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Stable Value Fund Update

August 8, 2011

As many of you know Standard & Poor's lowered the credit rating of the United States on August 5, 2011 from the long standing rating of AAA to AA+. We, at Advised Assets Group, LLC (AAG), have prepared the following answers to address some of the questions that are being asked in regards to the S&P actions and the potential effects to your Stable Value Fund.

Q. Why did S&P downgrade the debt to AA+?

Standard and Poor's said it was downgrading U.S. debt because the rating agency lacks confidence that political leaders will make the choices needed to avert a long-term fiscal crisis. Their specific comments are as follows:

"The downgrade reflects our opinion that the fiscal consolidation plan that Congress and the Administration recently agreed to falls short of what, in our view, would be necessary to stabilize the government's medium-term debt dynamics."

Q. What do the other rating agencies have to say regarding the U.S. credit rating?

Moody's reaffirmed their AAA rating of U.S. credit on August 2, after the most recent agreement to raise the U.S. debt ceiling. Fitch commented after the debt ceiling was raised that "as expected agreement was reached on an increase in the United States' debt ceiling and, commensurate with its 'AAA' rating, the risk of sovereign default remains extremely low."

Q. What is your opinion on S& P's downgrade?

It's important to understand that a ratings downgrade doesn't reflect the actual creditworthiness of U.S. debt but expresses the opinions of S&P with respect to the ability of the U.S. to pay its creditors. This is underscored by the fact that two other rating agencies did not downgrade U.S. debt despite having the same information as S&P. Ultimately, global financial markets decide the creditworthiness of U.S. securities, not rating agencies.

The market is discounting the rating agency action in large part because of the lack of transparency, quantification, and consistency in the application of sovereign ratings methodologies. We are in agreement with the consensus view that the U.S. government and government sponsored entities are high quality credits and the risk of default is extremely low.

Q. How has the market reacted to the downgrade?

The stock market sold off sharply on the first trading day after the downgrade and continues to decline. Interestingly, U.S. treasury securities actually saw their prices increase (yields lower) after the news indicating that most traders were not concerned about the creditworthiness of U.S. debt.

Q. How will the downgrade affect my Stable Value Fund?

We don’t expect your Stable Value Fund to be affected by the downgrade. The fund is still a very high quality fund that is expected to provide a stable price and a competitive return compared to other options with similar objectives.

Q. Does the downgrade affect SVF investment strategy?

No. We will continue to manage your SVF with a consistent, disciplined approach, integrating our macro-economic outlook with fundamental asset class and sector analyses.

Q. What is your outlook, how are you positioning the portfolio?

Our base outlook of expecting the economy to grow slowly over the next several quarters has not changed. That said, we do believe the risks are to the downside in part due to consumer confidence which has been negatively impacted by the debt ceiling/budget deficit debate and subsequent compromise package, S & P’s downgrade of U.S. sovereign debt to AA+, and recent significant equity market declines. We anticipate a low interest rate environment for the short to intermediate term, as economic activity remains modest. In this period of heightened uncertainty, cashflows are being invested in the short to intermediate part of the yield curve. We continue to invest in the same types of securities in which we have always invested.

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* Information derived from a variety of financial publications and economic reporting companies, including the Wall Street Journal, Moody's, S&P, CNNMoney, etc.