

INVESTMENT CONCEPTS

UNDERSTANDING ASSET CLASS BEHAVIOR

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Small Cap Value Stocks 38.64%	Fixed Income 14.38%	Foreign Stocks 56.72%	Foreign Stocks 69.94%	Foreign Stocks 24.93%	Small Cap Value Stocks 29.47%	Large Cap Growth Stocks 36.40%	Fixed Income 9.17%	Small Cap Growth Stocks 51.19%	Small Cap Value Stocks 29.14%	Foreign Stocks 32.94%	Foreign Stocks 8.06%	Large Cap Growth Stocks 38.13%	Large Cap Growth Stocks 23.97%	Large Cap Growth Stocks 36.53%	Large Cap Growth Stocks 42.16%	Small Cap Growth Stocks 43.09%	Small Cap Value Stocks 22.81%	Small Cap Value Stocks 14.02%	Fixed Income 9.82%
Large Cap Value Stocks 28.89%	Large Cap Value Stocks 10.52%	Large Cap Growth Stocks 33.31%	Large Cap Value Stocks 21.67%	Large Cap Growth Stocks 6.50%	Foreign Stocks 28.59%	Large Cap Value Stocks 26.13%	Cash 7.82%	Small Cap Value Stocks 41.70%	Large Cap Value Stocks 10.53%	Small Cap Value Stocks 23.84%	Cash 3.74%	Large Cap Value Stocks 37.00%	Large Cap Value Stocks 21.99%	Small Cap Value Stocks 31.69%	Foreign Stocks 20.33%	Large Cap Growth Stocks 28.25%	Fixed Income 10.10%	Fixed Income 8.98%	Cash 1.68%
Foreign Stocks 24.61%	Cash 9.99%	Small Cap Value Stocks 31.01%	Large Cap Growth Stocks 14.50%	Cash 6.11%	Large Cap Value Stocks 21.67%	Small Cap Growth Stocks 20.17%	Large Cap Growth Stocks 0.20%	Large Cap Growth Stocks 38.37%	Small Cap Growth Stocks 7.77%	Large Cap Value Stocks 18.60%	Large Cap Growth Stocks 3.13%	Small Cap Growth Stocks 31.04%	Small Cap Value Stocks 21.37%	Large Cap Value Stocks 29.99%	Large Cap Value Stocks 14.67%	Foreign Stocks 27.30%	Large Cap Value Stocks 6.09%	Cash 3.70%	Small Cap Value Stocks -11.42%
Small Cap Growth Stocks 20.13%	Foreign Stocks 7.86%	Small Cap Growth Stocks 30.97%	Fixed Income 13.13%	Large Cap Value Stocks 3.68%	Small Cap Growth Stocks 20.37%	Fixed Income 12.77%	Large Cap Value Stocks -6.85%	Large Cap Value Stocks 22.56%	Fixed Income 7.17%	Small Cap Growth Stocks 13.36%	Large Cap Value Stocks -0.63%	Small Cap Value Stocks 25.75%	Small Cap Growth Stocks 11.26%	Small Cap Growth Stocks 12.95%	Fixed Income 8.42%	Large Cap Value Stocks 12.72%	Cash 5.89%	Small Cap Growth Stocks -9.23%	Foreign Stocks -15.65%
Large Cap Growth Stocks 16.24%	Large Cap Growth Stocks 2.33%	Large Cap Value Stocks 29.68%	Small Cap Value Stocks 7.41%	Fixed Income 3.66%	Large Cap Growth Stocks 11.95%	Small Cap Value Stocks 12.43%	Small Cap Growth Stocks -17.41%	Fixed Income 14.63%	Large Cap Growth Stocks 5.07%	Fixed Income 8.78%	Small Cap Value Stocks -1.55%	Fixed Income 15.31%	Foreign Stocks 6.36%	Fixed Income 7.87%	Cash 5.00%	Cash 4.63%	Foreign Stocks -13.96%	Large Cap Value Stocks -11.71%	Large Cap Value Stocks -20.86%
Fixed Income 8.61%	Small Cap Value Stocks 2.27%	Fixed Income 18.08%	Cash 6.27%	Small Cap Value Stocks -7.12%	Cash 7.08%	Foreign Stocks 10.80%	Small Cap Value Stocks -21.77%	Foreign Stocks 12.50%	Cash 3.37%	Cash 2.71%	Fixed Income -1.93%	Foreign Stocks 11.55%	Cash 4.94%	Cash 5.08%	Small Cap Growth Stocks 1.23%	Small Cap Value Stocks 1.48%	Large Cap Growth Stocks -22.08%	Large Cap Growth Stocks -12.72%	Large Cap Growth Stocks -23.59%
Cash 8.57%	Small Cap Growth Stocks -15.83%	Cash 7.71%	Small Cap Growth Stocks 3.51%	Small Cap Growth Stocks -10.48%	Fixed Income 6.68%	Cash 8.87%	Foreign Stocks -23.20%	Cash 5.70%	Foreign Stocks -11.85%	Large Cap Growth Stocks 1.68%	Small Cap Growth Stocks -2.43%	Cash 5.50%	Fixed Income 4.06%	Foreign Stocks 2.06%	Small Cap Value Stocks -6.43%	Fixed Income 0.39%	Small Cap Growth Stocks -22.43%	Foreign Stocks -21.20%	Small Cap Growth Stocks -30.27%

- **Small Cap Value Stocks** contains those Russell 2000 securities with a below-average growth orientation. Securities in this index generally have lower price-to-book and price-to-earnings ratios than those in the Russell 2000 Growth Index.
- **Small Cap Growth Stocks** contains those Russell 2000 securities with an above-average growth orientation. Securities in this index generally have higher price-to-book and price-to-earnings ratios than those in the Russell 2000 Value Index.
- **Large Cap Growth Stocks** and ■ **Large Cap Value Stocks** indices include the securities in the Barra S&P 500 Growth and Barra S&P 500 Value and are constructed by dividing the stocks in the S&P 500 Index according to price-to-book ratios. The Growth index contains stocks with higher price-to-book ratios. The Value index contains stocks with lower price to book ratios. The indices are market-capitalization weighted, and their holdings are mutually exclusive.
- **Foreign Stocks** is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australia, and the Far East.
- **Fixed Income** is the Lehman Brother's Intermediate Government/Corporate Bond Index. This index includes US government and corporate securities with maturities up to 10 years.
- **Cash** is the annual return of the 30 Day Money Market Index.

Source: Morningstar Principia Pro, CDA Wiesenberger

The information contained in the report are from sources believed to be reliable, but not warranted by CapTrust Financial Advisors to be accurate or complete

INVESTMENT CONCEPTS

REDUCE RISK BY DIVERSIFYING

Over time, asset allocation can help manage risk and potentially boost returns. Consider the three scenarios below, illustrating different strategies used by investors investing in the asset classes shown on the chart on the preceding page. In each situation, \$10,000 was invested annually from 1982 to 2002. The first scenario shows the results of investing in last year's winner (the best-performing asset class), while the second shows the returns generated by investing in last year's loser (the worst-performing asset class). The third scenario shows the results of an asset allocation plan that consistently invests across several asset classes in equal proportion each year.

CHASING THE WINNERS

Investing in last year's *best*-performing asset class **\$490,197**
 Average annual total return **7.99%**

INVESTING WITH THE LOSERS

Investing in last year's *worst*-performing asset class **\$445,613**
 Average annual total return **7.18%**

ASSET ALLOCATION

Investing consistently *across several* asset classes **\$577,745**
 Average annual total return **9.35%**

Performance results through 12/31/02	Inception	1 Year	5 Years	10 Years
Russell 2000 Value Index	12/31/1978	-11.43%	2.71%	10.85%
Russell 2000 Growth Index	12/31/1978	-30.26%	-6.59%	2.62%
S&P 500 Index	12/31/1969	-22.10%	-0.59%	9.35%
S&P Barra Growth Index	12/31/1974	-23.59%	-1.08%	8.79%
S&P Barra Value Index	12/31/1974	-20.85%	-0.85%	9.39%
MSCI EAFE Index	12/31/1969	-15.94%	-2.89%	4.00%
Lehman Aggregate Bond Index	12/31/1975	10.25%	7.55%	7.51%

It is not possible to invest directly in an index. All indexes are unmanaged and measure common sectors of the stock, growth, value, non-U.S., and bond indexes. Mutual fund performance may differ from the performance of the relevant index(es). Past performance does not indicate future results. This analysis has been figured on an annual basis. Source: Putnam Investments. CapTrust obtained this information from sources believed to be reliable, but CapTrust does not guarantee the accuracy or completeness of the information.

INVESTMENT REVIEW

INVESTMENT PERFORMANCE AFTER FUND CHANGES

	Q2'03	YTD'03	2002	2001	2000	1999	1998	Annualized			
								1 Yr	3 Yr	5 Yr	10 Yr
Stable Option											
Franklin Stable Value	1.08%	2.22%	5.59%	6.41%	5.81%	5.90%	6.01%	4.94%	5.56%	5.69%	-
90 Day U.S. Treasury Bill	0.27%	0.57%	1.68%	3.67%	6.31%	4.87%	5.01%	1.35%	3.05%	3.88%	-
Bond Option											
Pimco Total Return Fund A ¹	2.71%	4.72%	9.69%	8.99%	11.56%	-0.75%	9.25%	10.70%	10.39%	7.81%	7.97%
Average Fixed Income	3.28%	4.93%	6.75%	4.75%	7.59%	-0.97%	5.30%	9.28%	7.10%	5.11%	5.61%
Balanced Option											
Franklin Conservative Target Fund A	8.22%	7.02%	-3.31%	0.14%	2.13%	19.95%	3.17%	5.58%	0.88%	4.61%	-
Franklin Moderate Target Fund A	10.65%	8.16%	-6.76%	-2.17%	-3.04%	26.87%	0.35%	4.93%	-3.48%	2.93%	-
Franklin Growth Target Fund A	14.48%	9.48%	-13.33%	-11.17%	-5.06%	40.39%	0.19%	2.36%	-9.51%	1.18%	-
Average Balanced Fund	10.38%	8.60%	-11.13%	-4.37%	1.74%	8.53%	12.52%	3.09%	-2.38%	1.31%	-
Large Cap Value											
Franklin Equity Income A	16.75%	7.74%	-15.11%	-1.33%	18.60%	0.80%	6.69%	-4.76%	1.84%	1.79%	8.24%
Average Large Cap Value Fund	16.80%	10.74%	-18.89%	-5.37%	5.47%	6.34%	12.02%	-2.34%	-1.72%	-0.25%	8.90%
Index											
UBS S&P 500 Index A	15.16%	11.31%	-22.60%	-12.38%	-9.74%	20.10%	-	-0.48%	-11.78%	-	-
Average Large Cap Blend Fund	14.81%	10.88%	-22.06%	-13.68%	-6.70%	19.89%	-	-1.23%	-10.95%	-	-
Large Cap Blend											
Franklin Growth Fund A	17.70%	10.63%	-24.24%	-9.47%	7.53%	12.19%	18.52%	-2.65%	-9.05%	-0.18%	8.68%
Average Large Cap Blend Fund	14.81%	10.88%	-22.06%	-13.68%	-6.70%	19.89%	22.06%	-1.23%	-10.95%	-1.90%	8.45%
Large Cap Growth											
Growth Fund of America A	17.21%	14.29%	-22.02%	-12.28%	7.49%	45.70%	31.78%	5.55%	-10.20%	7.10%	12.89%
Average Large Cap Growth Fund	14.09%	12.70%	-27.77%	-23.63%	-14.09%	42.93%	36.69%	-0.46%	-19.24%	-3.74%	7.41%
International											
Templeton Foreign A	17.77%	6.86%	-8.64%	-7.92%	-3.67%	39.21%	-4.89%	-6.23%	-3.01%	2.24%	6.90%
Average Foreign Fund	18.93%	9.40%	-16.07%	-21.93%	-15.66%	45.70%	8.91%	-7.41%	-14.26%	-3.26%	4.41%
Mid Cap Value											
Mutual Shares A	12.82%	10.27%	-11.20%	5.94%	13.42%	14.63%	0.01%	1.68%	5.37%	4.85%	-
Average Mid Cap Value Fund	17.96%	11.95%	-12.57%	7.42%	18.37%	7.04%	2.28%	-0.80%	6.63%	4.00%	-
Mid Cap Growth											
Franklin Small/Mid Cap Growth A	18.81%	15.95%	-29.58%	-20.53%	-9.80%	97.08%	-0.02%	0.71%	-19.26%	1.69%	12.22%
Average Mid Cap Growth Fund	17.83%	15.85%	-27.53%	-20.66%	-4.84%	61.55%	17.37%	0.12%	-17.11%	-0.34%	7.70%
Small Cap Value											
Franklin Balance Sheet Inv. A	13.61%	8.06%	-5.96%	17.70%	20.47%	-1.53%	-0.61%	-3.34%	11.60%	5.29%	12.10%
Average Small Cap Value Fund	21.49%	14.36%	-10.27%	17.31%	16.98%	5.05%	-8.36%	-2.54%	10.61%	5.26%	11.35%
Small Cap Growth											
Aim Small Cap Growth A	20.87%	15.96%	-28.01%	-13.79%	-0.74%	90.64%	23.15%	-0.46%	-17.58%	7.21%	-
Average Small Cap Growth Fund	21.52%	17.09%	-28.42%	-9.02%	-5.71%	59.82%	4.29%	-1.25%	-13.00%	1.08%	-

¹Institutional share performance is used in order to show 10 year performance history.

Source: Morningstar Principia Pro

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