

# **West Virginia College Prepaid Tuition and Savings Program**

## **Quarterly Status Report** **Period Ending March 31, 2010** **3rd Quarter FY 2010**

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## **West Virginia College Prepaid Tuition and Savings Program Quarterly Status Report Period Ending March 31, 2010**

During the quarter, the SMART529 Savings Plans added 2,608 new accounts and had new contributions totaling \$44,707,009. At the end of the quarter, SMART529 WV Direct had a total investment of \$93,485,284; the Select plan \$157,425,243; and, The Hartford SMART529 \$1,015,219,235 for the grand total of \$1,266,129,762. Out of the 104,582 accounts nationwide, there were 19,424 West Virginia resident accounts with a total value of \$211,448,577.

The West Virginia Prepaid Tuition Plan ended the period with 6,553 active accounts and trust fund assets valued at \$83,100,503. During the quarter, the Prepaid Tuition Trust disbursed more than 900 qualified tuition benefit distributions totaling more than \$2.1 million and received regular contract installment payments of \$213,521. Prepaid Tuition Trust Fund investments gained \$2,340,788 for the quarter.

During the quarter, the SMART529 College Savings Contact Center received 13,287 telephone calls, and fulfilled 136 requests for enrollment kits of the direct-marketed plans.

Marketing efforts for this quarter included Treasurer Perdue and STO field staff presenting \$500 checks to schools in which the 15 regional winners of the “When I Grow Up” essay contest were enrolled.

Treasurer’s Office staff manned tables at Imagination Library events in Hancock County (3 events), Brooke County (1 event), Ohio County (1 event) and Marshall County (1) event. Sponsorships included the Big Atlantic Basketball Tournament (Beckley) and the Charleston Regional Newspapers Spelling Bee. SMART529 information was distributed to over 150 families. This information was also placed on the direct mail marketing list.

To further outreach, staff met with the West Virginia Board of Education to discuss various ways to involve students, teachers and parents in saving for college. Staff also met with the West Virginia Education Association to determine the best ways to inform teachers across the state about the benefits of SMART529 for themselves and their students. Special newsletters are being planned for distribution to teachers.

In February, the Program’s quarterly status report was distributed to the chairs of the Joint Committee on Government and Finance, and the Legislative Oversight Commission on Education Accountability

### **Board of Trustees**

The Board of Trustees Audit Committee met on February 17, 2010 reviewing items to be brought before the Board at the quarterly meeting held on February 18, 2010. The agenda

consisted of reviewing the Deloitte and Touche engagement letter; accepting the WVIMB letter regarding the Prepaid Tuition Trust Asset Allocations; accepting the Due Diligence reports of The Hartford & Wellington; accepting the one year review of Callan Associates noting that all contract items were completed with the exception of the continuing education for board members which will be provided at future meetings; discussion by The Hartford of proposed contract with Upromise and the planned due diligence review; accepting the Hartford product proposals; and, discussion of proposed changes to the Program Management Agreement and the Program Manual.

A regular quarterly meeting of the Board of Trustees was held on February 18, 2010, and the Board took the following actions: accepted the Due Diligence Reviews of The Hartford & Wellington; approved Investment Product Proposals for the National Advisor Plan (The Hartford® SMART529®) and the West Virginia Direct Plan; and, approved changes to the Program Management Agreement and the Program Manual (Discontinuing the Voice Response Unit; allowing a *control document* instead of a SAS-70; and, permitting on-line distribution ability).

### Prepaid Tuition Trust Fund Escrow Account Summary

	Quarter Ended December 31, 2009	Quarter Ended March 31, 2010	Fiscal Year to Date
Market Value	\$ 12,560,000	\$12,650,728	\$ 12,650,728
Change from previous quarter or year	\$ 1,034,889	\$90,728	\$ 9,279,104

### Administrative Account Summary

The Administrative Account, established in the State Treasurer’s Office, is used for the purpose of implementing, operating and maintaining the Trust Funds and the Program. It may receive funds from a variety of sources including fees, charges, and penalties collected by the Board.

Beginning balance, December 31, 2009	\$ 806,064
Administrative charges to the Prepaid Tuition Trust Fund	-
Receipts from Savings Plan Trust (WV Administrative Charge)	193,737
Disbursements to pay expenses	<u>(127,110)</u>
Ending Balance, March 31, 2010	\$ 872,691

# Operating Report

## For the Quarter Ending March 31, 2010

Cash & Investments		Rates of Return	
<b>Prepaid Tuition Trust Fund</b>	\$ 83,100,503	<b>Prepaid Tuition Trust Fund</b>	
<b>Savings Plan Trust Fund</b>	\$ 1,266,129,756	Ending Quarter	3.03%
<b>Administrative Account</b>	\$ 872,691	FY2010 To Date	22.30%
		Annualized since investing July 1999	6.07%

Note: See Quarterly Investment Performance Review for detail. Rates are not annualized unless otherwise noted.

Program Operating Activities			
	Prepaid Tuition Trust Fund	Savings Plan Trust Fund	Administrative Account
Receipts	\$ 213,521	\$ 44,707,009	\$ -
Investment earnings (loss)	2,370,788	51,135,974	-
Legislative appropriations	-	-	37,403
Treasurer's subsidy	-	-	30,688
Savings Plan admin. fees	-	-	193,737
<b>Total Receipts</b>	<b>2,584,309</b>	<b>95,842,983</b>	<b>261,828</b>
Expenses/Fees	-	(4,415,480)	(195,201)
Cancellation distributions	(129,318)	(2,761,492)	-
Rollovers	-	(4,086,059)	-
Regular distributions	(2,685,231)	(12,234,616)	-
<b>Total Disbursements</b>	<b>(2,814,549)</b>	<b>(23,497,646)</b>	<b>(195,201)</b>
Transfer between Prepaid & Administrative Accounts	-	-	-
Net change	(230,240)	72,345,337	66,627
Beginning cash & investments	83,330,743	1,193,784,419	806,064
<b>Ending cash &amp; investments</b>	<b>\$ 83,100,503</b>	<b>\$ 1,266,129,756</b>	<b>\$ 872,691</b>

Note: Quarterly Report is based upon unaudited numbers and may reflect rounding.

**Comparison of Program Administrative Expenses  
FY 2010 - FY 2009**

<b>Account</b>	<b>FY2010 YTD</b>	<b>FY2009 YTD</b>	<b>Over (Under)</b>
<b>Administrative Expenses:</b>			
Office expense	\$ 3,800	\$ 2,103	\$ 1,697
Printing & binding expense	1,048	247	801
Telecommunications	5,104	9,558	(4,454)
Cellular charges	360	932	(572)
Travel expense	23,748	28,313	(4,565)
Miscellaneous advertising expense	8,995	7,454	1,541
Hospitality expense	514	1,329	(815)
Building rental expense	5,383	5,379	4
Machine rental expense	25	50	(25)
Miscellaneous expense	61	50	11
Training & development	1,510	2,582	(1,072)
Postage & freight expense	1,702	1,504	198
Salaries & wages	221,896	225,948	(4,052)
Benefits	61,130	56,218	4,912
Computer services & supplies	2,022	1,389	633
Computer equipment	1,795	-	1,795
Computer software	399	-	399
Vehicle rental	266	-	266
Vehicle maintenance	842	4,924	(4,082)
Vehicle fuel charges	1,117	-	1,117
Maintenance contracts	795	1,836	(1,041)
Misc. equipment purchases	-	240	(240)
Dues & subscriptions	4,750	3,258	1,492
<b>Contractual &amp; Professional:</b>			
Actuarial expense	20,077	20,945	(868)
Marketing & advertising	2,697	125,441	(122,744)
Miscellaneous contractual	1,837	11,940	(10,103)
Investment consultant	135,000	45,000	90,000
Records administration	47,276	53,044	(5,768)
External auditor	66,000	66,000	-
<b>Total disbursements</b>	<b>\$ 620,149</b>	<b>\$ 675,684</b>	<b>\$ (55,535)</b>

**Source of Disbursements**

<b>Source</b>			
Appropriations	\$ 135,396	\$ 51,705	\$ 83,691
Treasurer's Office subsidy	8,829	14,210	(5,381)
Administrative Account:			
Prepaid Tuition Trust	-	-	-
Savings Plan Trust	475,924	609,769	(133,845)
<b>Total</b>	<b>\$ 620,149</b>	<b>\$ 675,684</b>	<b>\$ (55,535)</b>

## Program Active Accounts - Summary

Activity	Prepaid Tuition Plan			Savings Plan		
	Last Quarter	This Quarter	FYTD	Last Quarter	This Quarter	FYTD
<b>Beginning</b>	6,864	6,745		101,617	103,085	
New/Redefined	-	-	-	2,651	2,608	7,905
Full Distribution	(101)	(169)	(343)	(464)	(447)	(1,520)
Cancelled	(18)	(23)	(65)	(406)	(375)	(1,201)
Internal Rollover	-	-	(2)	-	-	-
External Rollover	-	-	-	(313)	(289)	(842)
<b>Ending</b>	<b>6,745</b>	<b>6,553</b>		<b>103,085</b>	<b>104,582</b>	

## Prepaid Tuition Plan – Account Status Detail

Status	Last Quarter	This Quarter
Mature, not in payout	477	980
Mature, payout in process	1,980	1,820
Not mature yet	4,288	3,753
<b>Active Accounts Sub-Total</b>	<b>6,745</b>	<b>6,553</b>
Depleted	1,213	1,382
Cancelled / rolled over	1,779	1,802
<b>Closed Accounts Sub-Total</b>	<b>2,992</b>	<b>3,184</b>
<b>Total Accounts (since inception)</b>	<b>9,737</b>	<b>9,737</b>

## Savings Plan Detail

<b>Quarterly Numbers Summary – Management Basis</b>				
<b>Activity</b>	<b>Last Quarter</b>	<b>This Quarter</b>	<b>FY 2010 To Date</b>	<b>Since Inception</b>
<b>Beginning Active Accounts</b>	101,617	103,085	100,240	
New accounts	2,651	2,608	7,905	125,815
Closed	(1,183)	(1,111)	(3,563)	(21,233)
<b>Ending Active Accounts</b>	<b>103,085</b>	<b>104,582</b>	<b>104,582</b>	

<b>Beginning Balance</b>	\$ 1,115,116,621	\$ 1,193,784,419	\$ 978,750,328	
<b>Contributions</b>	52,045,285	44,707,009	139,760,593	\$ 1,426,587,898
<b>Distributions:</b>				
Cancellations/Rollovers	(6,632,806)	(6,847,550)	(19,706,481)	
Regular Distributions	(13,498,984)	(12,234,616)	(44,847,170)	
<b>Total Distributions</b>	<b>(20,131,791)</b>	<b>(19,082,167)</b>	<b>(64,553,651)</b>	<b>(313,802,744)</b>
<b>Fees &amp; Charges:</b>				
Up-Front Sales Charge	(818,820)	(778,223)	(2,304,977)	(26,039,867)
Deferred Sales Charge	(39,609)	(35,239)	(119,323)	(691,959)
Broker Distribution Charge	(1,063,554)	(1,083,474)	(3,127,158)	(21,788,094)
Annual Maintenance Fee	(1,071,861)	(18,150)	(1,109,999)	(4,970,753)
Investment Mgmt Charges	(1,580,559)	(1,648,382)	(4,696,814)	(31,389,630)
Hartford Administrative Fee	(599,308)	(620,452)	(1,763,750)	(11,503,792)
WV Administrative Fee	(193,737)	(199,496)	(569,570)	(4,349,131)
Cancellation Fee	(31,360)	(32,064)	(93,994)	(541,631)
<b>Total Fees &amp; Charges</b>	<b>(5,398,808)</b>	<b>(4,415,480)</b>	<b>(13,785,585)</b>	
<b>Change in Investment Value</b>	52,153,112	\$ 51,135,974	\$ 225,958,071	\$ 254,619,458
<b>Ending Balance</b>	<b>\$ 1,193,784,419</b>	<b>\$ 1,266,129,756</b>	<b>\$ 1,266,129,756</b>	

*Totals may reflect rounding differences*



## Savings Trust Assets by Investment Plan & Option

	The Hartford SMART529	SMART529 WV Direct	SMART529 Select	Totals
<b>Age-Based Portfolios</b>				
0-8	\$ 161,998,922	\$15,840,033	\$ -	\$ 177,838,954
9-13	163,602,511	14,517,900	-	178,120,411
14-18	156,266,409	14,122,835	-	170,389,244
19+	35,623,014	4,246,308	-	39,869,322
DFA 0-3	-	-	10,604,562	10,604,562
DFA 4-6	-	-	13,373,793	13,373,793
DFA 7-9	-	-	13,303,159	13,303,159
DFA 10-12	-	-	11,435,221	11,435,221
DFA 13-15	-	-	11,593,838	11,593,838
DFA 16-18	-	-	7,090,926	7,090,926
DFA 19+	-	-	2,972,974	2,972,974
<b>TOTAL</b>	<b>\$517,490,855</b>	<b>\$48,727,076</b>	<b>\$70,374,474</b>	<b>\$636,592,405</b>
<b>Static Portfolios</b>				
Agg Growth DFA	\$ -	\$ -	\$ 13,244,629	\$ 13,244,629
All Equity DFA	-	-	37,556,397	37,556,397
Balanced DFA	-	-	4,442,765	4,442,765
Conservative DFA	-	-	2,452,331	2,452,331
Fixed Income DFA	-	-	3,826,673	3,826,673
Growth DFA	-	-	11,162,781	11,162,781
Moderate Agg DFA	-	-	4,410,180	4,410,180
Moderate Cnsv DFA	-	-	1,553,714	1,553,714
Moderate Grw DFA	-	-	5,524,841	5,524,841
1-Year Fixed DFA	-	-	2,876,457	2,876,457
Static Agg Growth	50,933,881	14,046,063	-	64,979,944
Static Growth	74,741,821	11,160,460	-	85,902,281
Static Balanced	43,208,789	7,243,267	-	50,452,056
Static Cnsv Balanced	-	1,027,642	-	1,027,642
Static Cnsv Bond	-	1,155,809	-	1,155,809
<b>TOTAL</b>	<b>\$168,884,491</b>	<b>\$34,633,241</b>	<b>\$87,050,768</b>	<b>\$290,568,500</b>

Chart continued on next page.

## Savings Trust Assets by Investment Plan & Option - Continued

	The Hartford SMART529	SMART529 WV Direct	SMART529 Select	Totals
<b>Individual 529 Funds</b>				
Franklin Mutual Shares	\$ 1,220,706	\$ -	\$ -	\$ 1,220,706
Goldman Sachs Large Cap Value	541,644	-	-	541,644
Hartford Checks & Balances	16,487,311	-	-	16,487,311
Hartford Capital Appreciation	96,901,178	-	-	96,901,178
Hartford Dividend & Growth	54,020,698	-	-	54,020,698
Hartford Global Growth	9,331,226	-	-	9,331,226
Hartford High Yield	5,555,338	-	-	5,555,338
Hartford Inflation Plus	7,399,247	-	-	7,399,247
Hartford MidCap	39,769,868	-	-	39,769,868
Hartford Equity Income	8,834,363	-	-	8,834,363
Hartford Total Return Bond	21,026,446	-	-	21,026,446
Hartford Growth Opportunities Fund	3,540,218	-	-	3,540,218
Hartford Intl Opportunities Fund	5,542,130	-	-	5,542,130
Hartford MidCap Value	4,943,869	-	-	4,943,869
Hartford Small Company Fund	2,599,334	-	-	2,599,334
Hartford Value Fund	1,072,579	-	-	1,072,579
MFS Total Return	720,351	-	-	720,351
MFS Value	490,461	-	-	490,461
Putnam International Equity	954,074	-	-	954,074
SMART529 500 Index Fund	-	1,998,405	-	1,998,405
<b>TOTALS</b>	<b>\$ 280,951,040</b>	<b>\$ 1,998,405</b>	<b>\$ -</b>	<b>\$ 282,949,444</b>
<b>Stable Value Funds</b>				
SMART529 Stable Value	\$ 47,892,845	\$ 8,126,561		\$ 56,019,407
<b>TOTALS</b>	<b>\$ 47,892,845</b>	<b>\$ 8,126,561</b>	<b>\$ -</b>	<b>\$ 56,019,407</b>
<b>GRAND TOTALS</b>	<b>\$1,015,219,231</b>	<b>\$93,485,283</b>	<b>\$157,425,242</b>	<b>\$1,266,129,756</b>

*Totals may reflect rounding differences*

## Savings Trust Assets by Share Class

Share Class	The Hartford SMART529	SMART529 WV Direct	SMART529 Select	% of Assets
A Shares	\$ 596,844,925			47%
B Shares	175,070,158			14%
C Shares	167,660,064			13%
D Shares		93,485,283	157,425,242	20%
E Shares	75,644,084			6%
<b>Total</b>	<b>\$ 1,015,219,231</b>	<b>\$ 93,485,283</b>	<b>\$ 157,425,242</b>	<b>100%</b>

## Contributions & Accounts by Channel

Channel	Total Contributions		New Accounts	
	Quarter	Inception To Date	Quarter	Inception To Date
Advisor	\$33,454,509	\$1,152,336,557	2,099	109,849
Direct	11,252,500	274,251,342	509	15,966
<b>Total</b>	<b>\$44,707,009</b>	<b>\$1,426,587,899</b>	<b>2,608</b>	<b>125,815</b>

## New Account Activity By Channel WV Owner or Beneficiary

Quarter	Contributions by Channel			Accounts by Channel		
	Advisor	Direct	Total	Advisor	Direct	Total
2008 March	5,099,808	4,908,814	10,008,622	517	512	1,029
2008 June	3,908,953	3,837,142	7,746,095	398	281	679
2008 September	4,226,499	3,705,265	7,931,764	325	271	596
2008 December	4,775,626	5,902,073	10,677,699	308	342	650
2009 March	3,595,154	4,049,611	7,644,765	219	226	445
2009 June	3,110,445	2,435,023	5,545,468	222	133	355
2009 September	3,007,574	3,431,349	6,438,923	245	160	405
2009 December	5,329,815	6,790,325	12,120,140	327	352	679
2010 March	3,763,078	4,545,886	8,308,964	298	271	569

## Top 10 Investing Firms – West Virginia

### WV Owner or Beneficiary

Firm Ordered by "New Accounts" for quarter	Quarter		Since Inception	
	Investment \$	New Accounts	Total Investment \$	Accounts
Edward Jones & Company	704,778	52	14,948,310	2,091
BB& T Investment Services Inc	416,319	35	17,179,689	1,953
Chase Investment Services Corp	158,167	27	3,615,924	545
Northwestern Mutual Investment Service	128,848	18	751,403	121
Wells Fargo Advisors, LLC	263,953	15	13,101,176	1,202
Woodbury Financial Services, Inc.	102,470	14	2,161,699	373
LPL Financial Corporation	190,900	12	2,828,648	313
AXA Advisors	79,008	12	706,806	104
Princor Financial Services Corp	2,050	10	25,580	13
MML Investor Services, Inc.	53,046	8	430,189	67

## Top 10 Investing Firms – Nationwide

Firm Ordered by "New Accounts" for quarter	Quarter		Since Inception	
	Investment \$	New Accounts	Total Investment \$	Accounts
Edward Jones & Company	11,709,358	948	287,036,673	32,237
LPL Financial Corporation	1,731,181	81	38,806,391	4,662
Morgan Stanley Smith Barney LLC	2,403,043	66	33,209,227	1,487
BB& T Investment Services Inc	735,247	63	39,642,033	4,239
Woodbury Financial Services, Inc.	1,069,229	62	51,470,093	5,449
Huntington Investment Company	556,162	46	18,956,519	2,476
Uvest Investment Services, Inc.	467,970	46	17,343,421	1,854
Wells Fargo Advisors, LLC	1,239,235	45	57,849,901	5,492
Dimensional Financial Advisors HSD	870,174	44	3,441,697	475
Raymond James Financial Services (IM&R)	836,652	43	29,614,350	3,032

## Top 10 Investing States

State By residence of account owner	Quarter		Since Inception	
	Investment \$	Percent	Investment \$	Percent
West Virginia	8,251,539	18.46%	252,522,574	17.70%
<i>Direct (D)</i>	3,733,828	8.35%	134,494,181	9.43%
<i>Broker (ABCE)</i>	4,517,711	10.11%	118,028,393	8.27%
California	4,382,454	9.80%	139,808,245	9.80%
Texas	3,695,360	8.27%	101,517,385	7.12%
Minnesota	2,807,239	6.28%	53,538,904	3.75%
North Carolina	1,760,745	3.94%	87,240,020	6.12%
Illinois	1,714,172	3.83%	54,802,643	3.84%
Pennsylvania	1,674,834	3.75%	47,050,681	3.30%
Florida	1,642,857	3.67%	50,078,769	3.51%
Missouri	1,454,939	3.25%	22,061,674	1.55%
Connecticut	1,375,537	3.08%	49,540,494	3.47%

## Assets in Underlying Funds by Product Line

Mutual Fund Name	The Hartford SMART529		SMART529 Select	Total	Equivalent Shares
	SMART529 Direct	WV			
Franklin Mutual Shares	\$ 1,221,054		\$ -	\$ 1,221,054	60,961
Goldman Sachs Lg Cap Val	2,127,589		-	2,127,589	47,898
Hartford Dividend Growth	153,981,512		-	153,981,512	8,502,568
Hartford Floating Rate	21,635,706		-	21,635,706	2,481,159
Hartford Global Growth	83,149,000		-	83,149,000	5,675,700
Hartford Growth Opps	54,941,845		-	54,941,845	2,195,917
Hartford High Yield	19,728,081		-	19,728,081	2,766,912
Hartford Income	15,325,680		-	15,325,680	1,589,801
Hartford Inflation Plus	42,568,351		-	42,568,351	3,740,628
Hartford International Opps	30,488,526		-	30,488,526	2,153,144
Hartford MidCap Value	4,947,880		-	4,947,880	458,562
Hartford Small Co	46,495,307		-	46,495,307	2,549,085
Hartford Equity Income	8,838,196		-	8,838,196	742,706
Hartford Total Return Bond	142,039,431		-	142,039,431	13,579,296
Hartford Capital Apprec	250,439,868		-	250,439,868	7,261,231
Hartford MidCap	43,249,617		-	43,249,617	2,049,745
Hartford Value	51,668,666		-	51,668,666	4,801,921
Hartford Value Opps	4,289,905		-	4,289,905	345,960
Hartford Intl Small Company	1,977,303		-	1,977,303	172,690
Invesco Stable Value	126,032,849		-	126,032,849	9,165,821
MFS Total Return	718,749		-	718,749	53,162
MFS Value	490,561		-	490,561	22,669
Putnam International Equity	953,838		-	953,838	50,628
Vanguard 500 Index Fund	1,999,579		-	1,999,579	22,470
DFA Emerging Markets Core	-		5,659,074	5,659,074	299,264
DFA International Core Equity	-		23,017,721	23,017,721	2,206,876
DFA US Core Equity 2	-		89,628,143	89,628,143	9,080,866
DFA Five Yr Global Bond	-		10,425,578	10,425,578	931,687
DFA Intermediate Govt	-		13,533,558	13,533,558	1,117,552
DFA One Year Fixed Income	-		8,796,719	8,796,719	851,570
DFA Two Year Global	-		6,177,648	6,177,648	605,652
<b>Total Market Value</b>	<b>\$ 1,109,309,092</b>		<b>\$ 157,238,440</b>	<b>\$ 1,266,547,532</b>	

Cash & Investments	\$ 1,266,129,756
Assets in Underlying Funds	\$ 1,266,547,532
Difference due to market timing/seed money	\$ (417,776)

## West Virginia Resident versus Non West Virginia Resident

	WV				Non WV				Total of All	
	\$	%	#	%	\$	%	#	%	\$	#
<b>Owner Type</b>										
Regular	205,443,377	97%	19,006	98%	1,016,280,515	96%	82,364	97%	1,221,723,892	101,370
Custodial (UGMA/UTMA)	6,005,200	3%	418	2%	38,400,670	4%	2,794	3%	44,405,870	3,212
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>19,424</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>104,582</b>
<b>Account Balance</b>										
\$0-\$500	514,782	0%	2,155	11%	1,463,698	0%	4,828	6%	1,978,480	6,983
\$500-\$1,000	1,349,169	1%	1,816	9%	4,419,027	0%	5,876	7%	5,768,197	7,692
\$1,000-\$2,500	5,671,760	3%	3,400	18%	22,528,732	2%	13,212	16%	28,200,491	16,612
\$2,500-\$5,000	12,193,429	6%	3,388	17%	56,202,254	5%	15,248	18%	68,395,683	18,636
\$5,000-\$10,000	23,665,355	11%	3,325	17%	124,629,096	12%	17,404	20%	148,294,451	20,729
\$10,000-\$25,000	50,673,368	24%	3,212	17%	272,024,611	26%	17,453	20%	322,697,978	20,665
\$25,000-\$50,000	44,515,480	21%	1,280	7%	241,128,331	23%	6,946	8%	285,643,811	8,226
\$50,000-\$100,000	45,404,032	21%	660	3%	225,561,791	21%	3,382	4%	270,965,823	4,042
\$100,000-\$200,000	21,025,168	10%	160	1%	98,574,352	9%	776	1%	119,599,519	936
\$200,000+	6,436,034	3%	28	0%	8,149,294	1%	33	0%	14,585,327	61
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>19,424</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>104,582</b>
<b>Age of Beneficiary</b>										
<1	599,097	0%	296	2%	3,561,741	0%	813	1%	4,160,837	1,109
1	2,742,595	1%	649	3%	10,103,195	1%	1,716	2%	12,845,790	2,365
2	4,461,744	2%	951	5%	18,142,699	2%	2,704	3%	22,604,443	3,655
3	5,597,331	3%	1,055	5%	27,203,384	3%	3,372	4%	32,800,715	4,427
4	7,353,941	3%	1,227	6%	34,072,768	3%	4,197	5%	41,426,709	5,424
5	9,114,672	4%	1,219	6%	44,418,232	4%	4,919	6%	53,532,904	6,138
6	9,496,644	4%	1,262	6%	56,188,924	5%	5,681	7%	65,685,568	6,943
7	11,185,610	5%	1,168	6%	59,117,893	6%	5,641	7%	70,303,503	6,809
8	10,588,929	5%	1,178	6%	61,701,145	6%	5,430	6%	72,290,073	6,608
9	11,367,543	5%	1,067	5%	62,655,466	6%	5,218	6%	74,023,009	6,285
10	11,429,130	5%	1,049	5%	62,839,045	6%	5,052	6%	74,268,175	6,101
11	10,969,425	5%	988	5%	63,539,515	6%	4,909	6%	74,508,941	5,897
12	11,254,223	5%	895	5%	64,012,067	6%	4,629	5%	75,266,290	5,524
13	12,793,116	6%	920	5%	64,322,003	6%	4,644	5%	77,115,119	5,564
14	11,287,286	5%	844	4%	65,923,367	6%	4,442	5%	77,210,653	5,286
15	13,600,218	6%	845	4%	65,850,665	6%	4,099	5%	79,450,882	4,944
16	12,951,975	6%	709	4%	67,003,899	6%	3,899	5%	79,955,875	4,608
17	13,285,804	6%	675	3%	64,878,711	6%	3,682	4%	78,164,515	4,357
18	12,507,228	6%	594	3%	55,470,235	5%	3,094	4%	67,977,462	3,688
19	8,189,145	4%	506	3%	37,582,213	4%	2,316	3%	45,771,358	2,822
20	6,187,198	3%	393	2%	25,006,534	2%	1,670	2%	31,193,731	2,063
21	3,872,692	2%	259	1%	14,222,787	1%	1,048	1%	18,095,479	1,307
22	2,895,306	1%	182	1%	8,327,663	1%	599	1%	11,222,969	781
23+	7,717,727	4%	493	3%	18,537,033	2%	1,384	2%	26,254,760	1,877
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>19,424</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>104,582</b>

Continued on next page.

<b>West Virginia Resident versus Non West Virginia Resident continued</b>										
	<b>WV</b>				<b>Non WV</b>				<b>Total of All</b>	
	\$	%	#	%	\$	%	#	%	\$	#
<b>By Product</b>										
The Hartford	110,411,286	52%	11,213	58%	904,807,949	86%	78,783	93%	1,015,219,235	89,996
WV Direct	13,585,669	6%	778	4%	143,839,573	14%	5,926	7%	157,425,243	6,704
Select	87,451,622	41%	7,433	38%	6,033,663	1%	449	1%	93,485,284	7,882
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>19,424</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>104,582</b>
<b>By Payment Method</b>										
Auto Invest	67,216,236	32%	8,050	41%	304,923,450	29%	29,177	34%	372,139,686	37,227
Check	144,232,341	68%	11,374	59%	749,757,734	71%	55,981	66%	893,990,076	67,355
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>19,424</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>85,158</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>104,582</b>
<b>By Portfolio*</b>										
Age Based Portfolio	112,618,033	53%	12,767	59%	523,974,375	49%	47,837	53%	636,592,407	60,604
Individual Funds	41,514,773	20%	3,825	18%	300,330,537	29%	24,668	27%	341,845,310	28,493
Static Portfolio	57,315,771	27%	4,819	23%	230,376,273	22%	17,965	20%	287,692,044	22,784
<b>Total</b>	<b>211,448,577</b>	<b>100%</b>	<b>21,411</b>	<b>100%</b>	<b>1,054,681,185</b>	<b>100%</b>	<b>90,470</b>	<b>100%</b>	<b>1,266,129,762</b>	<b>111,881</b>

\*An individual account owner may invest in more than one Portfolio category.

<b>New Account Activity in the Quarter</b>						
	<b>WV</b>		<b>Non WV</b>		<b>Grand Totals</b>	
	#	%	#	%	#	%
<b>By Application Type</b>						
Online	144	25%	104	5%	248	10%
Paper	425	75%	1,935	95%	2,360	90%
<b>Total</b>	<b>569</b>	<b>100%</b>	<b>2,039</b>	<b>100%</b>	<b>2,608</b>	<b>100%</b>
<b>By Channel</b>						
Advisor	297	52%	1,800	88%	2,097	80%
Direct	272	48%	239	12%	511	20%
<b>Total</b>	<b>569</b>	<b>100%</b>	<b>2,039</b>	<b>100%</b>	<b>2,608</b>	<b>100%</b>
<b>By Product</b>						
The Hartford	296	52%	1,800	88%	2,096	80%
Select	32	6%	238	12%	270	10%
WV Direct	241	42%	1	0%	242	9%
<b>Total</b>	<b>569</b>	<b>100%</b>	<b>2,039</b>	<b>100%</b>	<b>2,608</b>	<b>100%</b>

# **West Virginia College Prepaid Tuition and Savings Program**

## **Investment Performance Report Period Ending March 31, 2010**

**Prepared by  
Callan Associates Inc.**



# Market Environment

Period Ending March 31, 2010

## U.S. Equity

### Active vs. the Index

For the fourth consecutive quarter, the S&P 500, the Dow and the NASDAQ all generated positive returns helped by strong corporate earnings and the return of investors risk appetite. The Dow stayed well above the 10,000 threshold and inched towards the 11,000 mark. As more firms report strong earnings, consumers and economists alike seem to be gaining confidence that this rally is maintainable and not an aberration. All style groups finished the quarter with solid, positive returns yet not all groups were able to outperform their benchmarks. The median Large Cap Core manager returned 5.03%, which underperformed the S&P 500 by 36 basis points. The median Small Cap Broad manager returned a healthy 8.14% for the quarter but trailed the S&P 600 index, which returned 8.61%, by 47 basis points. For the year ending March 31, 2010, all style groups saw phenomenal returns but again, the median manager lagged its benchmark with Large Cap Core behind the S&P 500 by 272 basis points and Small Cap Broad lagging the S&P 600 by 41 basis points.

### Large Cap vs. Small Cap

Small Cap outperformed Large Cap in all categories for the first quarter of 2010 by a significant margin. The median Small Cap Broad Manager returned 8.14% for the quarter versus the median Large Cap Core manager which yielded a return of 5.03%. The indexes had a similar result with the S&P 600 returning 8.61% versus a 5.39% return for the S&P 500. Although Small Cap managers fared better than their Large Cap counterparts, many of the largest companies reported very strong earnings this quarter including UPS, Intel and JP Morgan. For the year, Small Cap outperformed Large Cap across the board with the best performer being Small Cap Value which returned 67.23%. The median Large Cap Growth manager returned 45.72% which lagged all other style groups but still outperformed the S&P 500 Growth by 28 basis points.

### Growth vs. Value

Reversing the trend from last quarter, Value managers were able to outperform Growth Managers while both Value and Growth were able to sustain their huge comebacks from the market lows of the first quarter of 2009. Large Cap Value outperformed Large Cap Growth 5.49% to 3.91%, while Small Cap Value returned 8.36% compared to Small Cap Growth's return of 7.27%. For the year ended March 31, 2010 all median Value managers outperformed the median Growth managers across all market capitalizations. The median Small Cap Value fund returned 67.23% compared to the median Small Cap Growth fund's return of 59.97%. For Large Cap, Value also bested Growth as the median Value manager returned 48.16% compared with the median Growth manager which returned 45.72%. These numbers show that the Value managers who bought into other investors panic have been handsomely rewarded for their patience and persistence.

## International Equity

### Active vs. the Index

During the quarter ended March 31, 2010, the median Core International fund outperformed the MSCI EAFE index by a margin of 33 basis points. For the one year ended March 31, 2010, the median Core International fund posted a whopping gain of 53.52%, slightly underperforming the MSCI EAFE index's return of 54.44%.

### Europe

Greece's financial crisis fueled concerns about the sovereign debt positions of other countries in the 'olive belt' such as Portugal and Spain, as well as Ireland, as they all continued their struggle with mounting budget deficits. News of a proposed rescue package for Greece from Eurozone members and the IMF calmed the anxiety of many investors. Retail and trade data in the U.K. failed to show the full benefits of a declining pound, while the Bank of England ended its easing program. Economic growth remained muted

while inflation was quiescent in the Eurozone. The euro declined nearly 6% versus the dollar. The MSCI Europe index trailed the median Europe fund by 79 basis points during the first quarter. For the year ended March 31, 2010, the median Europe fund posted a return of 52.79%, but underperformed the MSCI Europe index which gained 56.10%.

### **Pacific**

In Japan, the interest rates remained ultra low while deflation was pronounced. The Bank of Japan doubled a lending program for commercial banks in March. Companies continued to cut costs while a weakened yen gave them positive exposure to the growth of neighboring developing economies. The Reserve Bank of Australia increased its key benchmark rate by 25 basis points. Overall, due to a comparatively healthier banking system and modest indebtedness, Asian economies continued their recovery at a faster pace than the developing world. Capital flowed increasingly into Asia due to the feverish pace of merger and acquisition activity and fresh issues of equity. The median Pacific Basin fund underperformed the MSCI Pacific index in the first quarter posting a return of 3.85% return versus the index's 6.27% return. For the twelve months ended March 31, 2010, the former outperformed the latter by a margin of 5.24%. The median Japan Only fund returned 7.57% for the first quarter of 2010 and 37.86% for the year ended March 31, 2010.

### **Emerging Markets**

The People's Bank of China jumpstarted the quarter with 2 increases in the banking reserve requirements in order to rein in excess credit growth and property price inflation. China faced building pressure due to being labeled a 'currency manipulator' by the U.S. In India, Australia, Malaysia and Vietnam, the central banks also began raising interest rates to calm fears of inflation. In Brazil, the central bank began stiffening its reserve requirements and signaled it might raise rates to stem inflation. Russian mining and bank stocks propelled a gain in the equity market. The median Emerging Markets fund posted a return of 2.08% during the first quarter, underperforming the MSCI Emerging Markets index by 37 basis points. For the year ended March 31, 2010, the median Emerging Markets fund bested the MSCI Emerging Markets index's return by 1.23% with returns of 82.78% and 81.55%, respectively.

## **Fixed Income**

### **Active vs. the Index**

Macroeconomic data shows that there has been positive momentum during the first quarter of 2010 and prospects for a continued recovery remain optimistic. However, uncertainty stemming from high unemployment and economic slack still linger. For the three months ended March 31, 2010, the median Core Bond fund generated a return of 2.38%, 60 basis points higher than the Barclays Capital Aggregate index's return of 1.78%. For one year ended March 31, 2010, the median Core Bond fund generated an outstanding return of 14.18%, while the Barclays Capital Aggregate index returned 7.69%.

### **Short vs. Long Duration**

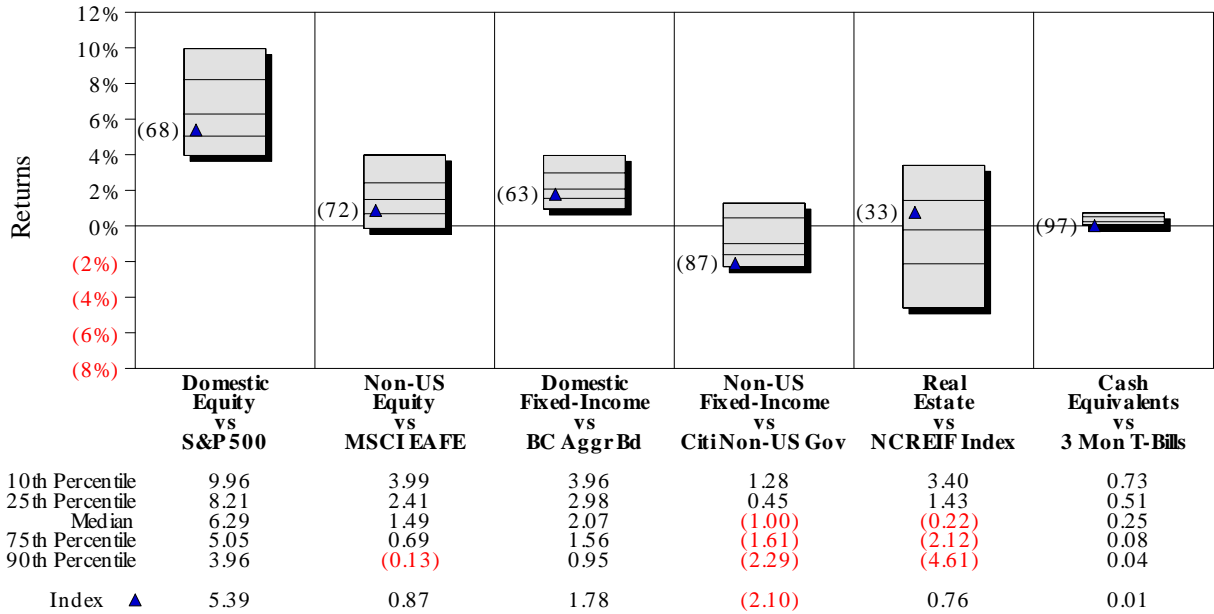
As the equity market continues to strengthen, with the Dow Jones nearing the 11,000 threshold, demand for Treasuries has declined, leading to lower yields. This was particularly true for the Extended Maturity bond market. The Intermediate Fund outperformed the Extended Maturity fund by 64 basis points, with returns of 1.64% and 1.00%, respectively. For the year ended March 31, 2010, the median Intermediate fund was able to distance itself with a return of 7.64% compared to Extended Maturity's 1.53% gain.

### **Mortgages and High Yield**

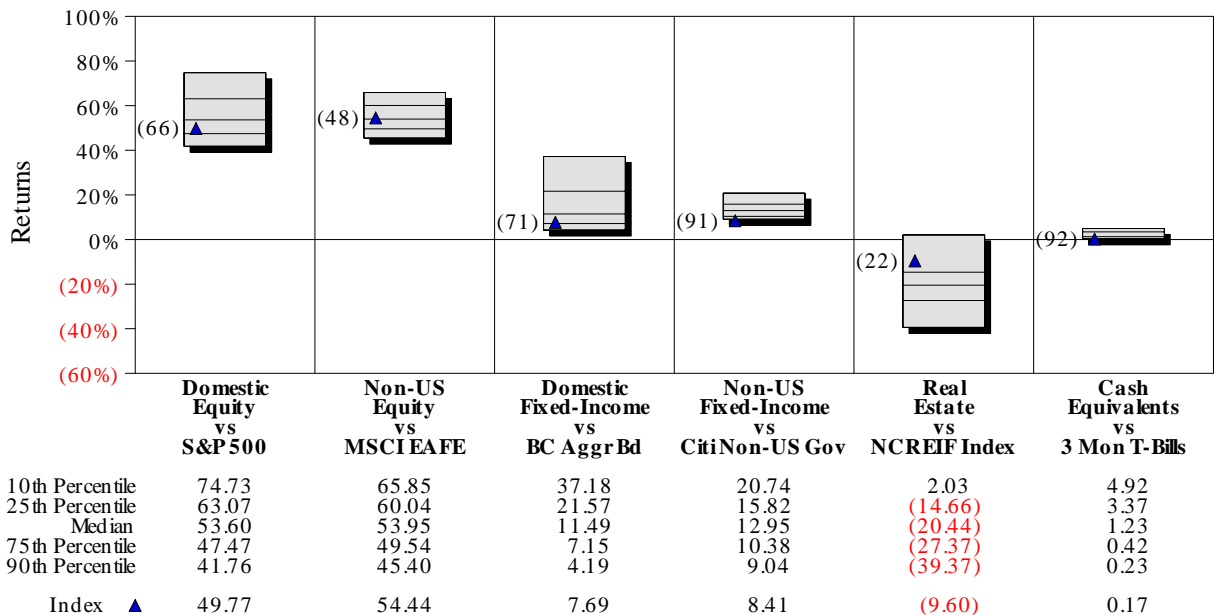
In the first quarter 2010, the FOMC continued to follow its plan to wind down support for mortgage lending and the housing markets by completing the purchase of agency MBS and agency debt. During this time, the median Mortgage Backed fund outperformed its benchmark, the Barclays Mortgage Index, by 39 basis points, with a return of 1.93%. For one year ended March 31, 2010, the median Mortgage Backed fund returned 6.12%, again beating the Barclays Mortgage Index, which returned 5.21%. The median High Yield fund returned 4.07% for the quarter, lower than its benchmark by 55 basis points. For the twelve months ended March 31, 2010, the median High Yield fund returned 47.04%, underperforming the Barclays Capital High Yield index which returned 56.18%.

## Separate Account Style Group Median Returns

### Range of Separate Account Manager Returns by Asset Class One Quarter Ended March 31, 2010



### Range of Separate Account Manager Returns by Asset Class One Year Ended March 31, 2010



# **West Virginia Prepaid Tuition Trust Fund**

## **Quarterly Investment Performance Review Period Ending March 31, 2010**

Returns for periods longer than one year are annualized.

## Fund Performance Summary

### Period Ending March 31, 2010

	1 Quarter	1-Year	3-Years	5-Years
Prepaid Tuition	3.00%	44.43%	0.93%	5.50%
Prepaid Policy Index*	3.12%	37.21%	0.45%	4.82%
<b>WVIMB Domestic Equity Composite</b>	<b>6.05%</b>	<b>50.40%</b>	<b>-4.44%</b>	<b>2.43%</b>
Domestic Equity Index	5.94%	52.44%	-3.99%	2.39%
Median Domestic Equity Composite	5.93%	52.29%	-3.93%	2.33%
<b>WVIMB International Equity Composite</b>	<b>3.08%</b>	<b>68.96%</b>	<b>-2.15%</b>	<b>7.86%</b>
MSCI ACWI Ex-US Index	1.66%	61.67%	-3.72%	6.59%
Median International Equity Composite	1.26%	53.90%	-5.28%	5.12%
<b>WVIM Fixed Income Composite</b>	<b>2.35%</b>	<b>25.50%</b>	<b>6.32%</b>	<b>6.19%</b>
BC Universal Index	2.04%	10.38%	6.31%	5.54%
Median Fixed Income Composite	2.06%	14.32%	6.13%	5.53%

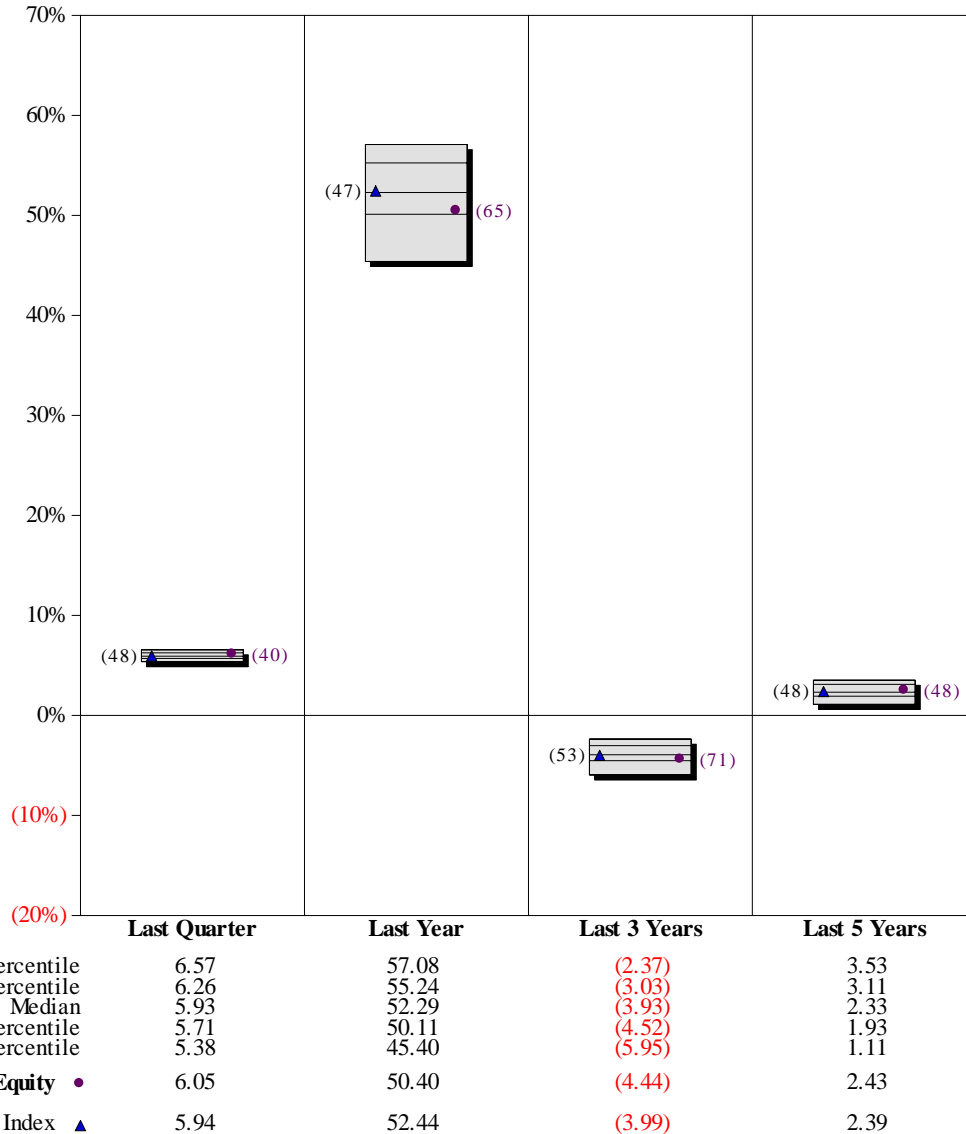
The Total Fund returned 3.00% for the quarter, underperforming the Policy Index by 0.12%. While over Total Fund performance was positive, underperformance was driven by a negative impact from asset allocation. Manager effect had a positive impact on Total Fund performance. The domestic equity portfolio gained 6.05%, which was 0.11% ahead of the benchmark return. The international equity portfolio gained 3.08%, which was 1.42% ahead of the benchmark return. The fixed income composite gained 2.35%, which was 0.31% ahead of its benchmark.

For the one-year period, the Fund returned 44.43%, beating the Policy Index return of 37.21%. A positive gain from manager effect was the resounding contributor to outperformance. The domestic equity portfolio was up 50.40%, but lagged the 52.44% return of the benchmark. The international equity composite returned 68.96% for the year, and was above the index, which returned 61.67%. The fixed income portfolio finished well ahead the Barclays Capital Universal for the year, gaining 25.50% versus a 10.38% return for the index.

For the last five years, annualized, the Fund was ahead of the benchmark, returning 5.50% versus the Policy Index return of 4.82%. Both manager effect and asset allocation contributed to outperformance. The domestic and international equity portfolios and the fixed income portfolio were all ahead of the index and median peer group managers for the five year period.

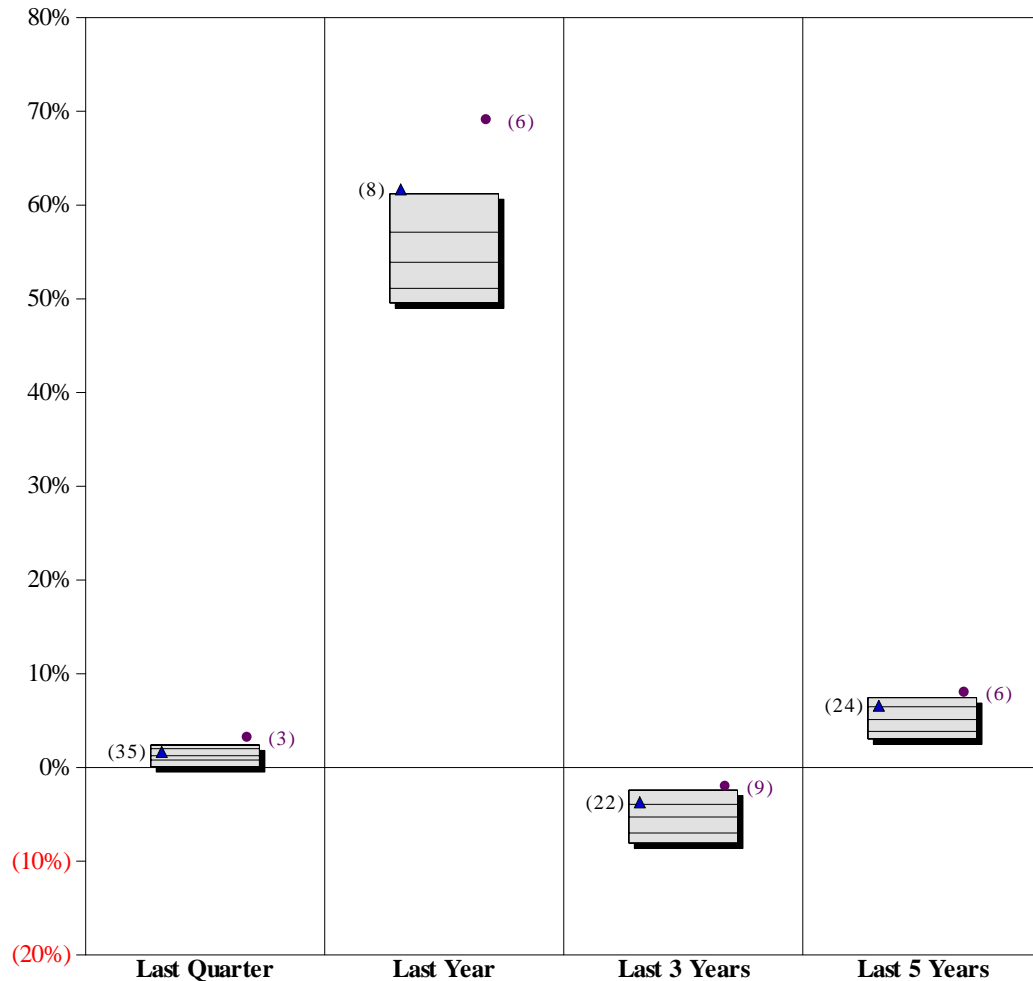
\* Policy Index = 25% S&P 500, 5% Russell 2500, 30% MSCI ACWI Ex-US, and 40% BC Universal Index.

## WVIMB Domestic Equity Composite Versus Public Fund Domestic Equity Programs Period Ending March 31, 2010



- The Domestic Equity Composite returned 6.05% during the quarter, which was 0.11% ahead of the Policy Index and 0.12% ahead of the Median Public Fund Domestic Equity Composite. This level of performance earned the Fund a 40<sup>th</sup> percentile ranking.
- For the five years ended March 31, 2010, performance for the Domestic Equity Composite remains above the benchmark and above the median relative to its peers.

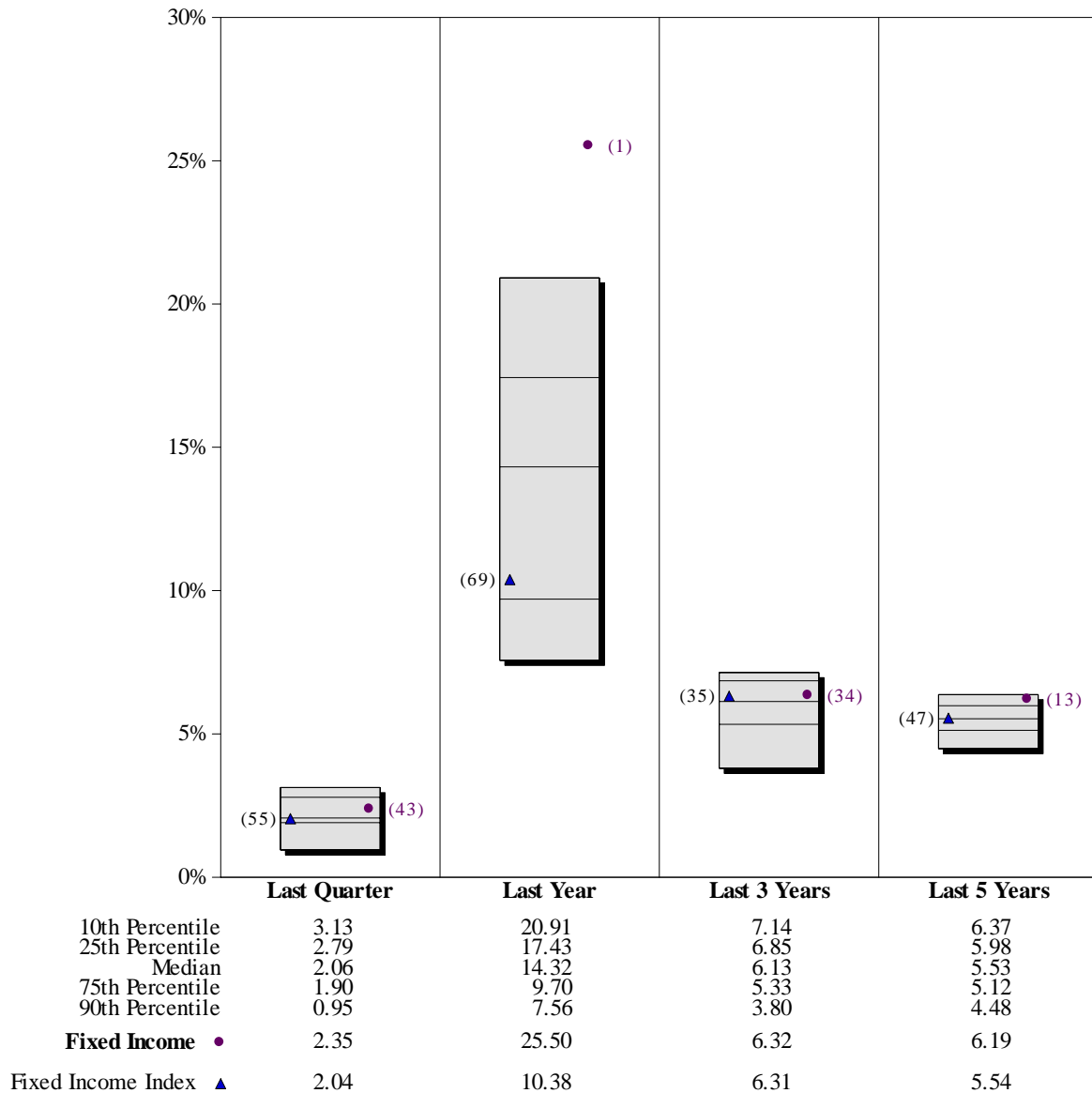
## WVIMB International Equity Composite Versus Public Fund International Equity Programs Period Ending March 31, 2010



	Last Quarter	Last Year	Last 3 Years	Last 5 Years
10th Percentile	2.40	61.21	(2.41)	7.46
25th Percentile	2.00	57.12	(3.93)	6.48
Median	1.26	53.90	(5.28)	5.12
75th Percentile	0.81	51.12	(6.99)	3.86
90th Percentile	0.09	49.57	(8.05)	3.04
<b>International Equity</b> ●	3.08	68.96	(2.15)	7.86
MSCI ACWI ex-US Index ▲	1.66	61.67	(3.72)	6.59

- The International Equity Composite returned 3.08% during the quarter, which was 1.42% ahead of the Policy Index and 1.82% ahead of the Median Public Fund International Equity Portfolio. This level of performance earned the Fund a 3<sup>rd</sup> percentile ranking.
- The International Equity Composite has outperformed the benchmark for the 5-Year period ending March 31, 2010 and is in the top decile of its peer group.

## WVIMB Fixed Income Composite Versus Public Fund Fixed Income Programs Period Ending March 31, 2010



- The Fixed Income Composite returned 2.35% during the quarter, outperforming the 2.04% return of the Barclays Universal Index. This level of performance earned the Fixed Income Portfolio a 43<sup>rd</sup> percentile ranking relative to its peers.
- The Fixed Income Portfolio is ahead of the benchmark for the past year, by 15.12% and ranks in the 1<sup>st</sup> percentile of Public Fund Fixed Income Portfolios.
- For the five year period ending March 31, 2010, the portfolio is ahead of its benchmark by 0.65%, and is in the top quartile of its peer group.



# **West Virginia Savings Plan Trust Fund**

## **Quarterly Investment Performance Review Period Ending March 31, 2010**

Returns for periods longer than one year are annualized.

## SMART529 WV Direct – D Share Performance Net of Fees

### Returns for Periods Ending March 31, 2010

	Last Q uarter	Last Year	Last 3 Years	Last 5 Years
<b>Age-Based Portfolios</b>				
Age-Based 0-8	4.19%	43.80%	(0.87%)	5.21%
Age Based 0-8 Benchmark	4.91%	42.59%	(1.32%)	4.55%
Age-Based 9-13	3.56%	37.10%	(0.61%)	4.01%
Age Based 9-13 Benchmark	4.25%	36.91%	0.36%	4.37%
Age-Based 14-18	3.22%	31.73%	1.10%	4.30%
Age Based 14-18 Benchmark	3.69%	30.98%	1.78%	4.67%
Age-Based 19+	2.29%	17.59%	(0.33%)	2.01%
Age Based 19+ Benchmark	2.69%	20.40%	3.15%	4.20%
<b>Static Portfolios</b>				
Aggressive Growth	4.92%	54.03%	(4.40%)	3.12%
Aggressive Growth Benchmark	5.97%	55.36%	(4.06%)	2.75%
Growth	4.20%	43.90%	(1.63%)	3.99%
Growth Benchmark	4.91%	42.59%	(1.32%)	4.55%
Balanced	3.57%	37.33%	(0.86%)	3.40%
Balanced Benchmark	4.25%	36.91%	0.36%	4.37%
Conservative Balanced	2.22%	18.02%	0.87%	3.07%
Conservative Balanced Benchmark	2.69%	20.40%	3.15%	4.20%
Conservative Bond	1.45%	7.90%	4.60%	4.33%
Conservative Bond Benchmark	1.37%	9.30%	5.41%	5.08%
<b>Fixed Income</b>				
Stable Value	1.09%	4.44%	4.41%	4.05%
LB Govt/Cred 1-5 Year Idx	1.20%	5.31%	5.54%	4.90%
<b>Domestic Equity</b>				
Vanguard 500 Index	5.35%	49.73%	(4.20%)	1.84%
S&P 500 Index	5.39%	49.77%	(4.17%)	1.92%

## The Hartford SMART529 – A Share Performance Net of Fees

### Returns for Periods Ending March 31, 2010

	Last Q uarter	Last Y ear	Last 3 Y ears	Last 5 Y ears
<b>Domestic Equity Funds</b>				
<b>Large Cap</b>				
Hartford Equity Income	4.69%	45.19%	(2.38%)	3.99%
Hartford Div. & Growth Fund	4.88%	46.83%	(1.62%)	4.33%
S&P 500 Index	5.39%	49.77%	(4.17%)	1.92%
Hartford Value	6.32%	49.14%	(2.43%)	4.47%
Goldman Lg Cap Val	6.90%	48.46%	(4.97%)	1.99%
MFS Value	4.49%	43.68%	(3.78%)	2.93%
Russell 1000 Value Index	6.78%	53.56%	(7.33%)	1.05%
Hartford Growth Opportunities	4.95%	50.90%	(1.94%)	5.93%
Russell 3000 Growth Index	4.87%	50.50%	(0.92%)	3.46%
<b>Mid Cap</b>				
Hartford Midcap Fund	8.26%	49.12%	(0.05%)	6.61%
S&P MidCap 400 Index	9.09%	64.07%	(0.83%)	5.17%
Hartford MidCap Value	9.77%	74.64%	(3.35%)	4.78%
Franklin Mutual Shares	5.09%	49.37%	(6.00%)	2.10%
Russell MidCap Value Idx	9.61%	72.41%	(5.22%)	3.71%
Hartford Capital Appreciation	4.04%	59.97%	(2.07%)	5.36%
60% Rus. 2500 / 40% S&P 500	7.68%	59.22%	(3.52%)	3.24%
<b>Small Cap</b>				
Hartford Small Company Fund	7.36%	55.63%	(4.08%)	5.80%
Russell 2000 Growth Index	7.61%	60.32%	(2.42%)	3.82%
<b>Domestic Hybrid</b>				
Hartford Checks & Balance	3.78%	38.86%	-	-
MFS Total Return	3.63%	31.01%	(0.89%)	2.95%
Blended Benchmark*	3.71%	29.37%	0.91%	3.86%
<b>International Equity</b>				
Hartford Global Growth	2.52%	47.60%	(6.63%)	1.10%
MSCI World	3.35%	53.23%	(4.85%)	3.45%
Hartford Intl Opportunities	3.51%	58.53%	(0.65%)	7.70%
MSCI EAFE Growth	2.04%	51.18%	(5.33%)	4.61%
Putnam Intl Equity	1.40%	50.87%	(9.85%)	2.00%
MSCI EAFE Index	0.87%	54.44%	(7.02%)	3.75%

## The Hartford SMART529 – A Share Performance Net of Fees - Continued

### Returns for Periods Ending March 31, 2010

	Last Q uarter	Last Year	Last 3 Years	Last 5 Years
<b>Intermediate-Term Bond</b>				
Hartford Total Return Bond Fund	2.51%	14.89%	4.20%	4.26%
LB Aggregate Index	1.78%	7.69%	6.14%	5.44%
<b>TIPS</b>				
Hartford Inflation Plus Fund	0.58%	6.18%	6.53%	4.93%
LB US TIPS Index	0.56%	6.18%	6.01%	4.82%
<b>High Yield</b>				
Hartford High Yield Fund	4.72%	45.28%	4.68%	6.47%
LB High Yield Idx	4.62%	56.18%	6.65%	7.78%
<b>Stable Value</b>				
Stable Value Fund	1.04%	4.12%	4.28%	3.97%
LB Govt/Cred 1-5 Year Idx	1.20%	5.31%	5.54%	4.90%
<b>Age-Based Portfolios</b>				
Age-Based 0-8	4.15%	43.58%	(1.13%)	4.91%
Age-Based 0-8 Benchmark	5.01%	44.35%	(1.30%)	4.56%
Age-Based 9-13	3.48%	36.85%	(0.83%)	3.75%
Age-Based 9-13 Benchmark	4.25%	36.91%	0.36%	4.37%
Age-Based 14-18	3.22%	31.31%	0.86%	4.03%
Age-Based 14-18 Benchmark	3.69%	30.98%	1.78%	4.67%
Age-Based 19+	2.17%	16.94%	(0.68%)	1.68%
Age-Based 19+ Benchmark	2.69%	20.40%	3.15%	4.20%
<b>Static Portfolios</b>				
Aggressive Growth	4.74%	53.41%	(4.74%)	2.78%
Aggressive Growth Benchmark	5.97%	55.36%	(4.06%)	2.75%
Growth Portfolio	4.09%	43.63%	(1.97%)	3.65%
Growth Benchmark	5.01%	44.35%	(1.30%)	4.56%
Balanced Portfolio	3.51%	36.92%	(1.16%)	3.08%
Balanced Benchmark	4.25%	36.91%	0.36%	4.37%

## SMART529 Select – D Share Performance Net of Fees

Returns for Periods Ending March 31, 2010

	Last Quarter	Last Year	Last 3 Years	Last 5-1/4 Years
<b>Age-Based &amp; Static Portfolios</b>				
<b>Age-Based Portfolio 0-3</b>				
Aggressive Growth	3.89%	32.62%	(7.38%)	3.08%
Benchmark	5.29%	31.39%	(5.36%)	4.42%
<b>Age-Based Portfolio 4-6</b>				
Moderately Aggressive	3.48%	28.97%	(5.98%)	3.32%
Benchmark	4.81%	28.26%	(4.09%)	4.61%
<b>Age-Based Portfolio 7-9</b>				
Growth	0.09%	22.37%	(5.41%)	3.02%
Benchmark	4.17%	25.00%	(2.83%)	4.74%
<b>Age-Based Portfolio 10-12</b>				
Moderate Growth	2.06%	18.54%	(3.33%)	3.33%
Benchmark	3.31%	19.64%	(0.38%)	6.39%
<b>Age-Based Portfolio 13-15</b>				
Balanced	1.52%	14.38%	(1.33%)	3.55%
Benchmark	2.52%	15.29%	0.22%	4.69%
<b>Age-Based Portfolio 16-18</b>				
Mod. Conservative	1.08%	11.13%	0.81%	3.82%
Benchmark	1.74%	11.19%	2.78%	6.34%
<b>Age-Based Portfolio 19+</b>				
Conservative	0.50%	6.97%	2.49%	3.78%
Benchmark	0.96%	7.08%	3.21%	4.52%
All Equity	4.08%	33.88%	(6.97%)	3.86%
Benchmark	5.93%	35.65%	(4.40%)	5.51%
Fixed Income	0.09%	2.90%	3.69%	3.07%
Benchmark	0.14%	3.74%	5.04%	4.30%
1-Year Fixed	(0.17%)	1.39%	3.18%	2.96%
ML 1 Yr T-Note	0.15%	0.80%	3.81%	3.48%

## The Hartford SMART 529 Blended Benchmarks

### Age-Based Portfolio 0-8/Growth Portfolio

40% S&P 500 + 60% R2500	21.6%
Barclays Capital Aggregate	16.5%
Barclays Capital TIPS	3.5%
S&P 500	15.2%
Russell 1000 Growth	8.1%
Russell 1000 Value	10.4%
Russell 2000 Growth	9.0%
MSCI EAFE	3.2%
MSCI World	12.5%

### Aggressive Growth

40% S&P 500 + 60% R2500	22.4%
S&P 500	18.1%
S&P 400 Mid Cap	3.5%
MSCI World	12.1%
Russell 1000 Growth	10.1%
Russell 1000 Value	16.7%
Russell 2000 Growth	10.1%
MSCI EAFE	4.0%
MSCI EAFE Small Cap	3.0%

### Age-Based Portfolio 9-13/Balanced Portfolio

40% S&P 500 + 60% R2500	20.8%
Barclays Capital Aggregate	20.4%
Barclays Capital TIPS	5.8%
Barclays Capital Gov/Credit 1-5 Years	7.5%
Credit Suisse Levered Loan	3.4%
ML High Yield 2% Limit	3.0%
S&P 500	12.2%
Russell 1000 Growth	6.1%
Russell 1000 Value	4.4%
Russell 2000 Growth	3.8%
MSCI EAFE	3.1%
MSCI World	9.5%

### Hartford Advisers 529 Fund

S&P 500	55.0%
Barclays Capital Aggregate	35.0%
Barclays Capital Gov/Credit 1-5 Years	10.0%

### Hartford Capital Appreciation Fund

Russell 2500	60.0%
S&P 500	40.0%

### Age-Based Portfolio 14-18

40% S&P 500 + 60% R2500	16.2%
Barclays Capital Aggregate	23.7%
Barclays Capital TIPS	7.4%
Barclays Capital Gov/Credit 1-5 Years	13.8%
Credit Suisse Levered Loan	6.8%
ML High Yield 2% Limit	3.3%
S&P 500	8.0%
Russell 1000 Growth	4.9%
Russell 1000 Value	3.3%
Russell 2000 Growth	3.0%
MSCI EAFE	3.0%
MSCI World	6.6%

### Age-Based Portfolio 19+

40% S&P 500 + 60% R2500	10.4%
Barclays Capital Gov/Credit 1-5 Years	65.0%
Credit Suisse Levered Loan	6.0%
ML High Yield 2% Limit	4.0%
S&P 500	6.0%
Russell 1000 Growth	3.7%
MSCI World	4.9%

## SMART 529 WV Direct Blended Benchmarks

### Age-Based Portfolio 0-8/Growth Portfolio

40% S&P 500 + 60% R2500	21.6%
Barclays Capital Aggregate	16.5%
Barclays Capital TIPS	3.5%
S&P 500	15.2%
Russell 1000 Growth	8.1%
Russell 1000 Value	10.4%
Russell 2000 Growth	9.0%
MSCI EAFE	3.2%
MSCI World	12.5%

### Aggressive Growth

40% S&P 500 + 60% R2500	22.4%
S&P 500	18.1%
S&P 400 Mid Cap	3.5%
MSCI World	12.1%
Russell 1000 Growth	10.1%
Russell 1000 Value	16.7%
Russell 2000 Growth	10.1%
MSCI EAFE	4.0%
MSCI EAFE Small Cap	3.0%

### Age-Based Portfolio 9-13/Balanced Portfolio

40% S&P 500 + 60% R2500	20.8%
Barclays Capital Aggregate	20.4%
Barclays Capital TIPS	5.8%
Barclays Capital Gov/Credit 1-5 Years	7.5%
Credit Suisse Levered Loan	3.4%
ML High Yield 2% Limit	3.0%
S&P 500	12.2%
Russell 1000 Growth	6.1%
Russell 1000 Value	4.4%
Russell 2000 Growth	3.8%
MSCI EAFE	3.1%
MSCI World	9.5%

### Conservative Bond Portfolio

Barclays Capital TIPS	25.0%
Barclays Capital Gov/Credit 1-5 Years	65.0%
Credit Suisse Levered Loan	6.0%
ML High Yield 2% Limit	4.0%

### Age-Based Portfolio 14-18

40% S&P 500 + 60% R2500	16.2%
Barclays Capital Aggregate	23.7%
Barclays Capital TIPS	7.4%
Barclays Capital Gov/Credit 1-5 Years	13.8%
Credit Suisse Levered Loan	6.8%
ML High Yield 2% Limit	3.3%
S&P 500	8.0%
Russell 1000 Growth	4.9%
Russell 1000 Value	3.3%
Russell 2000 Growth	3.0%
MSCI EAFE	3.0%
MSCI World	6.6%

### Age-Based Portfolio 19+/Conservative Balanced

40% S&P 500 + 60% R2500	10.4%
Barclays Capital Gov/Credit 1-5 Years	65.0%
Credit Suisse Levered Loan	6.0%
ML High Yield 2% Limit	4.0%
S&P 500	6.0%
Russell 1000 Growth	3.7%
MSCI World	4.9%

## SMART529 Select Blended Benchmarks

### Age-Based Portfolio 0-3

#### Aggressive Growth Portfolio

S&P 500	25.0%
Russell 1000 Value	20.0%
Russell 2000 Value	20.0%
Russell 2000	15.0%
MSCI EAFE Value	10.0%
S&P EMI Value-EPAC	5.0%
S&P EMI-EPAC	5.0%

### Age-Based Portfolio 4-6

#### Moderately Aggressive Portfolio

S&P 500	22.5%
Russell 1000 Value	18.0%
Russell 2000 Value	18.0%
Russell 2000	13.5%
MSCI EAFE Value	9.0%
S&P EMI Value-EPAC	4.5%
S&P EMI-EPAC	4.5%
Lehman Govt	5.0%
Lehman Aggregate	5.0%

### Age-Based Portfolio 7-9

#### Growth Portfolio

S&P 500	20.0%
Russell 1000 Value	16.0%
Russell 2000 Value	16.0%
Russell 2000	12.0%
MSCI EAFE Value	8.0%
S&P EMI Value-EPAC	4.0%
S&P EMI-EPAC	4.0%
Lehman Govt	10.0%
Lehman Aggregate	5.0%
Merrill 1-3 US Govt	5.0%

### Age-Based Portfolio 10-12

#### Moderate Growth Portfolio

S&P 500	16.25%
Russell 1000 Value	13.0%
Russell 2000 Value	13.0%
Russell 2000	9.75%
MSCI EAFE Value	6.5%
S&P EMI Value-EPAC	3.25%
S&P EMI-EPAC	3.25%
Lehman Govt	15.0%
Lehman Aggregate	10.0%
Merrill 1-3 US Govt	5.0%
90-Day T-Bills	5.0%

### Age-Based Portfolio 13-15

#### Balanced Portfolio

S&P 500	12.5%
Russell 1000 Value	10.0%
Russell 2000 Value	10.0%
Russell 2000	7.5%
MSCI EAFE Value	5.0%
S&P EMI Value-EPAC	2.5%
S&P EMI-EPAC	2.5%
Lehman Govt	20.0%
Lehman Aggregate	10.0%
Merrill 1-3 US Govt	10.0%
90-Day T-Bills	10.0%

### Age-Based Portfolio 16-18

#### Moderately Conservative Portfolio

S&P 500	8.75%
Russell 1000 Value	7.0%
Russell 2000 Value	7.0%
Russell 2000	5.25%
MSCI EAFE Value	3.5%
S&P EMI Value-EPAC	1.75%
S&P EMI-EPAC	1.75%
Lehman Govt	25.0%
Lehman Aggregate	15.0%
Merrill 1-3 US Govt	10.0%
90-Day T-Bills	15.0%

### Age-Based Portfolio 19+

#### Conservative Portfolio

S&P 500	5.0%
Russell 1000 Value	4.0%
Russell 2000 Value	4.0%
Russell 2000	3.0%
MSCI EAFE Value	2.0%
S&P EMI Value-EPAC	1.0%
S&P EMI-EPAC	1.0%
Lehman Govt	30.0%
Lehman Aggregate	20.0%
Merrill 1-3 US Govt	10.0%
90-Day T-Bills	20.0%

### All-Equity Portfolio

S&P 500	20.0%
Russell 1000 Value	20.0%
Russell 2000 Value	20.0%
Russell 2000	15.0%
MSCI EAFE Value	10.0%
S&P EMI Value-EPAC	5.0%
S&P EMI-EPAC	5.0%
MSCI Emg Mkts Value	5.0%

### Fixed Income Portfolio

Lehman Aggregate	60.0%
Merrill 1-3 US Govt	20.0%
90-Day T-Bills	20.0%