

INVESTMENT OBJECTIVE

The investment objective of this product is to provide excess investment returns relative to the Lehman Brothers U.S. Aggregate Bond Index. The portfolio is predominately invested in high quality U.S. government, agency, corporate, and asset-backed debt obligations.

The portfolio may be invested up to 40%, determined at the time of purchase, in the following investment alternatives:

- Mortgage Backed Security ETF (MBB)
- High Yield Corporate Security ETF (HYG)
- US\$ Emerging Market Sovereign Bonds
- Major Foreign Currency ETFs

A minimum of 60% of portfolio investments are rated investment grade by a nationally recognized rating agency. The minimum average credit quality of the portfolio is Baa/BBB.

The duration of the portfolio is actively managed within a conservative range (+/-25%) compared to that of the Lehman Aggregate Bond Index and sector weightings are the result of the firm's security selection and portfolio construction process.

INSTRUMENTS

- U.S. Treasury Securities
- U.S. Agency Securities
- Investment Grade Asset Backed Securities
- Investment Grade Credit Securities
- iShares Lehman MBS ETF
- US iBoxx \$ High Yield Corporate ETF
- US\$ EM Sovereign Bonds
- Foreign Currency ETFs

INVESTMENT APPROACH

- Based upon fundamental analysis of international capital markets and macro economic cycles
- Utilizes quantitative analysis techniques for portfolio construction and security valuation
- Focused on meeting individual client liability funding objectives and long-term investment needs
- Directed towards achieving competitive and consistent excess relative returns versus the broad market benchmark

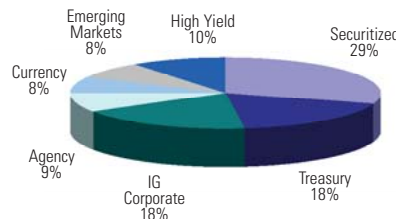
INVESTMENT PROCESS

- Disciplined, value-driven and focused on long term fundamental trends
- Identify appropriate portfolio duration positioning via yield curve horizon analysis and cash flow modeling
- Identify appropriate market sector portfolio allocations relative to market environment and client cash flow requirements
- Select individual securities based upon the level of income and potential capital appreciation contribution to performance
- Review all maturities out to 30 years
- Flexibility to invest in non-investment grade securities and foreign currencies

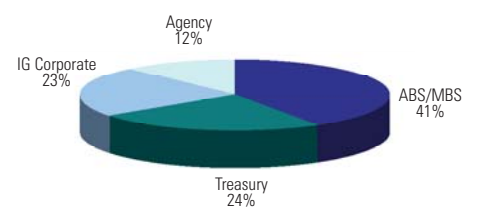
PERFORMANCE SUMMARY

Period Return	Core Plus Fixed (Gross) (%)	LBAGG (%)	CPI (%)
YTD	2.31	0.97	2.51
One Year	7.41	6.12	2.71
Three Years	5.11	3.98	3.12
Five Years	7.38	4.48	2.92
Standard Deviation*	3.39	3.68	-
Sharpe Ratio*	1.36	0.47	-

CORE PLUS PORTFOLIO



LEHMAN AGGREGATE



Core Fixed Income Portfolio

- US Treasury Securities
- US Agency Securities
- IG Asset Backed Securities
- IG Credit Securities

60-100% Allocation

Plus Portfolio

- MBS ETF
- High Yield ETF
- US \$ EM Securities
- Foreign Currency ETFs

0-40% Allocation

Mortgage Backed Securities

- iShares Lehman MBS Bond Fund ETF (MBB)

0-40% Allocation

High Yield/Emerging Market Securities

- iShares \$ High Yield Corporate Bond Fund ETF (HYG)
- Emerging Mkt. US\$ Sovereign Debt Securities

0-20% Allocation

Major Foreign Currency

- Euro Currency Trust ETF (FXE)
- Currency Shares Canadian \$ Trust ETF (FXC)
- Currency Shares British Pound Trust ETF (FXB)
- Currency Shares Swiss Franc Trust ETF (FXF)
- Currency Shares Japanese Yen Trust ETF (FXY)
- Currency Shares Australian \$ Trust ETF (FXA)

0-10% Allocation

PORTFOLIO GUIDELINES

Issuer limit (ex. Tsy & Agy.)	5%
Max. exposure to corporate securities	50%
Max. exposure to high yield	20%
Max. exposure to MBS/CMBS	50%
Max. exposure to ABS	50%
Max. exposure to EM dollar bonds	20%
Minimum average credit quality	Baa/BBB
Typical number of issues	30-50
Typical annual turnover	25-50%

FIRM OVERVIEW

Founded in 1996 as a privately held, SEC registered and insured investment advisory firm, offering investment management services focused on the global fixed income and equity markets. Sage is 100% employee owned. The firm's services include investment management, portfolio diagnostics, financial analysis, subadvisory services, and asset/liability modeling. The firm's client base is composed of corporations, insurance and healthcare organizations, foundations, Taft-Hartley and public funds, individuals and family partnerships.

SAGE LIST OF PRODUCTS

Taxable

- Cash Management
- Short Term
- Intermediate
- Core Government/Credit
- Core Aggregate
- Core "Plus"

Balanced

- Taxable Balanced
- Tax-Efficient Balanced

Tax-Exempt

- Liquidity Municipal
- Short Term Municipal
- Intermediate Municipal
- Core Municipal

Equity

- All Cap Core Equity
- All Cap Core Equity "Plus"
- 130/30 Enhanced Equity Strategy

CALENDAR YEAR RETURNS

	2002	2003	2004	2005	2006
Sage (Gross %)	5.31	15.44	6.18	1.73	6.28
LBAGG (%)	6.23	4.11	4.34	2.43	4.33

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Statistical Definitions: Standard Deviation: a gauge of risk that measures the degree of dispersion of a portfolio's returns relative to its mean; R-Squared: the correlation coefficient of a regression analysis. This measurement represents the degree of correlation between the portfolio and its respective index. An R-Squared of 1 represents a direct correlation, and an R-Squared of -1 represents a negative correlation.; Alpha: measures nonsystematic return, i.e. value added by manager due to security selection; Beta: measures the volatility of the portfolio in comparison with the market index as a whole; a beta of 1 indicates the portfolio moves with the market index; Sharpe Ratio: a gauge of excess return of a portfolio above the risk free rate (90-day T Bills) divided by the portfolio's standard deviation; Sortino Ratio: return above 90-day Treasury Bills divided by risk averse standard deviation; Up Market (Down Market) Capture: measure of the manager's performance in up or down markets relative to the market index itself.

CORE PLUS FIXED INCOME MANAGEMENT DISCLOSURES:

1. This report is for use in one-on-one client presentations only. The performance reporting for the Core Plus Fixed Income Strategy (the "Strategy") is from the inception date September 31, 2002, and is a blend of 80% Sage Core Total Return Fixed Income and 20% Sage High Yield Fixed Income strategy.
2. The portfolio characteristics for the Exchange Traded Funds (ETFs) selection and statistical analysis ("Characteristics") shown in this report relate to the strategy as of the dates noted and are deemed by Sage to be generally representative of its accounts managed in this equity management style. Not every client's account may have these exact Characteristics. The actual Characteristics with respect to any particular client account may vary based on a number of factors, including but not limited to: (i) the size of the account; (ii) the investment restrictions applicable to the account, if any; and (iii) the market conditions at the time of investment.
3. All valuations and returns are based in U.S. Dollars and are computed using a time-weighted total rate of return. Periodic returns have been geometrically linked and annualized for all time periods longer than one year.
4. Returns since inception date, September 31, 2002 were calculated using trade-date accounting.
5. The investment results for the Strategy presented herein represent historical gross performance with no deduction for investment management fees and transaction costs. Past performance is not indicative of future returns. Actual returns for those results depicted gross of fees will be reduced by expenses that may include management fees and costs of transactions.

Index Descriptions:

The Lehman Brothers US Aggregate Bond Market Index (the "LBAGG") is an unmanaged index. Sage has reviewed the characteristics of the relevant universe of indices and has determined that the LBAGG most closely resembles the Core Aggregate Fixed Income Composite managed by Sage. The LBAGG covers the U.S. investment grade fixed rate bond market including government and corporate securities, mortgage pass-through securities and asset-backed securities. The Consumer Price Index ("CPI") is a measure of inflation produced from monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.



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