

Firm and Strategy Overview

- Total Firm Assets: \$4.5 Billion
- Portfolio Manager: Team Managed
- Benchmark: Barclays Capital U.S. Aggregate

Investment Philosophy and Process

LM Capital Group is a Registered Investment Advisor founded in 1989 by Luis Maizel and John Chalker to provide fixed income investment management for the institutional investor. The firm is a 100% employee owned minority business, employed by public agencies, corporations and foundations nationwide. Currently, LM Capital Group manages six types of fixed income investment portfolios: **Short Term, Intermediate, Active Core, Opportunistic Core (Core Plus), Enhanced Return and Emerging Market Debt.**

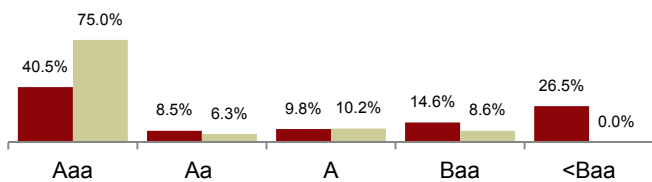
LM Capital Group's Enhanced Return strategy is governed by the firm's global investment philosophy and a disciplined top-down, fundamental investment process. The process focuses on long-term economic, social and political trends that influence investment returns. Over shorter time frames, the opportunistic nature of the strategy enables LM Capital Group to take advantage of tactical opportunities, and it allows for reduction and diversification of risk at times when the outlook may be more challenging for traditional fixed income benchmarks.

Our philosophy is centered on the belief that money is a commodity whose price, or interest rate, is governed by the laws of supply and demand, and that global economic, political, and social factors significantly influence this equation. Our process incorporates these indicators to opportunistically move in and out of sectors and regions to actively enhance returns and minimize risk.

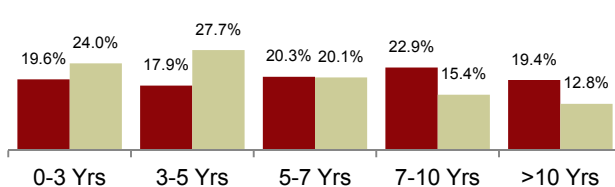
LM Capital Group derives bond sector and currency market decisions from the firm's top-down macroeconomic analysis process, while credit decisions are driven by a bottom-up, fundamental analysis research discipline. LM Capital Group utilizes a long-term investment perspective based upon fundamental analysis using a proprietary economic Matrix and Trend Identification Score which places importance on duration positioning and sector allocations while also incorporating Global Scenario Planning which helps to protect portfolios from extreme market fluctuations. Our process results in a concentrated fixed income portfolio representing the most attractive fixed income investment opportunities available, while not focusing on benchmark tracking.

Supplemental Information

Model Portfolio Credit Quality Exposure*



Model Portfolio Maturity Breakdown*



Portfolio Characteristics*

	Enhanced Return	BarCap Agg
Average Maturity	9.78 Yrs	7.16 Yrs
Effective Duration	5.29 Yrs	4.96 Yrs
Yield to Maturity (YTW)	5.00%	2.35%
Average Coupon	5.35%	4.11%
Average Quality	A2	Aa1

Model Portfolio Allocation*

	Enhanced Return	BarCap US Agg	Allowable Portfolio Range
Treasury	14.82%	34.30%	0-20%
Agency	2.80%	5.95%	0-5%
MBS	11.76%	32.41%	5-20%
ABS/CMBS	0.00%	2.33%	0-10%
US Corporate	18.23%	25.01%	10-20%
US High Yield	8.69%	0.00%	5-20%
Non-US Dollar	7.92%	0.00%	0-20%
EMD	16.75%	0.00%	0-30%
US Municipals	2.54%	0.00%	0-10%
Preferred Equity	9.31%	0.00%	5-15%
Cash	7.18%	0.00%	0-10%

In addition to the above sectors, LM Capital Group also has the ability to invest in the following security types (subject to client guidelines): Treasury futures and options; Treasury inflation-protected securities; floating and variable rate securities

*Values based on a model portfolio.