



June 17, 2008

Dear Clients and Friends,

I am very pleased to announce the appointment of Mr. Jeffery M. Thomas as Vice President for Marketing and Client Development in the Western Region of the U.S. for Sage Advisory Services.

Jeff comes to Sage with a strong background in investment management services and product development. He was previously employed with Affinity Investment Advisors Inc., Irvine, CA as a Director for Sales & Client Service. While at Affinity Jeff worked on identifying, acquiring and servicing key national accounts.

Prior to his professional experience with Affinity Jeff worked in the past with Columbia Management Group, Citigroup Private Bank and Morgan Stanley Van Kampen Management in variety of senior marketing and client development roles for the Western region of the United States. Jeff has also been a three-time Mayor of Tustin, CA and he chaired the restructuring of the Orange County Investment Pool for seven years after the largest U.S. municipal bankruptcy in 1994. He has received his Juris Doctorate (J.D.) Degree in Law from Western State University and Bachelor of Arts Degree from California State University in Fullerton, CA.

In his new position Jeff will work with me and the other members of our client development team to expand the market awareness of our products and services. This new appointment further fortifies our marketing and business development effort and introduces a fresh dimension to our client service capabilities. As always, we encourage you to contact us to learn more about our professional staff and their efforts to provide a superior investment management service.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert G. Smith, III', written in a cursive style.

Robert G. Smith, III  
President & CIO