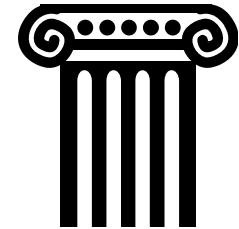


Independent Fiduciary Services®



Presentation to the Members

FREIGHT DRIVERS AND HELPERS LOCAL 557 PENSION FUND

June 20, 2009

*805 15th Street, NW
Suite 1120
Washington, DC 20005
202-898-2270*

*744 Broad Street
Suite 1120
Newark, NJ 07102
973-424-6400*

www.IndependentFiduciary.com

Agenda



- **Capital Market Overview**
 - **Global Economic Crisis - What Happened and Why?**
 - **Market Performance**
 - **After the Bear Market**
- **FD&H Local 557 Pension Fund**
 - **Plan Asset Allocation**
 - **Performance Results**

The information and data provided in this presentation is general in nature and not intended for individual investor use.



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Global Economic Crisis – What Happened?



- **The bursting of a global “credit bubble”**

- Systemic growth of debt relative to income over the past decade – fueled by low interest rates and easy credit – promoted a virtuous cycle of favorable economic conditions
- A rapid unwinding of this debt led to a vicious cycle of asset price declines and high market volatility – leading to severe contractions in the global economy



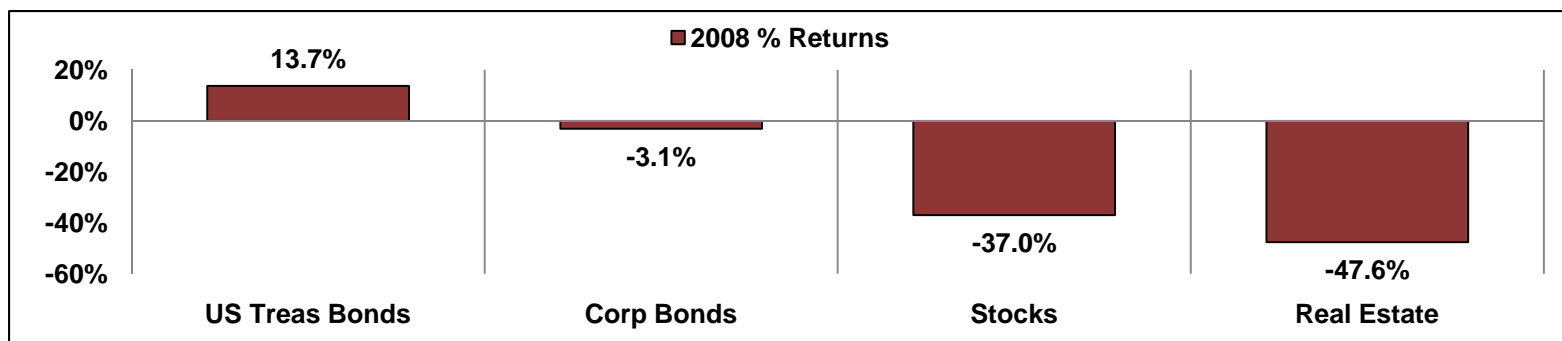
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Global Economic Crisis – Market Impact



- **Market anxiety rose with a growing fear of a collapse in the global financial system**
- **Panic selling overwhelmed fundamental investment factors, leading to a dramatic “flight to quality” (i.e., sell risk, buy risk-free)**
- **For most institutional investors, the typical portfolio of risk-oriented assets – equities, non-government bonds and real estate – designed to meet long-term investment objectives, dramatically underperformed “risk-free assets” like US Treasury Bonds and Bills**



Source: Morningstar

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Market Performance – Calendar Year Returns



Index	Calendar Year % Returns								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Wilshire 5000 (Total Stock Market)	(10.90)	(10.98)	(20.86)	31.67	12.46	6.38	15.77	5.62	(37.23)
S&P 500 (Large Stocks)	(9.10)	(11.89)	(22.10)	28.68	10.88	4.91	15.79	5.49	(37.00)
Russell 2000 (Small Stocks)	(3.02)	2.49	(20.48)	47.25	18.33	4.55	18.37	(1.57)	(33.79)
MSCI EAFE (Int'l Stocks)	(14.17)	(21.44)	(15.94)	38.59	20.25	13.54	26.34	11.17	(43.38)
BC Aggregate (High Quality Bonds)	11.63	8.44	10.25	4.10	4.34	2.43	4.33	6.97	5.24
Citi World Bond (Global Bonds)	1.60	(0.99)	19.5	14.93	10.36	(6.87)	6.09	10.95	10.87
S&P Dev Property (Real Estate)	13.20	1.62	2.84	41.12	36.56	14.84	40.26	(7.27)	(47.61)
3 Month US T-Bills (Cash)	6.16	4.44	1.81	1.17	1.33	3.07	4.81	5.01	2.05

Source: Morningstar

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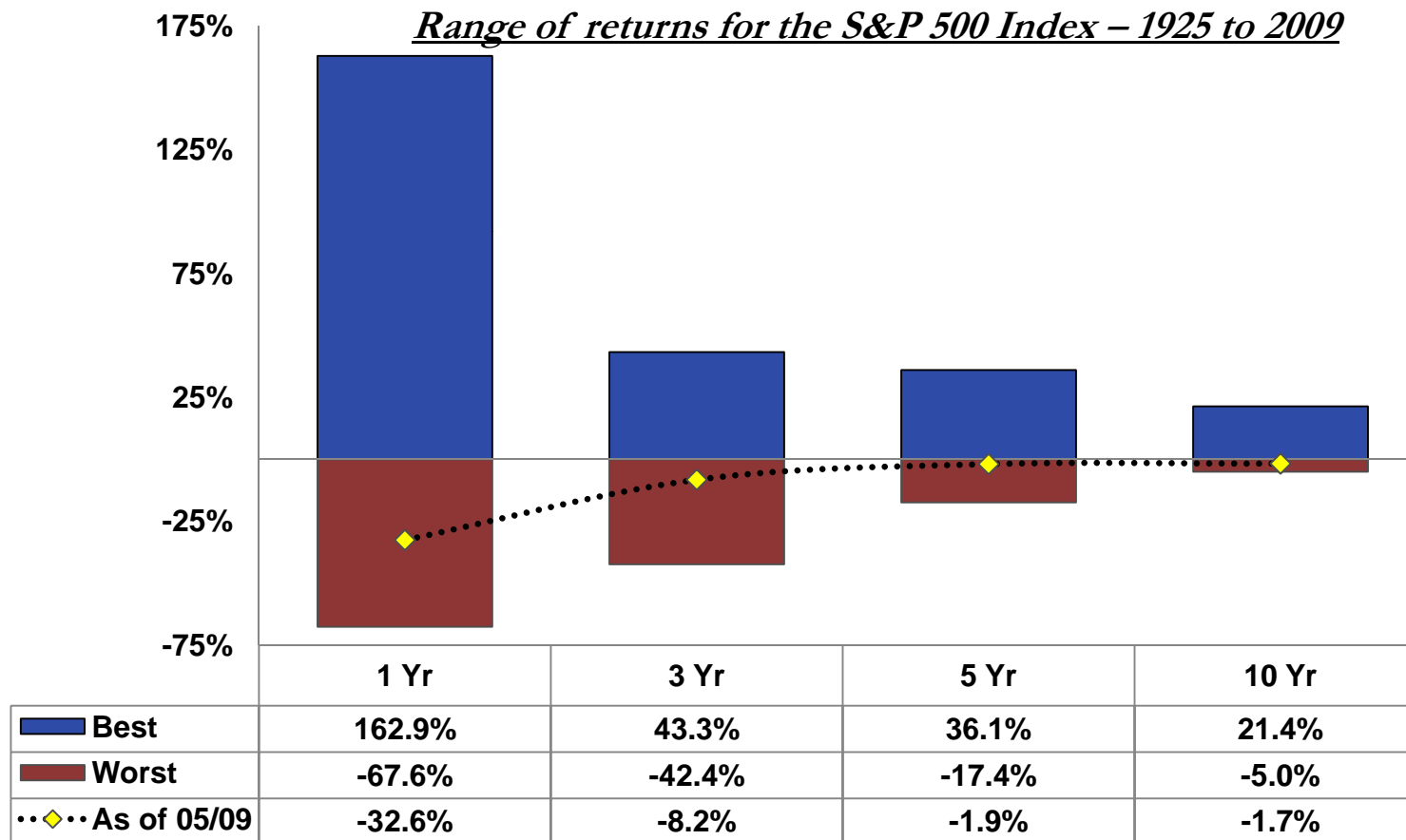


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Short and Long-Term Stock Market Returns



- Stock market returns can vary considerably in the short-term, but tend to be less volatile over longer periods of time



Source: Wilshire Associates

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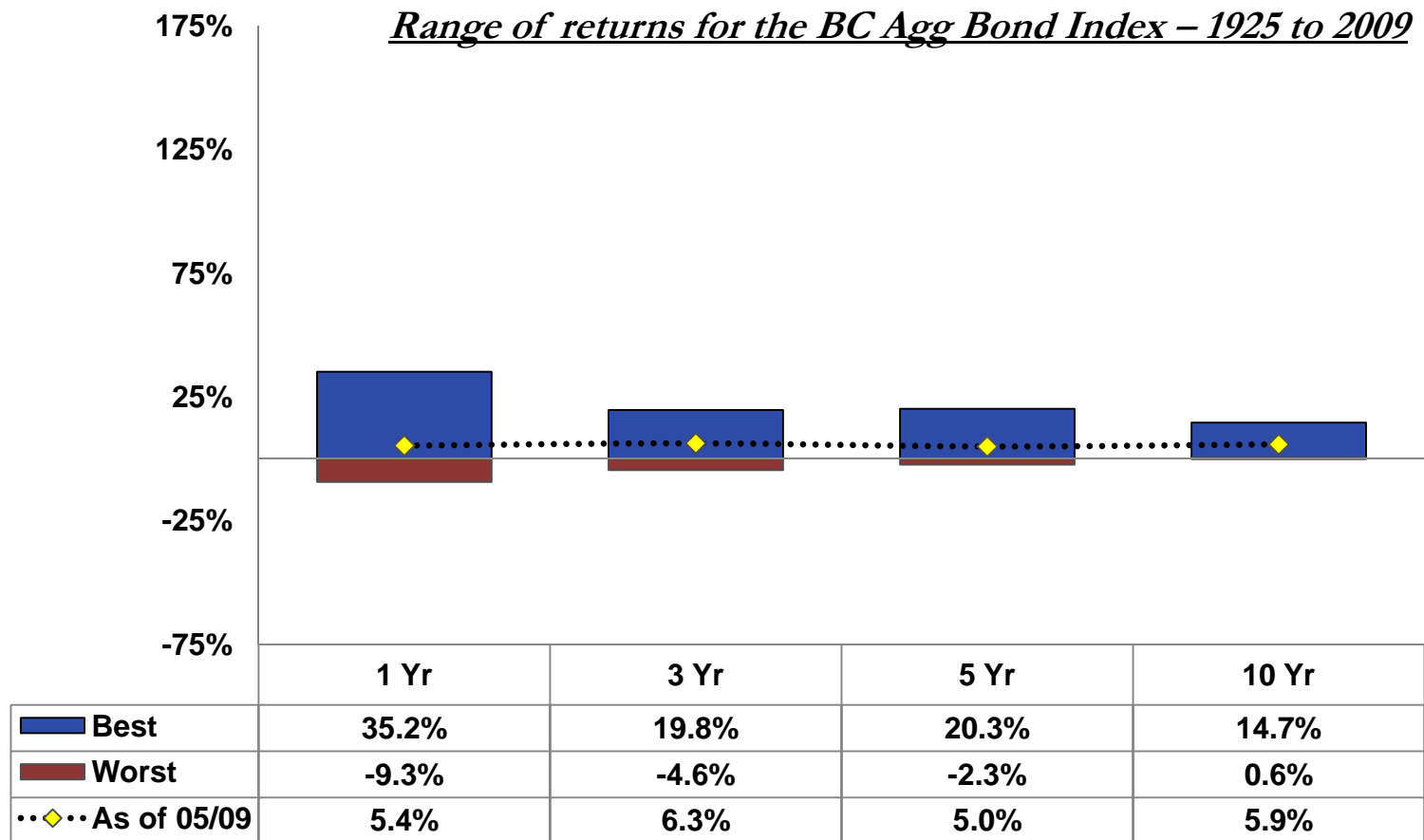


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Short and Long-Term Bond Market Returns



- Bond market returns are more stable, but some sectors such as corporate bonds or mortgage-backed securities can be more risky over the short-term



Source: Wilshire Associates

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Current Market Environment



- Overall market sentiment shifted dramatically in early March 2009 – from “risk aversion” to “risk taking”
- Fed Chairman Ben Bernanke recently said the Federal Reserve saw the economy sprouting “green shoots” – early signs of a recovery
 - ISM Manufacturing index showed improvements in March – May
 - Consumer sentiment has risen
 - Monthly job growth still negative, but less so
 - Weekly unemployment claims are declining
 - New and existing home sales; stabilizing prices, falling inventories and improving supply/demand

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Market Performance – As of 5/31/09



Index	2008 Bear Market Peak to Low*	3 Mos.	Since March 9 Market Low	YTD	1 Year	Annualized		
						3 Yrs	5 Yrs	10 Yrs
Wilshire 5000 (Total Stock Market)	(55.40)	26.49	37.83	4.08	(32.64)	(8.18)	(1.26)	(0.86)
S&P 500 (Large Stocks)	(55.25)	25.83	36.61	2.96	(32.57)	(8.24)	(1.90)	(1.71)
Russell 2000 (Small Stocks)	(58.53)	29.56	46.74	1.15	(31.79)	(10.13)	(1.18)	2.68
MSCI EAFE (Int'l Stocks)	(59.49)	34.14	46.77	8.57	(36.61)	(7.80)	2.87	1.61
BC Aggregate (High Quality Bonds)	7.18	2.61	2.54	1.32	5.36	6.30	5.01	5.88
Citi World Bond (Global Bonds)	7.62	5.99	6.20	(1.61)	4.35	7.35	6.08	6.33
S&P Dev Property (Real Estate)	(70.61)	45.29	64.34	5.47	(43.10)	(12.84)	1.31	6.26
3 Month US T-Bills (Cash)	3.47	0.14	0.12	0.12	1.47	3.51	3.25	3.29

*2008 Bear Market Peak to Low– October 10, 2007 to March 9, 2009

Source: Morningstar

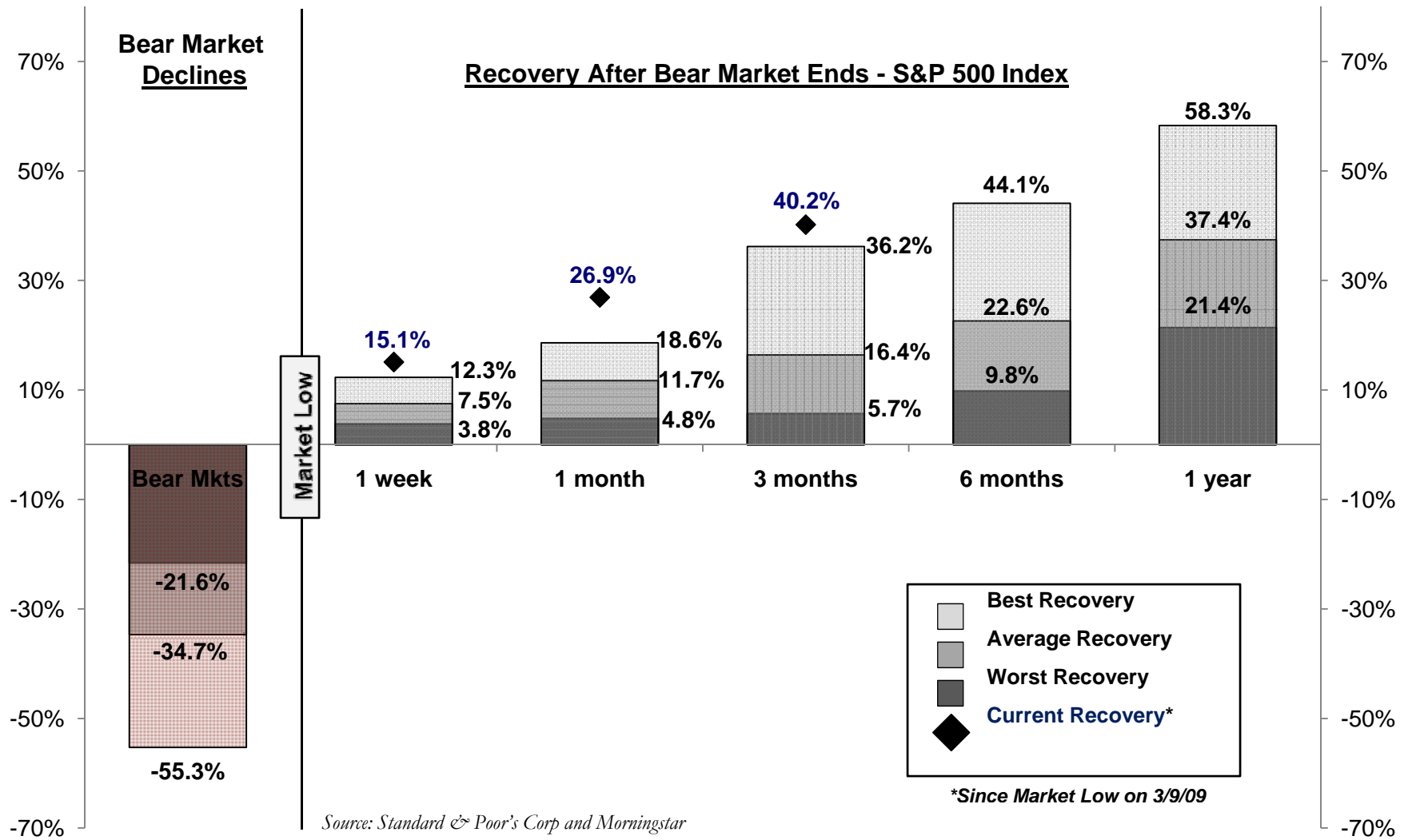
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When Bear Markets End – Market Recoveries since 1945



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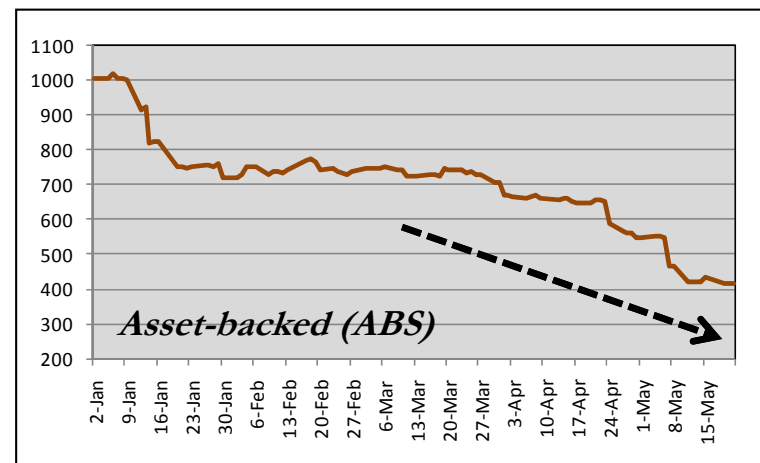
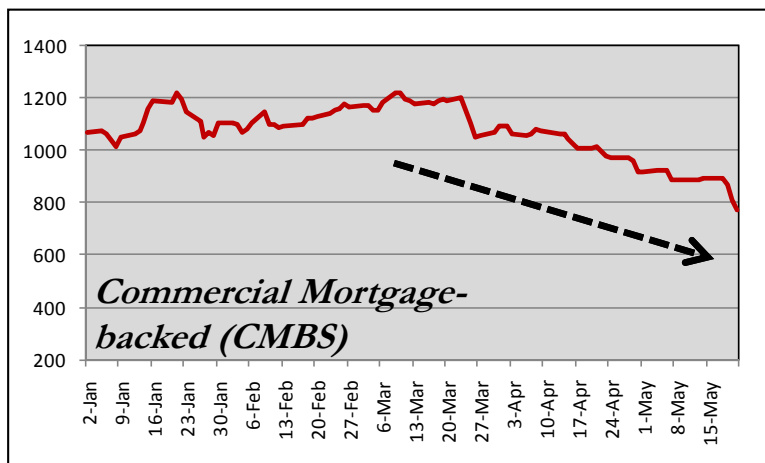
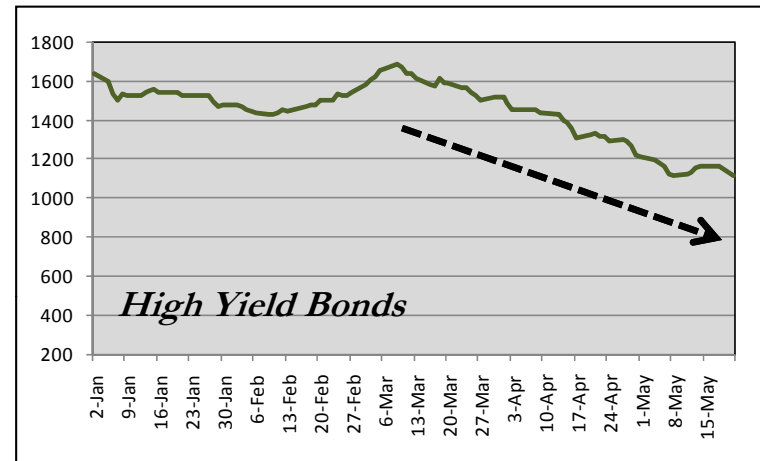
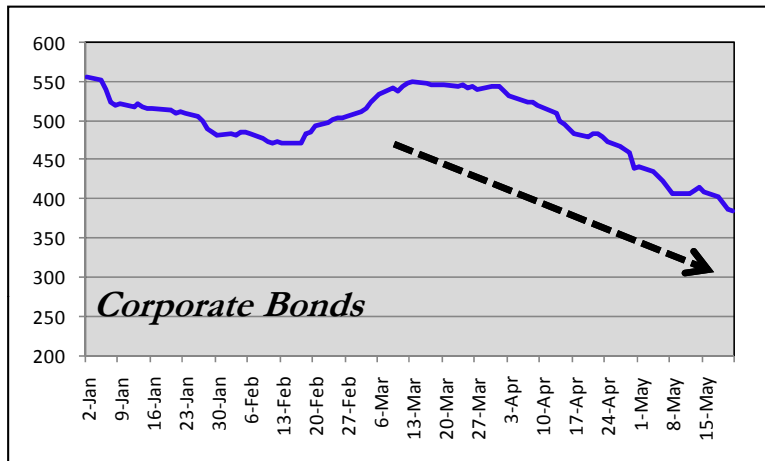


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Bond Market also Improving

- Credit spreads among non-government bond sectors have narrowed



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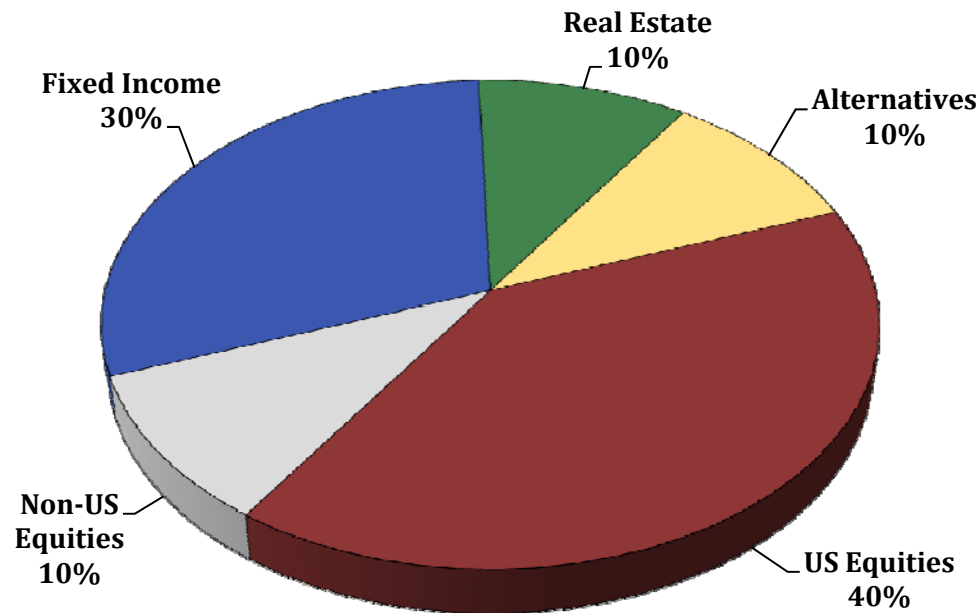


Freight Drivers L557 Pension Plan



- The Plan maintains a target asset allocation across a number of asset classes and styles that, based on historical and expected returns and risks, provide a high likelihood of meeting the Fund's long-term investment objectives

L557 Pension Plan – Asset Allocation Targets



This illustration is for internal use only. The asset allocation targets shown above are based on plan specific investment objectives and should not be considered advice or guidance for individual use.

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Freight Drivers L557 Pension Plan



<u>Total Returns* thru 5/31/09</u>					
	YTD	1 Yrs	3 Yrs	5 Yrs	10 Yrs
Total Plan	3.0%	-17.9%	-2.6%	1.8%	2.3%
Policy Index*	3.4%	-19.0%	-2.4%	1.2%	-1.5%
Variance	(0.5%)	1.1%	(0.2%)	0.5%	3.8%

<u>Calendar Year Returns*</u>										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Plan	3.7%	4.0%	-2.8%	-8.5%	18.2%	9.0%	6.9%	14.0%	4.3%	-21.1%
Policy Index*	21.0%	-9.1%	-11.9%	-22.1%	13.5%	8.2%	3.9%	10.6%	6.6%	-21.6%
Variance	(17.3%)	13.1%	9.1%	13.6%	4.7%	0.8%	3.0%	3.4%	(2.3%)	0.5%

***Policy Index**

12/31/07 – Present: 50% DJ Wilshire 5000/ 10% MSCI EAFE/ 15% LB Agg/ 15% Citi World Bond/ 10% T-Bills +5%
 09/30/05 – 12/31/07: 22.5% S&P 500/ 10% Russell 2000/ 10% MSCI EAFE/ 50% LB Agg/ 7.5% Citi World Bond
 12/31/04 – 09/30/05: 40% S&P 500/ 10% Russell 2000/ 50% LB Agg
 06/30/03 – 12/31/04: 50% S&P 500/ 50% LB Agg
 06/30/90 – 06/30/03: 100% S&P 500

*Returns are gross of administrative / investment management fees. This illustration is for internal use only.
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