

CB3 Financial Group, Inc. Managed Account Programs

Ultra Income Program
Equity Income Program
Growth Program
World Centric Program



3rd Quarter 2010 update

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CB3 Financial Group, Inc. Managed Account Programs

Ultra Income Program
Equity Income Program
Growth Program
World Centric Program



Overview

The CB3 Financial Group, Inc. (CB3) managed account programs are designed with unique objectives to suit most any person's timeframe, risk tolerance, and investing goals. The programs' objectives are, respectively, fixed and equities-based high current income, equities-based income, diversified growth, international diversification & aggressive speculation.

CB3 Managed Account Programs

Ultra Income: **Allocation:** 20% equities / 80% fixed income **Goal:** maximum income

This program is designed to produce maximum income from high-dividend-yielding equity assets and high-yielding bonds coupled with low portfolio volatility. While the focus is on maximizing current taxable income, some growth is anticipated through appreciation of assets in the large-cap ETFs. Special considerations can be made for taxable or tax-free account status. Many assets in this program have "negative beta," meaning they can *increase* in value when the stock market *declines*. We target income returns of 5-6.5% annually with this program.

Equity Income: **Allocation:** 50% equities / 50% fixed income **Goal:** growth & income

This program purchases stocks, ETFs, and master limited partnerships that can produce current income in the form of dividends, as well as produce short- and long-term capital gains. Covered calls ETFs may be used to provide additional income. Depending on the size of the portfolio, some laddered bonds or bond ETFs may be mixed in with the equities for more conservative investors, who would seek to reduce portfolio volatility and increase current income. We target a 2-3% wider spread of returns over the S&P 500 on an annual basis.

Growth: **Allocation:** 80% equities / 20% fixed income **Goal:** solid growth

Our growth program invests in both domestic and foreign equities. There is mid-cap exposure in the U.S.A. The program can have a lower beta (volatility measurement) than a 100% domestic-equity-only-based portfolio, such as the S&P 500. There can be international investment in developed and emerging markets. With this program, we target a 3-4% wider spread of returns over the S&P 500 on an annual basis.

World Centric: **Allocation:** 100% equities / 0% fixed income **Goal:** aggressive growth

As its name implies, this program invests heavily in "world opportunities" in both domestic and foreign sectors, as well as country-specific equities. Typically 5-10% of the program is invested in commodity securities via ETFs that offer exposure to such markets as crude oil, gold, and metals. Currency ETFs may also be traded. There is also exposure to both domestic and foreign Real Estate Investment Trusts (REITs). This program can short the market utilizing inverse or double inverse ETFs, if the opportunity presents itself. We target a 5-7% better return over the S&P 500 on an annualized basis. This is the most diversified international aggressive appreciation portfolio we offer. It is also the most aggressive and volatile program (i.e. risky) in its expected returns.

CB3 Financial Group, Inc. Managed Account Programs

*Ultra Income Program
Equity Income Program
Growth Program
World Centric Program*



Frequently Asked Questions:

Q *Who will actually manage my assets?*

A Charles Brown, the president of the firm, and his staff, design and manage the CB3 programs.

Q *What organization actually holds my assets?*

A Pershing, LLC, affiliated with the Bank of New York, the largest independent clearing firm in the world.

Q *Does CB3 actually have access to my account?*

A No. We never have direct access to your account, only trading authority over it. You authorize us to debit our fees from your account, but we can never make any other withdrawal from the account.

Q *What do the hypothetical examples provided here show me?*

A These illustrations do not guarantee any particular performance, and based upon when an account was opened, individual returns could vary. They demonstrate how a typical account could have performed with the current asset mix. The hypotheticals are before fees. You can adjust returns accordingly based on the fee table below. The illustration assumes that all dividends and interest are reinvested into the account, not withdrawn.

Q *What are the costs involved in managing my assets?*

A Our minimum account size is \$100,000* USD. The table below shows the total fee charged by our management firm and broker/dealer, World Equity Group, Inc. Nominal trading costs are not included in these costs. Accounts are debited mid- January, April, July, and October for the next quarter at the management divided by four. (i.e. 1.95% / 4 = .4875% on the quarter).

Assets Under Management	CB3 Annual Management Fee**
50,000 – 250,000	1.95%
250,001 – 500,000	1.75%
501,000 – 1,000,000	1.50%
1,000,001 – 2,500,000	1.25%
Over 2,500,000	1.00%

Q *How long am I committed to be invested in a CB3 program?*

A Our agreement with you can be terminated by either party for any reason upon ten (10) days written notice. Any unused, whole month management fees are refundable to you.

Q *How can I find out more about these programs?*

A Please carefully review the Morningstar illustrations and supporting documentation and disclaimers. We are not illustrating the performance of the individual securities; we are illustrating how those securities performed as integrated into one or more of our managed programs.

Q *How can I find out more about the advisory services and institutions mentioned?*

A Upon request, a firm advisory disclosure (Form ADV) can be provided.

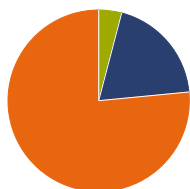
CB3 Financial Group, Inc.: CB3 - Ultra Income Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

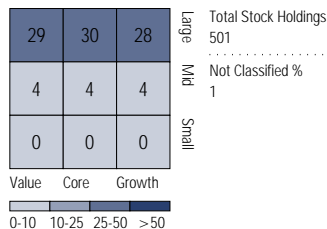
Benchmark
S&P 500 TR

Analysis 06-30-2010

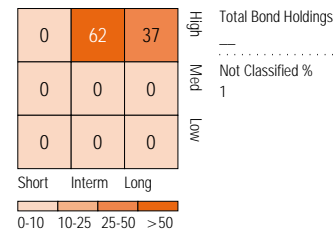


Asset Allocation	Portfolio Net %	Bmk Net %
Cash	4.64	0.48
US Stocks	19.89	99.52
Non-US Stocks	0.00	0.00
Bonds	75.38	0.00
Other/Not Classified	0.09	0.00
Total	100.00	100.00

Morningstar Equity Style Box %

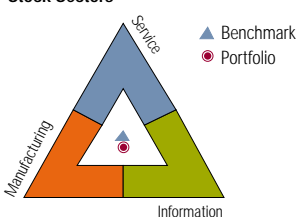


Morningstar Fixed Income Style Box %

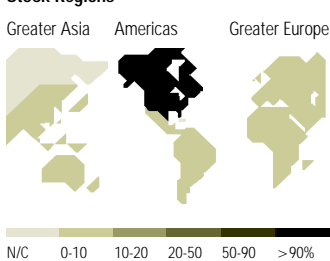


Stock Analysis 06-30-2010

Stock Sectors



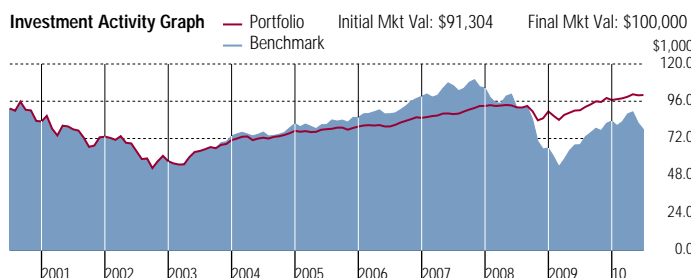
Stock Regions



% of Stocks	Portfolio %	Bmk %
Information	23.58	23.72
Software	4.26	4.22
Hardware	11.20	11.37
Media	2.80	2.84
Telecom	5.32	5.29
Service Economy	39.73	39.81
Healthcare	11.30	11.11
Consumer Svcs	8.84	8.77
Business Svcs	3.46	3.48
Financial Svcs	16.13	16.45
Mfg Economy	36.68	36.41
Consumer Goods	11.47	11.19
Industrial Mtrls	10.76	10.89
Energy	10.77	10.72
Utilities	3.68	3.61
Not Classified	0.01	0.06

% of Stocks	Portfolio %	Bmk %
Americas	100.00	100.00
North America	100.00	100.00
Latin America	0.00	0.00
Greater Europe	0.00	0.00
United Kingdom	0.00	0.00
Europe-Developed	0.00	0.00
Europe-Emerging	0.00	0.00
Africa/Middle East	0.00	0.00
Greater Asia	0.00	0.00
Japan	0.00	0.00
Australasia	0.00	0.00
Asia-Developed	0.00	0.00
Asia-Emerging	0.00	0.00
Not Classified	0.00	0.00

Performance 06-30-2010



Trailing Returns	3Mo	1Yr	3Yr	5Yr	10Yr
Pre-Tax Portfolio Return	1.12	10.85	4.46	5.10	0.91
Benchmark Return	-11.43	14.43	-9.81	-0.79	-1.59
+/- Benchmark Return	12.55	-3.58	14.27	5.89	2.50

Time Period Return	Best %	Worst %
3 Months	15.60 (04-03/06-03)	-16.94 (07-02/09-02)
1 Year	32.46 (04-03/03-04)	-26.41 (10-00/09-01)
3 Years	14.27 (10-02/09-05)	-16.27 (04-00/03-03)

Portfolio Yield	Yield %
Trailing 12 Month	3.38

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit data <http://advisor.morningstar.com/familyinfo.asp>.

See Disclosure Page for Standardized Returns.

Holdings 06-30-2010

Top 7 holdings out of 7

iShares Barclays TIPS Bond
SPDR S&P 500
Vanguard Total Bond Market ETF
iShares Barclays Aggregate Bond
iShares Barclays 10-20 Year Treasury Bd
iShares S&P National AMT-Free Muni Bd
Vanguard Intermediate-Term Bond ETF

Ticker	Type	Holding Value \$	% Assets
TIP	ETF	20,000.00	20.00
SPY	ETF	20,000.00	20.00
BND	ETF	20,000.00	20.00
AGG	ETF	10,000.00	10.00
TLH	ETF	10,000.00	10.00
MUB	ETF	10,000.00	10.00
BIV	ETF	10,000.00	10.00

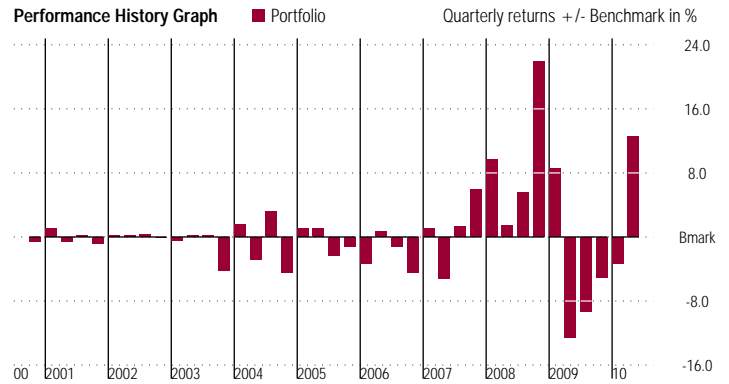
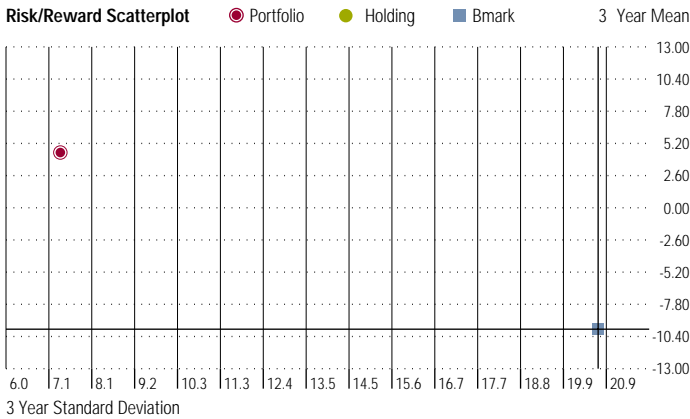
CB3 Financial Group, Inc.: CB3 - Ultra Income Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

Benchmark
S&P 500 TR

Risk Analysis 06-30-2010



Risk and Return Statistics	3 Year		5 Year		10 Year	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	7.35	20.73	5.98	16.83	11.41	16.16
Mean	4.46	-9.81	5.10	-0.79	0.91	-1.59
Sharpe Ratio	0.46	-0.45	0.42	-0.12	-0.09	-0.18

MPT Statistics	3Yr Portfolio	5Yr Portfolio	10Yr Portfolio
Alpha	5.90	3.03	0.64
Beta	0.27	0.26	0.58
R-squared	58	53	66

Fundamental Analysis 06-30-2010

Asset Allocation

	Portfolio Net %	Portfolio Long %	Portfolio Short %
Cash	4.64	4.64	0.00
US Stocks	19.89	19.89	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	75.38	75.38	0.00
Other/Not Classified	0.09	0.09	0.00
Total	100.00	100.00	0.00

Market Maturity

	Portfolio	Bmark
% of Stocks	100.00	100.00
Developed Markets	100.00	100.00
Emerging Markets	0.00	0.00
Not Available	0.00	0.00

Geometric Avg Capitalization (\$Mil)

Portfolio	40,492.00
Benchmark	42,543.20

Valuation Multiples

	Portfolio	Bmark
Price/Earnings	12.80	15.19
Price/Book	1.85	2.03
Price/Sales	1.15	1.21
Price/Cash Flow	4.91	8.44

Credit Quality % of Bonds

AAA	76.98
AA	6.70
A	9.08
BBB	6.13
BB	0.02
B	0.00
Below B	0.01
NR/NA	1.09

Type Weightings

% of US Stocks ■ Portfolio □ Bmark

High Yield	1.87	1.62
Distressed	1.07	1.43
Hard Asset	11.36	12.10
Cyclical	32.85	33.42
Slow Growth	17.20	17.07
Classic Growth	17.67	16.76
Aggressive Growth	15.17	15.13
Speculative Growth	1.60	2.07
Not Available	1.21	0.40

Profitability

	Portfolio 2009	Bmark 2009
% of US Stocks	100.00	100.00
Net Margin	11.99	11.79
ROE	20.35	19.94
ROA	8.01	7.81
Debt/Capital	36.53	36.64

Interest Rate Risk Portfolio

Maturity	9.61
Duration (total portfolio)	5.61
Avg Credit Quality	—

Fund Statistics

Potential Cap Gains Exposure	3.76
Avg Net Expense Ratio	0.16
Avg Gross Expense Ratio	0.16

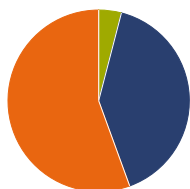
CB3 Financial Group, Inc.: CB3 - Equity Income Q3 2010

Portfolio Snapshot

Portfolio Value
\$99,999.98

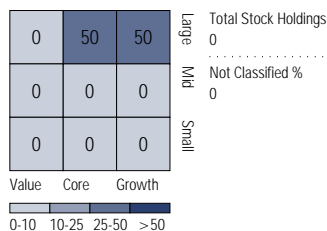
Benchmark
S&P 500 TR

Analysis 06-30-2010

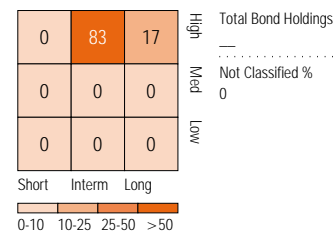


Asset Allocation	Portfolio Net %	Bmk Net %
Cash	4.06	0.48
US Stocks	40.00	99.52
Non-US Stocks	0.00	0.00
Bonds	55.85	0.00
Other/Not Classified	0.09	0.00
Total	100.00	100.00

Morningstar Equity Style Box %

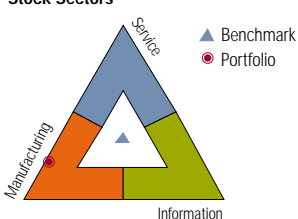


Morningstar Fixed Income Style Box %

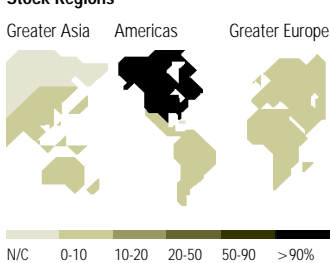


Stock Analysis 06-30-2010

Stock Sectors



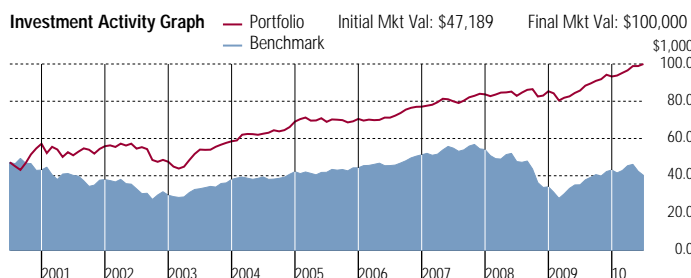
Stock Regions



% of Stocks	Portfolio %	Bmk %
Information	0.00	23.72
Software	0.00	4.22
Hardware	0.00	11.37
Media	0.00	2.84
Telecom	0.00	5.29
Service Economy	25.00	39.81
Healthcare	0.00	11.11
Consumer Svcs	25.00	8.77
Business Svcs	0.00	3.48
Financial Svcs	0.00	16.45
Mfg Economy	75.00	36.41
Consumer Goods	75.00	11.19
Industrial Mtrls	0.00	10.89
Energy	0.00	10.72
Utilities	0.00	3.61
Not Classified	0.00	0.06

% of Stocks	Portfolio %	Bmk %
Americas	100.00	100.00
North America	100.00	100.00
Latin America	0.00	0.00
Greater Europe	0.00	0.00
United Kingdom	0.00	0.00
Europe-Developed	0.00	0.00
Europe-Emerging	0.00	0.00
Africa/Middle East	0.00	0.00
Greater Asia	0.00	0.00
Japan	0.00	0.00
Australasia	0.00	0.00
Asia-Developed	0.00	0.00
Asia-Emerging	0.00	0.00
Not Classified	0.00	0.00

Performance 06-30-2010



Trailing Returns	3Mo	1Yr	3Yr	5Yr	10Yr
Pre-Tax Portfolio Return	3.54	16.62	7.74	7.72	7.80
Benchmark Return	-11.43	14.43	-9.81	-0.79	-1.59
+/- Benchmark Return	14.97	2.19	17.55	8.51	9.39

Time Period Return	Best %	Worst %
3 Months	26.76 (09-00/11-00)	-14.19 (08-02/10-02)
1 Year	41.45 (03-03/02-04)	-21.56 (04-02/03-03)
3 Years	16.94 (03-03/02-06)	-1.83 (04-00/03-03)

Portfolio Yield	Yield %
Trailing 12 Month	3.52

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit data <http://advisor.morningstar.com/familyinfo.asp>.

See Disclosure Page for Standardized Returns.

Holdings 06-30-2010

Top 8 holdings out of 8

	Ticker	Type	Holding Value \$	% Assets
Vanguard Total Bond Market ETF	BND	ETF	20,000.00	20.00
iShares Barclays TIPS Bond	TIP	ETF	20,000.00	20.00
iShares Barclays Aggregate Bond	AGG	ETF	10,000.00	10.00
General Mills	GIS	ST	10,000.00	10.00
Hershey Company	HSY	ST	10,000.00	10.00
Kimberly-Clark	KMB	ST	10,000.00	10.00
McDonald's	MCD	ST	10,000.00	10.00
Vanguard Intermediate-Term Bond ETF	BIV	ETF	10,000.00	10.00

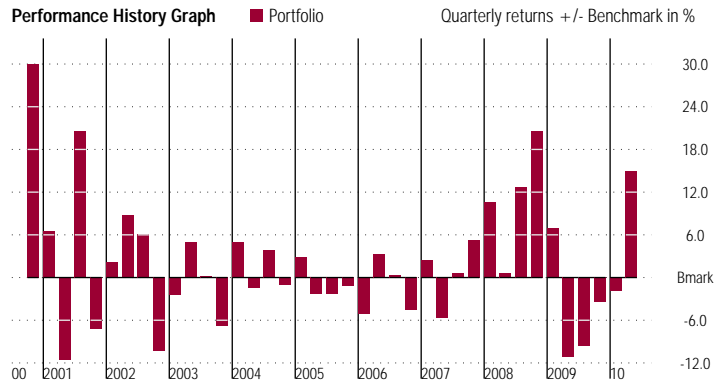
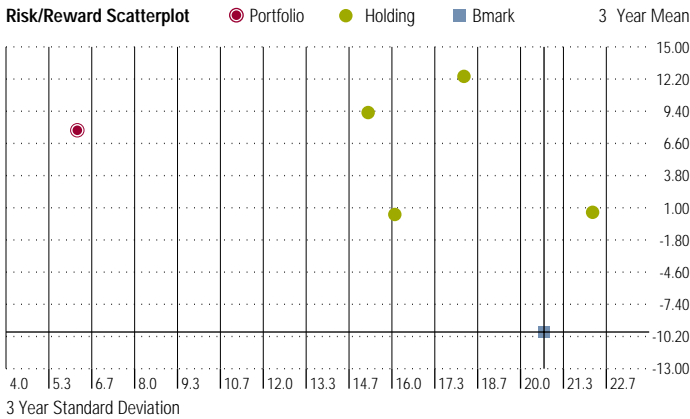
CB3 Financial Group, Inc.: CB3 - Equity Income Q3 2010

Portfolio Snapshot

Portfolio Value
\$99,999.98

Benchmark
S&P 500 TR

Risk Analysis 06-30-2010



Risk and Return Statistics

	3 Year		5 Year		10 Year	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	6.22	20.73	5.44	16.83	10.62	16.16
Mean	7.74	-9.81	7.72	-0.79	7.80	-1.59
Sharpe Ratio	1.02	-0.45	0.91	-0.12	0.52	-0.18

MPT Statistics

	3Yr Portfolio	5Yr Portfolio	10Yr Portfolio
Alpha	8.49	5.39	6.01
Beta	0.22	0.21	0.17
R-squared	55	42	7

Fundamental Analysis 06-30-2010

Asset Allocation

	Portfolio Net %	Portfolio Long %	Portfolio Short %
Cash	4.06	4.06	0.00
US Stocks	40.00	40.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	55.85	55.85	0.00
Other/Not Classified	0.09	0.09	0.00
Total	100.00	100.00	0.00

Market Maturity

	Portfolio	Bmark
% of Stocks		
Developed Markets	100.00	100.00
Emerging Markets	0.00	0.00
Not Available	0.00	0.00

Valuation Multiples

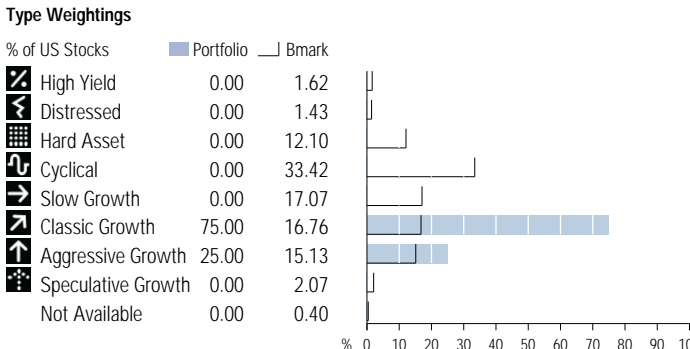
	Portfolio	Bmark
Price/Earnings	15.51	15.19
Price/Book	5.61	2.03
Price/Sales	1.81	1.21
Price/Cash Flow	10.16	8.44

Geometric Avg Capitalization (\$Mil)

Portfolio	25,994.24
Benchmark	42,543.20

Credit Quality % of Bonds

AAA	81.06
AA	2.72
A	8.27
BBB	7.32
BB	0.02
B	0.00
Below B	0.01
NR/NA	0.60



Profitability

	Portfolio 2009	Bmark 2009
% of US Stocks		
Net Margin	9.86	11.79
ROE	40.58	19.94
ROA	11.92	7.81
Debt/Capital	52.65	36.64

Interest Rate Risk Portfolio

Maturity	9.61
Duration (total portfolio)	4.64
Avg Credit Quality	—

Fund Statistics

Potential Cap Gains Exposure	5.40
Avg Net Expense Ratio	0.17
Avg Gross Expense Ratio	0.17

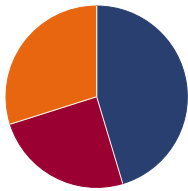
CB3 Financial Group, Inc.: CB3 - Growth Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.01

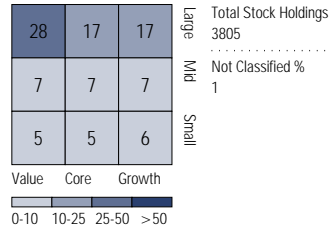
Benchmark
S&P 500 TR

Analysis 06-30-2010

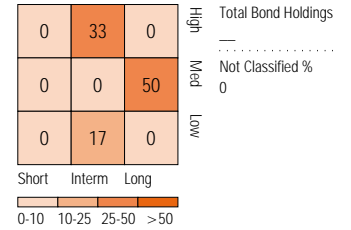


Asset Allocation	Portfolio Net %	Bmk Net %
Cash	0.99	0.48
US Stocks	44.87	99.52
Non-US Stocks	24.70	0.00
Bonds	29.14	0.00
Other/Not Classified	0.30	0.00
Total	100.00	100.00

Morningstar Equity Style Box %

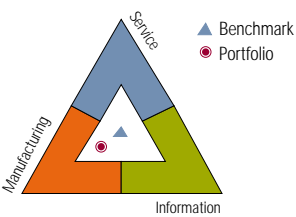


Morningstar Fixed Income Style Box %

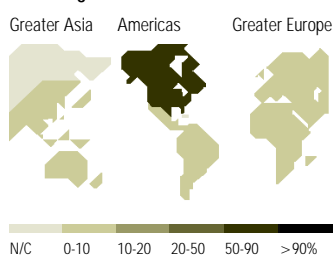


Stock Analysis 06-30-2010

Stock Sectors



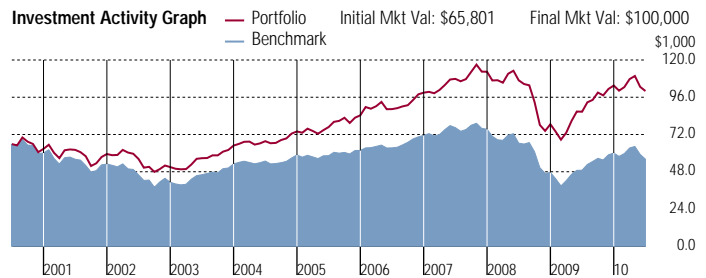
Stock Regions



% of Stocks	Portfolio %	Bmk %
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Software	3.14	4.22
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Media	1.45	2.84
Telecom	5.27	5.29
Service Economy	35.69	39.81
Healthcare	7.28	11.11
Consumer Svcs	6.23	8.77
Business Svcs	4.35	3.48
Financial Svcs	17.84	16.45
Mfg Economy	47.15	36.41
Consumer Goods	8.92	11.19
Industrial Mtrls	12.38	10.89
Energy	22.48	10.72
Utilities	3.38	3.61
Not Classified	0.00	0.06

% of Stocks	Portfolio %	Bmk %
Americas	73.38	100.00
North America	66.30	100.00
Latin America	7.08	0.00
Greater Europe	9.92	0.00
United Kingdom	2.38	0.00
Europe-Developed	1.63	0.00
Europe-Emerging	2.96	0.00
Africa/Middle East	2.95	0.00
Greater Asia	16.70	0.00
Japan	0.14	0.00
Australasia	0.36	0.00
Asia-Developed	6.62	0.00
Asia-Emerging	9.58	0.00
Not Classified	0.00	0.00

Performance 06-30-2010



Trailing Returns	3Mo	1Yr	3Yr	5Yr	10Yr
Pre-Tax Portfolio Return	-7.13	15.37	-2.49	5.43	4.27
Benchmark Return	-11.43	14.43	-9.81	-0.79	-1.59
+/- Benchmark Return	4.30	0.94	7.32	6.22	5.86

Time Period Return	Best %	Worst %
3 Months	26.44 (03-09/05-09)	-28.33 (09-08/11-08)
1 Year	49.36 (03-09/02-10)	-35.82 (03-08/02-09)
3 Years	21.97 (04-03/03-06)	-9.31 (04-00/03-03)

Portfolio Yield	Yield %
Trailing 12 Month	2.83

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit data <http://advisor.morningstar.com/familyinfo.asp>. See Disclosure Page for Standardized Returns.

Holdings 06-30-2010

Top 8 holdings out of 8

Holdings	Ticker	Type	Holding Value \$	% Assets
Vanguard Emerging Markets Stock ETF	VVO	ETF	20,000.00	20.00
SPDR S&P 500	SPY	ETF	20,000.00	20.00
iShares iBoxx \$ Invest Grade Corp Bond	LOD	ETF	15,000.00	15.00
Vanguard Total Bond Market ETF	BND	ETF	10,000.00	10.00
iShares Russell 2000 Index	IWM	ETF	10,000.00	10.00
SPDR S&P MidCap 400	MDY	ETF	10,000.00	10.00
iShares S&P Global Energy	IXC	ETF	10,000.00	10.00
iShares iBoxx \$ High Yield Corporate Bd	HYG	ETF	5,000.00	5.00

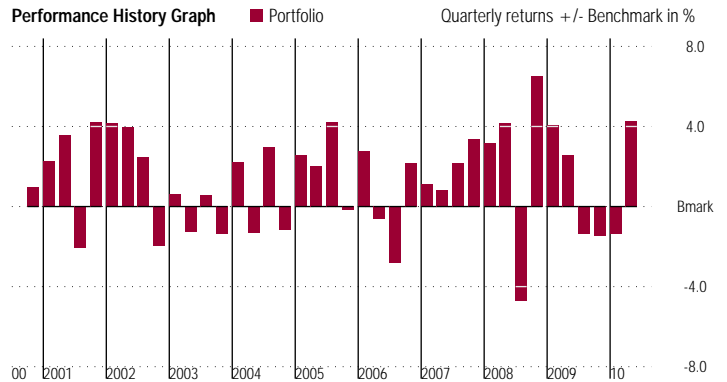
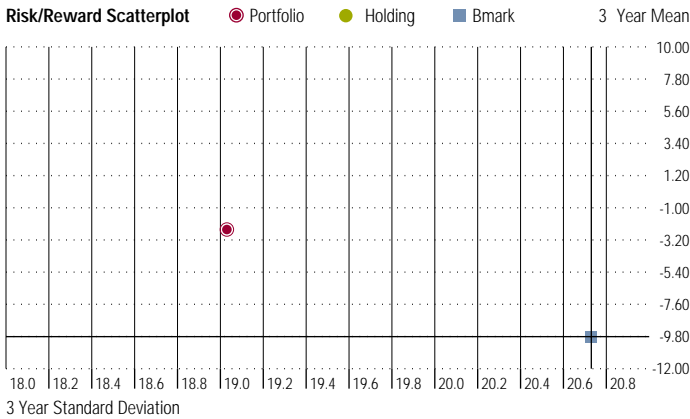
CB3 Financial Group, Inc.: CB3 - Growth Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.01

Benchmark
S&P 500 TR

Risk Analysis 06-30-2010



Risk and Return Statistics	3 Year		5 Year		10 Year	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	19.03	20.73	15.90	16.83	15.24	16.16
Mean	-2.49	-9.81	5.43	-0.79	4.27	-1.59
Sharpe Ratio	-0.10	-0.45	0.25	-0.12	0.18	-0.18

MPT Statistics	3Yr Portfolio	5Yr Portfolio	10Yr Portfolio
Alpha	6.28	5.70	5.31
Beta	0.88	0.89	0.88
R-squared	92	88	87

Fundamental Analysis 06-30-2010

Asset Allocation

	Portfolio Net %	Portfolio Long %	Portfolio Short %
Cash	0.99	0.99	0.00
US Stocks	44.87	44.87	0.00
Non-US Stocks	24.70	24.70	0.00
Bonds	29.14	29.14	0.00
Other/Not Classified	0.30	0.30	0.00
Total	100.00	100.00	0.00

Market Maturity

	Portfolio	Bmark
% of Stocks		
Developed Markets	78.28	100.00
Emerging Markets	21.72	0.00
Not Available	0.00	0.00

Geometric Avg Capitalization (\$Mil)

Portfolio	12,772.39
Benchmark	42,543.20

Valuation Multiples

	Portfolio	Bmark
Price/Earnings	13.41	15.19
Price/Book	1.77	2.03
Price/Sales	1.10	1.21
Price/Cash Flow	5.34	8.44

Credit Quality % of Bonds

AAA	25.05
AA	11.26
A	27.77
BBB	17.69
BB	6.50
B	7.16
Below B	2.74
NR/NA	1.83

Type Weightings

% of US Stocks ■ Portfolio □ Bmark

High Yield	2.60	1.62
Distressed	3.48	1.43
Hard Asset	20.15	12.10
Cyclical	31.82	33.42
Slow Growth	14.55	17.07
Classic Growth	9.59	16.76
Aggressive Growth	12.74	15.13
Speculative Growth	3.09	2.07
Not Available	1.95	0.40

Profitability

	Portfolio 2009	Bmark 2009
% of US Stocks		
Net Margin	9.31	11.79
ROE	14.84	19.94
ROA	5.84	7.81
Debt/Capital	33.08	36.64

Interest Rate Risk Portfolio

Maturity	10.22
Duration (total portfolio)	5.77
Avg Credit Quality	—

Fund Statistics

Potential Cap Gains Exposure	-9.99
Avg Net Expense Ratio	0.23
Avg Gross Expense Ratio	0.23

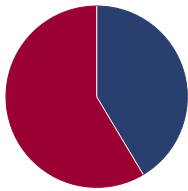
CB3 Financial Group, Inc.: CB3 - World Centric Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

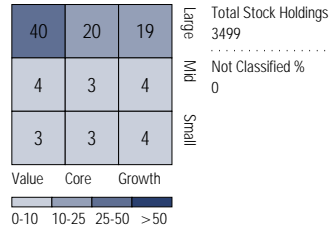
Benchmark
S&P 500 TR

Analysis 06-30-2010

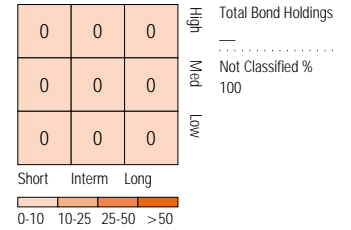


Asset Allocation	Portfolio Net %	Bmk Net %
Cash	0.21	0.48
US Stocks	41.12	99.52
Non-US Stocks	58.23	0.00
Bonds	0.00	0.00
Other/Not Classified	0.44	0.00
Total	100.00	100.00

Morningstar Equity Style Box %

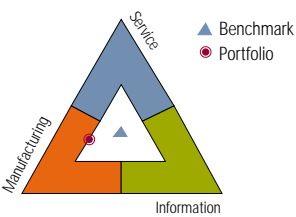


Morningstar Fixed Income Style Box %

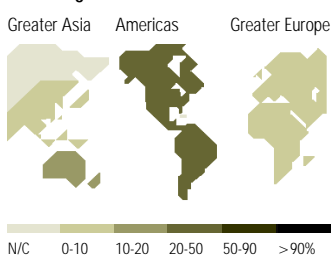


Stock Analysis 06-30-2010

Stock Sectors



Stock Regions

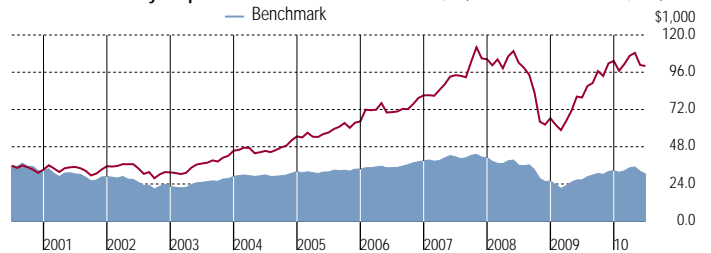


% of Stocks	Portfolio %	Bmk %
Information	11.20	23.72
Software	1.73	4.22
Hardware	4.64	11.37
Media	1.01	2.84
Telecom	3.81	5.29
Service Economy	38.92	39.81
Healthcare	4.24	11.11
Consumer Svcs	4.29	8.77
Business Svcs	2.71	3.48
Financial Svcs	27.68	16.45
Mfg Economy	49.88	36.41
Consumer Goods	6.41	11.19
Industrial Mtrls	22.61	10.89
Energy	8.56	10.72
Utilities	12.29	3.61
Not Classified	0.00	0.06

% of Stocks	Portfolio %	Bmk %
Americas	72.52	100.00
North America	47.51	100.00
Latin America	25.01	0.00
Greater Europe	5.88	0.00
United Kingdom	0.01	0.00
Europe-Developed	0.00	0.00
Europe-Emerging	2.07	0.00
Africa/Middle East	3.79	0.00
Greater Asia	21.60	0.00
Japan	0.00	0.00
Australasia	10.53	0.00
Asia-Developed	4.63	0.00
Asia-Emerging	6.44	0.00
Not Classified	0.00	0.00

Performance 06-30-2010

Investment Activity Graph



Trailing Returns	3Mo	1Yr	3Yr	5Yr	10Yr
Pre-Tax Portfolio Return	-6.14	25.44	2.04	11.83	10.82
Benchmark Return	-11.43	14.43	-9.81	-0.79	-1.59
+/- Benchmark Return	5.29	11.01	11.85	12.62	12.41

Time Period Return	Best %	Worst %
3 Months	36.70 (03-09/05-09)	-35.10 (08-08/10-08)
1 Year	72.34 (03-09/02-10)	-43.67 (03-08/02-09)
3 Years	33.04 (03-03/02-06)	-6.36 (03-06/02-09)

Portfolio Yield	Yield %
Trailing 12 Month	3.93

Performance Disclosure

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See Disclosure Page for Standardized Returns.

Holdings 06-30-2010

Top 8 holdings out of 8

Holdings	Ticker	Type	Holding Value \$	% Assets
Vanguard Emerging Markets Stock ETF	VVO	ETF	20,000.00	20.00
SPDR S&P 500	SPY	ETF	20,000.00	20.00
iShares MSCI Brazil Index	EWZ	ETF	10,000.00	10.00
iShares Russell 2000 Index	IWM	ETF	10,000.00	10.00
Annaly Capital Mgmt	NLY	ST	10,000.00	10.00
iShares MSCI Australia Index	EWA	ETF	10,000.00	10.00
CPFL Energy	CPL	ST	10,000.00	10.00
Market Vectors Gold Miners ETF	GDX	ETF	10,000.00	10.00

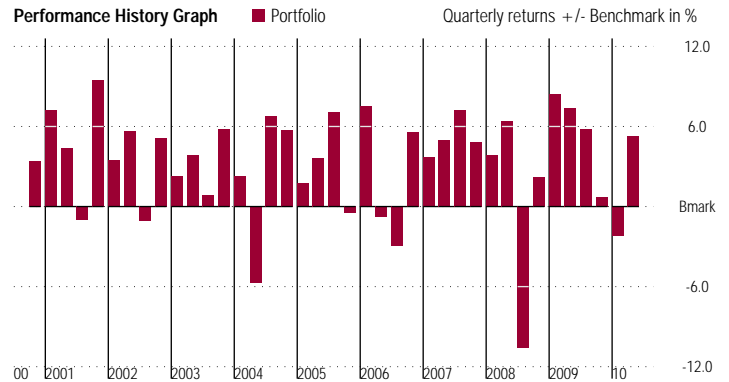
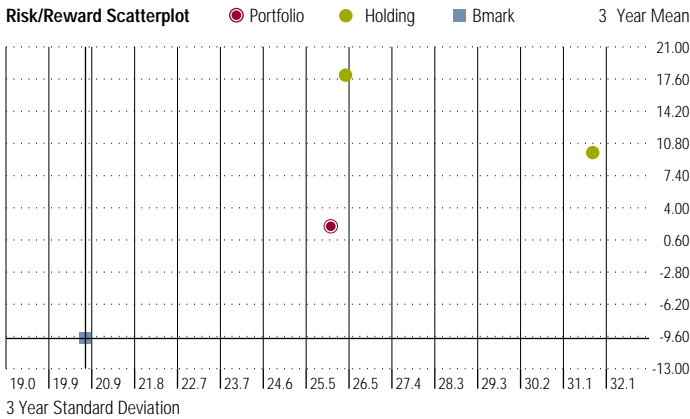
CB3 Financial Group, Inc.: CB3 - World Centric Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

Benchmark
S&P 500 TR

Risk Analysis 06-30-2010



Risk and Return Statistics

	3 Year		5 Year		10 Year	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	26.07	20.73	21.97	16.83	19.87	16.16
Mean	2.04	-9.81	11.83	-0.79	10.82	-1.59
Sharpe Ratio	0.16	-0.45	0.50	-0.12	0.49	-0.18

MPT Statistics

	3Yr Portfolio	5Yr Portfolio	10Yr Portfolio
Alpha	14.56	13.28	12.79
Beta	1.11	1.12	1.07
R-squared	78	73	76

Fundamental Analysis 06-30-2010

Asset Allocation

	Portfolio Net %	Portfolio Long %	Portfolio Short %
Cash	0.21	0.21	0.00
US Stocks	41.12	41.12	0.00
Non-US Stocks	58.23	58.23	0.00
Bonds	0.00	0.00	0.00
Other/Not Classified	0.44	0.44	0.00
Total	100.00	100.00	0.00

Market Maturity

	Portfolio	Bmark
% of Stocks		
Developed Markets	63.28	100.00
Emerging Markets	36.72	0.00
Not Available	0.00	0.00

Geometric Avg Capitalization (\$Mil)

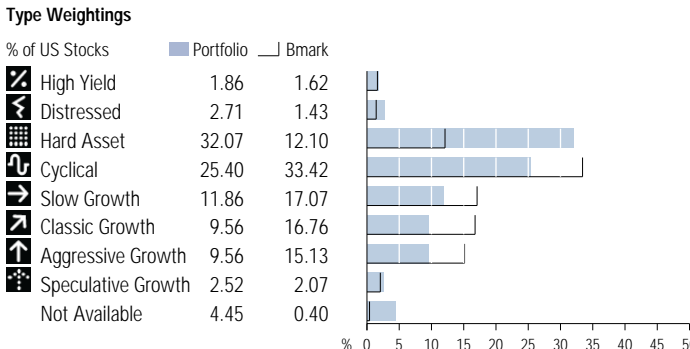
Portfolio	13,912.00
Benchmark	42,543.20

Valuation Multiples

	Portfolio	Bmark
Price/Earnings	8.47	15.19
Price/Book	1.80	2.03
Price/Sales	1.46	1.21
Price/Cash Flow	3.61	8.44

Credit Quality % of Bonds

AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	100.00



Profitability

	Portfolio 2009	Bmark 2009
% of US Stocks		
Net Margin	48.01	11.79
ROE	18.50	19.94
ROA	4.64	7.81
Debt/Capital	20.70	36.64

Interest Rate Risk Portfolio

Maturity	—
Duration (total portfolio)	—
Avg Credit Quality	—

Fund Statistics

Potential Cap Gains Exposure	-1.61
Avg Net Expense Ratio	0.34
Avg Gross Expense Ratio	0.34

CB3 Financial Group, Inc.: CB3 - World Centric Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

Benchmark
S&P 500 TR

Disclosure for Standardized™ and Tax Adjusted Returns

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus, an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses. If adjusted for taxation, the performance quoted would be significantly reduced. For variable

annuities, additional expenses will be taken in account, including M&E risk charges, fund-level expenses such as management fees and operating fees, and contract-level administration fees, charges such as surrender, contract and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Annualized returns 06-30-2010

Standardized Returns (%)	7-day Yield	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %
Market Vectors Gold Miners ETF-NAV	--	37.79	--	--	7.31	05-16-2006	NA	NA	0.53 ¹	0.54
Market Vectors Gold Miners ETF-Market	--	37.74	--	--	8.99	05-16-2006	NA	NA	0.53 ²	0.54
SPDR S&P 500-NAV	--	14.31	-0.82	-1.64	6.99	01-22-1993	NA	NA	0.09 ³	0.10
SPDR S&P 500-Market	--	13.82	-0.92	-1.66	6.91	01-22-1993	NA	NA	0.09 ⁴	0.10
Vanguard Emerging Markets Stock ETF-NAV	--	22.25	11.83	--	10.41	03-04-2005	NA	NA	0.27	0.27
Vanguard Emerging Markets Stock ETF-Market	--	21.00	11.66	--	10.47	03-04-2005	NA	NA	0.27	0.27
iShares MSCI Australia Index-NAV	--	17.17	6.42	10.09	8.36	03-12-1996	NA	NA	0.55	0.55
iShares MSCI Australia Index-Market	--	17.25	6.15	9.81	8.25	03-12-1996	NA	NA	0.55	0.55
iShares MSCI Brazil Index-NAV	--	21.62	23.79	--	15.01	07-10-2000	NA	NA	0.65	0.65
iShares MSCI Brazil Index-Market	--	20.89	23.57	--	14.94	07-10-2000	NA	NA	0.65	0.65
iShares Russell 2000 Index-NAV	--	21.42	0.38	2.88	3.80	05-22-2000	NA	NA	0.24	0.24
iShares Russell 2000 Index-Market	--	21.17	0.35	2.89	3.80	05-22-2000	NA	NA	0.24	0.24
Standard & Poor's 500 TR	--	14.43	-0.79	-1.59	--	--				
BarCap's Agg Bond Index	--	9.50	5.54	6.47	--	--				
MSCI EAFE Index Ndtr_D	--	5.92	0.88	0.16	--	--				
3 Month T-Bill	--	0.12	2.68	2.58	--	--				

1. Contractual waiver; expires 04/30/2008.

2. Contractual waiver; expires 04/30/2008.

3. Non-contractual waiver; expires 02/01/2008.

4. Non-contractual waiver; expires 02/01/2008.

Returns after Taxes (%)	On Distribution				On Distribution and Sales of Shares				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
Market Vectors Gold Miners ETF-NAV	37.67	--	--	--	05-16-2006	24.55	--	--	--
SPDR S&P 500-NAV	13.20	-1.48	-2.16	--	01-22-1993	9.11	-1.00	-1.61	--
Vanguard Emerging Markets Stock ETF-NAV	21.88	11.15	--	--	03-04-2005	14.69	10.00	--	--
iShares MSCI Australia Index-NAV	15.66	4.76	8.66	--	03-12-1996	11.27	4.57	8.04	--
iShares MSCI Brazil Index-NAV	20.15	22.57	--	--	07-10-2000	14.21	20.44	--	--
iShares Russell 2000 Index-NAV	20.88	-0.01	2.45	--	05-22-2000	13.91	0.09	2.22	--

CB3 Financial Group, Inc.: CB3 - World Centric Q3 2010

Portfolio Snapshot

Portfolio Value
\$100,000.00

Benchmark
S&P 500 TR

Non-Load Adjusted Returns

Total 8 holdings as of 06-30-2010	Type	Holdings Date	% of Assets	Holding Value \$	7-day Yield	1Yr Ret %	3Yr Ret %	5Yr Ret %	10Yr Ret %	Since Inception	Inception Date	Max Front Load %	Max Back Load %
Vanguard Emerging Markets Stock ET-VWO	ETF	03-10	20.00	20,000	—	21.00	-3.37	11.66	—	10.41	03-05	NA	NA
SPDR S&P 500-SPY	ETF	07-10	20.00	20,000	—	13.82	-9.96	-0.92	-1.66	6.99	01-93	NA	NA
iShares MSCI Brazil Index-EWZ	ETF	05-10	10.00	10,000	—	20.89	3.90	23.57	—	15.01	07-00	NA	NA
iShares Russell 2000 Index-IWM	ETF	06-10	10.00	10,000	—	21.17	-8.56	0.35	2.89	3.79	05-00	NA	NA
Annaly Capital Mgmt-NLY	ST	—	10.00	10,000	—	31.57	18.01	6.82	14.58	—	—	NA	NA
iShares MSCI Australia Index-EWA	ETF	05-10	10.00	10,000	—	17.25	-8.26	6.15	9.81	8.36	03-96	NA	NA
CPFL Energy-CPL	ST	—	10.00	10,000	—	47.05	9.83	29.69	—	—	—	NA	NA
Market Vectors Gold Miners ETF-GDX	ETF	04-10	10.00	10,000	—	37.74	11.79	—	—	7.30	05-06	NA	NA

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

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See Disclosure Page for Standardized Returns.

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Portfolio Snapshot Report Disclosure Statement

General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an unscheduled portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges are not taken into account.

With "scheduled" portfolios, users input the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units when redeemed will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Some portfolios may include an index as a proxy for a security that cannot be directly included in this report because Morningstar does not have information on that specific security. The process that assigns the proxy considers which index best represents the investment characteristics of the individual security. The proxy represents the approximate performance of the security, but should not be construed as an exact representation of that security. The individual security may have performed better or worse than the index used as the proxy. See the Benchmark Disclosure section at the end of this report for a description of the index used as the security proxy.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself a FINRA-member firm.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investment in securities involve investment risks including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

Items to Note Regarding Certain Underlying Securities

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net

asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

A holding company depository receipt (HOLDR) is similar to an ETF, but they focus on narrow industry groups and initially own 20 stocks which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution. Although the money market seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

Unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units.

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. If the variable annuity subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. If the variable life subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

Pre-inception Returns

Portfolio Snapshot Report Disclosure Statement (continued)

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page. When pre-inception data are presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures between a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

Scheduled Portfolio Trailing Returns

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows, and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holding and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

Scheduled Portfolio Returns-Based Performance Data

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squareds, standard deviations, Sharpe ratios, and best/worst time-period data are internal rates of return.

Important VA Disclosure for Scheduled Portfolios

For variable annuity products, policy level charges (other than front-end loads, if input by the advisor) are not factored into returns. When withdrawals and liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that currently is in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

Scheduled Portfolio Investment Activity Graph

The historic portfolio values that are graphed are those used to track the portfolio when calculating returns.

Unscheduled Portfolio Returns

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. Due to it not being in existence during the historical period being reported), the remaining portfolio holdings are re-weighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume

monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if adjusted for, would reduce the returns stated. The returns stated assume the reinvestment of dividends and capital gains. Mutual fund returns include all ongoing fund expenses. VA/VL returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual ongoing fund level expenses.

Unscheduled Portfolio Investment Activity Graph

The historic performance data graphed is extrapolated from the ending portfolio value based on the monthly returns.

Benchmark Returns

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

Standardized Returns

For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Following this disclosure statement, standardized returns for each portfolio holding are shown.

For money market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money market fund than the total return quotation.

For VA subaccounts, standardized return is total return based on its inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokers commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For HOLDRS, the standardized returns reflect performance at market price, without adjusting for the effects of taxation or brokers commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

Non-Standardized Returns

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

For money market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns

Portfolio Snapshot Report Disclosure Statement (continued)

assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administrative fees and underlying fund-level expenses for various time periods. Non-Standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the subaccount returns would be significantly reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

Investment Advisory Fees

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

Asset Allocation

The weighting of the portfolio in various asset classes, including "Other," is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks. "Not classified" represents the portion of the portfolio that Morningstar could not classify at all, due to missing data.

In the graph and table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These new portfolio statistics help investors look "under the hood" of a portfolio. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is

being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Investment Style

The Morningstar® Style Box™ combines the various funds investment strategies. For the equity style box, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For the fixed-income style box, the vertical axis shows the average credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate, or long). Style box data is presented only for the long positions in the portfolio.

Stock Sectors

This section provides a comparison of exposure to various industry sectors between the long stock positions in the portfolio and a benchmark.

Stock Regions

This section provides the allocation of the portfolio's long stock positions to the world regions, in comparison with a benchmark.

Risk and Return

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return for the period shown.

Sharpe ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

R-squared reflects the percentage of a portfolio's movements that are explained by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Portfolio Yield

The dividend yield produced for the most recent 12 months is presented.

Fundamental Analysis

The below referenced data elements are a weighted average of the long equity holdings in the portfolio.

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a subaccounts portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated

Portfolio Snapshot Report Disclosure Statement (continued)

by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Earnings ratio is calculated by dividing the market value of the equity assets by the trailing 12 month earnings. The 12 month earnings value comes from multiplying the number of shares and the adjusted trailing 12 months' earnings per share for each equity asset and summing the results.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in the underlying fund's portfolio. The P/S ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' revenues per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's long common stocks that are domiciled in developed and emerging markets.

The below referenced data elements listed are a weighted average of the fixed income holdings in the portfolio.

The average credit quality is derived by taking the weighted average of the credit rating for each bond in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category, this is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security. Credit quality breakdowns are shown for corporate-bond holdings and depicts the quality of bonds in the underlying portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poors or Moodys. (debt). This figure is not provided for financial companies.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bonds interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The below referenced data elements listed below are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees. Please note for mutual funds, variable annuities/life, ETF and closed-end funds we use the gross prospectus ratio as provided in the prospectus. Separate accounts and stocks are excluded from the average expense ratio.

Potential capital gains exposure is the percentage of a holdings total assets that represent capital appreciation.

Investment Risks

Market Price Risk: The market price of ETFs and HOLDERS traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV which will affect an investors value.

Market Risk: The market prices of ETFs and HOLDERS can fluctuate as to the result of several factors such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

International Emerging Market Funds/Subaccounts: The investor should note that funds and subaccounts that invest in international securities take on special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets normally accentuates these risks.

Sector Funds/Subaccounts: The investor should note that funds and subaccounts that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Funds/Subaccounts: The investor should note that funds or subaccounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of price volatility than the overall market average.

Mid Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bond Funds/Subaccounts: The investor should note that funds and subaccounts that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility and increased risk of default.

Tax-Free Municipal Bond Funds: The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

HOLDERS: The investor should note that these are narrow industry focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

**Portfolio Snapshot Report
Disclosure Statement (continued)**

Bank loan/senior debt funds: Funds that contain bank loans and senior loans are impacted by risks associated with fixed income in general, including interest rate risk and default risk. Because they often invest in non-investment grade issues, the risk of default is high. These securities are also relatively illiquid. Funds that invest in bank loans/senior debt are often highly leveraged, producing a high level of volatility.

Short Positions: The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral and the manager might have to close out that short position at an inopportune time to limit any further losses.

Long-Short Funds: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Benchmark Disclosure

USTREAS T-Bill Auction Ave 3 Mon

Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

BarCap US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which include reinvestment of dividends.

MSCI EAFE NR USD

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

S&P 500 TR

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends.