

High Yield Spreads Remain Attractive

Bank of America/Merrill Lynch High Yield Index Current Yield-to-Maturity = 8.6%

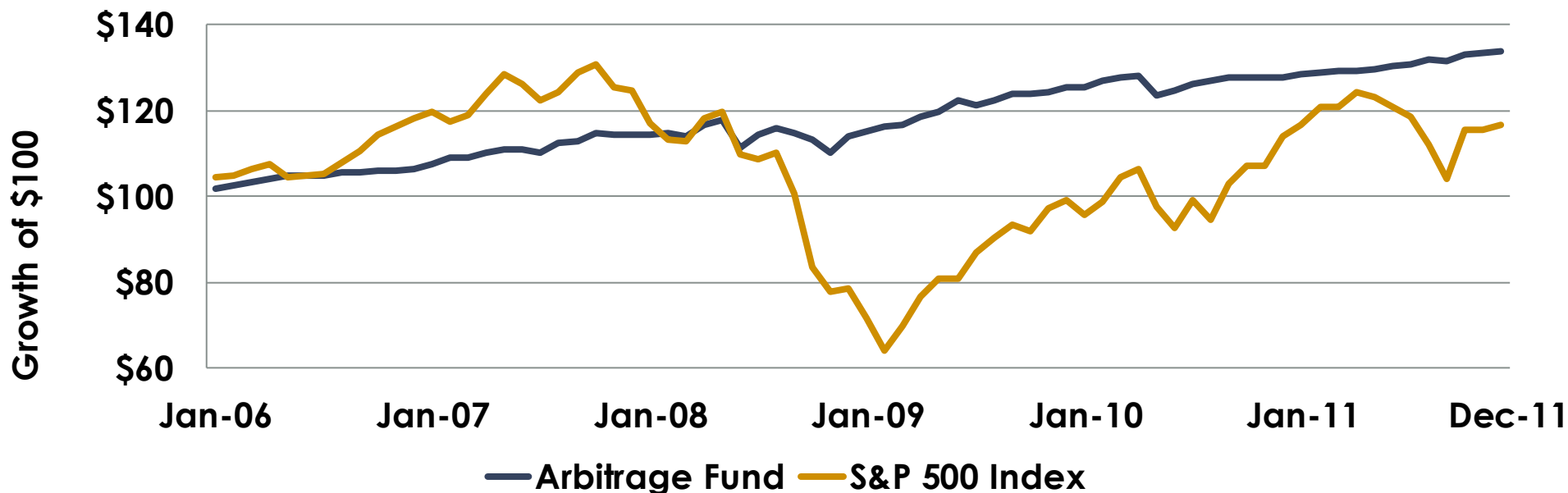


High Yield Bonds Offer an Attractive Risk-Reward Profile

	January 1985 – December 2011	
	Return	Standard Deviation
S&P 500	10.4%	15.7%
High Yield Bond Index	9.5%	8.1%



Alternative Investments Reduce Volatility

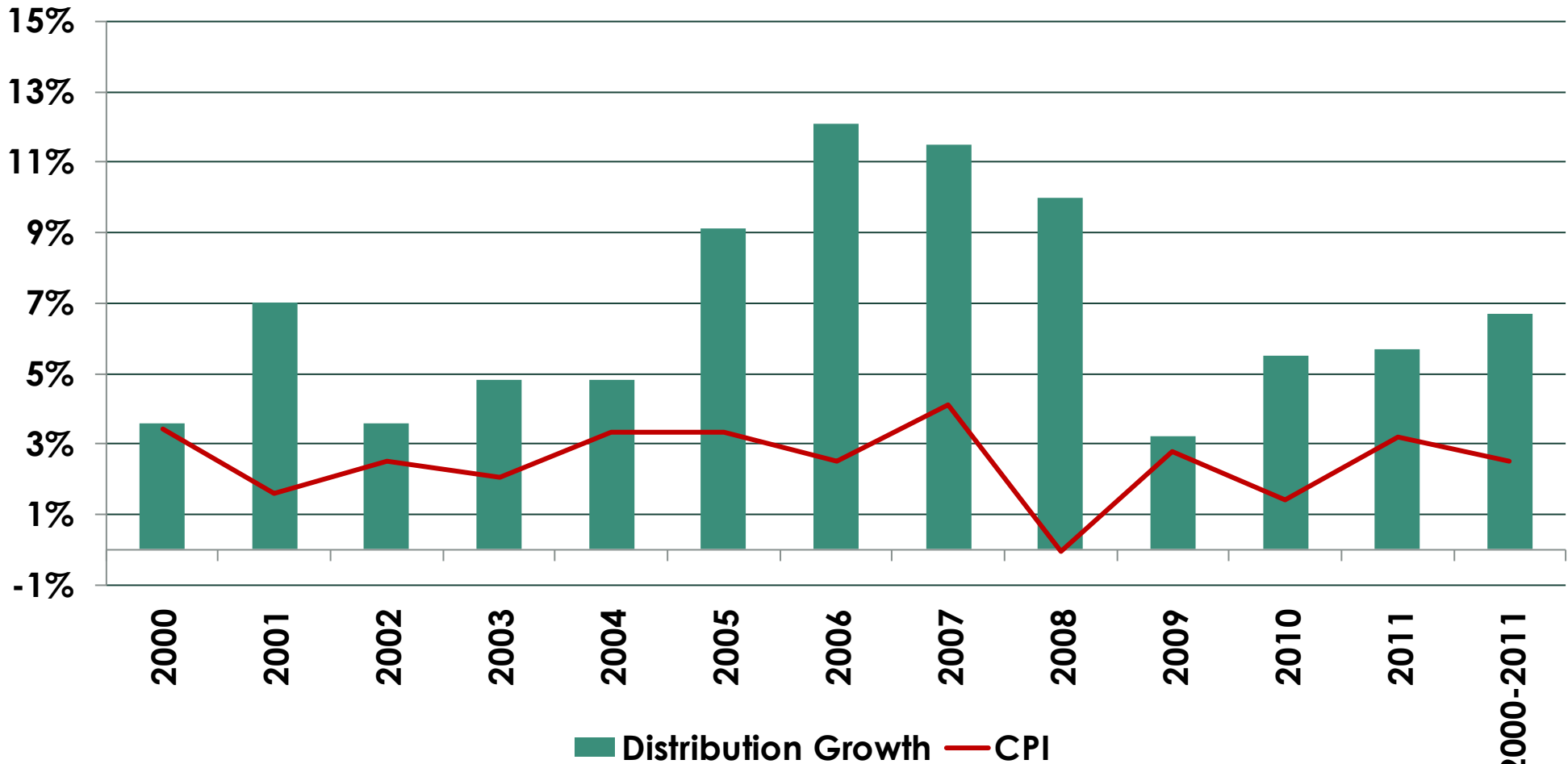


	Arbitrage Fund	S&P 500
2006	6.08%	15.79%
2007	7.48%	5.49%
2008	-0.55%	-37.00%
2009	10.17%	26.46%
2010	1.76%	15.06%
2011	4.74%	2.11%
Cumulative Compounded Total Return	33.16%	15.35%
Annual Standard Deviation	4.17%	17.42%



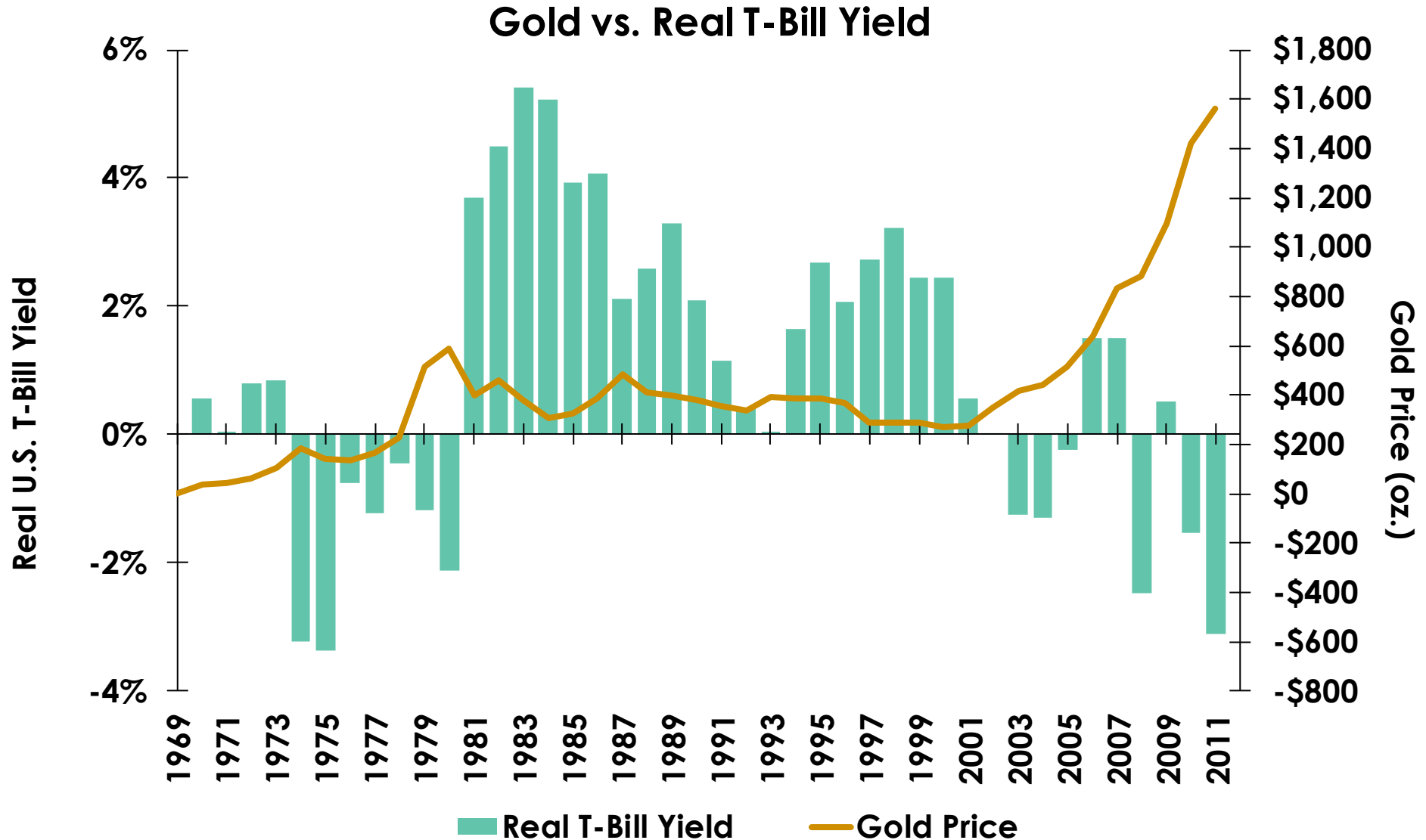
MLP Distribution Yield And Growth Are Attractive

MLP Distribution Growth vs. Inflation
Current Distribution Yield = 6.0%



2000-2011

Gold Performs Well When Real Interest Rates Are Low



The Real T-Bill Yield is calculated using the monthly 3-month U.S. Treasury Bill yield and CPI-U for the inflation rate. Gold prices used are month-end Bloomberg spot prices. Data as of December 31, 2011.



Conclusions

- Favor high quality, large cap stocks with a solid and growing dividend
- Maintain allocation to international equities based on appealing valuation and high dividend yields
- Bond returns will be lower than historical averages
- Including alternatives and real assets in portfolio construction increases diversification and reduces risk

