perform best in adverse and normal market conditions, while lagging in strong, speculative times. Due to their GARP approach the portfolio tends to fall in between Small Core and Small Growth when evaluating their style and past performance. The portfolio is expected to provide returns similar to (or modestly better than) the benchmark over longer time periods with measurably less risk, thus providing attractive risk-adjusted returns as opposed to significant excess returns.

While this product may not exhibit the high octane characteristics of other small-cap growth portfolios, the manager's ability to manage portfolio risk makes this an attractive portfolio to provide small- and mid-cap exposure to the more conservative investor.

Process

Oak Ridge's process starts by screening securities on growth characteristics. Their

proprietary screens seek companies that demonstrate accelerating revenues and earnings, earnings growth of 15% or greater and an attractive industry outlook. Reasonable prices are determined through an evaluation of the company's price/book ratio, price/earnings ratio and PEG ratio.

Once the universe of securities has been reduced to approximately 200 securities, more fundamental research is conducted including an evaluation of management, a critical evaluation of the company's business model and its likelihood for success, and discussions with customers and competitors of the companies. The firm performs some company visits and occasionally will meet with management as they come through Chicago. Oak Ridge will also consider Wall Street research in its investment decision, but only as an augmentation to its internal research. This research yields a group of approximately 50 companies that are closely watched, from which the six analysts make decisions. All investment decisions are based on fundamental research, not top-down projections.

Sector constraints are in place to ensure a broadly diversified portfolio. Securities are sold when deteriorating fundamentals are exhibited, sales and earnings growth are decelerating, the stock attains a full valuation or more attractive companies are available. The focus of Oak Ridge's tax planning is on the manager's sell decisions. They will extend positions until after year-end, wait to sell gains until after a 12-month holding period, sell losing stock positions and adhere to client wishes. Oak Ridge believes that their investment style, typically long term in nature, keeps this product tax efficient.

People

David Klaskin and Robert McVicker are the two portfolio managers responsible for this portfolio. They are supported by a skilled team of six research analysts. David Klaskin founded the firm in 1989 after working several years as a successful financial consultant. Robert McVicker was the firm's first employee and is now a portfolio manager on several different strategies. Oak Ridge also employs a robust marketing staff for client outreach.

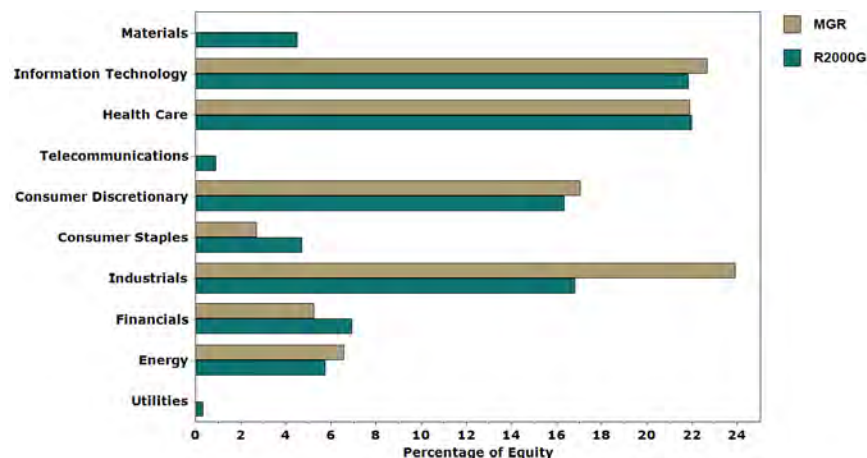
Oak Ridge Investments, LLC

Strategy: Small to Mid Cap Growth

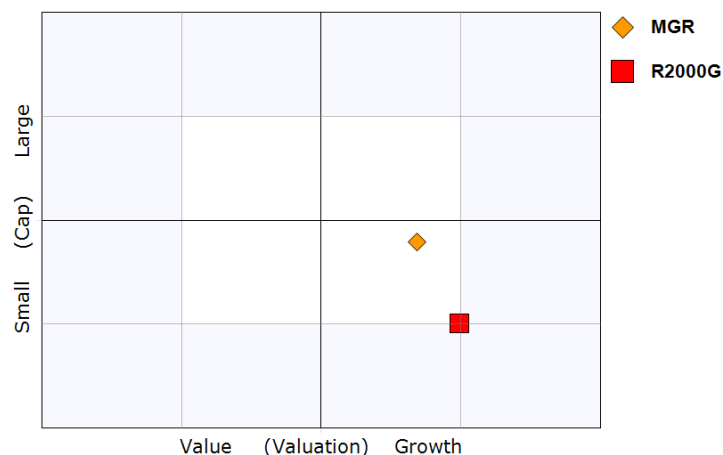
As of September 30, 2012



Equity Sector Analysis



Style Analysis



Portfolio Characteristics

	MGR	R2000G
Wtd Avg Market Cap (\$mil)	2,893	1,454
Historical EPS Growth	19.5	15.3
Yield (12 month)	0.5%	0.7%
Price To Book	4.4	5.2
Price To Earnings	32.6	36.4
Price To Sales	2.2	1.3
Price To Free Cash Flow	37.7	82.8
Equity	93%	100%
Fixed Income	0%	0%
Cash	7%	0%
Other	0%	0%

Top Portfolio Holdings

ALIGN TECH	3.7%
WRIGHT EXPRESS CORP	3.5%
LKQ CORP	3.2%
HMS HLDGS CORP	3.0%
SMITH (AO) CORP.	2.9%
ROBBINS & MYERS INC	2.7%
CHURCH DWIGHT CO	2.7%
IDEXX LABS INC	2.7%
ANSYS, INC	2.6%
MWI VETERIN	2.6%

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Performance

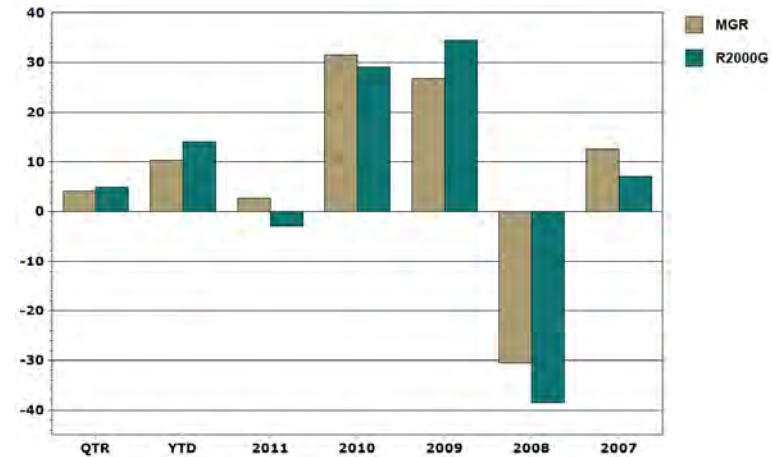
Trailing Period Performance (Annualized Returns %)

	MGR	R2000G
Q3 2012	4.04	4.84
1 Year	23.82	31.18
3 Year	16.05	14.19
5 Year	5.61	2.96
10 Year	10.67	10.55

Calendar Year Performance (Annualized Returns %)

	MGR	R2000G
2012 YTD	10.30	14.08
2011	2.73	(2.91)
2010	31.56	29.09
2009	26.82	34.47
2008	(30.44)	(38.54)
2007	12.58	7.05
2006	6.87	13.35
2005	5.96	4.15
2004	20.93	14.31
2003	33.46	48.54

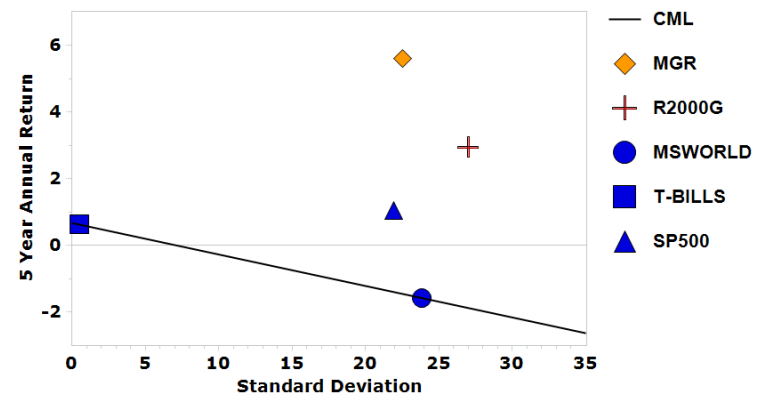
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	R2000G
Beta	0.8	1
Annualized Alpha	2.5	N/A
R-Squared	98	100
3 Yr Std Deviation	18.9	22.9
5 Yr Std Deviation	22.5	27.0
Sharpe Ratio	0.22	0.08
Up Quarters	12	11
Up Market Capture	87%	100%
Down Quarters	8	9
Down Market Capture	79%	100%
Best 1 Quarter Return	20.79	23.38
Worst 1 Quarter Return	(21.60)	(27.45)
Maximum Drawdown	(37.47)	(45.69)

Capital Market Line Chart



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Oak Ridge Investments, LLC

Strategy: Small to Mid Cap Growth

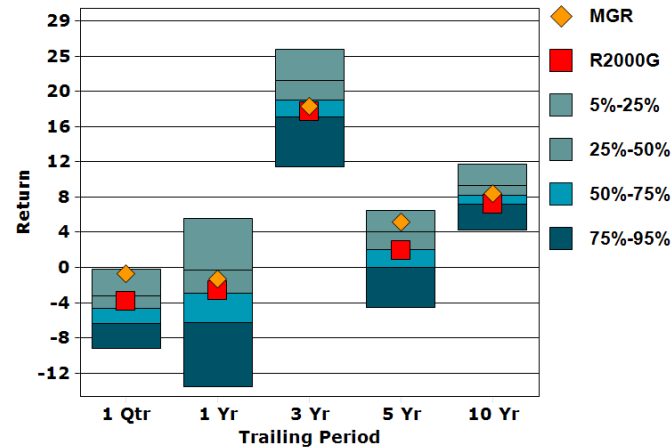
As of June 30, 2012



Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(0.74)	(1.38)	18.68	5.28	8.55
Percentile	6	34	59	16	48
R2000G	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(3.94)	(2.71)	18.09	1.99	7.39
Percentile	35	46	67	51	71
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	(0.17)	5.68	25.31	6.66	12.01
25th Percentile	(3.32)	(0.29)	21.70	4.12	9.56
50th Percentile	(4.71)	(2.97)	19.42	2.06	8.34
75th Percentile	(6.54)	(6.40)	17.50	(0.03)	7.31
95th Percentile	(9.38)	(13.91)	11.69	(4.65)	4.37
Number of Products	210	210	204	183	138

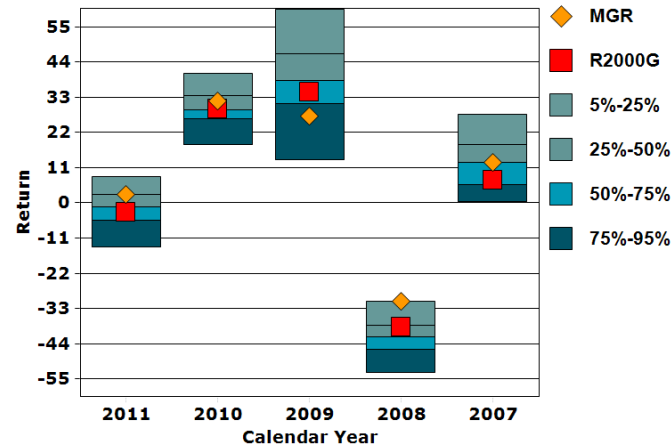
* Trailing returns through 6/30/2012
 ** PSN Small Cap Growth Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	2.73	31.56	26.82	(30.44)	12.58
Percentile	24	32	84	5	50
R2000G	2011	2010	2009	2008	2007
Return	(2.91)	29.09	34.47	(38.54)	7.05
Percentile	61	49	61	28	69
Universe *	2011	2010	2009	2008	2007
5th Percentile	8.22	40.02	62.45	(30.44)	27.39
25th Percentile	2.61	33.20	46.32	(38.00)	18.20
50th Percentile	(1.34)	28.95	37.86	(41.48)	12.58
75th Percentile	(5.26)	26.11	30.86	(45.45)	5.64
95th Percentile	(13.69)	18.06	13.37	(52.62)	0.51
Number of Products	212	209	204	191	183

* PSN Small Cap Growth Universe



Each portfolio is assigned to the asset class universe to which it has the highest correlation. Each asset class is then scrubbed to remove any portfolio that has a high correlation, but clearly does not belong in the asset class. For example, many convertible bond portfolios correlate highly to the mid and small cap equity classes. Once each asset class is scrubbed, the universe returns on a quarterly, annual, and periodic basis are calculated and the percentile rankings assigned based on the returns of the portfolio.

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Oak Ridge Investments, LLC

Strategy: Small to Mid Cap Growth

As of September 30, 2012



Glossary

Russell 2000® Growth Index: The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell Indices are a trademark of the Frank Russell Company. Russell is a trademark of the Frank Russell Company.

Weighted Average Market Cap: This value, displayed as millions of dollars, is the market capitalization of each security in the portfolio times its weight in the portfolio.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.

Historical EPS Growth: The quarterly earnings per share for the past 20 quarters are regressed on time to determine the trend growth rate in earnings. The quarterly growth trend rate is annualized.

Dividend Yield: The Indicated Annual Dividend divided by current price.

Price/Book Ratio: Price divided by Book Value per Share.

Price/Earnings Ratio: Price divided by EPS, where EPS is the sum of the earnings available for common stockholders over the most recent four quarters, divided by a weighted average of common shares outstanding over the most recent four quarters.

Price/Sales Ratio: The current price of a stock divided by the most recent annual sales per share.

Price/Free Cash Flow Ratio: Price divided by most recently reported free cash flow per share.

Alpha: Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.

R-Squared: R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index.

Standard Deviation: Measures the central tendency of a probability distribution. The more a product varies from its mean, the higher the standard deviation.

Sharpe Ratio: A measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. A high value for the Sharpe Ratio is generally considered to be positive since either the excess return is rather large or the level of risk is low.

Up Quarters: The number of quarters in the given time period where fund or composite's returns were greater than zero.

Up Market Capture Ratio: Measures the managers performance in up markets relative to the

performance of the market (index) itself. An up market is defined as any period (month or quarter) where the markets return is greater than or equal to zero.

Down Quarters: The number of quarters in the given time period where the fund or composite's returns were less than zero.

Down Market Capture Ratio: Measures the managers performance in down markets relative to the performance of the market (index) itself. A down market is defined as any period (month or quarter) where the markets return is less than zero.

Best 1 Quarter Return: The highest absolute quarterly return in the given time period.

Worst 1 Quarter Return: The lowest absolute quarterly return in the given time period.

Maximum Drawdown: The maximum drawdown % over some time frame. A drawdown is defined as the percentage lost from a peak to a valley. Over time, products may experience several peaks and valleys. This statistic is designed to show the maximum loss during a single downturn.

GICS: The Global Industry Classification Standard ("GICS") is the exclusive property of Morgan Stanley Capital International Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Robert W. Baird & Co. Inc. MSCI and S&P hereby provided all information "as is" and expressly disclaim all warranties. Without limiting any of the foregoing, in no event shall MSCI or S&P have any liability.

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Thomas White International, Ltd.

Strategy: International ADR

As of September 30, 2012

Strategy Overview			Admin Information		Contact Information
Product Code THWIE	Capitalization Large Capitalization	Process Quantitative	Manager Team	Assets \$316.36 Million	Address 440 S LaSalle St, Ste 3900 Chicago, IL 60605
Investment Vehicle Separate Account	Style Core	Benchmark MSCI EAFE (MSEAFE)	Tenure 2000	# of Securities 40-60	
Asset Class International	Discipline Active		Inception 4th Quarter 2000	Avg 12 Month Turnover 25-55%	Website www.thomaswhite.com

Overview

Thomas White International, Ltd. (TWI), located in Chicago, Illinois, was founded in 1992 by Thomas White, who serves as President and remains the primary owner. TWI offers a number of domestic and international portfolios, including an international mutual fund (TWWDX). The fund represents the firm's ordinary share portfolio; the portfolio offered for Baird represents the firm's international American Depository Receipt (ADR) portfolio and differs somewhat in terms of performance and the type and number of securities held.

Analyst Opinion

TWI's international ADR portfolio is an attractive choice for investors given its core style and relatively consistent outperformance due to positive stock selection from developed and emerging market stocks. The experienced portfolio managers buy and sell stocks using a quantitative approach with a fundamental overlay. The portfolio is managed with limited country and sector "bets" versus the benchmark. As a result, the portfolio's returns are expected to resemble those of the benchmark over most periods, with differences due to stock selection and emerging market exposure. We expect the portfolio to underperform in markets that reward deep value investors or when emerging market stocks materially underperform developed market stocks. It should be noted that there is key man risk with Mr. White given his majority ownership in the firm and key relationships with the firm's largest clients. Overall, we believe TWI is a good option for high net worth and institutional clients seeking international exposure from a managed account.

Process

The investment process seeks to identify mispriced securities that are trading at a discount to peers and have a catalyst to push their price towards fair value.

The firm screens a universe of 2,100 developed and emerging market stocks and divides the universe into approximately 104 valuation groups. Thomas White's quantitative system uses statistical techniques to evaluate 20 years of stock performance data to create a multi-factor model for each valuation group. Each model typically includes three to six factors (e.g., P/E ratio, EPS growth, etc.) that have historically done a good job of explaining the subsequent (12 - 24 month) price behavior of stocks within the valuation group. The quantitative

system indicates whether a valuation group is overvalued or undervalued based upon its model, and also ranks each stock within the valuation group. Stocks are ranked into deciles (1 - 10) according to their expected return over the next 12 - 24 month period. Stocks most undervalued (and having the highest expected return) are ranked 1, and those ranked 1 - 3 are candidates for the ADR portfolio.

The investment process includes a qualitative overlay. Qualitative analysis includes evaluating company financial data to understand the factors that have contributed to the stock's performance (i.e., why it is undervalued and whether there is a "value trap"), how the factors might be affected in the current environment, and whether a catalyst is in place to drive the price towards fair value. A portfolio analyst will assign a confidence level to each stock, indicating how likely he believes the stock is to outperform. An analyst may override a stock's quantitative ranking based upon the results of his qualitative analysis.

A typical ADR portfolio holds 40 - 60 stocks. The portfolio's country and regional weights generally vary less than 10% from those in the index. Emerging markets exposure generally ranges 5% above or below the index (MSCI All Country World Ex-US) but may vary as much as 15% from the index. Sector weights are usually within 10% of those in the index. The firm attempts to hold a security for two years, as it believes this is an empirically optimal holding period.

A stock is typically sold when any one of the following takes place: stock reaches fair valuation, fundamentals deteriorate, or the stock falls in the ranking system and the reason does not appear to be temporary.

People

The six-member investment team has worked at the firm for approximately 15 years, and team members average more than 20 years of investment experience. This team has impressive academic credentials too. Of the six involved with research, four have a Ph.D, five have a Master's degree and four are CFA charterholders. Five members form the investment committee, which approves the portfolio's country weightings, and all buy and sell decisions.

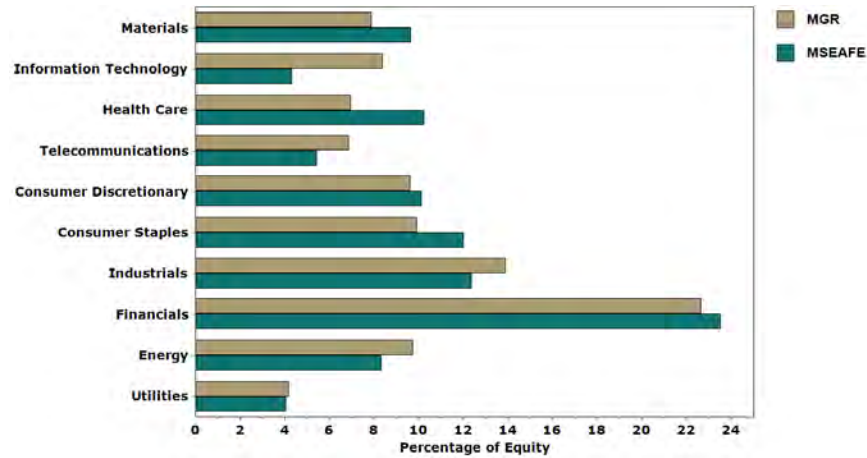
Thomas White International, Ltd.

Strategy: International ADR

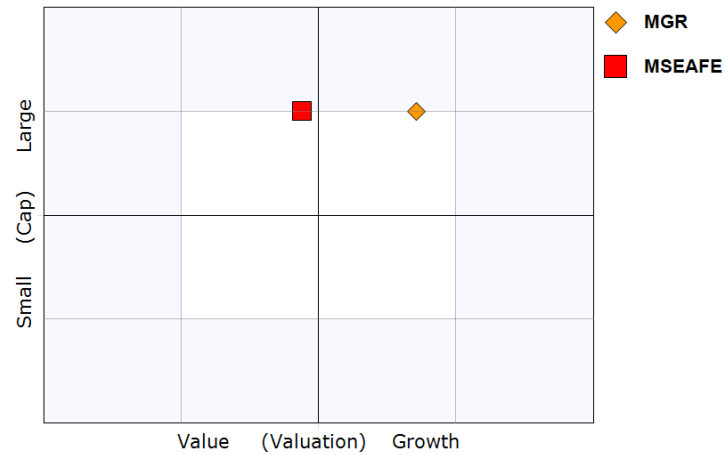
As of September 30, 2012



Equity Sector Analysis



Style Analysis



Portfolio Characteristics

	MGR	MSEAFA
Wtd Avg Market Cap (\$mil)	58,860	50,270
Historical EPS Growth	6.6	1.1
Yield (12 month)	3.2%	3.7%
Price To Book	1.8	2.5
Price To Earnings	18.8	18.1
Price To Sales	0.7	0.8
Price To Free Cash Flow	14.7	20.7
Equity	97%	100%
Fixed Income	0%	0%
Cash	3%	0%
Other	0%	0%

Top Portfolio Holdings

JARDINE STRATEGC	2.8%
BRIT AM TOBACCO	2.8%
SAP AG	2.5%
SWEDBANK AB (ADS)	2.5%
BASF SE	2.4%
OIL CO LUKOIL	2.4%
MERCK KGAA	2.3%
STATOILHYDR	2.3%
WAL MART DE	2.3%
BHP BILLITON PLC	2.3%

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Thomas White International, Ltd.

Strategy: International ADR

As of September 30, 2012



Performance

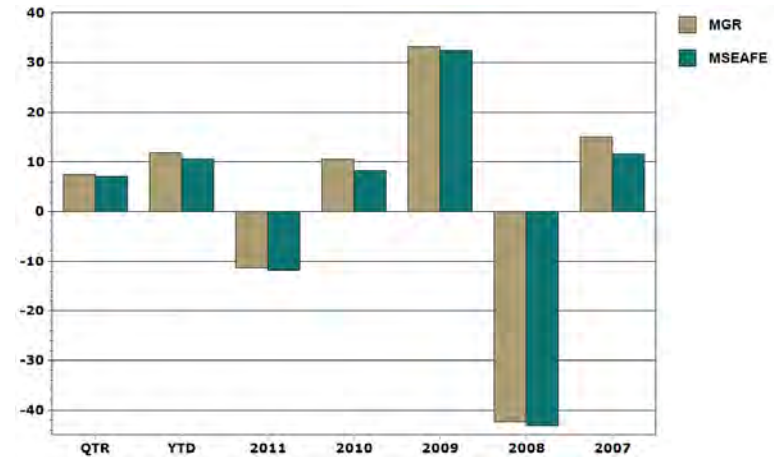
Trailing Period Performance (Annualized Returns %)

	MGR	MSEAFE
Q3 2012	7.45	6.98
1 Year	20.67	14.33
3 Year	4.82	2.59
5 Year	(3.39)	(4.77)
10 Year	10.29	8.69

Calendar Year Performance (Annualized Returns %)

	MGR	MSEAFE
2012 YTD	11.96	10.60
2011	(11.32)	(11.74)
2010	10.59	8.21
2009	33.26	32.46
2008	(42.31)	(43.06)
2007	15.10	11.63
2006	31.66	26.86
2005	23.30	14.02
2004	19.85	20.70
2003	35.66	39.17

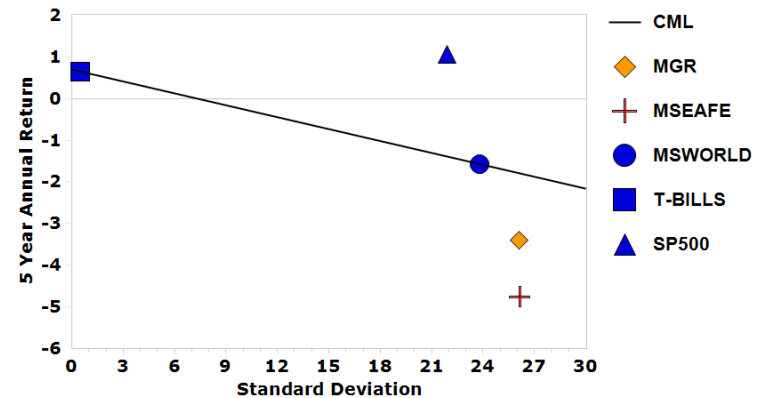
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	MSEAFE
Beta	1.0	1
Annualized Alpha	1.5	N/A
R-Squared	98	100
3 Yr Std Deviation	20.2	20.0
5 Yr Std Deviation	26.1	26.2
Sharpe Ratio	(0.16)	(0.21)
Up Quarters	12	11
Up Market Capture	105%	100%
Down Quarters	8	9
Down Market Capture	98%	100%
Best 1 Quarter Return	25.00	25.85
Worst 1 Quarter Return	(21.49)	(20.50)
Maximum Drawdown	(50.23)	(51.78)

Capital Market Line Chart



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Strategy: International ADR

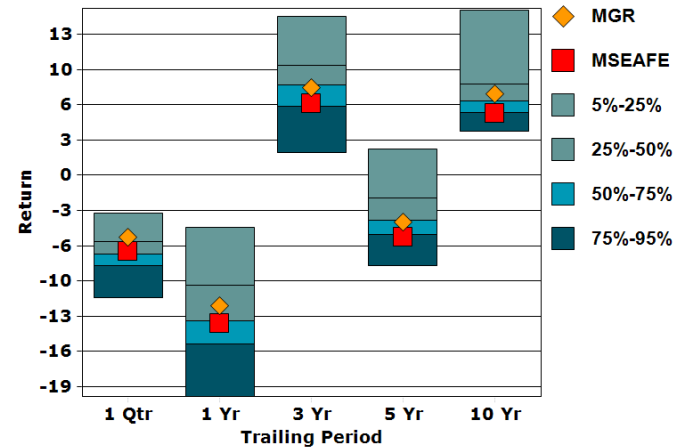
As of June 30, 2012



Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(5.59)	(11.80)	7.91	(4.22)	7.36
Percentile	21	39	52	51	39
MSEAFE	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	(6.85)	(13.38)	6.45	(5.63)	5.62
Percentile	45	53	69	75	72
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	(3.41)	(4.71)	14.37	2.36	14.94
25th Percentile	(5.96)	(9.97)	9.91	(2.04)	8.25
50th Percentile	(7.09)	(13.17)	8.13	(4.05)	6.73
75th Percentile	(8.16)	(15.26)	6.22	(5.32)	5.66
95th Percentile	(11.07)	(21.65)	2.02	(8.16)	3.97
Number of Products	293	292	279	254	164

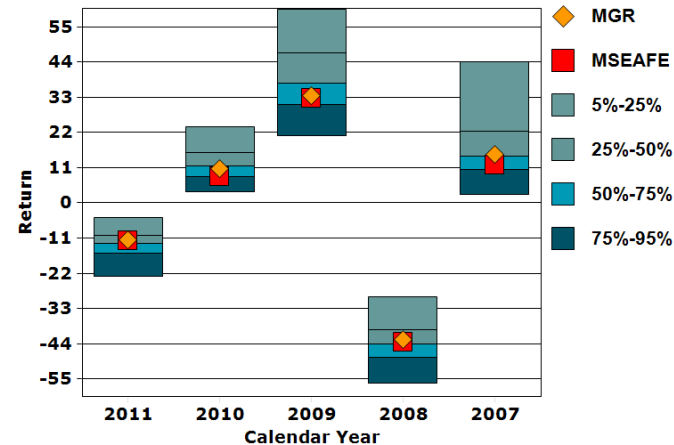
* Trailing returns through 6/30/2012
 ** PSN Intl Large Cap Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	(11.32)	10.59	33.26	(42.31)	15.10
Percentile	38	57	65	39	47
MSEAFE	2011	2010	2009	2008	2007
Return	(11.74)	8.21	32.46	(43.06)	11.63
Percentile	43	75	68	45	66
Universe *	2011	2010	2009	2008	2007
5th Percentile	(4.59)	23.48	79.17	(29.13)	43.77
25th Percentile	(9.97)	15.64	46.57	(39.35)	22.10
50th Percentile	(12.43)	11.35	37.04	(43.78)	14.55
75th Percentile	(15.62)	8.24	30.36	(47.74)	10.38
95th Percentile	(22.73)	3.45	20.73	(55.80)	2.52
Number of Products	296	291	280	277	252

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Glossary

MSCI EAFE: The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

Weighted Average Market Cap: This value, displayed as millions of dollars, is the market capitalization of each security in the portfolio times its weight in the portfolio.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.

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R-Squared: R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index.

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Up Quarters: The number of quarters in the given time period where fund or composite's returns were greater than zero.

Up Market Capture Ratio: Measures the manager's performance in up markets relative to the performance of the market (index) itself. An up market is defined as any period (month or quarter) where the market's return is greater than or equal to zero.

Down Quarters: The number of quarters in the given time period where the fund or composite's returns were less than zero.

Down Market Capture Ratio: Measures the manager's performance in down markets relative to the performance of the market (index) itself. A down market is defined as any period (month or quarter) where the market's return is less than zero.

Best 1 Quarter Return: The highest absolute quarterly return in the given time period.

Worst 1 Quarter Return: The lowest absolute quarterly return in the given time period.

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Absolute Return Multi-Fund Sleeve

Overview

The Baird Absolute Return Sleeve (the “Sleeve”) attempts to produce a positive return in most economic and market environments by investing in equity and fixed income investments that have a moderate to low correlation of returns with each other. The Sleeve should be viewed as a relatively conservative investment that may help diversify the risk of a traditional investment portfolio.

Benefits

The Sleeve offers investors the following benefits:

- Low minimum investment (\$25,000)
- Low fee
- Daily liquidity
- Good transparency
- Mutual fund tax reporting

Investment Objectives

The Sleeve has several investment objectives, including:

1. Produce a positive return over most one-year periods.
2. Outperform fixed income securities, as represented by the Barclays Capital US Aggregate Bond Index, in flat-to-rising interest rate environments.
3. Outperform equity securities, as represented by the S&P 500 Index, in declining equity markets.
4. Outperform conservative hedge funds, as represented by the Hedge Fund Research International (HFRI) Fund of Funds: Conservative Index, over most one-year periods.
5. Exhibit a moderate correlation with equity and fixed income securities.

There is no guarantee that the investment objectives of the Sleeve will be successful. An investor has the potential to lose his/her entire investment.

Investment Process

The investment process includes fund selection and fund allocation.

Funds are selected according to their potential to: (1) produce mid-to-high single digit returns in most market environments, (2) preserve capital in declining equity markets, (3) exhibit a moderate to low correlation with other funds in the Sleeve,

and (4) exhibit a moderate to low correlation with equity and fixed income markets. For simplicity, the Sleeve invests in only four funds, and as such, it carries manager risk. To manage this risk, Baird conducts quarterly qualitative and quantitative reviews of each fund, and may replace a fund if Baird believes the fund is likely to underperform going forward or a more suitable fund is found.

Each fund in the Sleeve is allocated according to its level of risk. Thus, funds with lower risk are assigned higher weightings and vice versa. The Sleeve is currently invested as follows:

- 35% Eaton Vance Global Macro (Long/Short Global Fixed Income)
- 30% Templeton Global Bond (Global Fixed Income and Currency)
- 20% Hussman Strategic Growth (Hedged Equity)
- 15% Ivy Asset Strategy (Global Asset Allocation)

If held as a standalone investment, the Sleeve will allocate 2% to cash and fund this allocation from the Templeton Global Bond fund.

Favorable Environments

Due to the Sleeve’s low beta with equities, the Sleeve may outperform equities during periods of flat to negative returns for the equity market. The Sleeve will likely underperform equities in a sharply rising equity market.

Unfavorable Environments

The Sleeve may outperform fixed income during normal fixed income environments. When the fixed income markets are in extreme states e.g., a flight to quality or a rapid compression of credit spreads, the Sleeve may underperform due to its modest, though broadly diversified fixed income exposure.

Use in a Portfolio

Because of its low expected correlation with equities and fixed income, the Sleeve can play a role in a variety of portfolios. However, the Sleeve is most suitable for investors comfortable with investment approaches that are different than traditional long equity or fixed income. In general, a 10%-20% allocation to the Sleeve is appropriate. It is suggested that funding the sleeve come from cash or fixed income investments.



Absolute Return Multi-Fund Sleeve

Fund-Level Overview and Investment Process as of 9/30/2012

Manager	Location	Style	Strategy Inception	Firm Assets	Strategy Assets	Average Market Cap	Turnover
Eaton Vance Investment Managers	Boston, MA	Long/Short Global Fixed Income	June 2007	\$ 149.0 Bil.	\$ 7.4 Bil.	N/A	20-40%
Franklin Advisers, Inc. (Templeton Global Bond)	San Mateo, CA	Global Fixed Income	Dec. 1996	\$ 375.0 Bil.	\$ 63.2 Bil.	N/A	30-50%
Hussman Econometrics Advisors, Inc.	Ellicott City, MD	Hedged Equity	July 2000	\$ 6.3 Bil.	\$ 3.8 Bil.	\$ 22.1 Bil.	60-80%
Ivy Investment Management Company	Overland Park, KS	Global Asset Allocation	Dec. 1995	\$ 51.4 Bil.	\$ 25.6 Bil.	\$ 37.4 Bil.	40-60%

Eaton Vance Global Macro Absolute Return (EIGMX)

- Fund establishes long and short positions in global fixed income securities, derivatives, commodities-related investments and to a limited extent equity securities, in an attempt to earn incremental returns above a risk-free rate and returns with low correlation and beta relative to other assets.

Templeton Global Bond (TGBAX)

- Fund establishes predominantly long positions in global fixed income securities to implement currency, interest rate and sovereign credit rating decisions. The fund seeks to generate a positive or absolute return with moderate volatility.

Hussman Strategic Growth (HSGFX)

- Investment process combines fundamental analysis to determine equity valuations with technical analysis to assess broad market action.
- Utilizes options on equity indices to hedge risk.

Waddell & Reed Ivy Asset Strategy (IVAEX)

- Top-down view is taken in an effort to identify broad global, macro themes and trends.
- Fundamental analysis is then used to identify the most attractive means of participating in the theme e.g., stocks, bonds, gold bullion, etc.

Absolute Return Multi-Fund Sleeve

Figure 1: Annualized Fund Returns

As of September 30, 2012

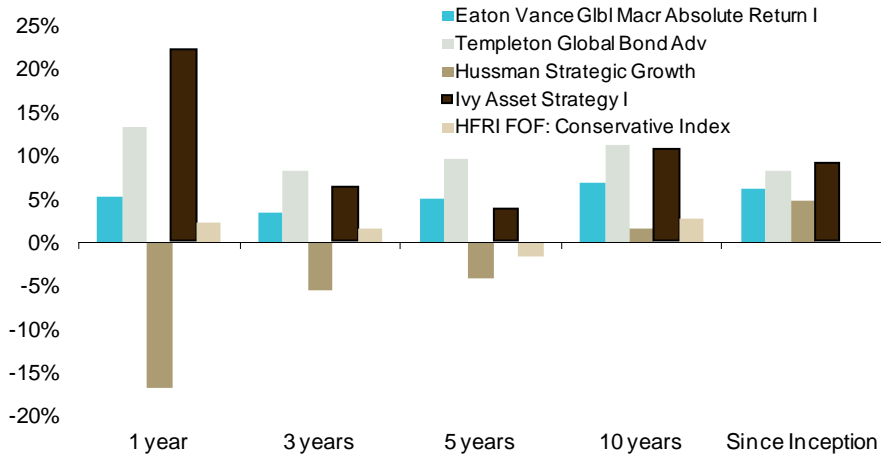


Figure 2: Calendar Year Fund Returns

As of September 30, 2012

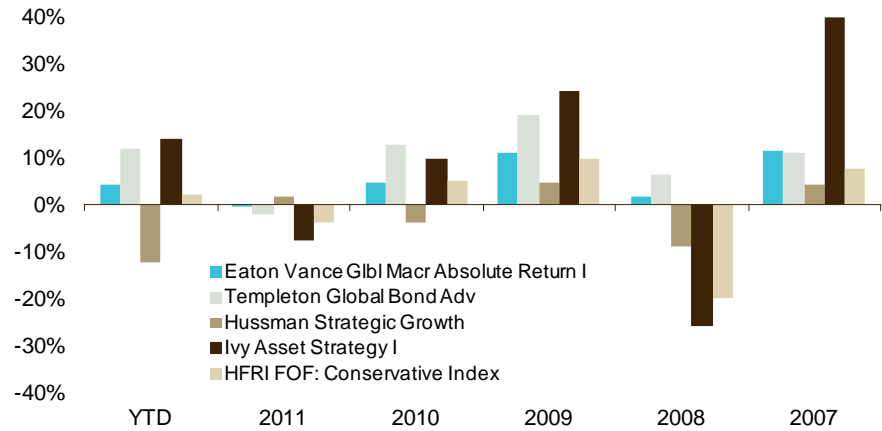


Figure 3: Risk vs. Return

October 2007 – September 2012

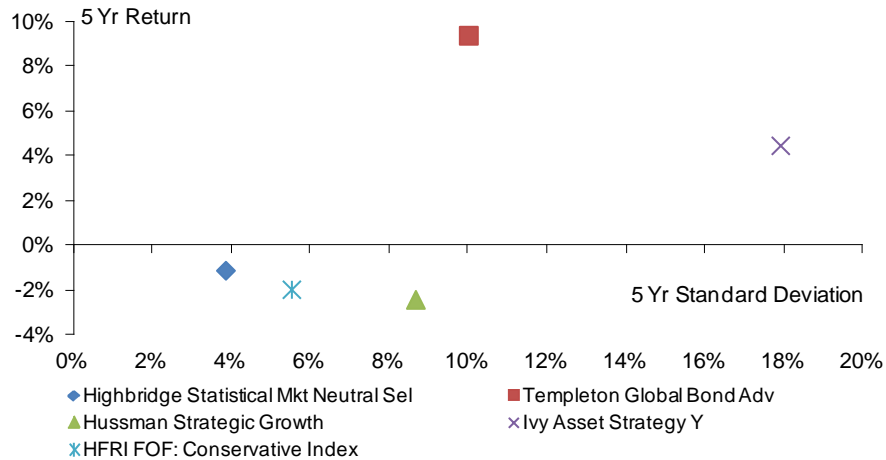


Figure 4: Fund-Level Correlation

October 2007 – September 2012

	Eaton Vance Gbl Macr Absolute Return I	Templeton Global Bond Adv	Hussman Strategic Growth	Ivy Asset Strategy I	Absolute Return Sleeve	HFRI FOF: Conservative Index
Eaton Vance Gbl Macr Absolute Return I	1.00					
Templeton Global Bond Adv	0.55	1.00				
Hussman Strategic Growth	-0.02	-0.04	1.00			
Ivy Asset Strategy I	0.50	0.62	-0.08	1.00		
Absolute Return Sleeve	0.49	0.36	0.02	0.67	1.00	
HFRI FOF: Conservative Index	0.00	0.00	0.00	0.00	0.00	0.00



Absolute Return Multi-Fund Sleeve

Investors should consider the investment objectives, risks, charges and expenses of each fund carefully before investing. This and other information is found in the prospectus or summary prospectus. For a prospectus or summary prospectus, ask your Baird Financial Advisor. Please read the prospectus or summary prospectus carefully before investing. Please see important fund-specific risks on page 5.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. A fund's current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please contact the fund company directly (contact information in table below).

	Annual Returns as of 9/30/2012					
	1 Year	5 Year	10 Year	Since Inception	Inception Date	Gross Expense Ratio
Eaton Vance Global Macro Absolute Return 800-225-6265 www.eatonvance.com	5.26%	5.21%	6.99%	5.42%	6/27/2007	0.85%
Templeton Global Bond 800-632-2301 www.franklintempleton.com	13.25%	9.75%	11.23%	8.49%	12/31/1996	0.65%
Hussman Strategic Growth* 800-487-7626 www.hussmanfunds.com	-16.82%	-4.00%	1.74%	4.97%	7/24/2000	1.05%
Ivy Asset Strategy/I 800-777-6472 www.ivyfund.com	22.14%	3.69%	10.63%	7.19%	12/29/1995	0.75%
HFRI FOF: Conservative Index	2.42%	-1.54%	2.88%	6.28%	12/31/1989	--

* The fund will assess a fee of 1.50% on redemptions of shares held for 60 days or less.

Note: The Absolute Return Sleeve represents a strategically-weighted blend of four distinct mutual funds currently available in the sleeve. It should be noted that through the continuous review process, funds will be added or removed. Note: The HFRI FOF: Conservative Index is an unmanaged fund of hedge funds index that is generally representative of the conservative fund of hedge fund market. It is not possible to invest directly in an index.

Definitions

Beta: a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market.

Correlation: the extent to which returns of two funds or of one fund and the benchmark move together (correlation of 1.00 indicates 100%, or perfect, correlation).

Global Asset Allocation: an investment strategy that involves making strategic and tactical asset allocation decisions regarding the timing and size of investments in a potentially broad array of asset classes including U.S., Foreign, and Emerging Markets equities and bonds as well as real assets, foreign currencies, and cash.

Allocation decisions may be based on relative value, momentum or technical factors.

Hedged Equity: an investment strategy designed to provide conservative equity-like results. In general, the strategy is engineered to capture the positive characteristics of traditional long only equity investing while limiting exposure to the negative characteristics of such investments through the use of hedging techniques such as short selling and investments in derivative securities.

Market Neutral: an investment strategy that seeks to avoid some form of market risk, typically by hedging. A portfolio is truly market neutral if it exhibits zero correlation with the unwanted source of risk.

Absolute Return Multi-Fund Sleeve

Opportunistic Fixed Income: an investment strategy that seeks to produce relatively high levels of total return by investing with limited constraints across a broad array of fixed income sectors such as corporate bonds, high yield bonds, international bonds, currencies, bank loans, government agency instruments, and emerging markets debt.

Sharpe Ratio: the Sharpe Ratio measures excess return per unit of risk. The Sharpe Ratio relates the difference between the portfolio's return and the return of the risk-free rate to the standard deviation of the portfolio returns for the same period. Excess return is defined as the portfolio return less the risk free rate. Risk is measured using the standard deviation of portfolio returns.

Important Information

The funds included in the Sleeve may have risks that are specifically associated with the funds. Those risks and the risk disclosure are detailed by fund below. Investments in mutual funds may lose value and prices can fluctuate over time.

Eaton Vance Global Macro Absolute Return	1, 3, 7, 8, 9, 10, 11, 12, 13, 14, 15
Templeton Global Bond	3, 7, 8, 9, 10
Hussman Strategic Growth	1, 2, 3, 4, 5
Ivy Asset Strategy	1, 2, 3, 4, 5, 6

- Market Risk** – Common stock prices can fluctuate over a wide range in the short term or over extended periods of time. These price fluctuations may result from factors affecting individual companies, industries, or the securities market as a whole. There is no guarantee that the stock market or that the stock that the Fund holds will increase in value.
- Value-Oriented Investment Style Risk** – The Advisor's approach may be out of favor at times, causing the Fund to underperform funds that also seek capital appreciation but use different approaches to the stock selection and portfolio construction process. Specifically, the out-of-favor and undervalued companies the Fund invests in may be more vulnerable to negative investor sentiment or adverse business or economic events than more growth-oriented companies.
- Derivatives Risk** – Each Fund may invest in stock index futures contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices

Standard Deviation: The standard deviation is a statistic that tells you how tightly all the various examples are clustered around the mean in a set of data.

Statistical Arbitrage: an investment strategy that typically involves highly technical short-term mean reversion strategies involving large numbers (e.g., thousands) of securities, very short holding periods (e.g., minutes), and substantial computational, trading, and IT infrastructure.

Turnover: the percentage of a fund's assets that have changed over the course of a year

and thus a Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities.

- Risks of Investing in a Managed Fund** – The advisor's judgment about the attractiveness, value and potential appreciation of particular companies' stocks prove to be incorrect.
- Market Trading Risks** - Absence of Prior Active Market – Although shares of the fund described in the prospectus are listed for trading on national securities exchanges and certain foreign exchanges, there can be no assurance that an active trading market for such shares will develop or be maintained.
Market Liquidity Risk – Secondary market trading in Fund Shares may be halted by a national securities exchange because of market conditions or for other reasons. There can be no assurance that the requirements necessary to maintain the listing of the shares of any Fund will continue to be met or will remain unchanged.
- Maturity Risk** – Generally, fixed income securities will decrease in value if interest rates rise and will increase if interest rates decline. Longer-term securities are generally more volatile, so the average maturity or duration of these securities affects risk.
- Interest Rate Risk** – The fund is subject to the risk that the market value of the bonds it holds will decline due to rising interest rates. When interest rates rise, the prices of most bonds go down.

Absolute Return Multi-Fund Sleeve

8. **Credit Risk** – Individual issues of fixed-income securities may be subject to the credit risk of the issuer. This means that the underlying company may experience unanticipated financial problems causing it to be unable to meet its payment obligations. Credit risk is particularly significant for debt securities that are rated below investment grade. These debt securities are predominately speculative with respect to the issuer’s continuing ability to pay interest or principal. Lower grade securities have less liquidity and higher incidence of default than higher grade securities.
9. **Foreign Securities Risk** – Foreign investments involve additional risks including currency fluctuations, political and economic instability, differences in financial reporting standards, and less stringent regulation of securities markets. Some foreign markets are considered emerging markets. Investment in these emerging markets subjects a Fund to a greater risk of loss than investments in a developed market.
10. **Non-Diversification Risk** - As a non-diversified mutual fund, the Fund is able to take larger positions in a smaller number of companies than a diversified fund.
11. **Government Obligations Risk** – No assurance can be given, with respect to fund investments in securities issued by the U.S. Government, its agencies and instrumentalities, that the U.S. Government will provide financial support, where it is not obligated to do so.
12. **Securities Lending Risk** – The fund may lend its portfolio securities to brokers, dealers, and other financial institutions. The principal risk of securities lending is that the financial institution that borrows securities from the fund could go bankrupt and the fund may not be able to recover the securities or their value.
13. **Counter Party Risk** – When a fund enters into a repurchase agreement, an agreement where the fund agrees to buy a security and where the seller agrees to repurchase the security at an agreed upon price and time, the fund is exposed to the risk that the other party will not fulfill its contractual repurchase obligation. Similarly, the fund is exposed to the same risk if it engages in a reverse repurchase agreement where a broker-dealer agrees to buy securities and the fund agrees to repurchase them at a later date.
14. **Commodities Risk** – The fund invests in commodity index-linked notes and commodity futures contracts in order to provide exposure to the commodities markets. As a result of this, the fund has the potential of experiencing substantially more volatility than the returns of a fund that invests in the broad-based market.
15. **Leveraging Risk** – Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issues, delayed delivery of forward commitment transactions. The use of derivatives may also create leveraging risk. The funds also may be exposed to leveraging risk by borrowing money for investment purposes. Leveraging may cause a Fund to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. Leveraging, including borrowing, may cause a Fund to be more volatile than if the Fund had not been leveraged.



Satellite Asset Class Multi-Fund Sleeve

Overview

Baird leverages the due diligence and fund selection of Wilshire Associates in the satellite asset classes. Wilshire begins with its proprietary database of 20,000 mutual funds and develops a qualitative score based on organizational characteristics and investment process, and a quantitative score based on their proprietary Leading Performance Indicator. Once candidates are determined, an investment selection committee makes the final decision. The objective of the sleeve is to meet or modestly exceed the return performance of the comparative benchmark in a normal market environment while taking on lower risk, and protecting capital in down markets. In this case the benchmark is an equal-weighted blend (25% each) of Dow Jones AIG Commodity Index, MSCI Emerging Markets Index, Dow Jones Wilshire REIT Index and Merrill Lynch High Yield Master II Index.

Baird generally seeks funds with investment managers that have a tenure of at least five (5) years and have underlying investments consistent with the mutual fund's investment policy, process, and philosophy. Baird generally looks for mutual funds that are among the top-performing funds in a style category; have strong, demonstrated track records; and have satisfactory people, investment process, and firm infrastructure; among other factors. Mutual funds are evaluated before their selection and quarterly on an on-going basis using quantitative analysis that compares the risk and return to a comparative index. In addition, Baird performs qualitative due diligence on the mutual funds to understand the investment manager's philosophy and process as well as the stability of the investment manager's firm; this often includes interviewing the investment team. Mutual funds are added and removed by Baird, in its sole discretion.

Fund-Level Overview and Investment Process

Manager	Location	Style	Inception	Firm Assets	Strategy Assets	Average Market Cap	Turnover
PIMCO	Newport Beach, CA	Commodities	6/28/2002	\$ 1.8 Bil.	\$ 21.8 Bil.	--	170-190%
Principal	Des Moines, IA	Emerging Markets	3/1/2001	\$ 53.0 Bil.	\$ 1.6 Bil.	\$ 17.3 Bil.	80-100%
Invesco	Houston, TX	Global Real Estate	10/3/2008	\$ 646.6 Bil.	\$ 1.1 Bil.	\$ 7.6 Bil.	40-60%
BlackRock	New York, NY	High Yield	11/19/1998	\$ 3,684.1 Bil.	\$ 9.6 Bil.	\$ 7.3 Bil.	80-100%

PIMCO Commodity Real Return (PCRIX)

- Primarily uses swaps to gain full exposure to the Dow Jones-UBS Commodity Index; remaining cash collateral is managed using the PIMCO's Real Return strategy (portfolio comprised of primarily inflation-indexed securities).

Principal Investors International Emerging Markets (PIEIX)

- Bottom-up analysis focused on companies with improving fundamentals, sustainable fundamentals, rising expectations, and attractive valuations.

Invesco Global Real Estate (ARGYX)

- Combination of a quantitative model, fundamental security review and macroeconomic analysis on local property markets.

BlackRock High Yield Bond (BHYIX)

- Fundamental security selection, which begins with three-factor scoring model that incorporates credit analysis, risk/reward analysis, and market-related data.

Baird Recommended

Satellite Asset Class Multi-Fund Sleeve

Figure 1: Annualized Fund Returns

As of September 30, 2012

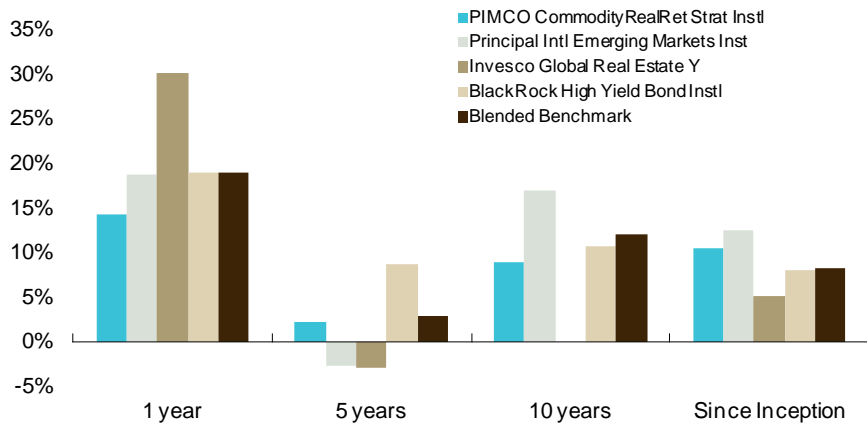


Figure 2: Calendar Year Fund Returns

As of September 30, 2012

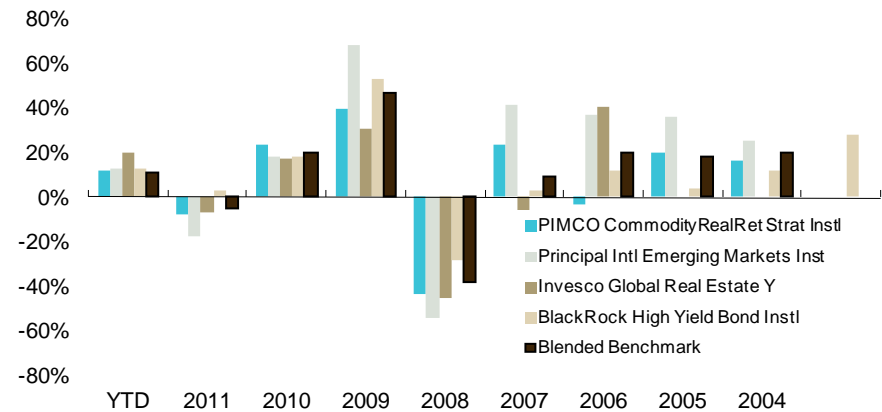


Figure 3: Fund Market Cap and Investment Style

October 2007 – September 2012

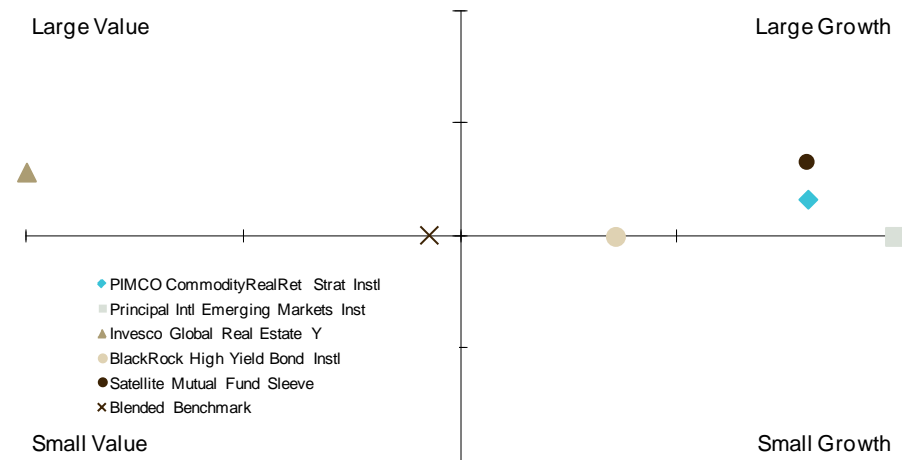


Figure 4: Fund-Level Correlation

October 2007 – September 2012

	PIMCO CommodityRealRet Strat Inst	Principal Intl Emerging Markets Inst	Invesco Global Real Estate Y	BlackRock High Yield Bond Inst	Satellite Mutual Fund Sleeve	Blended Benchmark
PIMCO CommodityRealRet Strat Inst	1.00					
Principal Intl Emerging Markets Inst	0.76	1.00				
Invesco Global Real Estate Y	0.63	0.85	1.00			
BlackRock High Yield Bond Inst	0.66	0.79	0.79	1.00		
Satellite Mutual Fund Sleeve	0.87	0.96	0.90	0.87	1.00	
Blended Benchmark	0.80	0.92	0.94	0.88	0.98	1.00

Note: In Figure 3, the vertical axis represents the capitalization of a manager placed on the graph, while the horizontal axis represents the value or growth orientation of the manager.

Source: Zephyr Associates, Inc. and Morningstar



Satellite Asset Class Multi-Fund Sleeve

Note: The Satellite Asset Class Mutual Fund Sleeve represents an equal-weighted blend of the four mutual funds currently available in the sleeve. It should be noted that through the continuous review process, funds will be added or removed and not all of these funds have been in the sleeve since its inception.

Note: The four indices that comprise the blended benchmarks are unmanaged indices that are generally representative of their asset class market. It is not possible to invest directly in these indices.

- *The Dow Jones AIG Commodity Index is composed of futures contracts on 19 physical commodities. These commodities are traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange.*
- *The MSCI Emerging Markets Index is a country, regional or composite index comprising emerging markets only and weighted by capitalization.*
- *The Dow Jones Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. This index is a subset of the Dow Jones Wilshire Real Estate Securities Index.*
- *The Merrill Lynch High Yield Master II Index is a market capitalization weighted index including all domestic and Yankee high-yield bonds with at least \$100mm par amount outstanding and greater than or equal to one year to maturity.*

Investors should consider the investment objectives, risks, charges and expenses of each fund carefully before investing. This and other information is found in the prospectus or summary prospectus. For a prospectus or summary prospectus, ask your Baird Financial Advisor. Please read the prospectus or summary prospectus carefully before investing. Please see important fund-specific risks on page 4, 5, 6.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. A fund's current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please contact the fund company directly (contact information in table below).

	Annual Returns as of 9/30/2012					
	1 Year	5 Year	10 Year	Since Inception	Inception Date	Gross Expense Ratio
PIMCO Commodity Real Return 800-927-4648 www.pimco.com	14.28%	2.14%	8.89%	10.41%	6/28/2002	0.90%
Principal Investors International Emerging Markets 800-547-7754 www.principal.com	18.61%	-2.67%	16.85%	12.54%	3/1/2001	1.27%
Invesco Global Real Estate 800-246-5463 www.aimfunds.com	30.18%	-3.10%	N/A	7.36%	10/3/2008	1.26%
BlackRock High Yield Bond 800-441-7762 www.blackrock.com	18.91%	8.58%	10.61%	7.93%	11/19/1998	0.67%
Blended Benchmark*	17.88%	2.02%	11.26%	9.49%	--	--

* Blended Benchmark: 25% Dow Jones-UBS Commodity Index, 25% MSCI Emerging Markets Index, 25% Wilshire REIT Index, 25% Merrill Lynch High Yield Master II Index

Satellite Asset Class Multi-Fund Sleeve

Definitions

Correlation: the extent to which returns of two funds or of one fund and the benchmark move together (correlation of 1.00 indicates 100%, or perfect, correlation).

Emerging Markets Equity: equity securities investment in emerging countries throughout the world. Emerging markets stocks may be subject to additional risks including being alert to trends in foreign currencies as well as movements in foreign markets.

Important Information

The funds available in the ALIGN program may have risks that are specifically associated with the funds. Those risks and the risk disclosure are detailed by fund below. Investments in mutual funds may lose value and prices can fluctuate over time.

PIMCO Commodity Real Return:	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18
Principal Investors Int'l Emerging Markets	7, 11, 12, 13, 16, 19, 20
Invesco Global Real Estate	1, 2, 3, 4, 11, 14, 16, 18, 21, 22
BlackRock High Yield Bond	1, 2, 3, 6, 7, 10, 11, 15

- Interest Rate Risk** – When interest rates rise, the prices of most bonds go down. The price of a bond is also affected by its maturity. Bonds with longer maturities generally have greater sensitivity to changes in interest rates. Falling interest rates will cause the Fund's income to decline if the Fund reinvests its assets at the lower rate. Income risk is generally higher for short term bonds.
- Credit Risk** – Individual issues of fixed-income securities may be subject to the credit risk of the issuer. This means that the underlying company may experience unanticipated financial problems causing it to be unable to meet its payment obligations. Credit risk is particularly significant for debt securities that are rated below investment grade. Lower grade securities have less liquidity and higher incidence of default than higher grade securities.
- High Yield Risk** – Funds that invest in high yield securities and unrated securities of similar credit quality may be subject to greater levels of credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a Fund's ability to sell these securities (liquidity risk). If

Market Capitalization: current market value of a company's common stock (closing price times common shares outstanding).

Turnover: the percentage of a fund's assets that have changed over the course of a year.

the issuer of a security is in default with respect to interest or principal payments, a Fund may lose its entire investment.

- Market Risk** – Common stock prices can fluctuate over a wide range in the short term or over extended periods of time. These fluctuations may result from factors affecting individual companies, industries, or the securities market as a whole. There is no guarantee that the stock market or that the stock that the Fund holds will increase in value.
- Issuer Risk** – The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.
- Liquidity Risk** – Secondary market trading in Fund shares may be halted by a national securities exchange because of market conditions or for other reasons. There can be no assurance that the requirements necessary to maintain the listing of the shares of any Fund will continue to be met or will remain unchanged.
- Derivatives Risk** – Each Fund may invest in stock index futures contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices and thus a Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities.
- Commodity Risk** – A Fund's investments in commodity-linked derivative instruments may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Satellite Asset Class Multi-Fund Sleeve

9. **Equity Risk** – The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.
10. **Mortgage-Related and Other Asset-Backed Risk** - Mortgage-related and other asset-backed securities are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if a Fund holds mortgage-related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. A Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.
11. **Foreign Securities Risk** – Foreign investments involve additional risks including currency fluctuations, political and economic instability, differences in financial reporting standards, and less stringent regulation of securities markets. Some foreign markets are considered emerging markets. Investment in these emerging markets subjects a Fund to a greater risk of loss than investments in a developed market.
12. **Emerging Markets Risk** – Foreign investment risk may be particularly high to the extent that a Fund invests in emerging market securities that are economically tied to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from the risks of investing in developed foreign countries.
13. **Currency Risk** – If a Fund invests directly in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, foreign (non-U.S.) currencies, or in derivatives that provide exposure to foreign (non-U.S.) currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.
14. **Non-diversification risk** – As a non-diversified mutual fund, the Fund is able to take larger positions in fewer companies than a diversified fund.
15. **Leveraging Risk** – Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions. The use of derivatives may also create leveraging risk. The Funds also may be exposed to leveraging risk by borrowing money for investment purposes. Leveraging may cause a Fund to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. Leveraging, including borrowing, may cause a Fund to be more volatile than if the Fund had not been leveraged.
16. **Risks of Investing in a Managed Fund** – The advisor's judgment about the attractiveness, value and potential appreciation of particular companies' stocks prove to be incorrect.
17. **Tax Risk** – The Commodity RealReturn Strategy Fund gains exposure to the commodities markets through investments in commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures, and options on futures. The Fund may also gain exposure indirectly to commodity markets by investing in its Subsidiary, which invests primarily in commodity-linked derivative instruments. In order for the Fund to qualify as a regulated investment company under Subchapter M of the Code, the Fund must derive at least 90 percent of its gross income each taxable year from certain qualifying sources of income.
18. **Short Selling Risk** – The Fund's use of short sales involves additional investment risks and transaction costs. While short sales can be used to further the Fund's investment objective, under certain market conditions they can increase the volatility of the Fund and may lower the Fund's return or result in losses, which potentially may be unlimited.
19. **Small and Mid-Cap Asset Class Risk** – The small or medium capitalization companies the Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, these stocks may be more volatile than those of larger companies.
20. **Securities Lending** – The principal risk of securities lending is that the financial institution that borrows securities from the Fund could go bankrupt

Satellite Asset Class Multi-Fund Sleeve

or otherwise default on its commitment under the securities lending agreement and the Fund might not be able to recover the loaned securities or their value.

21. **Real Estate Risk** – The Fund’s investments in real estate securities are subject to the same risks as direct investments in real estate. Real estate values rise and fall in response to many factors, including local, regional and national economic conditions, the demand for rental property, and interest rates. When economic growth is slowing, demand for property decreases and prices may fall. Rising interest rates, which drive up mortgage and financing costs, can affect the profitability and liquidity of properties in the real estate market. Property values may also decrease because of overbuilding, extended vacancies, increase in property taxes and operating expenses, zoning laws, environmental regulations, clean-up of and liability for environmental hazards, uninsured casualty or condemnation losses, or a general decline in neighborhood values. The performance of the real estate securities in which the Fund invests is also largely dependent on the organization, skill and capital funding of the managers and operators of the underlying real estate. In addition to the risks facing real estate securities, the Fund’s investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume and may be more volatile than other securities. The Fund will indirectly bear its proportionate share of expenses, including management fees, paid by each REIT in which it invests in addition to the expenses of the Fund. REITs and other investment vehicles in which the Fund may invest are subject to complicated tax rules. The tax laws that apply to these investment vehicles have the potential to create negative tax consequences for the Fund, or for certain shareholders of the Fund, including, in particular, charitable remainder trusts and non-U.S. taxpayers.
22. **Government Obligations Risk** – No assurance can be given, with respect to fund investments in securities issued by the U.S. Government, its agencies and instrumentalities, that the U.S. government will provide financial support, where it is not obligated to do so.

Pacific Investment Mgmt. Co

Strategy: PIMCO Total Return MA

As of September 30, 2012

Strategy Overview

Product Code PMOTR	Maturity Intermediate	Process Fundamental
Investment Vehicle Separate Account	Style Investment Grade	Benchmark Barclays Aggregate (BCAGG)
Asset Class Fixed Income	Discipline Active	

Admin Information

Manager Pacific Investment	Assets \$17593.78 Million
Tenure 2009	# of Securities 12 - 15
Inception 1st Quarter 1990	Avg 12 Month Turnover 130% - 330%

Contact Information

Address 840 Newport Center Drive, Suite 100 Newport Beach, CA 92660-6992	Website http://www.pimco.com
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Overview

Founded in 1971 and headquartered in Newport Beach, California, Pacific Investment Management Company ("PIMCO") is one of the world's largest asset management firms, with \$1.3 trillion in assets. PIMCO's size and reputation provide it with several competitive advantages relative to other fixed income managers. The firm is a majority-owned subsidiary of Allianz Global Investors, the investment arm of Allianz SE.

Analyst Opinion

PIMCO's Total Return Managed Account portfolio is an attractive intermediate bond offering for several reasons. First, the firm's size and reputation provide it with several competitive advantages, including an ability to attract and retain top talent, greater access to certain provider information, and sophisticated technological capabilities. Second, the portfolio's wide opportunity set and flexibility to hold securities and instruments outside of the benchmark (e.g., foreign currencies, options, futures, swaps, etc.) give it more opportunities for outperformance and diversification. Third, while legendary Bill Gross does not manage this specific portfolio, he retains influence over the portfolio's positioning (via his input on the investment committee) and hence, performance.

There are, however, a few items investors should consider before investing in this portfolio. The flexible investment process, which allows for at least moderate "bets" (e.g., duration, sector weights, etc.) relative to the benchmark and out-of-benchmark exposure (e.g. foreign currencies and bonds, etc.), can lead to periodic underperformance relative to the portfolio's peers and benchmark. In addition, the portfolio's turnover is relatively high, making this portfolio less tax efficient than Baird's other recommended fixed income managers. Last, a \$250,000 minimum account size, and the requirement that new accounts be funded with cash, may be a deterrent for some investors who wish to invest in this portfolio.

This portfolio should be suitable for most institutional and high net worth investors. It can be used on a "stand alone" basis, or paired with another fixed income manager or fund so long as they differ from this portfolio in terms of duration, sector exposures and other characteristics.

Process

The process includes a top-down element to identify secular and cyclical outlooks that shape the investment strategy (e.g., duration, yield curve positioning, etc.), and a bottom-up element to select individual securities. The process allows for moderate "bets" in terms of sector weights, duration and out-of-benchmark exposure, which can result in the potential for periodic underperformance from this portfolio relative to its benchmark and peers.

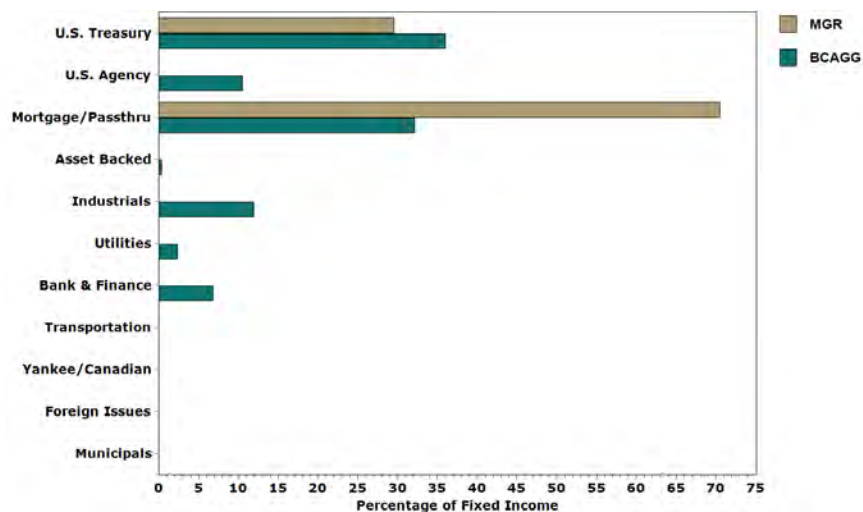
A typical portfolio includes 10 – 15 individual bonds and two "FISH" (fixed income shares) commingled funds for alpha, diversification and to help manage the portfolio's risk, duration, etc. Through these funds, the portfolio may have exposure to foreign currencies and bonds, high-yield securities and convertible securities. The funds can represent up to 45% of the portfolio, and can invest in relatively complicated instruments and securities (e.g., foreign currencies, futures, options, swaps, etc.), whose performance may not be as predictable as that of individual bonds. Also, because turnover within the funds is high, the portfolio will likely be less tax efficient than Baird's other recommended fixed income managers.

People

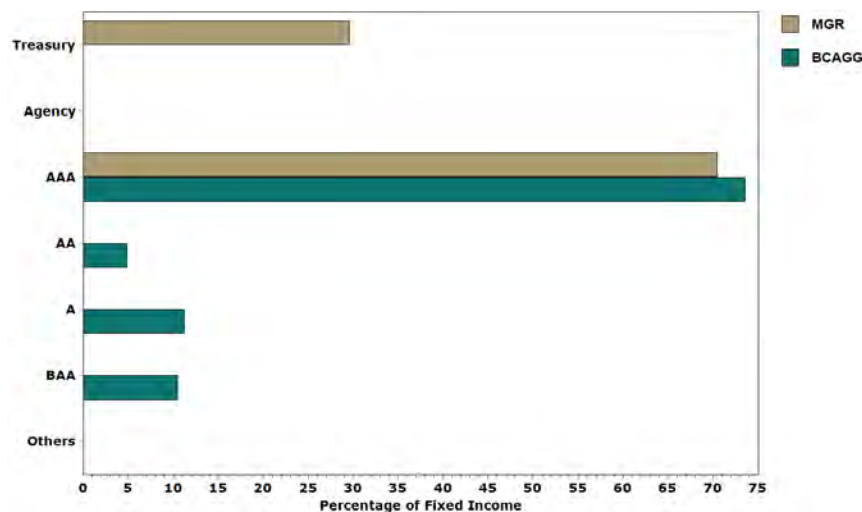
With assistance from sector teams and the credit department, Portfolio Manager Curtis Mewbourne manages the portfolio according to a well-defined strategy and various guidelines set forth by the investment committee, which includes Bill Gross. Mewbourne replaced Bill Powers three years ago as portfolio manager for the Total Return Managed Account portfolio. He has 18 years of prior experience trading and managing bonds.



Fixed Income Sector Analysis



Credit Analysis



Portfolio Characteristics

	MGR	BCAGG
Duration	1.7	4.9
Average Maturity	5.8	6.7
Coupon Percent	3.6	3.7
Yield To Maturity	1.8%	1.6%
Average Credit Quality	AGY	AA1/AA2
Equity	0%	0%
Fixed Income	76%	100%
Cash	24%	0%
Other	0%	0%

Top Portfolio Holdings

UNITED STATES TREASU	13.1%
FNMA	7.3%
UNITED STATES TREASU	7.2%
FNMA	7.2%
UNITED STATES TREASU	7.1%
FNMA	6.8%
FNMA	5.9%
FNMA	3.1%
FNMA	2.6%
FNMA	2.6%

For one-on-one presentations only. Gross Performance: Performance results are presented on a gross basis without deduction of the quarterly fee. The results shown should not be considered representative of future investment returns. The investment advisory fees are described in Part II of form ADV, or the substitute brochure. Returns will be reduced by the advisory fees and any other expenses incurred by the manager. The impact of these fees can be seen as follows: a portfolio which began at \$500,000 and achieved a 10% gross return in each of five consecutive years would have been worth approximately \$805,255 at the end of the period, before deduction of Investment Advisory Fees, for a cumulative return of 61%. If an all-inclusive fee of .75% were deducted from the portfolio at the beginning of each quarter, the terminal value at the end of the fifth year would be \$704,787 for a cumulative return of 38.5%. Past performance is no guarantee of future results.

Pacific Investment Mgmt. Co

Strategy: PIMCO Total Return MA

As of September 30, 2012



Performance

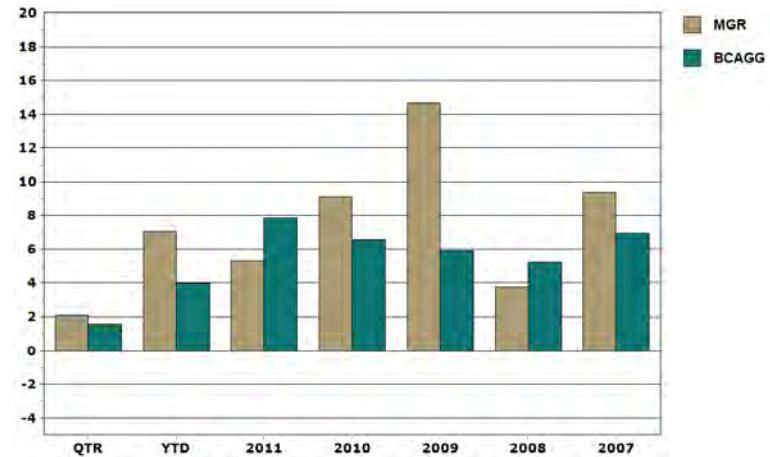
Trailing Period Performance (Annualized Returns %)

	MGR	BCAGG
Q3 2012	2.08	1.58
1 Year	8.88	5.16
3 Year	7.55	6.20
5 Year	8.76	6.54
10 Year	7.15	5.33

Calendar Year Performance (Annualized Returns %)

	MGR	BCAGG
2012 YTD	7.06	4.00
2011	5.33	7.86
2010	9.11	6.56
2009	14.67	5.93
2008	3.80	5.24
2007	9.35	6.96
2006	4.62	4.33
2005	3.31	2.43
2004	5.66	4.34
2003	6.32	4.11

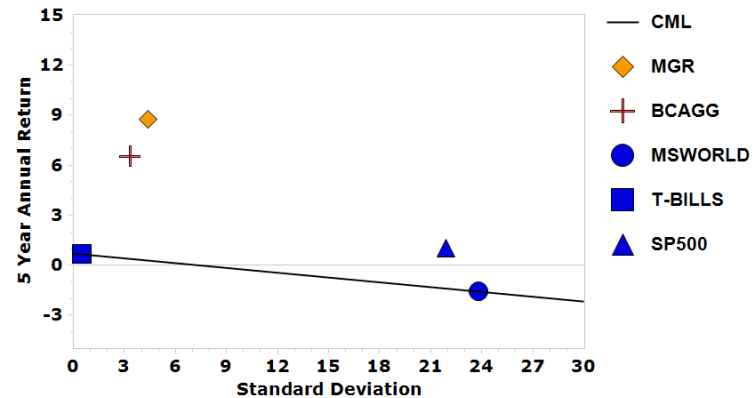
Calendar Year Returns



Five Year Risk/Reward Statistics

	MGR	BCAGG
Beta	0.9	1
Annualized Alpha	2.5	N/A
R-Squared	51	100
3 Yr Std Deviation	2.7	2.9
5 Yr Std Deviation	4.4	3.3
Sharpe Ratio	1.85	1.76
Up Quarters	16	17
Up Market Capture	137%	100%
Down Quarters	4	3
Down Market Capture	164%	100%
Best 1 Quarter Return	6.25	4.57
Worst 1 Quarter Return	(2.25)	(1.29)
Maximum Drawdown	(3.65)	(1.50)

Capital Market Line Chart



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Pacific Investment Mgmt. Co

Strategy: PIMCO Total Return MA

As of June 30, 2012

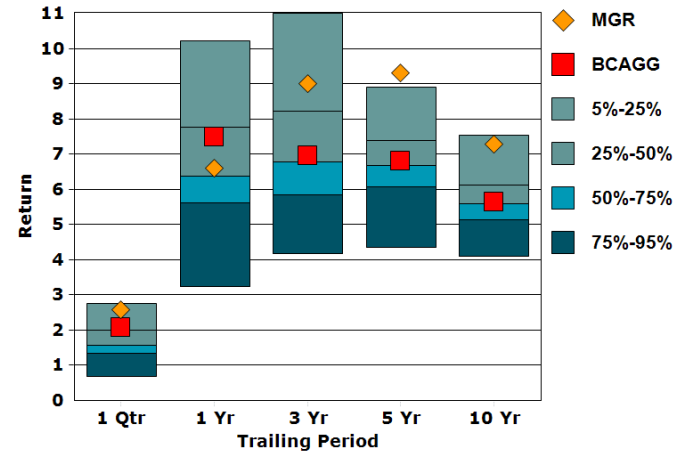


Universe Comparison - Trailing Periods *

MGR	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	2.58	6.59	9.00	9.29	7.29
Percentile	8	44	17	3	6
BCAGG	Q2 2012	1 Year	3 Year	5 Year	10 Year
Return	2.06	7.48	6.94	6.80	5.64
Percentile	25	29	47	46	46
Universe **	Q2 2012	1 Year	3 Year	5 Year	10 Year
5th Percentile	2.77	10.21	11.12	8.90	7.52
25th Percentile	2.01	7.76	8.23	7.39	6.12
50th Percentile	1.56	6.37	6.77	6.68	5.59
75th Percentile	1.33	5.60	5.84	6.06	5.12
95th Percentile	0.69	3.25	4.18	4.35	4.10
Number of Products	427	426	409	394	319

* Trailing returns through 6/30/2012

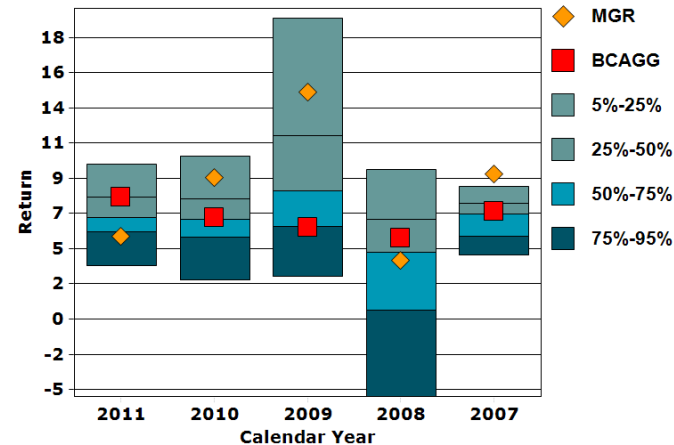
** PSN Investment Grade Fixed Income Interm Universe



Universe Comparison - Calendar Year

MGR	2011	2010	2009	2008	2007
Return	5.33	9.11	14.67	3.80	9.35
Percentile	80	12	14	55	2
BCAGG	2011	2010	2009	2008	2007
Return	7.86	6.56	5.93	5.24	6.96
Percentile	26	46	76	36	45
Universe *	2011	2010	2009	2008	2007
5th Percentile	10.00	10.51	19.41	9.67	8.54
25th Percentile	7.90	7.78	11.86	6.43	7.48
50th Percentile	6.56	6.43	8.29	4.30	6.80
75th Percentile	5.63	5.32	5.98	0.55	5.35
95th Percentile	3.46	2.56	2.74	(8.57)	4.16
Number of Products	444	436	424	414	405

* PSN Investment Grade Fixed Income Interm Universe



Each portfolio is assigned to the asset class universe to which it has the highest correlation. Each asset class is then scrubbed to remove any portfolio that has a high correlation, but clearly does not belong in the asset class. For example, many convertible bond portfolios correlate highly to the mid and small cap equity classes. Once each asset class is scrubbed, the universe returns on a quarterly, annual, and periodic basis are calculated and the percentile rankings assigned based on the returns of the portfolio.

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Glossary

Barclays Aggregate: represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Duration: Duration is a market value weighted average of the duration of each bond in the portfolio. The duration for each bond, unless otherwise specified, is the duration to call/maturity calculation. Weights for each bond are given by the market value of the bond as a percent of the market value of the portfolio.

Average Maturity: Weighted average of maturities of bonds in portfolio. The maturity for each bond is weighted by the market value of the bond as a percent of the market value of the portfolio.

Coupon: Periodic interest payment, in percent, that will be paid over life of bond.

Yield To Maturity: The rate of return anticipated on a bond if it is held until the maturity date.

Average Quality: A classification system based on the quality ratings of a bond or stock. The ratings for the quality sectors are those published by Moody's. When Moody's ratings are unavailable, Standard and Poor's ratings are used.

Price/Book Ratio: Price divided by Book Value per Share.

Price/Earnings Ratio: Price divided by EPS, where EPS is the sum of the earnings available for common stockholders over the most recent four quarters, divided by a weighted average of common shares outstanding over the most recent four quarters.

Price/Sales Ratio: The current price of a stock divided by the most recent annual sales per share.

Price/Free Cash Flow Ratio: Price divided by most recently reported free cash flow per share.

Beta: A measurement indicating the volatility of a manager relative to a chosen market. A beta of 1 means a manager has about the same volatility as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.

Alpha: Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.

R-Squared: R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index.

Standard Deviation: Measures the central tendency of a probability distribution. The more a

product varies from its mean, the higher the standard deviation.

Sharpe Ratio: A measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. A high value for the Sharpe Ratio is generally considered to be positive since either the excess return is rather large or the level of risk is low.

Up Quarters: The number of quarters in the given time period where fund or composite's returns were greater than zero.

Up Market Capture Ratio: Measures the managers performance in up markets relative to the performance of the market (index) itself. An up market is defined as any period (month or quarter) where the markets return is greater than or equal to zero.

Down Quarters: The number of quarters in the given time period where the fund or composite's returns were less than zero.

Down Market Capture Ratio: Measures the managers performance in down markets relative to the performance of the market (index) itself. A down market is defined as any period (month or quarter) where the markets return is less than zero.

Best 1 Quarter Return: The highest absolute quarterly return in the given time period.

Worst 1 Quarter Return: The lowest absolute quarterly return in the given time period.

Maximum Drawdown: The maximum drawdown % over some time frame. A drawdown is defined as the percentage lost from a peak to a valley. Over time, products may experience several peaks and valleys. This statistic is designed to show the maximum loss during a single downturn.

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