

**AMALGAMATED TRANSIT UNION, LOCAL 1596 PENSION  
FUND**

**INVESTMENT PERFORMANCE  
PERIOD ENDING  
JUNE 30, 2008**

NOTE: For a free copy of Part II (mailed w/i 5 bus. days from request receipt) of Burgess Chambers and Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact:  
601 North New York Avenue, Suite 200, Winter Park, Florida 32789, 407-644-0111.



## **Amalgamated Transit Union, Local 1596 Pension Fund**

### **BCA Second Quarter 2008 Market Review ©**

#### **Domestic Energy Policy Since 1960**

Burgess B. Chambers and Larry M. Cole

It's hard to believe today, but Crude Oil prices ranged between \$2.00 and \$3.00 per barrel from 1948 through the end of the 1960s. During this period, the Texas Railroad Commission, which was the first oil cartel, controlled prices by adjusting supply. The balance of power shifted to the Organization of the Petroleum Exporting Countries (OPEC) in the early 1970s when the Texas Railroad Commission ran out of capacity.

Richard Nixon decided in 1971 to remove the U.S. dollar's gold standard status, since the Treasury no longer had enough gold. This caused the collapse of the Bretton-Woods currency stability system. The result was a steady decline of the dollar for the next eight years. By 1973, Americans found themselves helpless in dealing with the Arab oil embargo and \$12 per barrel of oil. The stage was set for inflation and economic volatility. Domestic natural gas prices moved little due to Federal price controls. Domestic inflation rose above 14% during the Carter administration (1976 -1980). The Shah of Iran was deposed during Carter's watch, only to leave the country in the hands of radicals and clerics who openly despise the U.S. (and its allies in the region) to this day. In addition, Libya was a major crude oil supplier to Europe and proclaimed its intention to disrupt American interests in the region.

The decline in the buying power of the dollar and fear of further supply disruptions drove oil to \$70 per barrel in 1980, as the Iran/Iraq war intensified. The Federal Energy Regulatory Commission (FERC) offered incentives to domestic gas drillers by raising the price of "deep gas" to \$15 per thousand cubic feet.

Congress has been talking about energy independence since Richard Nixon (who imposed the 55 mph speed limit) for more than 30 years, nearly a generation. Experts have proclaimed alternatives that include: wind, geothermal, wave action, photovoltaic, nuclear, coal, hydrogen, oil shale, ethanol, and biomass. Nothing has really changed since 1973. America today uses 25% of the world's oil and imports 70% of what it consumes. Domestic oil consumption is 88% related to transportation. Coal, natural gas, nuclear, and hydro produce nearly all of America's electricity, but these alternatives are not transportation fuel substitutes at this time.

Since the failed rescue attempt of Americans in Tehran, energy policy was framed by the Carter Doctrine, which made it clear that America would attack (using military force) any country that disrupted the flow of oil to the U.S. or its allies. This was actually carried out during operation Desert Storm.

The previous oil & gas bubble ended when the Federal Reserve, under Paul Volker, raised interest rates in the early 1980's to more than 17%. The ensuing recession crushed American heavy industry, broke the unions, and shifted jobs overseas. Demand for natural gas collapsed as factories closed – causing crude oil to fall to \$14 by 1983. The dollar rebounded since Treasuries were paying such high yields. By 1999, crude oil had fallen from its \$70 high in 1980 to \$12 and natural gas had declined from \$15 to \$2 per thousand cubic feet.

According to the International Energy Agency (IEA), the global oil market will remain tight for the next five years. It predicts that global oil capacity will rise to 96.2 million barrels per day by 2013 from today's 90.2 million level, which works out to 1.3% growth per year.

Both China and India are becoming major consumers of oil & gas. With populations far outnumbering the developed world and large demand for infrastructure, the IEA report becomes even more disturbing. As the developing world attracts more investment, and growth prospects rise, competition for the control on energy supplies will increase.

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Total Fund**  
**Investment Summary**  
**June 30, 2008**

- The first half of 2008 was difficult for stocks, especially the financial sector. More than 40 percent of the trading days had up or down swings 1% +/-, which revealed a high level of volatility. The expectation of a slowing domestic economy and rising inflation drove the S&P 500 index down 15 percent. The financial sector was down more than 35%.
- Most of the plan assets were rebalanced between May 1 and June 30, a period of high volatility. Fortunately, the timing of the transitions worked in our favor, and produced a positive total Fund return of 0.2% (net of fees) for the quarter.
- For the 12-month period, the total Fund lost \$3.5 MM (-5.1% net). The best performing asset categories were: JPMorgan Real Estate (+9.4%) and ICC Fixed Income (+8.0%).

**Investment Performance**

	<u><b>Quarter</b></u>	<u><b>One Year</b></u>
<b>Beginning Market Value</b>	<b>65,423,978</b>	<b>65,787,747</b>
<b>Ending Market Value</b>	<b>65,693,509</b>	<b>65,693,509</b>
<b>Net Contributions (+/-)</b>	<b>+196,463</b>	<b>+3,428,854</b>
<b>Investment Gain (+/-)</b>	<b>+73,068</b>	<b>-3,523,092</b>
<b>Investment Return, net</b>	<b>+0.2%</b>	<b>-5.1%</b>

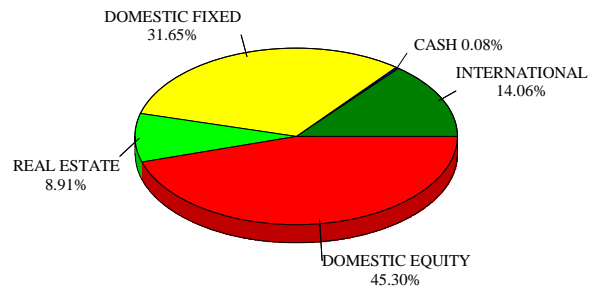
Note: Fiscal Year: October 1 – September 30

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Total Fund**  
**Compliance Checklist**  
**June 30, 2008**

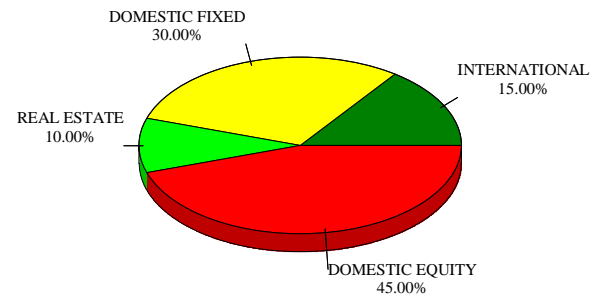
	<b><u>Yes</u></b>	<b><u>No</u></b>
The total Fund's three-year performance achieved the 60/40 benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The total Fund's five-year performance achieved the 60/40 benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The total Fund's three-year performance ranked in the top 40th percentile in a balanced moderate universe.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The total Fund's five-year performance ranked in the top 40th percentile in a balanced moderate universe (actual 41st).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The total Fund's annualized five-year performance achieved the 7.5% actuarial assumption rate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Large Cap Value equities' three-year performance achieved the benchmark and ranked in the top 40th percentile.	N/A	N/A
Large Cap Value equities' five-year performance achieved the benchmark and ranked in the top 40th percentile.	N/A	N/A
Large Cap Growth equities' three-year performance achieved the benchmark and ranked in the top 40th percentile.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mid Cap equities' three-year and five year performances achieved the benchmark and ranked in the top 40th percentile.	N/A	N/A
Investments in equity securities are within the 70% limitation. (59.4%)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No more than 5% of assets (market value) are invested in the common stock or capital stock of one issuing company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Annualized three-year fixed income performance achieved the benchmark and ranked in the top 40th percentile.	N/A	N/A
Annualized five-year fixed income performance achieved the benchmark and ranked in the top 40th percentile.	N/A	N/A
All of the corporate bonds are rated BAA or better and average quality is rated A or better.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Each corporate bond issue is <10% of bond portfolio and CMOs < 25%.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAA bond allocation is no more than 20% of the bond portfolio.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
International Equities' three-year performance achieved the benchmark and ranked in the top 40th percentile.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
International Equities' five-year performance achieved the benchmark and ranked in the top 40th percentile.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
International investments are within 15% of the total portfolio.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Total Fund**  
**Actual vs Target Asset Allocation**  
**June 30, 2008**

**ACTUAL ASSET ALLOCATION**



**TARGET ASSET ALLOCATION**

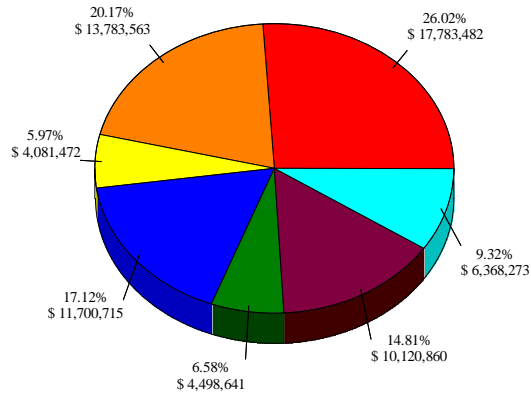


	MARKET VALUE ACTUAL	PERCENT ACTUAL	MARKET VALUE TARGET	PERCENT TARGET	MARKET VALUE DIFFERENCE	PERCENT DIFFERENCE
DOMESTIC EQUITY	29,758,263.6	45.3%	29,562,079.3	45.0%	196,184.3	0.3%
INTERNATIONAL	9,235,275.2	14.1%	9,854,026.4	15.0%	(618,751.2)	(0.9%)
REAL ESTATE	5,853,213.0	8.9%	6,569,350.9	10.0%	(716,137.9)	(1.1%)
DOMESTIC FIXED	20,791,260.4	31.6%	19,708,052.8	30.0%	1,083,207.6	1.6%
CASH	55,497.3	0.1%	0.0	0.0%	55,497.3	0.1%
<b>TOTAL FUND</b>	<b>\$65,693,509.5</b>	<b>100.0%</b>	<b>\$65,693,509.5</b>	<b>100.0%</b>	<b>\$0.0</b>	<b>0.0%</b>

# Amalgamated Transit Union, Local 1596 Pension Fund

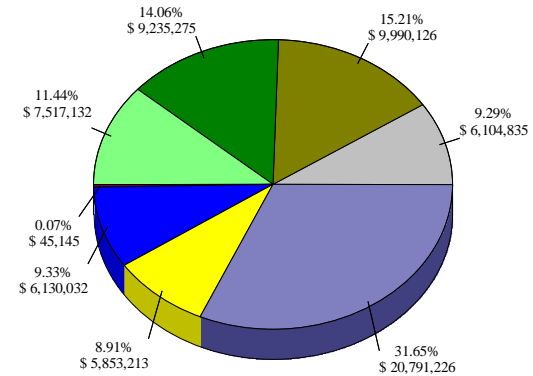
## Total Fund Manager Allocation

**Total Market Value  
On September 30, 2007  
\$ 68,338,660**



	Value	Percent
American Fund Large Cap Growth	11,700,715	17.12
Alliance Bernstein Large Cap Value	17,783,482	26.02
Lord Abbett Mid Cap Value	4,081,472	5.97
Touchstone Mid Cap Growth	4,498,641	6.58
JPMorgan Real Estate	6,368,273	9.32
American Funds - Europacific	10,120,860	14.81
ICC Fixed Income	13,783,563	20.17
Salem Cash	1,654	0.00

**Total Market Value  
On June 30, 2008  
\$ 65,693,509**



	Value	Percent
American Fund Large Cap Growth	6,130,032	9.33
Alliance Bernstein Large Cap Value	16,139	0.02
JPMorgan Real Estate	5,853,213	8.91
American Funds - Europacific	9,235,275	14.06
ICC Fixed Income	34	0.00
Salem Cash	45,145	0.07
BNY Cash	10,352	0.02
BNY Fixed Income	20,791,226	31.65
BNY Mid Cap	9,990,126	15.21
BNY LC	7,517,132	11.44
Westwood LCV	6,104,835	9.29

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Total Fund**  
**June 30, 2008**

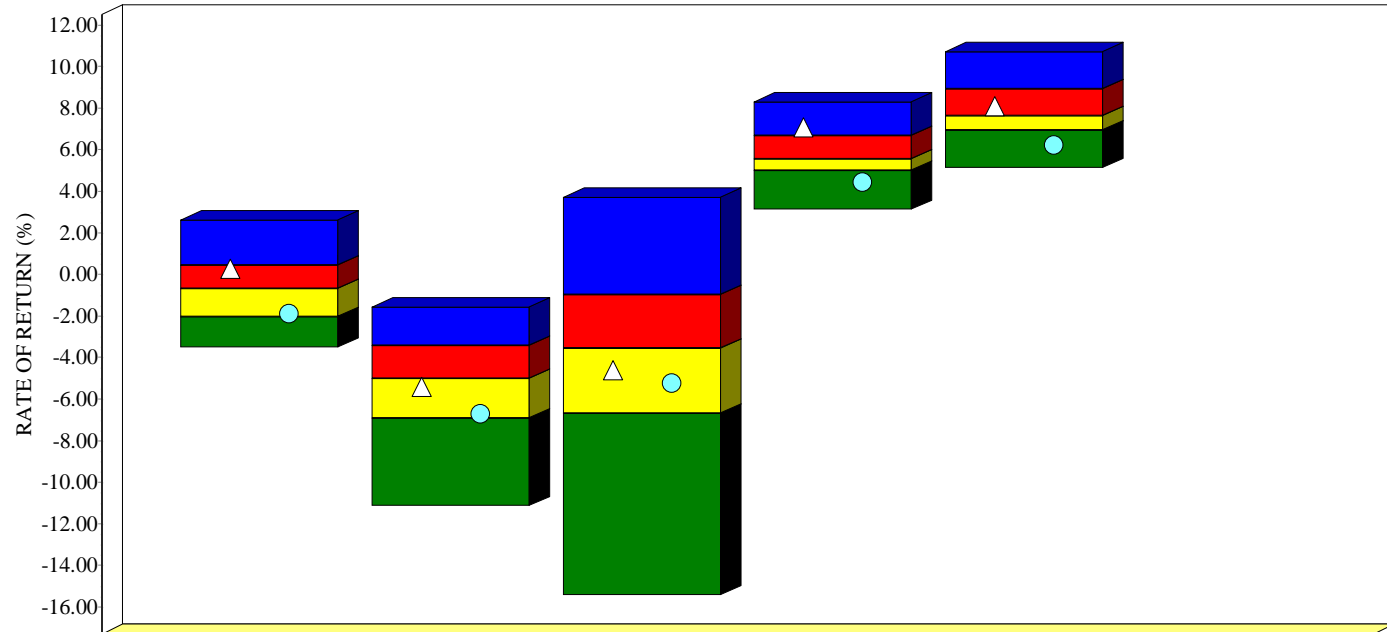
Name	Market Values	QTD ROR	FYTD ROR	1 Year ROR	2 Year ROR	3 Year ROR	5 Year ROR
<b><u>TOTAL FUND</u></b>							
<b><u>Domestic Equity</u></b>							
American Fund Large Cap Growth	6,130,032	1.7%	-8.6%	-4.4%	6.3%	9.3%	N/A
Alliance Bernstein Large Cap Value	16,139	7.1%	-9.6%	-9.5%	5.6%	6.7%	9.7%
BNY Mid Cap	9,990,126	N/A	N/A	N/A	N/A	N/A	N/A
BNY LC	7,517,132	N/A	N/A	N/A	N/A	N/A	N/A
Westwood LCV	6,104,835	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>International Equity</u></b>							
American Funds - Europacific	9,235,275	-2.1%	-8.6%	-3.6%	11.0%	16.7%	20.8%
<b><u>Real Estate</u></b>							
JPMorgan Real Estate	5,853,213	0.9%	4.7%	9.4%	13.4%	N/A	N/A
<b><u>Domestic Fixed</u></b>							
ICC Fixed Income	34	0.4%	5.1%	8.0%	8.5%	4.7%	3.8%
BNY Fixed Income	20,791,226	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Cash</u></b>							
Salem Cash	45,145	0.4%	1.9%	3.5%	N/A	N/A	N/A
BNY Cash	10,352	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL:</b>	<b>65,693,509</b>	<b>0.3%</b>	<b>-6.9%</b>	<b>-4.6%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>8.1%</b>
<i>60/40 Benchmark</i>		-1.9%	-7.5%	-5.2%	4.2%	4.4%	6.2%
<i>Strategic Model</i>		-1.1%	-6.2%	-4.3%	5.5%	7.0%	9.3%
<i>Russell 1000 Growth</i>		1.2%	-9.8%	-6.0%	5.8%	5.9%	7.3%
<i>Russell 1000 Value</i>		-5.3%	-18.6%	-18.8%	-0.5%	3.5%	8.9%
<i>S&amp;P 400 Mid Cap</i>		5.4%	-6.5%	-7.3%	4.8%	7.5%	12.6%
<i>Russell 1000 Index</i>		-1.9%	-14.1%	-12.4%	2.7%	4.8%	8.2%
<i>MSCI Gross EAFE</i>		-1.9%	-12.1%	-10.1%	7.0%	13.3%	17.2%
<i>NCREIF National</i>		0.6%	5.4%	9.2%	13.1%	15.0%	14.7%
<i>Lehman Aggregate</i>		-1.0%	4.2%	7.1%	6.6%	4.1%	3.9%


# Amalgamated Transit Union, Local 1596 Pension Fund

## Total Fund

### Total Fund Versus Balanced Moderate

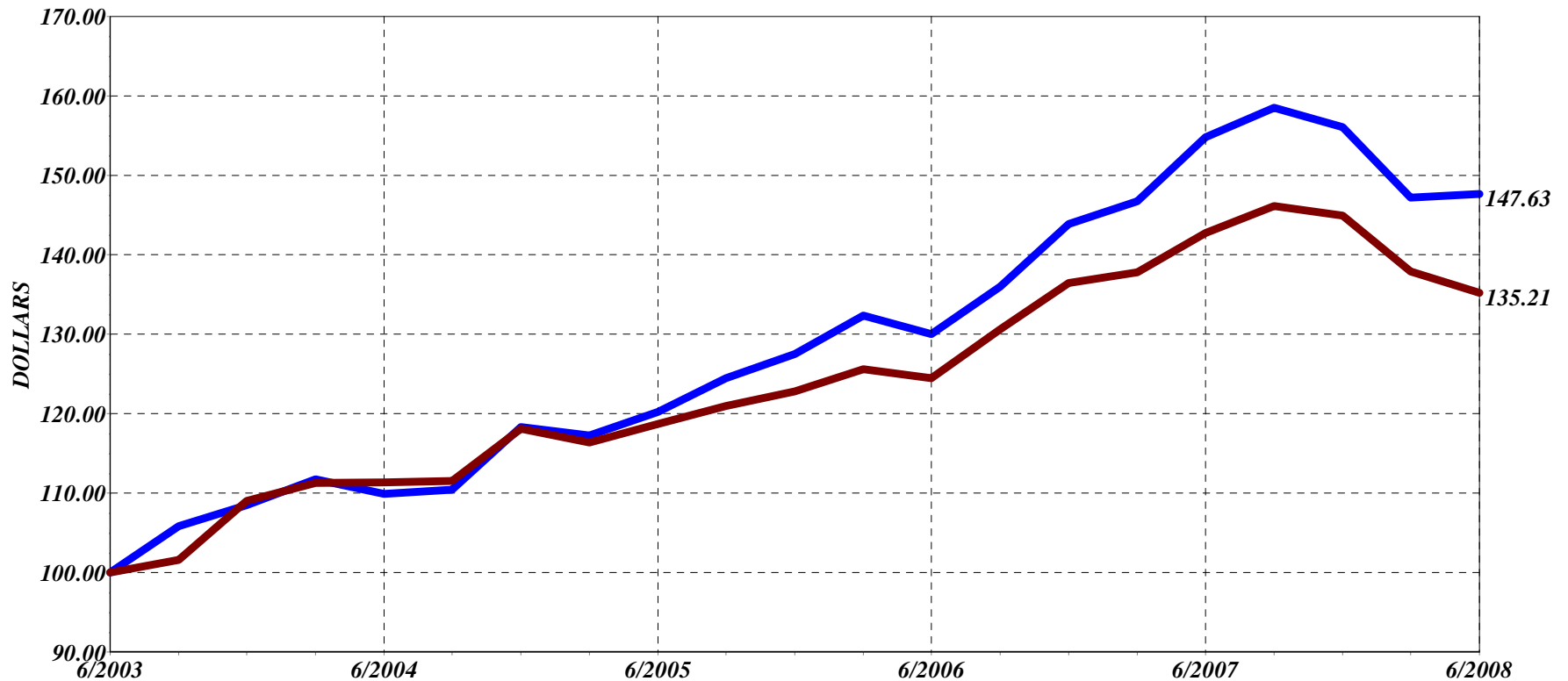
#### June 30, 2003 Through June 30, 2008



		<u>LATEST QUARTER</u>		<u>YEAR TO DATE</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
	HIGHEST VALUE	2.62		-1.56		3.69		8.29		10.71	
	FIRST QUARTILE	0.45		-3.43		-0.97		6.68		8.92	
	MEDIAN VALUE	-0.67		-5.01		-3.55		5.55		7.63	
	THIRD QUARTILE	-2.03		-6.94		-6.71		4.98		6.95	
	LOWEST VALUE	-3.52		-11.14		-15.45		3.12		5.13	
	MEAN	-0.66		-5.20		-3.95		5.77		7.85	
	MEMBERS	70		70		70		69		65	
		<u>LATEST QUARTER</u>		<u>YEAR TO DATE</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
		<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>
△	TF	0.28	27	-5.42	52	-4.63	58	7.08	20	8.10	41
●	60% S&P500/40% LBAG	-1.92	75	-6.71	72	-5.25	65	4.43	79	6.22	87



**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Total Fund**  
**Growth of a Dollar Analysis**  
**June 30, 2003 Through June 30, 2008**



	LATEST QUARTER	YEAR TO DATE	ONE YEAR	THREE YEARS	FIVE YEARS
<span style="color: blue;">—</span> TOTAL FUND	0.28	-5.42	-4.63	7.08	8.10
<span style="color: red;">—</span> 60% S&P500/40% LBAG	-1.92	-6.71	-5.25	4.43	6.22

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**American Fund Large Cap Growth**  
**Performance Profile**  
**Through June 30, 2008**

	ENDED	RETURN
BEST QUARTER	6/2007	7.90
WORST QUARTER	3/2008	-7.74
BEST 4 QUARTERS	6/2007	18.20
WORST 4 QUARTERS	6/2008	-4.43

TOTAL # OF PERIODS: 36  
# OF POSITIVE PERIODS: 25  
# OF NEGATIVE PERIODS: 11

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	1.65	-8.61	-4.43	6.28	9.30
RUSSELL 1000 GROWTH	1.25	-9.75	-5.96	5.81	5.91
EXCESS	0.33	1.00	1.38	0.33	3.16
RISKLESS INDEX	0.43	1.73	2.80	3.90	4.01
REAL ROR	-0.78	-12.98	-9.27	2.24	4.96

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	INFO RATIO
ONE YEAR	-4.43	47	12.95	-0.56	0.56	0.89	96.19	0.47
TWO YEARS	6.28	42	9.40	0.00	0.00	0.00	0.00	0.00
THREE YEARS	9.30	18	8.74	0.60	3.38	0.91	87.05	1.00

*The risk benchmark for this analysis is the Russell 1000 Growth.  
The universe used was the Large Cap Growth*

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**JPMorgan Real Estate**  
**Performance Profile**  
**Through June 30, 2008**

	ENDED	RETURN
BEST QUARTER	6/2007	4.69
WORST QUARTER	6/2008	0.86
BEST 4 QUARTERS	6/2007	17.43
WORST 4 QUARTERS	6/2008	9.43

TOTAL # OF PERIODS: 24  
# OF POSITIVE PERIODS: 24  
# OF NEGATIVE PERIODS: 0

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS
TOTAL FUND	0.86	4.73	9.43	13.36
NCREIF NATIONAL	0.56	5.45	9.20	13.15
EXCESS	0.29	-0.76	0.11	0.19
RISKLESS INDEX	0.43	1.73	2.80	3.90
REAL ROR	-1.54	-0.18	3.99	9.09

*The risk benchmark for this analysis is the NCREIF National.  
The universe used was the Default Universe*

**Amalgamated Transit Union, Local 1596 Pension Fund**  
**American Funds - Europacific**  
**Performance Profile**  
**Through June 30, 2008**

	ENDED	RETURN
BEST QUARTER	12/2003	22.16
WORST QUARTER	3/2008	-7.88
BEST 4 QUARTERS	6/2004	41.00
WORST 4 QUARTERS	6/2008	-3.62

TOTAL # OF PERIODS: 60  
# OF POSITIVE PERIODS: 47  
# OF NEGATIVE PERIODS: 13

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	-2.14	-8.63	-3.62	10.96	16.67	20.84
MSCI GROSS EAFE	-1.93	-12.11	-10.15	7.05	13.34	17.16
EXCESS	-0.30	3.73	7.06	3.59	2.95	3.28
RISKLESS INDEX	0.43	1.73	2.80	3.90	4.01	3.07
REAL ROR	-4.51	-13.02	-8.51	6.73	12.06	16.60

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	INFO RATIO
ONE YEAR	-3.62	25	15.25	-0.42	6.29	0.95	95.30	2.09
TWO YEARS	10.96	27	10.53	0.00	0.00	0.00	0.00	0.00
THREE YEARS	16.67	29	10.80	1.17	3.62	0.93	88.30	0.81
FIVE YEARS	20.84	14	13.15	1.35	2.97	1.03	90.75	0.82

*The risk benchmark for this analysis is the MSCI Gross EAFE.  
The universe used was the EAFE*

# Amalgamated Transit Union, Local 1596 Pension Fund

## ICC Fixed Income

### Performance Profile

#### Through June 30, 2008

	ENDED	RETURN
BEST QUARTER	9/2006	6.66
WORST QUARTER	12/2003	-6.23
BEST 4 QUARTERS	6/2007	9.13
WORST 4 QUARTERS	6/2004	-3.03

TOTAL # OF PERIODS: 60  
 # OF POSITIVE PERIODS: 38  
 # OF NEGATIVE PERIODS: 22

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	0.43	5.11	7.96	8.55	4.65	3.84
LEHMAN AGGREGATE	-1.02	4.17	7.13	6.62	4.08	3.86
EXCESS	1.46	0.89	0.76	1.84	0.57	0.00
RISKLESS INDEX	0.43	1.73	2.80	3.90	4.01	3.07
REAL ROR	-1.96	0.18	2.60	4.44	0.50	0.18

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	INFO RATIO
ONE YEAR	7.96	37	2.08	2.49	1.96	0.72	76.37	0.65
TWO YEARS	8.55	7	3.97	0.00	0.00	0.00	0.00	0.00
THREE YEARS	4.65	39	4.30	0.15	0.57	1.18	74.07	0.25
FIVE YEARS	3.84	47	6.01	0.13	0.00	1.13	40.66	0.00

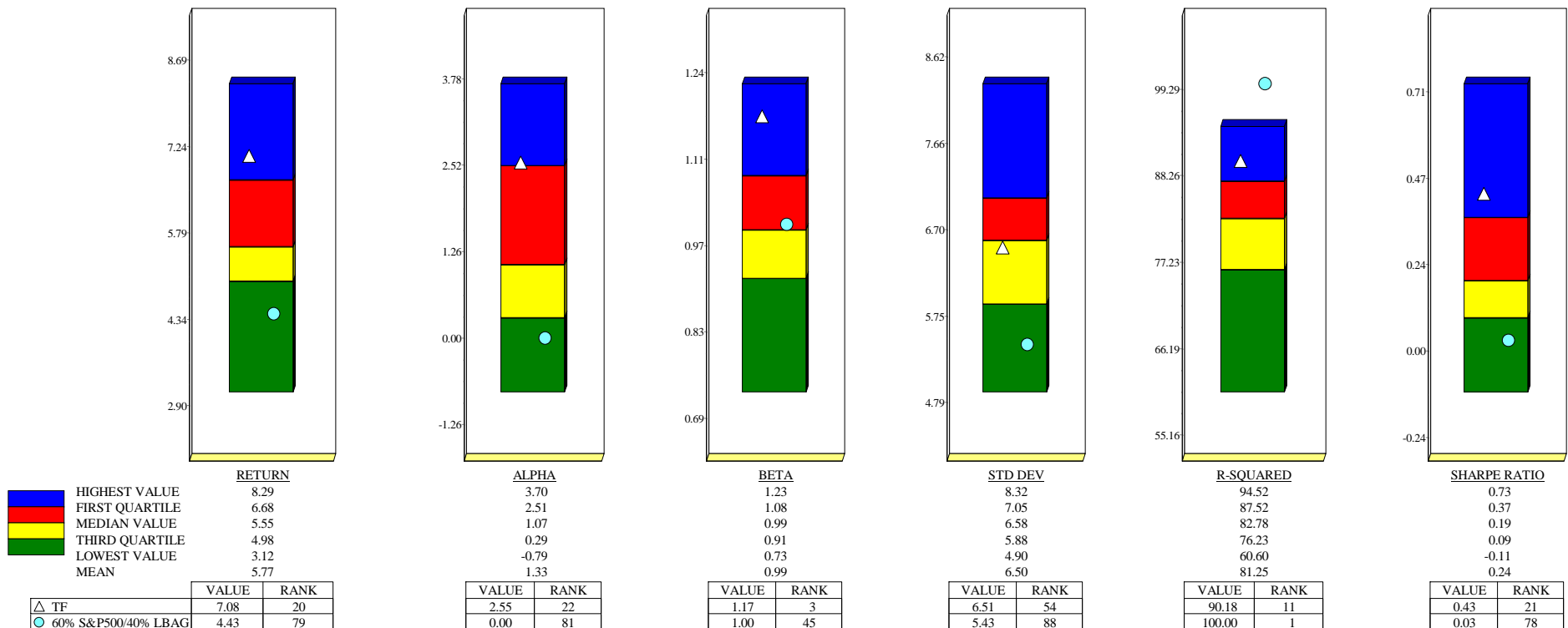
*The risk benchmark for this analysis is the Lehman Aggregate.*  
*The universe used was the BCA HQ Int Fixed Income Universe*

# Amalgamated Transit Union, Local 1596 Pension Fund

## Total Fund

### Total Fund Within Balanced Moderate

#### June 30, 2005 Through June 30, 2008

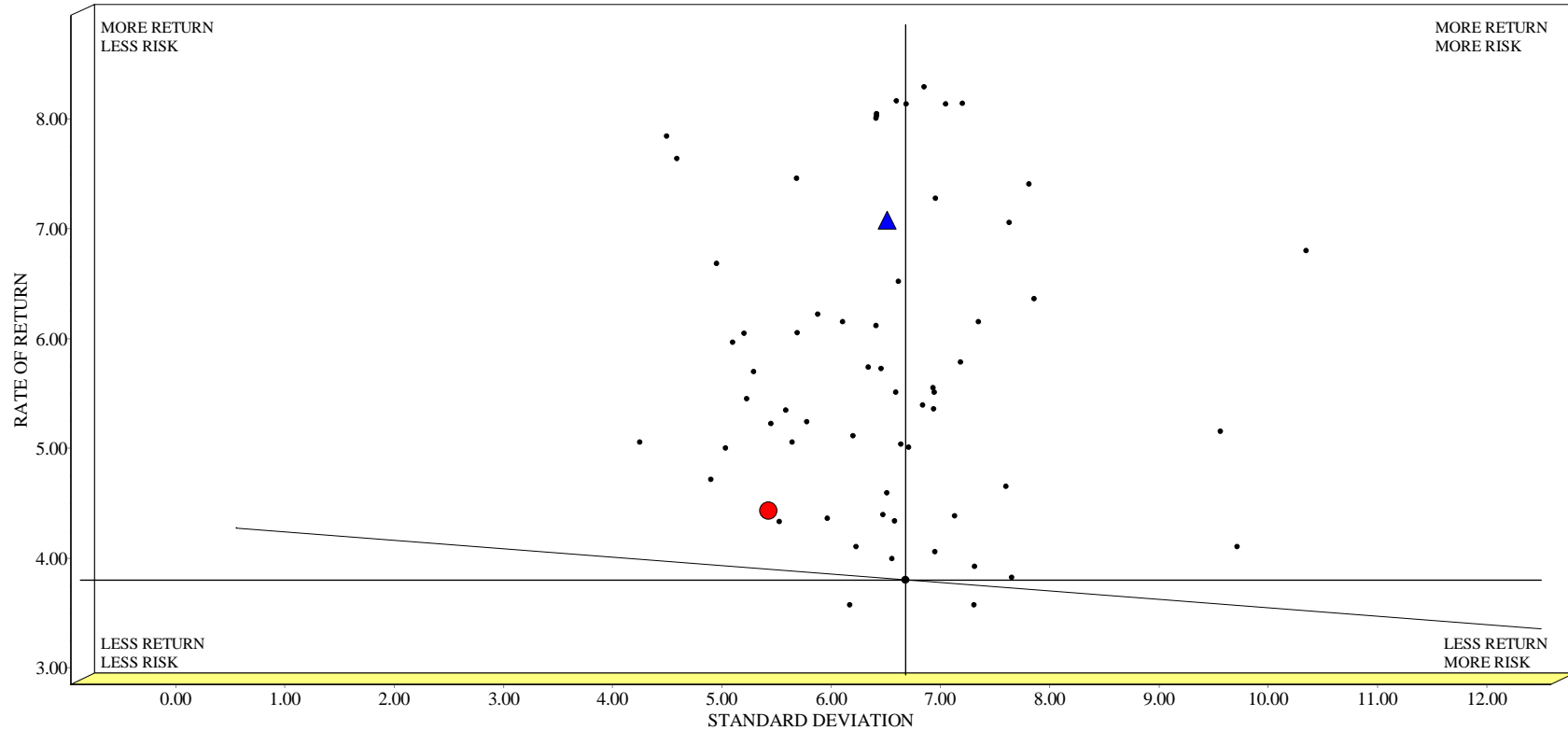


The risk benchmark for this analysis is the 60% S&P500/40% LBAG.



# Amalgamated Transit Union, Local 1596 Pension Fund Total Fund

## Risk Versus Reward Analysis - 3 Yr. June 30, 2005 Through June 30, 2008

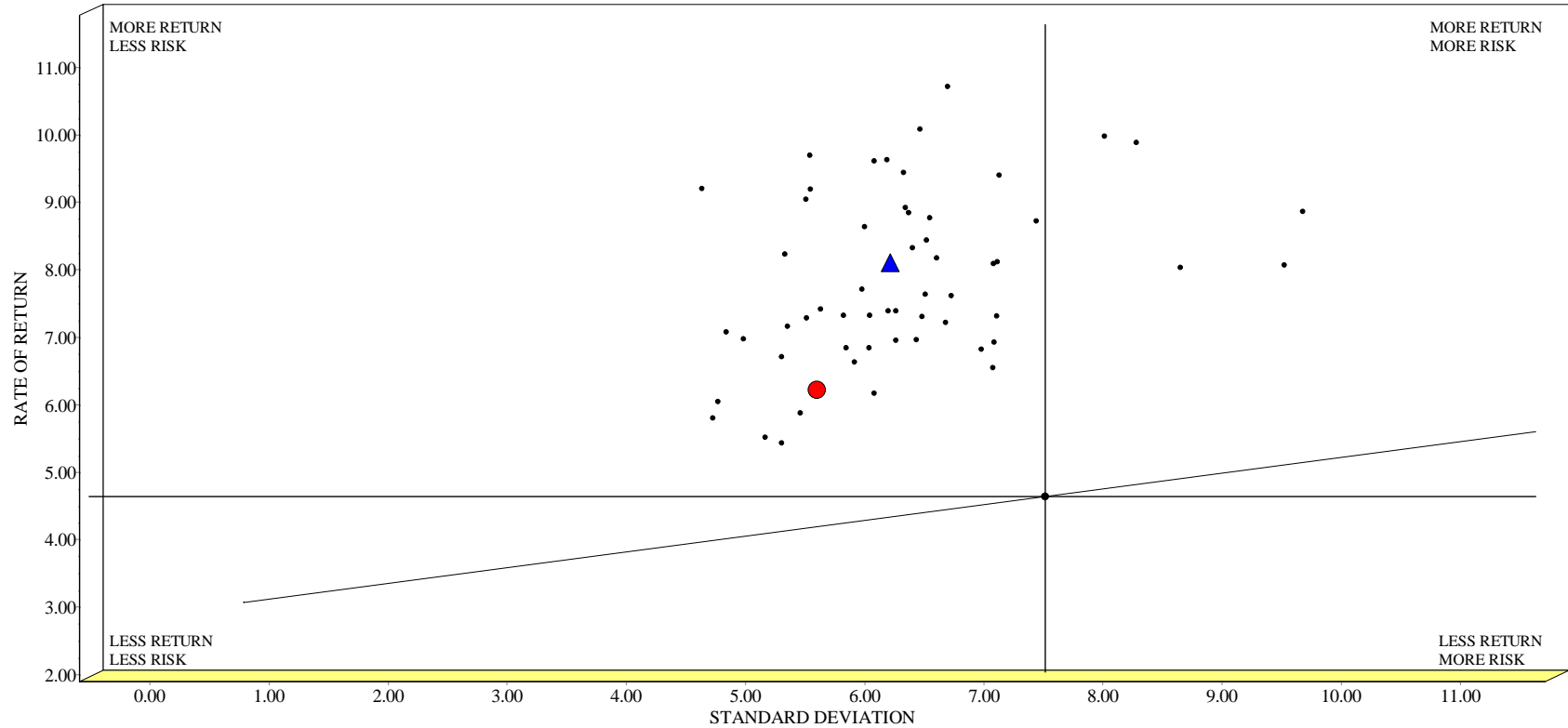


	RETURN	STD DEV	ALPHA	BETA	R-SQUARED
▲ TOTAL FUND	7.08	6.51	2.82	-0.35	12.51
● 60% S&P500/40% LBAG	4.43	5.43	0.28	-0.10	1.69

The risk benchmark for this analysis is the Lehman Bros Treasury-Long Term.  
The comparative universe is comprised of Balanced Moderate.

# Amalgamated Transit Union, Local 1596 Pension Fund Total Fund

## Risk Versus Reward Analysis - 5 Yr. June 30, 2003 Through June 30, 2008



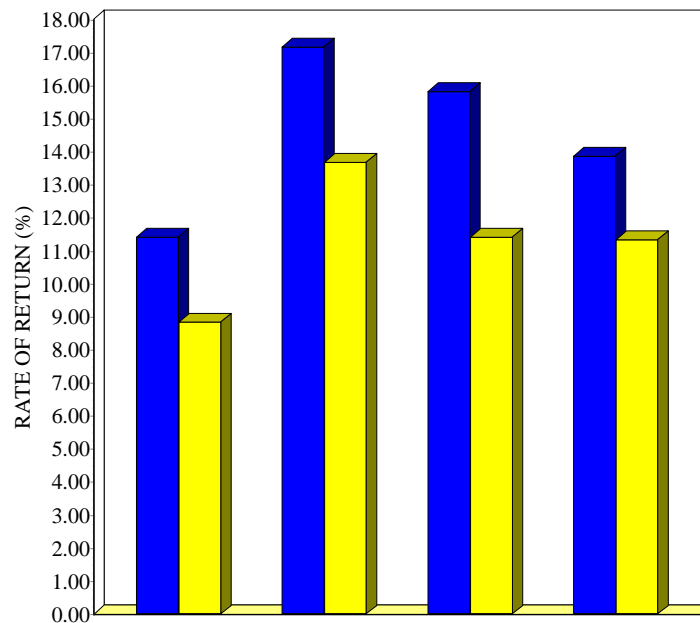
	RETURN	STD DEV	ALPHA	BETA	R-SQUARED
▲ TOTAL FUND	8.10	6.21	5.21	-0.10	1.60
● 60% S&P500/40% LBAG	6.22	5.60	3.25	-0.03	0.16

The risk benchmark for this analysis is the Lehman Bros Treasury-Long Term.  
The comparative universe is comprised of Balanced Moderate.



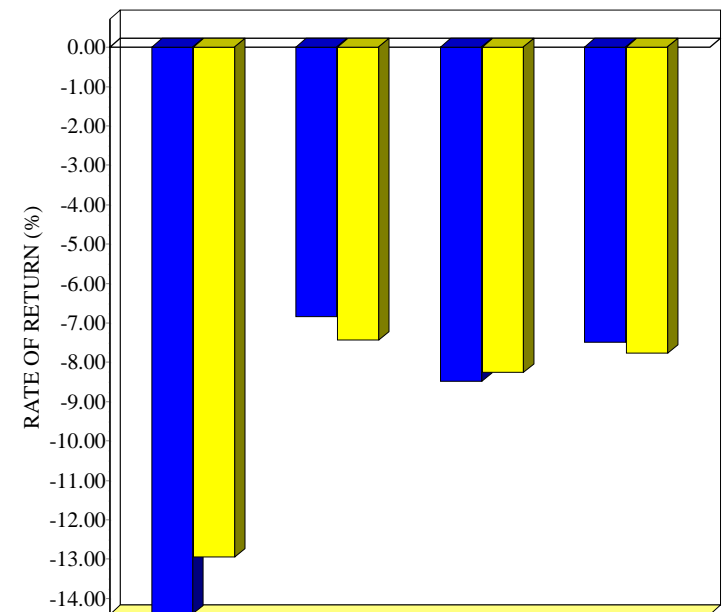
**Amalgamated Transit Union, Local 1596 Pension Fund**  
**Performance in Rising and Declining Markets**  
**As Compared to the Benchmark**  
**June 30, 2003 Through June 30, 2008**

UP MARKET PERFORMANCE



	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	11.43	17.17	15.84	13.87
60% S&P500/40% LBAG	8.86	13.69	11.43	11.34
DIFFERENCE	2.57	3.48	4.41	2.53
RATIO	1.29	1.25	1.39	1.22
UP PERIODS	5	5	8	15

DOWN MARKET PERFORMANCE



	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	-14.41	-6.85	-8.50	-7.50
60% S&P500/40% LBAG	-12.96	-7.46	-8.28	-7.78
DIFFERENCE	-1.45	0.61	-0.23	0.27
RATIO	1.11	0.92	1.03	0.97
DOWN PERIODS	7	3	4	5

## **Amalgamated Transit Union, Local 1596 Pension Fund**

### **Glossary of Terms**

- ACCRUED INTEREST- Bond interest earned since the last interest payment, but not yet received.
- ALPHA- A linear regressive constant that measures the manager's expected return independent of Beta.
- ASSET ALLOCATION- The optimal division of portfolio asset classes in order to achieve an expected investment objective.
- BETA- A measure of portfolio sensitivity (volatility) in relation to the market, based upon past experience.
- BOND DURATION- A measure of portfolio sensitivity to interest rate risk.
- COMMINGLED FUND- An investment fund, offered by a bank or insurance company, which is similar to a mutual fund in that investors are permitted to purchase and redeem units that represent ownership in a pool of securities.
- CORE- A type of investment strategy that has approximately an equal weighting in both growth and value stocks in order to achieve a return that is comparable to the broad market performance (i.e., the S&P 500).
- CORRELATION COEFFICIENT- A statistical measure of how two assets move together. The measure is bounded by +1 and -1; +1 means that the two assets move together positively, while a measure of -1 means that the assets are perfectly negatively correlated.
- INDEXES- Indexes are used as "independent representations of markets" (e.g., S&P 500 and LBGC).
- INFORMATION RATIO- Annualized excess return above the benchmark relative to the annualized tracking error.
- GROWTH MANAGER- A growth manager generally invests in companies that have either experienced above-average growth rates and/or are expected to experience above-average growth rates in the future. Growth portfolios tend to have high price/earnings ratios and generally pay little to no dividends.
- LARGE CAP- Generally, the term refers to a company that has a market capitalization that exceeds \$5 billion.
- MANAGER UNIVERSE- A collection of quarterly investment returns from various investment management firms that may be subdivided by style (e.g. growth, value, core).
- MID CAP- Generally, the term refers to a company that has a market capitalization between \$1 and \$5 billion.

## **Amalgamated Transit Union, Local 1596 Pension Fund**

### **Glossary of Terms**

**-RATE OF RETURN-** The percentage change in the value of an investment in a portfolio over a specified time period.

**-RISK MEASURES-** Measures of the investment risk level, including beta, credit, duration, standard deviation, and others that are based on current and historical data.

**-R-SQUARED-** Measures how closely portfolio returns and those of the market are correlated, or how much variation in the portfolio returns may be explained by the market. An R<sup>2</sup> of 40 means that 40% of the variation in a fund's price changes could be attributed to changes in the market index over the time period.

**-SHARPE RATIO-** The ratio of the rate of return earned above the risk-free rate to the standard deviation of the portfolio. It measures the number of units of return per unit of risk.

**-STANDARD DEVIATION-** Measure of the variability (dispersion) of historical returns around the mean. It measures how much exposure to volatility was experienced by the implementation of an investment strategy.

**-SYSTEMATIC RISK-** Measured by beta, it is the risk that cannot be diversified away (market risk).

**-TRACKING ERROR-** A measure of how closely a manager's performance tracks an index; it is the annualized standard deviation of the differences between the quarterly returns for the manager and the benchmark.

**-TREYNOR RATIO-** A measure of reward per unit of risk. (excess return divided by beta)

**-UP-MARKET CAPTURE RATIO-** Ratio that illustrates how a manager performed relative to the market during rising market periods; the higher the ratio, the better the manager performed (i.e., a ratio of 110 implies the manager performed 10% better than the market).

**-VALUE MANAGER-** A value manager generally invests in companies that have low price-to-earnings and price-to-book ratios and/or above-average dividend yields.

## **Amalgamated Transit Union, Local 1596 Pension Fund**

### **Glossary of Terms**

Advisory services are offered through or by Burgess Chambers and Associates, Inc., a registered SEC investment advisor.

#### Performance Reporting:

- 1.Changes in portfolio valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns. All calculations are made in accordance with generally accepted industry standards.
- 2.Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds or sale of a security. Differences in transaction costs may affect comparisons.
- 3.Individual client returns may vary due to a variety of factors, including differences in investment objectives and timing of investment decisions.
- 4.BCA does not have discretion or decision making authority over any investments. All decisions regarding investment manager selection and retention, asset allocation, and other investment policies were made by the client. While BCA provides recommendations and choices regarding suitable investments, not all clients take these recommendations or select from the choices offered.
- 5.Portfolio returns are generally shown before the deduction of investment advisory fees.
- 6.Performance reports are generated from information supplied by the client, custodian, and/or investment managers. BCA relies upon the accuracy of this data when preparing reports.
- 7.The market indexes do not include transaction costs, and an investment in a product similar to the index would have lower performance dependent upon costs, fees, dividend reinvestments, and timing. Benchmarks and indexes are for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
- 8.Performance information prepared by third party sources may differ from that shown by BCA. These differences may be due to different methods of analysis, different time periods being evaluated, different pricing sources for securities, treatment of accrued income, treatment of cash, and different accounting procedures.
- 9.Certain valuations, such as alternative assets, ETF, and mutual funds, are prepared based on information from third party sources, the accuracy of such information cannot be guaranteed by BCA. Such data may include estimates and maybe be subject to revision.
- 10.BCA has not reviewed the risks of individual security holdings.

The firm's ADV, Part II, is available upon request.

# ALLIANCEBERNSTEIN L.P. BERNSTEIN US DIV VAL (OPT S&P 500)

Address: 1345 Avenue of the Americas  
New York, NY, 10105

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Partnership

Year Founded: 1971

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 800,389.97 Million / \$ 9313.65 Million

Firm/Product Accounts: 88773 / 224

Parent Company: AXA Financial

Investment Style: Value

Market Capitalization: Large Capitalization (>7 \$Billion)

Decision Making: Bottom-Up Stock Selection

Portfolio Manager: Ms. Marilyn G. Fedak

Manager Tenure: 1984

Mgr. Experience: --

Product Contact: Mrs. Bonnie Orlowski

Phone: 212-756-4221

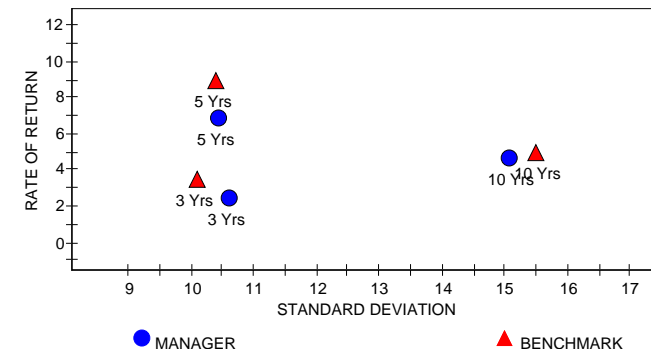
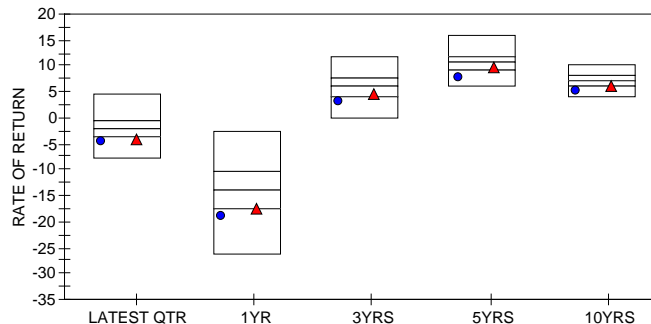
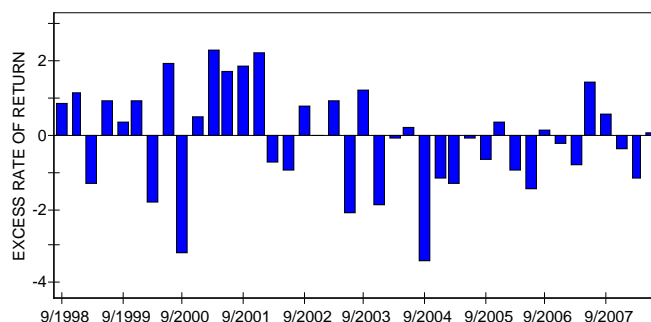
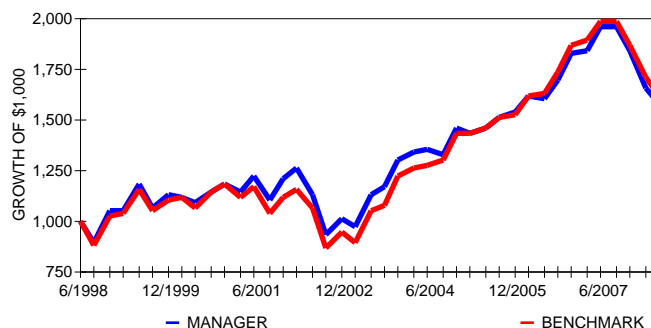
		Account Size	Annual Fees
Performance Incentive Fee:	Yes	\$1 Million	--
Individual Min Annual Fee:	--	\$5 Million	--
Individual Min Account Size:	\$25,000,000	\$10 Million	--
Offered As Mutual Funds:	No	\$25 Million	\$162,500
Offered As Commingled Funds:	Yes	\$50 Million	\$250,000
Commingled Min Annual Fee:	--	\$100 Million	\$400,000
Commingled Min Account Size:	--	\$200 Million	--

	MRQ	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	Incept
Manager	-5.24	0.59	19.34	5.28	11.50	28.29	-16.20	2.39	4.55	8.13	17.17	11.24
Benchmark	-5.31	-0.17	22.25	7.05	16.49	30.03	-15.52	-5.59	7.02	7.35	15.63	10.92
Excess	0.08	0.76	-2.90	-1.77	-4.99	-1.74	-0.68	7.99	-2.46	0.79	1.54	0.32
90 TBILL	0.43	4.42	4.88	3.30	1.44	1.01	1.59	3.26	5.90	4.76	4.92	4.55

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	2.46	10.61	-0.99	1.04	0.98	1.59	-0.15	-0.63
4 Yrs	3.70	10.24	-2.26	1.01	0.95	2.12	0.01	-1.06
5 Yrs	6.90	10.43	-1.76	0.98	0.96	2.17	0.37	-0.88
6 Yrs	5.55	14.14	-1.37	0.95	0.98	2.23	0.20	-0.75
7 Yrs	3.68	14.63	-0.93	0.95	0.97	2.44	0.07	-0.46
8 Yrs	4.69	14.01	-0.57	0.94	0.97	2.77	0.12	-0.30
9 Yrs	3.24	13.87	-0.45	0.94	0.96	2.79	0.00	-0.21
10 Yrs	4.64	15.06	-0.21	0.96	0.97	2.74	0.08	-0.14
Inception	11.24	14.92	0.31	1.01	0.95	3.47	0.45	0.09

GICS Sector Breakdown: 3/2008	%	Equity Characteristics: 3/2008	%
Materials	6.61	Beta(5 Year)	--
Energy	12.91	Dividend Yield	2.62
Consumer Staples	12.10	5 Year EPS Growth	18.82
Consumer Discretionary	10.23	Price/Book	1.88
Industrials	10.67	P/E (Proj next 12 mths)	11.48
Utilities	1.67	Return on Equity	18.15
Health Care	9.25	Market Capitalization:	
Information Technology	11.72	Wght Avg (\$MM)	105597.18
Telecommunications Services	5.14	Median (\$MM)	23716.93
Financials	19.24	Debt/Equity	--
Cash	0.46	Ann Fiscal YTD Turnover	--
Other	--	SEC-30-Day Yield	--

Ten Largest Holdings:3/2008	%	Firm Representative Client List
EXXON MOBIL CORP	4.42	Available Upon Request
GENERAL ELECTRIC CO	3.87	--
AT&T INC	2.65	--
CHEVRON CORP	2.30	--
PROCTER & GAMBLE CO	2.21	--
INTL BUSINESS MACHINES	2.20	--
BANK OF AMERICA CORP	1.92	--
JPMORGAN CHASE & CO	1.84	--
PFIZER INC	1.82	--
CONOCOPHILLIPS	1.68	--



	RATE OF RETURN			GROWTH OF \$1,000		
PERIOD	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	-19.61	-18.78	-0.83	\$804	\$812	-\$8
2 Yrs	-0.78	-0.51	-0.27	\$984	\$990	-\$5
3 Yrs	2.46	3.53	-1.07	\$1,076	\$1,110	-\$34
4 Yrs	3.70	6.06	-2.36	\$1,156	\$1,265	-\$109
5 Yrs	6.90	8.92	-2.02	\$1,396	\$1,533	-\$137
6 Yrs	5.55	7.20	-1.64	\$1,383	\$1,517	-\$134
7 Yrs	3.68	4.72	-1.04	\$1,288	\$1,381	-\$93
8 Yrs	4.69	5.41	-0.72	\$1,443	\$1,524	-\$81
9 Yrs	3.24	3.71	-0.47	\$1,333	\$1,388	-\$55
10 Yrs	4.64	4.91	-0.27	\$1,574	\$1,615	-\$42
Inception	11.24	10.92	0.32	\$10,415	\$9,782	\$633

# ALLIANCEBERNSTEIN L.P.

## BERNSTEIN US DIV VAL (OPT S&P 500)

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	10	Portfolio Managers	181
Research Analysts	83	Research Analysts	363
Traders	25	Traders	42
Marketing	0	Marketing	78
Total Equity	118	Client Service	0

**EQUITY INVESTMENT PHILOSOPHY** - Across all geographies, our investment philosophy is value-based; we seek to buy the greatest amount of long-term earnings for the best price. Investors often overreact to near-term events, causing securities to become mispriced relative to their true values or long-term earnings prospects. We use our deep fundamental research capabilities to distinguish those companies that are undergoing temporary stress from those that deserve their depressed valuations, and we look to exploit mispricings created by investor overreaction. Bernstein US Diversified Value (Russell 1000 Value optimization) aims to outperform its benchmark by approximately 150 basis points per year (before fees) over full market cycles, with a tracking error of between 300 and 400 basis points on average.

**INVESTMENT DECISION-MAKING PROCESS** - The investment process for Bernstein US Diversified Value is research-driven and bottom-up. We begin with a research universe of approximately 650 large cap US companies drawn primarily from the S&P 500 and Russell 1000 Value Indices. For each of these companies, our analysts develop five-year forecasts of normalized earnings power, free cash flow and balance-sheet items. Our proprietary dividend discount model links the present value of a company's cash flows, as forecast by our analysts, with stock prices to compute expected return estimates for every stock. We are then able to compare the expected returns of all large-cap US stocks, regardless of their industry, growth rate, earnings cyclicality or dividend policy. Stocks are then ranked on the basis of their expected returns. We focus our most intensive research on stocks with the highest return potentials. Organized by global industry, our analysts devote themselves to intensive field research at the most fundamental level. They conduct several thousand meetings a year, meeting with multiple levels of company management as well as with the company's customers, competitors and suppliers. But what distinguishes our research effort is the detail with which we review financial information and business conditions and the lengths to which our analysts will go to develop their research insights. For instance, we have conducted studies, many internally and some with outside specialists, to help analyze industry capacity and operating efficiencies. In particular, our analysts focus on a company's earnings power over the next five years, balance sheet strength and free cash flow, which is most important to shareholders. We also attempt to look past the aggressive accounting practices companies can legally use to understand their true operating earnings and cash flows, making adjustments to our forecasts as necessary. Buy/Sell Before stocks are considered for inclusion in the portfolio, our senior investment professionals meet with our analysts to review

their forecasts. Through these research review meetings, we ensure that our analysts' forecasts are insightful and consistent—across industries, companies and at different points in the cycle. To establish a high degree of conviction, we also test key forecast variables under a range of scenarios. Because cheap stocks can get cheaper before they recover, we optimize the timing of buys and sells through the use of momentum and earnings-revisions-based tools. When negative, these tools often reflect deterioration in a company's operations and warn of poor stock performance ahead. As a result, we would delay buying the stock. When positive, our tools could signal continued strong performance. We would then likely accelerate a purchase. Finally, to avoid over-concentration, we use a 19-factor risk model. This model includes 12 broad industry sectors and various measures of financial and valuation characteristics that can cause stocks to trade in tandem. Only if a stock's return potential remains attractive once we have adjusted for these risks will we consider it a candidate for purchase. The timing tools and factor risk model outputs are explicitly married to the dividend discount model expected returns to derive risk-adjusted returns. It is these risk-adjusted returns that ultimately drive our buy/sell decisions for the portfolio. Our Investment Policy Group meets daily to approve purchases and sales in client portfolios, ensuring that the model portfolio exhibits weights and characteristics consistent with our risk and return objectives. Ultimately we select approximately 125-150 securities for the model portfolio, choosing stocks which offer the highest risk-adjusted return and in whose forecasts we have the strongest conviction. Stocks in the top third of our value universe will generally be overweighted; about 75 - 80% of the portfolio is comprised of these deep-value companies. This is the portion of the portfolio that will produce outperformance. To control tracking error, we typically hold the largest capitalization securities in the index. If such securities are ranked toward the bottom of the universe, we will generally underweight them relative to the benchmark. All potential sales are considered in the context of the potential return and risk that each stock brings to the portfolio. If a security falls in ranking from the top of our risk-adjusted valuation universe to the middle, we generally trim the position to a market weight. If the security's ranking continues to fall into the bottom third of our universe, we generally sell it outright or, if it is a very large capitalization stock, we underweight it for risk control purposes. Trading We use a proprietary system called Smart PSR in the management of our US value equity portfolios. Smart PSR takes external and internal feeds, including, most importantly, security purchases and sales approved daily by the Investment Policy Group, and recommends buys/sells at the client account level. It looks at risk reward tradeoffs in the portfolios and considers the tax impact if applicable. The recommended trades are reviewed then approved on Smart PSR by a portfolio manager. Approved trades flow into our Trade Management system (TMS, which is also proprietary). The orders are then aggregated by product and limits are calculated for each aggregated order by TMS. Senior Investment Management then

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# ALLIANCEBERNSTEIN L.P.

## BERNSTEIN US DIV VAL (OPT S&P 500)

reviews orders and signs off on TMS. Once order signoff is complete orders and limits are then released to our buy-side trading desk. TMS also is used to allocate completed orders back to client accounts. TMS is programmed with certain quality control features designed to ensure the accuracy of executions against a variety of order characteristics (buy/sell, order size, limit, client restrictions). Executions which violate any of these parameters cannot be entered into the trading system and allocated. External Research Although the majority of our research is conducted in-house—approximately 90%, we also obtain research from external sources to supplement our internal research.

**ORGANIZATION AND OWNERSHIP** - AllianceBernstein L.P. was originally founded and registered with the SEC as an independent investment advisor under the name Alliance Capital Management Corporation (Alliance Capital) on January 17, 1971 as a result of the merger of the investment management department of Donaldson, Lufkin & Jenrette (“DLJ”) and Moody’s Investors Service investment advisory business. DLJ and Alliance Capital were acquired by The Equitable Life Assurance Society of the United States (“AXA Financial”) in 1985. In 1988, Alliance Capital went public as a master limited partnership, and was listed on the New York Stock Exchange under the symbol “AC.” Alliance Capital acquired Sanford C. Bernstein & Co., Inc. on October 2, 2000. Sanford C. Bernstein & Co., Inc. was founded in 1967 to provide investment research and manage assets for both private and institutional investors. On February 24, 2006, Alliance Capital Management Holding L.P. and Alliance Capital Management L.P. changed their names to AllianceBernstein Holding L.P. and AllianceBernstein L.P., respectively. The new name better describes the character of our business and the shared mission, values, dedication to research and client focus of all of our employees. AllianceBernstein Holding L.P. units currently are listed on the New York Stock Exchange under the symbol “AB.” As of June 30, 2006, AllianceBernstein L.P. had an ownership structure as follows: •32.7% owned by AllianceBernstein Holding L.P. (“AllianceBernstein Holding” is a holding company that is publicly traded on the New York Stock Exchange under the ticker symbol “AB.”) •60.6% owned by AXA Financial, Inc. (Includes ownership of AllianceBernstein units, indirect ownership of AllianceBernstein units through its interest in AllianceBernstein Holding, and general partnership interests in AllianceBernstein and AllianceBernstein Holding. AXA Financial, Inc. is a wholly-owned subsidiary of AXA, one of the world’s largest global financial services organizations.) •6.7% owned by AllianceBernstein employees AllianceBernstein is affiliated with a number of financial service organizations, the most prominent being AXA, a global financial services and insurance company organized in France; AXA Financial, Inc., a global financial services organization; AXA Equitable Life Insurance Company, a US insurance company; Sanford C. Bernstein & Co., LLC, a US-registered broker-dealer; and Sanford C. Bernstein Ltd., a UK-registered broker-dealer. AXA,

AXA Financial, and AXA Equitable are parents of AllianceBernstein. Sanford C. Bernstein & Co., LLC and Sanford C. Bernstein Ltd. are wholly-owned subsidiaries of AllianceBernstein.

Offered WRAP/TAMP Program: Charles Schwab & Company

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