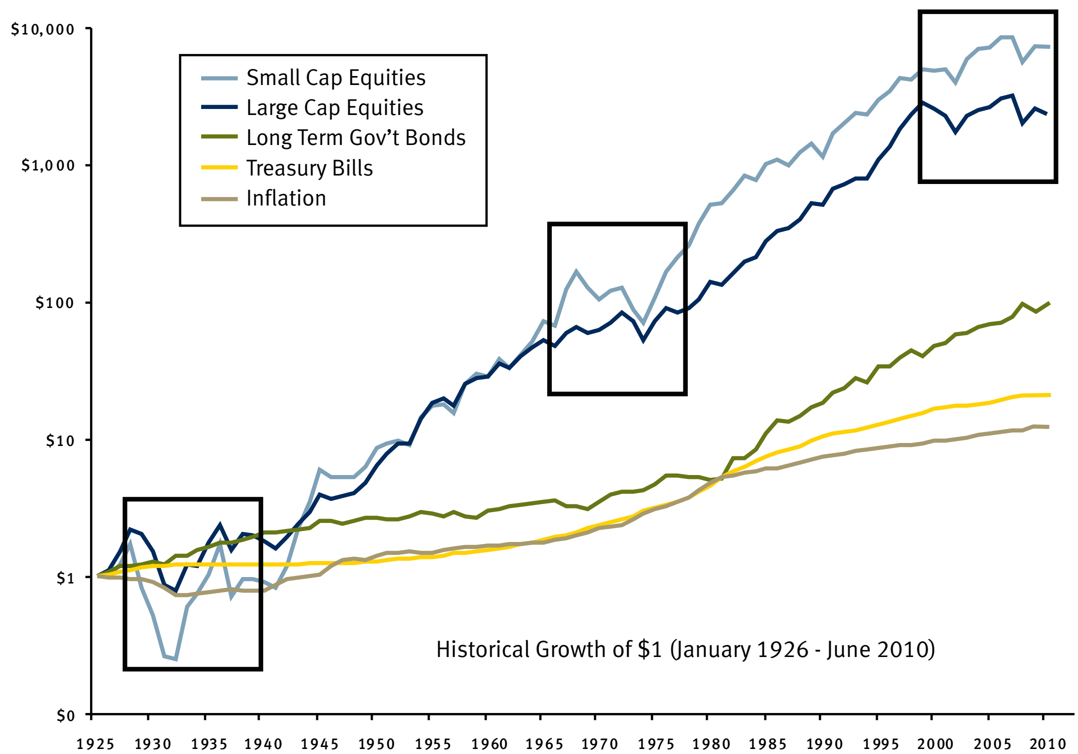
Stocks Outperform Bonds and Inflation

Historical Growth of $1 (January 1926 – June 2010)

When you analyze various asset classes and investments and see how they have performed over time, stocks have outperformed bonds and inflation. Treasury bills achieved an average return of only 3.7% while Small Cap Equities achieved an average return of 11.1%. Also notice that while stocks outperformed bonds, they were also more volatile. It's important to understand your tolerance for this type of risk. If you choose to invest in stocks, you want to avoid withdrawing from the market during a market downturn, so you can recover your losses when the market rebounds.



Asset Class	Ending Balance	Average Return
Small Cap	$7,058	11.1%
Large Cap	$2,417	9.7%
Long-term Government Bonds	$95	5.5%
Treasury Bills	$21	3.7%
Inflation	$12	3.0%

Small cap equities are represented by the Russell 2000 Index. Large cap equities are represented by the S&P 500 Index. Long-Term Government Bonds are represented by the Citigroup USBIG Treasury 10+ Year Index. Treasury Bills are represented by the Citigroup 3-month T-Bill Index. Inflation is represented by the Consumer Price Index - All Urban Consumers (CPI-U). Data sources include Ibbotson & Associates and Zephyr Associates. Indexes are unmanaged and used as broad measures of market performance. It is not possible to invest directly into an index. Past performance does not guarantee future results.

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