ALTERNATIVE INVESTMENTS—
INSIGHTS FOR INDIVIDUAL INVESTORS

OVERVIEW

This is a challenging time for investors. New demands are being placed on them as many financial and economic experts confirm that the investment returns of the past twenty-five years are not necessarily indicative of the next quarter century's performance. Moreover, conventional diversification and long-term growth strategies need to evolve to keep pace with the vast number of Americans who are on the cusp of extended and active retirements.

These factors, though challenging, also make it an exciting time for investors as they search for new asset classes that can potentially add value to their overall asset allocation. Many institutional investors and high-net worth individual investors have discovered alternative investments. Are individual investors next?

In this paper, we will review the changing investment environment, define alternative investments, assess their potential and examine the role they can play in a portfolio positioned for new diversification and long-term growth opportunities. With this insight, you can appreciate alternative investments' ability to help investors aggressively pursue their long-term goals and support the millions of Americans who want to maintain their lifestyles in retirement for many years.

THE CHANGING INVESTMENT ENVIRONMENT

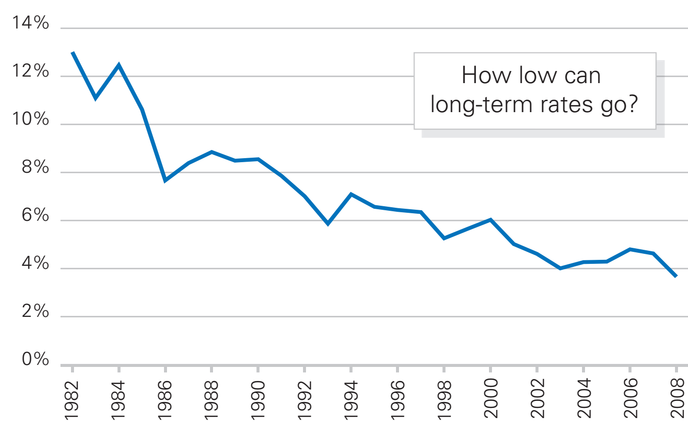
Heightened volatility in the equity markets and record low bond yields have made investment success more challenging for many investors. Added to that is the fact that individual investors are shouldering greater personal responsibility for their own retirement income. The consequences of poor investment decisions could, potentially, be more severe.

HIGHLIGHTS

- The changing investment environment
- Alternative investments in perspective
- Emulating the practices of leading institutional investors may help individual investors meet their goals
- Implementing an investment strategy using alternative asset classes

The straightforward investment strategy of emphasizing U.S. stocks and bonds that worked for previous generations of investors may not be enough going forward. It remains unclear what direction U.S. stock and bond returns will go in the future. Is it possible that the twenty-three year cycle of falling interest rates that fueled U.S. stock and bond returns from 1982 to 2005 is over?

CURVANOMICS
10-YEAR TREASURY YIELD (1982–2008)

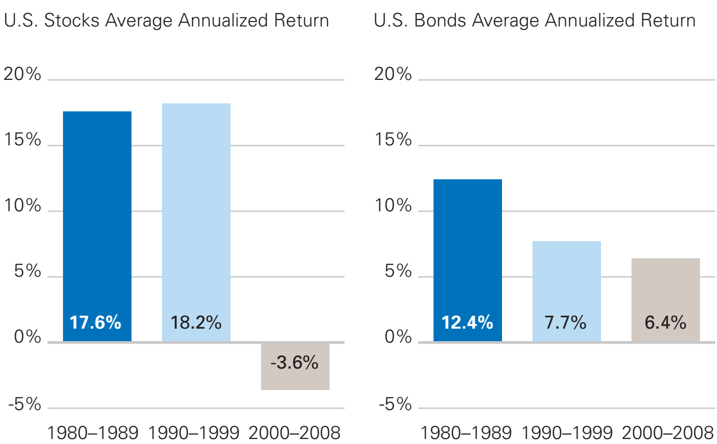


Source: http://www.treas.gov

RESHAPING INVESTING. DWS INVESTMENTS Deutsche Bank Group

Investors may no longer be able to rely on declining rates to drive stock and bond returns.

THE RETURN EXPECTATION REALITY



Source: Morningstar, Inc., as of 12/31/08, U.S. Stocks are represented by the S&P 500® Index, Bonds represented by Barclays Capital (BarCap) U.S. Aggregate Index. **Past performance is historical and does not guarantee future results.** Index returns assume reinvestment of all distributions and, unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index.

Going forward, many industry forecasters are predicting much lower expected returns in both the equity and fixed income markets. At Deutsche Asset Management's Quantitative Strategies Group, we produce market forecasts of expected returns. Our long-term (20 years) forecast for the U.S. equity (as represented by the S&P 500® Index) and the bond (as represented by the Barclays Capital (BarCap) U.S. Aggregate Index) markets are considerably lower than the historical returns of the 1980s and 1990s.[1]

For many investors, international investments have historically provided the dual benefit of broadening the investor's opportunity set while also adding meaningful portfolio diversification. The diversification benefit seems to be declining, as U.S. and international markets become more correlated due to globalization.

[1]Opinions and estimates, including forecasts of conditions, reflect our judgment as of the date of this presentation and are subject to change without notice. Such opinions and estimates, including forecasts of conditions, involve a number of assumptions and may not prove valid. The past performance of securities or other instruments is not indicative of future results and the value of investments and income arising there from can fall as well as rise. No assurance can be given that the investment objectives will be met or that an investor will receive a return of all or part of their investment. No representation or warranty is made that any portfolio or investment described herein would yield favorable investment results.

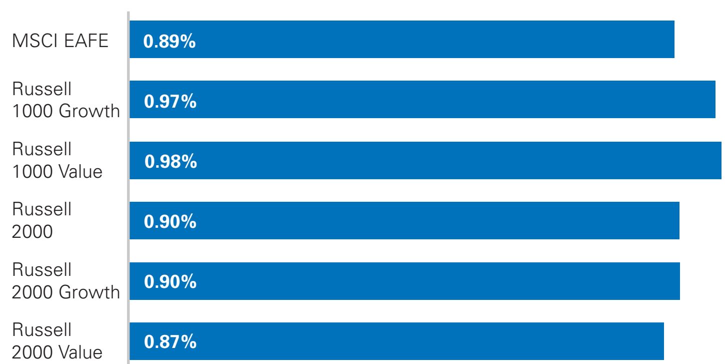
CORRELATION OF S&P 500® TO MSCI EAFE®

Time Period	Correlation of S&P 500® to MSCI EAFE®
1980–1989	0.47
1990–1999	0.54
2000–2008	0.86

Source: Morningstar, Inc., as of 12/31/08. Performance is historical and does not guarantee future results. Correlation measures how assets perform in relation to one another. A 1.0 correlation indicates assets with exactly the same pattern. A -1.0 correlation indicates an exact opposite return pattern. A zero correlation indicates an unrelated return pattern.

Global markets are not the only ones that seem to have become more closely correlated to the S&P 500® in recent years. As you can see from this chart, small-caps and large-caps, as represented by the Russell 2000 and Russell 1000 Indexes, have a fairly high correlation to the S&P 500® Index for the five years ended 12/31/08.

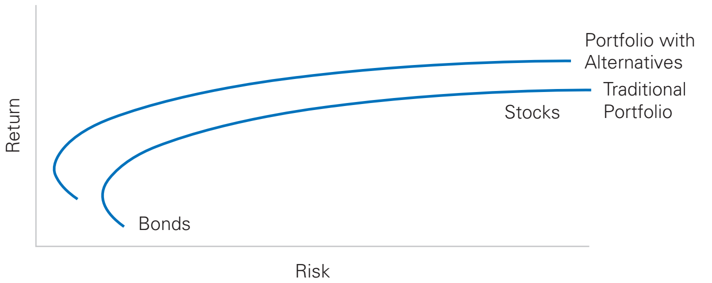
CORRELATION TO THE S&P 500® INDEX (2004–2008)



Source: Morningstar, Inc. as of 12/31/08.

Perhaps the greatest individual investor challenges going forward are lowered return expectations combined with increased return requirements of pre-retirees and retirees. The "long-only liquid bonds and stocks" constraint still limits the overwhelming majority of U.S. institutional and retail assets to these traditional types of investments. Is it possible for investors to create portfolios (using alternative investments) with similar risk characteristics and greater return potential? Will it be possible to liberate the efficient frontier?

LIBERATED EFFICIENT FRONTIER



As you can see in this hypothetical efficient frontier, alternative investments, in theory, allow an investor to achieve greater returns than a traditional portfolio, with essentially the same risk. We believe alternative asset classes and products will be at the forefront of an "alternative revolution."

ALTERNATIVE INVESTMENTS IN PERSPECTIVE

Alternative investments: Typically are not publicly traded and have low correlation with U.S. stocks and bonds.

Alternative investments were once the sole province of institutions, endowments and high net worth individuals. There were barriers to entry that typical individual investors faced that made most alternative investments impossible investment options.

In recent years, some of those barriers have lessened and alternative investment products are becoming available to the average investor. Before discussing alternative investments and their possible inclusion in an investor's portfolio, it's important to understand the different types of alternative asset classes.

The term alternative investment covers a broad range of investment strategies that fall outside the realm of traditional asset classes. Alternative investments are actually many different investment strategies—each with unique characteristics. The following profiles of the main alternative investment categories convey some of their unique properties.

Commodities

Commodities, also referred to as Managed Futures, include investments in energy, metals, agricultural products and currencies. Listed commodity futures instruments are used to establish investment positions.

These investments may provide the greatest diversification benefit of any alternative investment category, as correlations to traditional U.S. stock and bond investments have been very low. Their low correlation stems from the fact that commodities tend to perform well when interest rates and inflation are rising—periods when most financial assets tend to suffer.

UNDERLYING ALTERNATIVE ASSET CLASSES SHOW LOW CORRELATIONS (10 Years ended 12/31/08)

Asset Class	Market Neutral	TIPS	Gold	Global Real Estate	Commodities	Emerging Market Debt	Emerging Market Equity	Infrastructure	Floating Rate	U.S. Small Cap Equity	Fixed Income	International Equity	Cash	U.S. Large Cap Equity
Market Neutral														
TIPS	0.06													
Gold	0.23	0.38												
Global Real Estate	0.13	0.31	0.34											
Commodities	0.37	0.24	0.47	0.47										
Emerging Market Debt	0.10	0.42	0.42	0.60	0.37									
Emerging Market Equity	0.15	0.10	0.38	0.69	0.62	0.61								
Infrastructure	0.22	0.24	0.33	0.66	0.45	0.45	0.61							
Floating Rate	0.31	0.24	0.11	0.66	0.54	0.35	0.49	0.47						
U.S. Small-Cap Equity	0.18	0.01	0.23	0.67	0.41	0.53	0.74	0.59	0.50					
Fixed Income	0.02	0.80	0.31	0.17	0.00	0.45	–0.03	0.18	–0.01	–0.07				
International Equity	0.24	0.12	0.35	0.74	0.63	0.60	0.86	0.72	0.53	0.76	0.02			
Cash	0.33	0.03	–0.07	0.04	0.07	0.01	0.01	–0.06	0.15	0.01	0.05	0.01		
U.S. Large-Cap Equity	0.07	0.01	0.13	0.66	0.46	0.53	0.77	0.51	0.48	0.76	–0.09	0.85	0.06	

Source: Deutsche Asset Management as of 12/31/08. **Past performance is historical and does not guarantee future results.** Please refer to page 10 for an explanation of the index information.

Emerging Markets

Emerging Markets are the financial markets of a developing country—typically a small market with a short operating history. Emerging Markets are characterized as transitional, meaning they are in the process of moving from a closed to an open market economy while building accountability within the system. These countries constitute approximately 80% of the global population, representing approximately 20% of the world's economies.

Floating Rate Loans

Floating Rate Loans are debt financing obligations generally issued by banks to corporations, and they hold legal claim to the borrower's assets above all other debt obligations. The loan is considered senior to all other claims against the borrower, which means that in the event of a bankruptcy the senior bank loan is the first to be repaid. Corporate borrowers, who typically have credit ratings below investment-grade, pay interest rates that reset periodically (they "float") as interest rates change.

Global Tactical Asset Allocation

Global Tactical Asset Allocation (GTAA) is a strategy that adds value through tactical asset allocation. This strategy seeks out-performance from macro or "top-down" decisions which may include broad asset classes (global stocks and bonds), regions/countries within global stocks and bonds, currencies, as well as sectors. Instead of deciding which individual securities to overweight or underweight, a GTAA manager decides which country indexes to overweight and underweight. This top-down distinction means that GTAA managers are not looking for inefficiencies between securities, but rather inefficiencies between entire markets and regions.

Hedge Funds

Hedge Funds are structured as limited partnerships. They typically have broad latitude to use a combination of sophisticated investment techniques such as taking both long and short positions, using leverage and derivatives, and investing in variety of markets.

The term hedge fund includes a broad spectrum of investment strategies. At the conservative end of the spectrum are "absolute return" oriented market-neutral strategies—whose objective is to provide investors with a positive return regardless of the market environment. At the more aggressive end of the spectrum, global macro strategies make directional bets on currencies, stocks and interest rates and are often leveraged and highly volatile.

Infrastructure

Infrastructure is comprised of highly diverse assets, with no two having identical attributes. The asset class is an amalgamation of various sectors, including roads, bridges, dams, ports, airports, power generation and distribution, transmission of electricity, water and gas utilities and communications. Despite the differences, infrastructure assets have certain traits in common, including: high barriers to entry, high degrees of regulation, high initial capital expenditure, stable cash flow, inelastic demand, and long duration assets. Infrastructure is evolving into one of the hottest alternative asset classes.

Private Equity

Private equity refers to equity investments in companies which are not listed on publicly-traded stock exchanges. Most institutional investors obtain Private Equity exposure via Private Equity Funds which primarily invest in leveraged buyouts and venture capital.

Real Estate

Equity real estate includes investments in office, retail, residential, and industrial properties. Institutional investors access real estate via both private and public vehicles.

Private Equity Real Estate is typically offered via limited partnership funds. Public Equity Real Estate is accessed by institutional investors via publicly-traded Real Estate Investment Trusts (REITS). They are publicly traded entities that invest in office buildings, apartment complexes, industrial facilities, shopping centers and other commercial spaces. Most REITs trade on major stock exchanges.

TIPS

TIPS stands for Treasury Inflation-Protected Securities. Introduced by the federal government in 1997, TIPS are designed to protect portfolios from declining purchasing power during inflationary periods. Like traditional Treasuries, TIPS pay a fixed rate of interest, but their principal, to which the interest rate is applied, is linked to the current inflation rate. Therefore, TIPS help investors manage inflation risk. TIPS are backed by the full faith and credit of the U.S. government.

New alternative asset classes will continue to evolve over time. It is important for investors to be able to adequately evaluate these investment options to determine whether or not they are an appropriate investment.

CHARACTERISTICS OF ALTERNATIVES

Alternative investments have historically had the ability to provide investors with several potential investment advantages—diversification, risk reduction, higher returns and capital preservation in volatile markets. Not all alternative investments have all of these capabilities, but it's important to examine these potential advantages as well as the risks to fully understand the inclusion of alternatives in an investment portfolio.

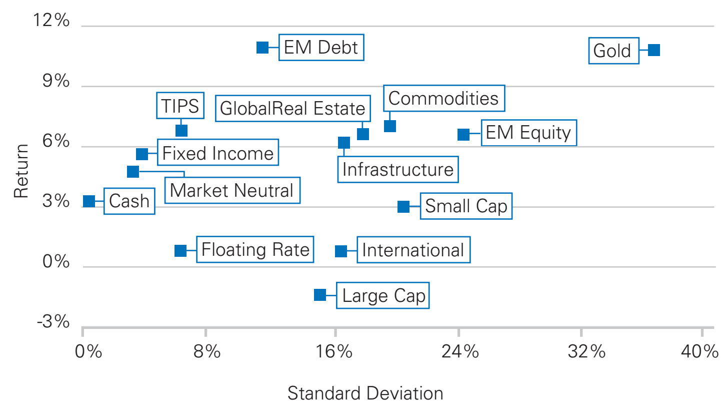
DIVERSIFICATION

Alternative assets typically have different return characteristics than traditional assets. Combining alternative strategies with traditional long equity and bond strategies has the potential to generate steady gains and preserve wealth through up and down markets. As we have discussed, correlation quantifies the diversification potential between different investments. Alternative assets have historically provided low correlations versus traditional asset classes. In addition, many alternative sub-groups have also provided low correlations against each other.

RETURN POTENTIAL

While there can be no assurance or guarantee that alternative investments will outperform traditional asset classes in the future or that an alternative investment will be profitable, alternative assets have historically offered higher returns than traditional investments over time. Take a look at this risk/return table.

PERFORMANCE VS. RISK (1999–2008)



Source: Deutsche Asset Management 12/31/08. Index returns assume reinvestment of all distributions and, unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index. Risk is represented by the standard deviation. **Past performance is no guarantee of future results.** Please refer to page 10 for an explanation of the index information.

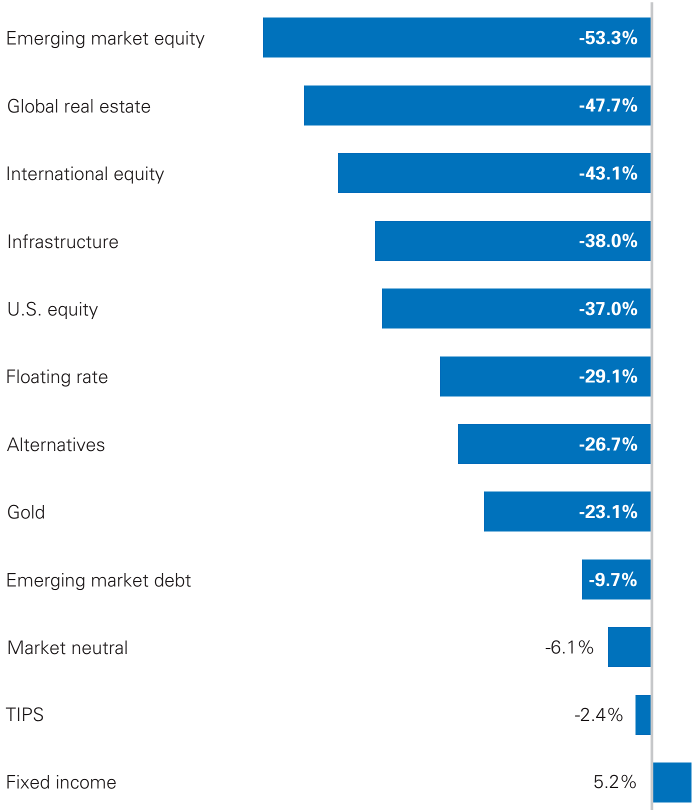
As with traditional asset classes, alternative class market leadership has changed over time and the benefits of diversification apply to alternative investments as well. The importance of maintaining a diversified portfolio does not just apply to traditional asset classes. As you can see from the chart below, there have been substantial differences in the performance of the various asset classes we have described.

ALTERNATIVE ASSET CLASS RETURNS (1999–2008)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EM Equity 66.49%	Commodities 20.74%	Gold 22.63%	Gold 52.61%	EM Equity 55.82%	Infrastructure 42.13%	EM Equity 34.00%	Infrastructure 44.29%	EM Equity 39.39%	TIPS –2.35%
Commodities 32.19%	EM Debt 15.66%	TIPS 7.90%	TIPS 16.57%	Gold 45.58%	Gbl Real Estate 37.96%	Gold 28.35%	Gbl Real Estate 42.35%	Commodities 31.35%	Market Neutral –6.10%
EM Debt 25.97%	Market Neutral 14.56%	Market Neutral 6.71%	EM Debt 14.24%	Infrastructure 43.29%	EM Equity 25.55%	Commodities 24.34%	EM Equity 32.17%	Gold 18.62%	EM Debt –9.70%
Gbl Real Estate 8.87%	Gbl Real Estate 13.84%	Floating Rate 4.21%	Commodities 11.72%	Gbl Real Estate 40.69%	Commodities 19.66%	Gbl Real Estate 15.35%	Gold 20.13%	Infrastructure 18.37%	Gold –23.10%
Market Neutral 7.09%	TIPS 13.18%	EM Debt –0.79%	Infrastructure 5.37%	EM Debt 28.82%	EM Debt 11.77%	EM Debt 11.86%	EM Debt 10.49%	TIPS 11.64%	Floating Rate –29.10%
Floating Rate 3.65%	Infrastructure 9.33%	EM Equity –2.62%	Gbl Real Estate 2.82%	Commodities 27.62%	TIPs 8.46%	Infrastructure 9.58%	Market Neutral 7.32%	EM Debt 6.45%	Infrastructure –37.96%
TIPS 2.39%	Floating Rate 4.92%	Gbl Real Estate –3.81%	Floating Rate 2.01%	Floating Rate 9.83%	Floating Rate 5.23%	Market Neutral 6.22%	Floating Rate 6.74%	Market Neutral 5.29%	Commodities –45.31%
Gold –0.19%	Gold –22.77%	Infrastructure –13.34%	Market Neutral 0.98%	TIPS 8.40%	Market Neutral 4.15%	Floating Rate 5.06%	Commodities 1.81%	Floating Rate 2.08%	Gbl Real Estate –47.72%
Infrastructure –22.59%	EM Equity –30.83%	Commodities –20.37%	EM Equity –6.17%	Market Neutral 2.44%	Gold –5.54%	TIPS 2.84%	TIPS 0.41%	Gbl Real Estate –6.96%	EM Equity –53.33%

Source: Morningstar, Inc. as of 12/31/08. **Past performance is historical and does not guarantee future results.** Please refer to page 10 for an explanation of the indexes.

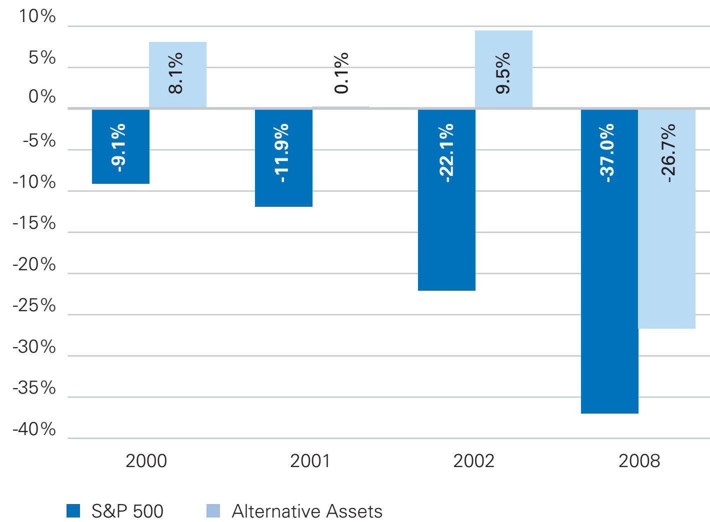
SUMMARY OF 2008 PERFORMANCE



Source: Morningstar, Inc. **Performance is historical and does not guarantee future results.** Index returns assume reinvestment of all distributions and, unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index. This illustration does not represent the performance of any DWS Investments fund and is for informational purposes only.

Let's take a look at a how a hypothetical alternative portfolio allocated to a combination of alternative asset classes (specifically real estate, market neutral, TIPS, commodities, emerging market equity, emerging market debt and gold) performed during the bear market.

BEAR MARKET PERFORMANCE



Source: Deutsche Asset Management. **Past performance is historical and does not guarantee future results.** Stocks are represented by the S&P 500 Index. Alternative Assets represented by 20% FTSE EPRA/NAREIT Index, 20% HFRI Equity Market Neutral Index, 20% Barclays Capital TIPS Index, 15% commodities blend (50% S&P Goldman Sachs Commodities Index, 25% MSCI World Energy Index, 25% MSCI World Materials Index), 10% MSCI Emerging Markets Equity Index, 10% JPMorgan Emerging Markets Bond Index and 5% S&P/Citigroup Global Gold BMI Index.

RISKS

As with any investment, there are also risks associated with alternative assets. The higher return potential often results in higher risk and volatility. Some alternative investments are in thinly traded markets and securities, which could potentially limit position liquidation, particularly in a severe correction. Many alternative asset classes (unlike most traditional investments) lack longer-term track records and often the return numbers are self-reported. It is extremely important that investors be fully aware of the possible investment risks associated with alternative assets. Risk changes over time. As volatility increases, risk often increases. In 2008, we saw risk dramatically increase across all asset classes.

INSIGHT FROM INSTITUTIONAL INVESTORS

The Bank of New York Mellon publishes information on institutional investor returns. While it is virtually impossible to compare these returns to an average investors, it is possible to compare the returns to an appropriate benchmark portfolio without alternative investments.

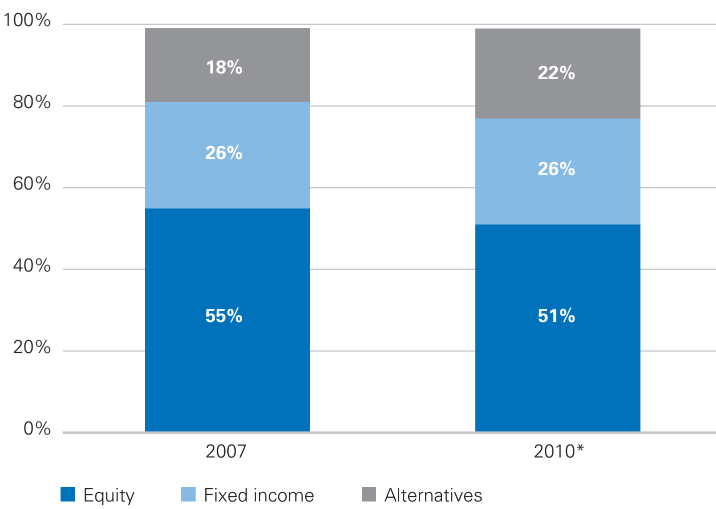
BNY MELLON TRUST MEDIAN PLAN RETURNS

(Period ended 12/31/08)

	Five Years	Ten Years
Corporate Plans	2.07%	3.48%
Endowments	2.88%	3.82%
Benchmark	–0.03%	0.78%

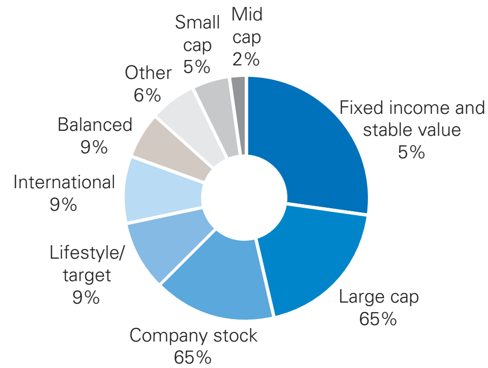
Source: http://www.bnymellon.com/pressreleases/2009/pr021009.html

ASSET ALLOCATIONS CONTINUE TO SHIFT TO ALTERNATIVES



Source: JPMorgan Asset Management "Next Generation Alternative Investing," as of 7/08. *This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

OVERALL ALLOCATION OF 401(K) ASSETS IN THE U.S., BY TYPE OF INVESTMENT



Source: BusinessWeek (July 14 & 21, 2008). Data calculated by Hewitt Associates, as of 5/31/08. *Includes money-market, emerging market, and specialty/sector strategies as well as self-directed brokerage accounts. Percentages do not add up to 100% due to rounding.

Individual investors, however, are still trailing institutional investors in their allocations to alternatives.

INDIVIDUAL INVESTORS AND ALTERNATIVE INVESTMENTS

Alternative investments were once investment options for institutions, endowments and high net worth individuals. There were barriers to entry that deterred the average investor. They were typically structured as limited partnerships sold only to qualified investors. Minimum eligibility requirements were often a net worth of greater than $1.5 million for individuals (with spouse, excluding primary residence) and $5 million for entities and minimum investment requirements were as high as $5 to $10 million. This has made it difficult for the average investor to invest in alternatives.

In addition, alternative investments may have the following characteristics, which could make them potentially unattractive to individual investors. They may:

- Involve shorting, derivatives, and/or leverage
- Be less liquid than traditional asset classes
- Have less information on valuations/pricing—reliance on appraised value
- Have less transparency
- Not be tax-sensitive
- Be difficult to model within an overall asset allocation

The barriers to entry for retail investors mentioned above have changed in recent years—as some mutual funds are now being structured to include investments in alternative asset classes.

THE ROLE OF ALTERNATIVES IN AN INVESTMENT PORTFOLIO

The inclusion of alternative investments in a portfolio, while possibly reducing overall portfolio risk, can be a complicated process. Considerable investment expertise may be required to analyze the risk associated with differing investment styles and to allocating to these investments. The question for individuals and institutions alike is—what is the optimal allocation to alternatives and what are the alternative asset classes to invest in?

Asset allocation

Traditional asset allocation models typically rely on mean variance optimization—attempting to find the asset allocation with the lowest possible risk for an expected rate of return. Traditional optimization utilizes historical risk and return information to represent a prospective view. This model requires a long history across all asset classes and typically does not incorporate investor views and insights.

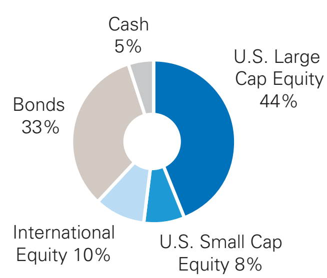
Most investors recognize that a traditional asset allocation refers to a "traditional" portfolio with an allocation to stocks and an allocation to bonds, with these percentages being further subdivided by style. In the past, this blend of capital appreciation from stocks and capital preservation from bonds seemed a reasonable solution for many investors—institutional and individual alike. Will this hold true in the future and are there other options aside from traditional long-only portfolios?

A new generation of portfolio construction techniques has evolved to address many of the challenges that have existed with alternative investments in traditional asset allocation models. For example, using a Bayesian methodology allows the investor to incorporate various time frames and investor views. This is an important distinction because alternative investments generally have a shorter historical track record than traditional asset classes. While the shorter return history might exclude alternatives from a mean variance model, a Bayesian methodology allows flexibility in the portfolio construction process. Another portfolio construction technique utilizes a factor based model to evaluate alternative asset classes. This allows a comparison of traditional and alternative investments on a common footing. Lastly, advanced portfolio optimization allows an investor to evaluate the probability of achieving a given return and incorporates downside measures of risk. These advances in portfolio construction methodology allow investors to evaluate the role of alternatives within their overall investment framework.

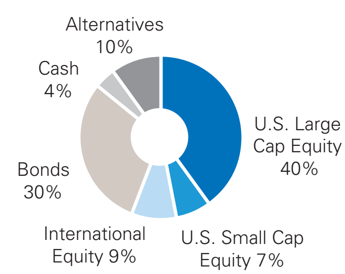
HYPOTHETICAL PORTFOLIOS

Let's take a look at several different hypothetical portfolios (using traditional asset classes and comparing a similar portfolio using alternative investments). Examining the historical performance of a traditional portfolio, alongside a more "sophisticated" portfolio that includes alternative assets, reveals that alternative assets can benefit a portfolio by adding additional return with a minimal impact on risk. As you can see, the portfolios generally produced slightly higher returns (for the 10-year period ended 12/31/08) with lower risks.

SCENARIO 1



Traditional Portfolio

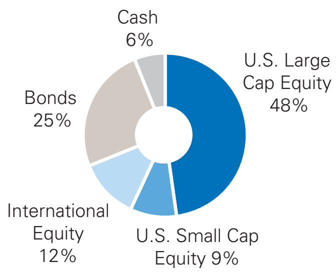


Portfolio with Alternatives*

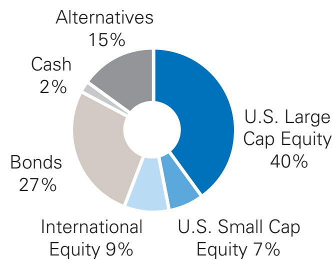
Scenario 1	Traditional Portfolio	Portfolio with Alternatives*
Return	2.09%	2.69%
Standard Deviation	9.41%	9.26%
Sharpe Ratio	–0.13	–0.07
Information Ratio	0.09%	0.17%

See page 10 for important information about these scenarios.

SCENARIO 2



Traditional Portfolio

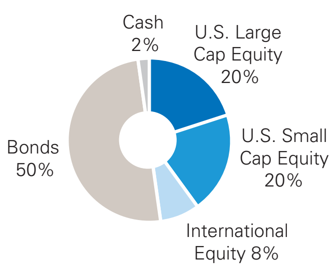


Portfolio with Alternatives*

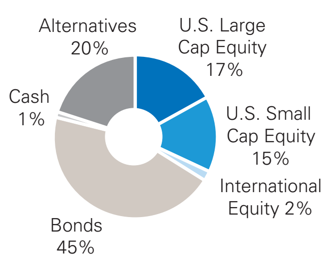
Scenario 2	Traditional Portfolio	Portfolio with Alternatives*
Return	1.65%	2.84%
Standard Deviation	10.45%	9.65%
Sharpe Ratio	–0.16	–0.05
Information Ratio	0.04%	0.19%

See page 10 for important information about these scenarios.

SCENARIO 3



Traditional Portfolio



Portfolio with Alternatives*

Scenario 3	Traditional Portfolio	Portfolio with Alternatives*
Return	3.74%	4.81%
Standard Deviation	7.91%	7.34%
Sharpe Ratio	0.05	0.19
Information Ratio	0.24%	0.28%

Deutsche Asset Management as of 12/31/08. *Alternative investments represented by 20% FTSE EPRA/NAREIT Index, 20% HFRI Equity Market Neutral Index, 20% Barclays Capital US TIPS, 15% commodities blend (50% Goldman Sachs Commodity Index, 25% MSCI World Energy Index, 25% MSCI World Materials Index), 10% MSCI EAFE® Emerging Markets Equity Index, 10% JP Morgan EMBI, 5% S&P Global Gold BMI Index. **Past performance is no indication of future results.** Index returns assume reinvestment of all distributions and, unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index.

CONCLUSION

In this paper, we have examined the changing investment environment, defined key alternative asset classes, explored advantages and disadvantages of alternative investments, and compared the risk/return characteristics of hypothetical traditional and non-traditional portfolios. We have discovered how many institutional investors, leading university endowments, and high-net worth individuals successfully utilize alternative investments. This leads to a vital question: is the general investing public next?

Many individual investors faced with lower return expectations, the increased correlation of most "traditional" asset classes, and the need to take greater personal financial responsibility are seeking dependable, risk adjusted returns for future liabilities. Following the time-tested example of institutions, numerous individual investors are pursuing alternative investments and many are finding that the decision-making process quickly becomes complicated. In addition to determining the appropriate percentage to invest in alternatives, there is selecting the asset class for investment as well as rebalancing. These are important and sometimes difficult decisions to make.

Typically, institutional investors have considerable expertise or hire experts with deep experience in alternative investments. Individual investors can also follow this model by tapping into their financial advisors' knowledge and fully understanding the risks and potential benefits of alternative investments. There is a new generation of innovative funds designed to bring alternative investments to the general investing public and it is essential for individual investors, intrigued by these offerings, to gain the insight and foresight to make an informed decision.

INDEX INFORMATION

The following indexes were used for charts in this White Paper. Past performance is historical and does not guarantee future results. Please keep in mind that index returns assume reinvestment of all distributions and, unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index.

Category	Index
Cash	Citigroup 3-Month US Treasury Bill Index is an unmanaged index reflecting monthly return equivalents of yield averages that are not marked to the market and an average of the last three, three-month T-bill issues. Three-month T-bills are the short-term debt obligations of the US government.
Commodities	50% S&P Goldman Sachs Commodity Index, which represents commodity sector returns of an unleveraged, long-term investment in commodity futures; 25% MSCI World Energy Index, which measures the performance of energy equities in developed markets around the world; 25% MSCI World Materials Index, which measures the performance of material equities in developed markets around the world.
Emerging market equity	The MSCI Emerging Markets Equity Index measures equity market performance in 26 global emerging markets.
Emerging market debt	The JP Morgan Emerging Market Bond Index tracks Brady bonds, loans, eurobonds and local-market debt traded in emerging markets.
Fixed income	The Barclays Capital US Aggregate Bond Index represents domestic taxable investment-grade bonds with average maturities of one year or more.
Floating rate	The S&P/LSTA Leveraged Loan Index is an unmanaged, market-value weighted total return index that tracks outstanding balance and current spread over LIBOR for fully funded loan terms.
Global infrastructure	UBS Global Infrastructure Index: UBS considers utilities to be a subset of infrastructure; however, due to the size and relative maturity of utilities as an asset class, UBS has chosen to identify "infrastructure" and "utilities" separately as second-tier indices (UBS Infrastructure Index, UBS Utilities Index). The UBS Global Infrastructure & Utilities (UBS I&U) Indices are calculated based on free-float market capitalization, as defined by S&P.
Global real estate	The FTSE EPRA/NAREIT Developed Index is a market capitalization-weighted index based on the last trade prices of shares of all eligible companies.
Gold	The S&P/Citigroup Global Gold BMI Index represents the precious metals industry component of the S&P/Citigroup global equity family of indices.
International equity	The MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed market equity performance.
Market neutral	The HFRI Equity Market Neutral Index is designed to represent performance of equity market neutral strategies, which employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movements and relationships between securities to select securities for purchase and sale.
TIPS (Treasury Inflation Protection Securities)	The Barclays Capital US TIPS Index tracks US Treasury inflation-linked securities.
US large-cap equities	The S&P 500 Index represents the US equity market in general.
US small-cap equities	The Russell 2000 Index tracks the equity performance of the 2,000 smallest companies of the Russell 3000 Index.

Equity index returns assume reinvestment of all distributions. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

"Alternatives are no longer the preserve of the super-wealthy or experimental academic endowments. The number of investment products for retail investors that incorporate...or invest in alternative asset classes, such as real estate or commodities, is rising rapidly. The shift away from the old allocation model is enjoying a groundswell of support."

Kevin Parker, CEO, Deutsche Asset Management in Financial Times editorial, May 12, 2008

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IMPORTANT RISK INFORMATION

All investments involve risk. Some investment products have more risk than others, such as those investing in commodity-related securities, which are subject to market price movements, regulatory changes and economic conditions as well as adverse political and financial factors. Real estate investments can be affected by interest-rate moves, economic cycles, and tax and regulatory requirements. Investing in foreign securities, especially emerging markets, presents unique risks not associated with domestic investments, such as currency fluctuations, political and economic changes, and market risks. There are additional risks associated with investing in high-yield bonds, aggressive growth stocks, non-diversified/concentrated investments and small-, mid and micro-cap stocks. Diversification does not guarantee a profit or protect against loss.

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