



Knox County Employee Retirement and Asset

Retirement Plan - Performance Update

Month End - December, 2011

**This report is a multi-page report. Please see page numbers to verify receipt of all pages.
This report is incomplete and should not be relied upon, unless it contains all pages and sections.**

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You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. The prospectuses and other comparable documents contain this and other information about the investment options. They may be obtained by calling the Plan's record keeper - USI Consulting Group at (866) 305-8846 or by visiting the plan's participant Web Site at http://www.usicg.com/direct_solutions.asp. You should read the prospectuses and/or other comparable documents carefully before investing.

The performance data contained herein represents past performance, which does not guarantee future results. Investment returns and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or high than the performance data quoted. Please contact USI Consulting Group at (866) 305-8846 to obtain performance data current to the most recent month-end. All total returns for the funds listed assume the reinvestment of all dividends and capital gains distributions at net asset value when paid.

Furthermore, the total returns do not reflect the deduction of any initial sales charges as these charges are not applicable to eligible retirement plans. Had these sales charges been deducted, results would have been lower than shown. In certain circumstances, a back-end sales charge may be assessed upon redemption of shares within a particular timeframe. Please refer to the prospectus and/or statement of additional information for specific details. Please note that there are other charges and expenses that apply to the investment options, such as management fees, which are reflected in their net investment return. For certain investment options, the returns reflect subsidies and waivers, without which the results would have been lower than noted. These subsidies and waivers may not continue to remain in effect. Please note that certain funds will charge a redemption fee for short-term trading. The returns shown do not reflect short-term trading fees; if included, results would have been less than shown.

INVESTMENT RISKS:

Investing in mutual funds, which are intended as long-term investments, involves risk, including the possible loss of principal. It is important to understand that certain types of securities and/or investment strategies employed by mutual funds may expose an investor to additional inherent risks.

Investments in **foreign securities** are subject to special additional risks, including currency risk, political risk, and risk associated with varying accounting standards. Funds invested in **emerging markets** may accentuate these risks. **Sector funds** (those funds that invest exclusively in one sector or industry), such as technology or real estate stocks, are subject to substantial volatility due to adverse political, economic, or other developments and may carry additional risk resulting from lack of industry diversification. **Non-diversified funds**, which invest more of their assets in a single issuer, may experience substantial volatility due to the increased concentration of investments. Funds that invest in **small or mid-capitalization companies** may experience a greater degree of market volatility, and potential for business failure, than those of large-capitalization stocks and are riskier investments.

Bond funds have the same interest rate, inflation, and credit risks as associated with the underlying bonds owned by the fund. Generally, the value of bond funds rises when prevailing interest rates fall and falls when interest rates rise. Funds that invest in lower-rated debt securities, commonly referred to as **high yield or junk bonds**, have additional risks and may be subject to greater market fluctuations and risk of loss of income and principal (relative to higher-rated securities), due to the lower credit quality of the securities and increased risk of default. Bear in mind that higher return potential is accompanied by higher risk.

Diversification: Although diversification is not a guarantee against loss, it is an effective strategy to help you manage risk. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. There are no assurances that your investment objectives will be achieved.

*Some investments made available by the Plan Sponsor (e.g., stable value funds, etc.) are structured either as collective trust funds or insurance company separate accounts, but are not mutual funds; consequently, they are not registered with or regulated by the U.S. Securities and Exchange Commission. Those established as collective trusts are typically operated and offered by banks and/or trust companies or their affiliates and are regulated by banking regulators. Those established as insurance company separate accounts are typically operated by insurance companies and are regulated by state insurance departments. For a copy of the investment's "Summary Information Booklet" and/or information flyer, please call USI Consulting Group at (866) 305-8846.

The **Model Portfolios identified in this report (if any) are not mutual funds or securities in and of themselves, rather they are asset allocation models comprised of several complementary investments: their individual performance and allocation as a percentage of the Model Portfolio are shown. The individual investments that comprise the Model Portfolios have not been made available by the Plan Sponsor for direct investment. The Gross Expense Ratio shown for each Model Portfolio reflects a blended average weighted expense ratio. Please note that each Model Portfolio's performance figures have been adjusted to reflect the blended historical performance and expense ratio of the underlying investments *currently* within the portfolio. Actual performance of the Model Portfolios, which reflects changes in investments and/or allocations, is not shown or available.

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Knox County Employee Retirement and Asset Accumulation Plan

All Data
as of: 12/31/2011

Investment Name	Ticker Symbol	Tot Ret YTD	Tot Ret 12 Mo	Tot Ret Annlzd 5 Yr	Tot Ret Annlzd 10 Yr	Tot Ret Annlzd Since Inception	Inception Date	Gross Expense Ratio	Net Expense Ratio***
Morley Stable Value II	-	1.62	1.62	2.60	3.18	-	-	0.75	0.75
Sentinel Short Maturity Govt A	SSIGX	1.44	1.44	3.95	3.51	4.59	3/27/1995	0.84	0.84
Vanguard Total Bond Market Index Signal	VBTSX	7.69	7.69	6.48	5.54	6.50	9/1/2006	0.11	0.11
MFS Research Bond A	MRBFX	6.47	6.47	6.32	5.96	6.16	1/4/1999	0.91	0.81
JPMorgan High Yield A	OHYAX	2.26	2.26	6.43	8.08	6.51	11/13/1998	1.33	1.16
Vanguard LifeStrategy Income Inv	VASIX	3.77	3.77	3.93	4.74	6.88	9/30/1994	0.13	0.13
Vanguard LifeStrategy Cnsvr Gr Inv	VSCGX	1.76	1.76	2.65	4.61	7.06	9/30/1994	0.15	0.15
Vanguard LifeStrategy Growth Inv	VASGX	-2.28	-2.28	-0.19	4.12	7.26	9/30/1994	0.17	0.17
Pioneer Cullen Value A	CVFCX	-4.62	-4.62	-1.90	5.72	5.92	7/3/2000	1.13	1.13
Vanguard 500 Index Signal	VIFSX	2.08	2.08	-0.23	2.87	1.02	9/29/2006	0.06	0.06
Sentinel Common Stock A	SENCX	1.44	1.44	1.12	4.46	10.52	1/2/1934	1.16	1.16
JPMorgan Large Cap Growth A	OLGAX	2.72	2.72	4.68	3.05	6.41	2/22/1994	1.31	1.10
Franklin Flex Cap Growth A	FKCGX	-4.02	-4.02	2.06	4.01	10.57	10/30/1991	0.98	0.98
JHancock3 Disciplined Value Mid Cap A	JVMAX	0.32	0.32	4.26	8.28	7.89	6/2/1997	1.38	1.35
Vanguard Mid Cap Index Signal	VMISX	-1.99	-1.99	1.34	6.72	0.45	3/30/2007	0.12	0.12
Columbia Acorn A	LACAX	-4.91	-4.91	1.82	7.85	8.17	10/13/2000	1.07	1.07
Delaware Small Cap Value A	DEVLX	-1.15	-1.15	1.90	8.26	11.07	6/24/1987	1.49	1.44
Sentinel Small Company A	SAGWX	2.84	2.84	3.38	7.29	10.65	3/1/1993	1.17	1.17
American Funds New Perspective A	ANWPX	-7.60	-7.60	0.65	6.10	12.07	3/13/1973	0.77	0.77
Dodge & Cox International Stock	DODFX	-15.97	-15.97	-3.45	7.99	6.73	5/1/2001	0.65	0.65
Oppenheimer International Growth A	OIGAX	-7.71	-7.71	-0.84	6.37	7.67	3/25/1996	1.39	1.34
Templeton Developing Markets A	TEDMX	-15.85	-15.85	0.40	12.61	7.32	10/16/1991	1.72	1.71
Invesco Real Estate A	IARAX	7.58	7.58	-1.52	11.50	9.32	12/31/1996	1.31	1.31
Vanguard Health Care Adm	VGHAX	11.51	11.51	4.10	6.80	7.00	11/12/2001	0.30	0.30

Money Market Mutual Fund Name

N/A

7 Day Average Income Yield, net of expenses = N/A

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to maintain the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Keep in mind that a money market's 7-day yield more closely reflects the current earnings of the money market fund than the total return quotations.

Target Allocation %	Model Portfolio Name**	Ticker Symbol	Tot Ret YTD	Tot Ret 12 Mo	Tot Ret Annlzd 5 Yr	Tot Ret Annlzd 10 Yr	Tot Ret Annlzd Since Inception	Inception Date	Gross Expense Ratio**	Net Expense Ratio***
100%	Fixed Income Model Portfolio	-	2.16	2.16	3.17	3.54	3.95	1/1/2000	1.01	1.00
80%	Morley Stable Value III*	-	1.37	1.37	2.34	2.92	-	-	1.00	1.00
5%	ING GNMA Income A	LEXNX	7.43	7.43	6.25	5.33	6.98	8/17/1973	0.93	0.93
5%	JPMorgan Core Bond A	PGBOX	7.18	7.18	6.86	5.78	6.73	5/1/1992	0.98	0.76
5%	Eaton Vance Government Obligations A	EVGOX	3.64	3.64	5.57	4.35	6.86	8/24/1984	1.15	1.15
5%	Pioneer Strategic Income A	PSRAX	3.11	3.11	7.17	8.46	7.50	4/15/1999	1.10	1.10
100%	Conservative Model Portfolio	-	2.02	2.02	3.55	4.46	4.46	1/1/2002	0.56	0.56
70%	Diversified Stable Value*	-	2.97	2.97	4.07	4.33	-	-	0.50	0.50
10%	American Funds Invmt Co of Amer A	AIVSX	-1.76	-1.76	-0.86	3.48	11.96	1/2/1934	0.61	0.61
10%	American Funds New Economy A	ANEFX	-5.65	-5.65	0.11	4.09	10.21	12/1/1983	0.86	0.86
5%	American Funds Interm Bond Fd of Amer A	AIBAX	3.71	3.71	3.64	3.54	5.52	2/19/1988	0.60	0.60
5%	Franklin US Government Secs A	FKUSX	6.81	6.81	6.18	5.13	6.89	5/29/1970	0.73	0.73
100%	Moderate Model Portfolio	-	0.53	0.53	2.84	4.09	4.15	1/1/2000	0.85	0.83
50%	Federated Capital Preservation Fund*	-	1.76	1.76	3.25	3.63	-	-	0.55	0.55
15%	Calvert Equity A	CSIEX	-2.23	-2.23	1.62	3.28	7.04	8/24/1987	1.23	1.23
10%	Pioneer Bond A	PIOBX	5.08	5.08	6.55	6.19	7.86	10/31/1978	1.06	0.85
10%	T. Rowe Price Equity Income R	RRFDX	-1.24	-1.24	-1.44	3.58	6.51	9/30/2002	1.22	1.21
10%	Pioneer A	PIODX	-4.58	-4.58	-1.18	2.61	11.64	2/10/1928	1.16	1.16
5%	Franklin Small-Mid Cap Growth A	FRSGX	-4.89	-4.89	2.34	3.87	9.78	2/14/1992	1.01	1.00
100%	Balanced Model Portfolio	-	-0.37	-0.37	2.58	-	5.46	1/1/2004	1.14	1.13
10%	Calvert Income A	CFICX	2.63	2.63	3.29	4.83	8.14	10/12/1982	1.23	1.23
15%	Calvert Short Duration Income A	CSDAX	0.38	0.38	4.09	-	5.27	1/31/2002	1.14	1.08
15%	American Funds AMCAP A	AMCPX	0.38	0.38	1.31	3.68	11.06	5/1/1967	0.73	0.73

Quarter Performance

15%	Ivy International Core Equity A	VIAX	-13.98	-13.98	-0.51	6.67	4.07	5/13/1997	1.46	1.46
8%	Pioneer Equity Income A	PEQIX	6.40	6.40	-0.28	4.34	8.89	7/25/1990	1.19	1.19
7%	Sit Dividend Growth S	SDVSX	2.98	2.98	3.45	-	4.92	3/31/2006	1.42	1.42
7%	Sentinel Mid Cap Value A	SYVAX	1.73	1.73	0.64	6.95	7.65	10/24/2001	1.49	1.42
4%	AllianceBern Small Cap Growth A	QUASX	4.13	4.13	4.84	5.37	9.54	2/12/1969	1.43	1.43
4%	Columbia Small Cap Value Fund I Class A	CSMIX	-6.24	-6.24	0.50	7.45	8.76	7/25/1986	1.33	1.33
15%	Transamerica Stable Value - 470	-	2.48	2.48	3.19	-	-	-	0.75	0.75
100%	Aggressive Model Portfolio	-	-1.04	-1.04	1.90	6.65	6.97	11/21/2001	1.16	1.16
20%	JHancock3 Disciplined Value A	JVLAX	0.00	0.00	-0.23	4.26	6.26	1/16/1997	1.26	1.26
20%	T. Rowe Price Growth Stock R	RRGSX	-1.46	-1.46	0.64	3.15	7.33	9/30/2002	1.20	1.20
20%	INVESCO Stable Value*	-	1.68	1.68	2.80	3.35	-	-	0.70	0.70
10%	Invesco International Small Company A	IEGAX	-3.03	-3.03	1.62	16.44	11.02	8/31/2000	1.58	1.58
10%	First Eagle Overseas A	SGOVX	-5.60	-5.60	3.07	12.42	11.71	8/31/1993	1.17	1.17
10%	Oppenheimer Main Street Sm & Mid Cap A	OPMSX	-2.65	-2.65	-0.05	6.32	9.11	8/2/1999	1.25	1.24
5%	Columbia Mid Cap Value A	CMUAX	-4.28	-4.28	-0.55	6.44	6.98	11/20/2001	1.15	1.15
5%	Ivy Mid Cap Growth A	WMGAX	-0.61	-0.61	5.95	6.42	5.03	6/30/2000	1.49	1.49
100%	Ultra Aggressive Model Portfolio	-	-7.27	-7.27	1.74	7.45	6.86	6/19/2001	1.16	1.12
10%	American Funds Fundamental Investors A	ANCFX	-1.89	-1.89	0.43	5.39	12.05	8/1/1978	0.64	0.64
5%	Ivy Large Cap Growth A	WLGAX	1.85	1.85	2.98	4.13	2.68	6/30/2000	1.25	1.15
7%	Dreyfus Research Growth A	DWOAX	-3.53	-3.53	2.56	3.04	7.48	9/30/2008	1.36	1.13
13%	Nuveen Mid Cap Growth Opp A	FRSLX	-2.95	-2.95	2.65	6.69	9.25	1/9/1995	1.29	1.29
15%	Columbia Multi-Advisor Sm Cp Val A	ASVAX	-8.12	-8.12	1.12	6.43	7.09	6/18/2001	1.66	1.52
25%	American Funds EuroPacific Gr A	AEPGX	-13.58	-13.58	-1.43	6.56	11.13	4/16/1984	0.82	0.82
5%	Columbia Acorn International A	LAIX	-14.37	-14.37	-0.16	9.85	5.93	10/13/2000	1.35	1.31
5%	Oppenheimer Developing Markets A	ODMAX	-18.10	-18.10	5.63	17.53	14.40	11/18/1996	1.30	1.30
10%	First Eagle Global A	SGENX	-0.19	-0.19	4.59	12.02	12.11	4/28/1970	1.16	1.16
5%	Columbia Seligman Comms & Info A	SLMCX	-4.86	-4.86	5.06	5.23	12.77	6/23/1983	1.36	1.36

***The Net Expense Ratio reflects the current expenses being assessed by the fund and indicates that the fund's investment manager with respect to the investment selection has agreed to waive a portion of their management fee and/or provide reimbursements that reduce the Gross Expense Ratio. The waiver and/or reimbursements may be voluntary or contractual and there is no guarantee that they will remain in effect. For important details regarding the fund's expense waiver/reimbursement arrangements, please see the fund prospectus.