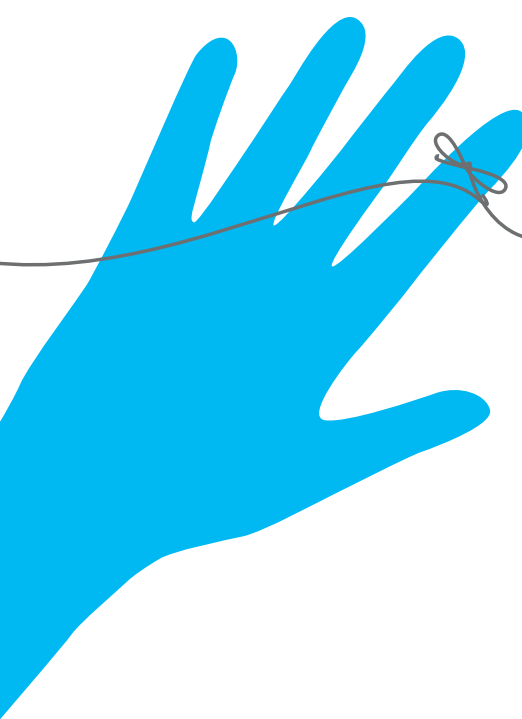




# Vantage Point

A newsletter for investors serious about their financial future.



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Remembering the bad times when things are good can help us avoid even worse times in the future.

By Tim Chapman, Chief Executive Officer

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# 3Q09

# How Quickly We Forget

Remembering the bad times when things are good can help us avoid even worse times in the future.

**By Tim Chapman**  
Chairman and Chief  
Executive Officer,  
Stadion Money  
Management

**A**mnesia can be brought on by injury (post-traumatic) or can be a psychological due to stress, illness or other circumstances. While a serious and very real medical condition, it's still tough for me to grasp how important details can slip away, often unexplainably.

Stock market investors get selective amnesia from time to time. Let's look at how it can happen:

In the late 90's you could pick stocks by throwing a dart at the Wall Street Journal. Everybody was making 30% per year, convinced they were as smart as Warren Buffett. In March 2000 the

technology bubble burst, and by October 2002, all the gains from the late 90's were long gone. Then a new cyclical bull market started. 2003 was a good year, but many investors missed it because they were on the investment sidelines tending to the emotional wounds inflicted by the bear market. 2004 and 2005 were just so-so, and 2006 returns were back in the double digits. 2007 was wonderful, for the first ten months.

By October 2007, the bull market had been galloping along for five years. News headlines were wonderful, the future was bright, and the S&P 500 was at a new all-time high. Investors were scrambling back into stocks and pushing the pedal to the metal.

The 2000 - 02 bear market was so far in the rearview mirror it was totally forgotten. The awful feeling of watching account statements decline month after month was replaced with unbridled optimism. With ten more years like the last five, maybe that retirement house on the beach—a dream that seemingly died a few years earlier—was on the agenda once again. Life was good. Most investors hadn't felt that giddy since March 2000.

Unfortunately they forgot that stocks can, and do, go down. The fourth quarter of 2007 was bad, followed by the first half of 2008, which was terrible, and capped off by the last half of 2008 which was devastating. All the gains that had been accumulated in the five-year bull market were gone.

Everybody can make money when the market is good. But if you don't hang onto it in bad times the nice returns don't matter.

For example, the S&P 500 was up 100% during that 2003 - 2007 cyclical bull market, while at Stadion we only captured about 40% of that gain. But by the end of 2008, the S&P 500 was back to ground zero and we were still up about 35%!

I've said so many times that for long-term investing success, how well you do in the bad times is much more important than how well you do in the good times. Remember, if you're 60 today, you still have 25+ years to live. Historically bear markets come along every four years or so, which means you may still have five or six tough periods in your future. And the younger you are the more of them you face. Don't let one-, two- or even five-year gains cause amnesia. Or you'll be wishing you could forget the damage for the rest of your life. ■

## TO DO:

Review retirement goals

Save more money

Meet with financial advisor

Rebalance portfolio

Review insurance policies

Manage household budget

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# Quarterly Review

An overview of how we've been managing the Stadion accounts this quarter.

## Asset Allocation Commentary

At the beginning of the third quarter of 2009, the Stadion strategies were positioned fully in cash. From the beginning of the quarter until July 17, the markets returned between 2% and 4%, depending on the index. With that upward movement combined with the market internals improving, we returned to the markets, allocating some equities to our strategies.

We started increasing the equity allocations in mid July, and with the markets continuing to perform, by the third week in July, we had moved to our maximum equity allocation based on each risk objective. Our investments played out nicely until the markets took a drastic downturn at the end of August. With the markets down between 3% and 5% from August 27 through September 2, some select positions had reached our sell criteria and we sold them. However, with a quick upturn in the markets over the next few days, it wasn't long before the Stadion investment model was once again signaling for full equity allocations. During the first week of September we added replacement positions to bring the equity allocation back up to the levels dictated by the model. This action turned into the sort of whipsaw trade we had described in last quarter's commentary. For those needing a reminder, a whipsaw trade is when we buy into the market, have to get out quickly, and then buy back in at a slightly higher price. These are inherent in how we

manage money, but the long-term payoff is worth it when we sidestep a major downturn.

Once we purchase initial positions, we diligently monitor them on a daily basis. When we experience sound technical uptrends, our focus is on holding only those asset classes, sectors, or styles which offer the best combination of risk adjusted returns and strong momentum. Therefore, a key driver of performance is our strategy of "trading up." Based on the criteria of our exchange traded fund (ETF) ranking and selection process in confluence with our investment model reading, we initiated a couple trade-ups this month. Similar to a trade-up, when we have an isolated holding that crosses sell criteria during a pullback, our model rules dictate replacing that position. Such circumstance accounted for early September activity.

As we started to approach the end of the quarter it appeared that our positions tracking the Dow Jones Industrial Average, and the consumer staples sectors were not performing as well as other available ETFs. Therefore, after reviewing potential candidates, we sold those holdings and purchased positions following gold, the MSCI EAFE index, and the materials sector. A week after that trade, we made our final position changes of the quarter when we traded up our position in the materials sector in favor of a position in the retail sector.

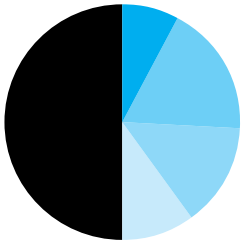
As the quarter came to a close, all portfolios were fully invested based on risk objective. As always, we monitor the portfolio holdings so that we may quickly react to changing market conditions. ■

# Active Management 3Q09

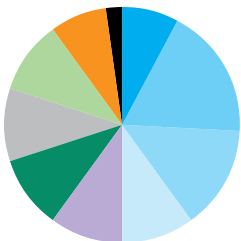
The pie charts below illustrate the holdings in your portfolio on various dates during the third quarter of 2009.

## Stadion Core Advantage Portfolio

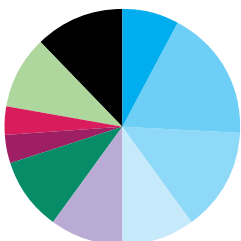
June 30, 2009



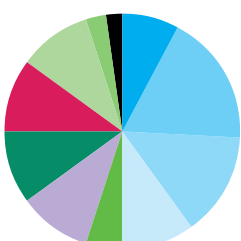
July 22, 2009



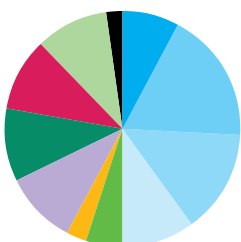
August 13, 2009



September 8, 2009

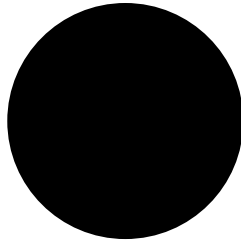


September 30, 2009

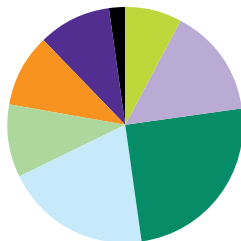


## Stadion Managed Portfolio

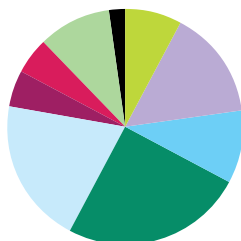
June 30, 2009



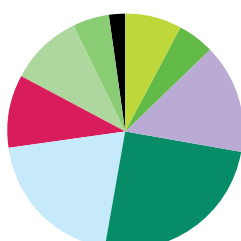
July 22, 2009



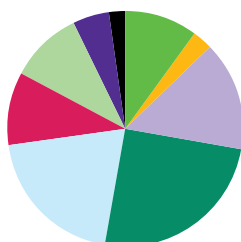
August 13, 2009



September 8, 2009



September 30, 2009



## Key

Color	Fund
■	ISHARES MSCI EAFE INDEX FUND
■	ISHARES RUSSELL 2000
■	MIDCAP SPDR TRUST SERIES 1
■	SPDR TRUST SERIES 1
■	ISHARES MSCI EAFE INDEX FUND
■	SPDR GOLD TRUST
■	ISHARES RUSSELL 1000 GROWTH
■	POWERSHARES QQQ
■	SPDR S&P HOMEBUILDERS ETF
■	FINANCIAL SELECT SECTOR SPDR
■	INDUSTRIAL SELECT SECT SPDR
■	TECHNOLOGY SELECT SECT SPDR
■	CONSUMER STAPLES SPDR
■	HEALTH CARE SELECT SECTOR
■	DIAMONDS TRUST SERIES I
■	MATERIALS SELECT SECTOR SPDR
■	SPDR S&P RETAIL ETF

## Cash Allocations

### Stadion Core Advantage Portfolio

Color	Fund	Date	Allocation
■	FIDELITY GOVERNMENT MONEY MMKT FUND	06/30/09	50%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	07/22/09	2%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	08/13/09	12%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	09/08/09	2%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	09/30/09	2%

### Stadion Managed Portfolio

Color	Fund	Date	Allocation
■	FIDELITY GOVERNMENT MONEY MMKT FUND	06/30/09	100%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	07/22/09	2%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	08/13/09	2%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	09/08/09	2%
■	FIDELITY GOVERNMENT MONEY MMKT FUND	09/30/09	2%

# Is the Bull Back?

**The second quarter of 2009 brought a dramatic mood change on Wall Street. The bulls charged off the March 9, 2009 low with a swift and impressive rally. Heading into the third quarter, the balance of power shifted somewhat as June's weakness accelerated downward into the first few days of July, with the market clearly struggling to break through strong overhead resistance. Around July 9, the bulls re-took the Street with a sharp rally that pierced the overhead resistance and lasted through quarter end, leaving the S&P 500 up about 15.6%.**

From July's low to September's high, the rally neared 25% with investors aggressively buying into each sparse pullback, demonstrating a near complete reversal of 2008's negative investor sentiment. This offered an ideal time for ample equity exposure. However, we also witnessed pullbacks lasting two to four days and ranging from 3.3% to 4.6% in the S&P 500. As we ended the quarter, we were experienced pullback number three. The first two had rallies of 6.1% and 8.9% develop from them; however, the third pullback will require a longer recovery.

As for whether this foretells a long-term change in investor sentiment, we wouldn't go as far as media pundits, politicians and economists in proclaiming the recession over. But there are indeed some positive signs that things are improving. Remembering that stocks tend to turn up six to nine months ahead of the economy, and looking back at March's low, there may be reason to believe the economy could post positive numbers by the fourth quarter of 2009 or the first quarter of 2010.

Does that mean we throw caution to the wind? Absolutely not. History teaches us how commonly cyclical (short-term) bull markets—sometimes lasting a couple of years

or more—occur in the midst of secular (long-term) bear markets. Considering the negative possibilities inherent in turbulent times, it is foolish to ignore downturns like the one we saw during June. Every bear market starts off looking like a simple correction, so we at Stadion continue to follow our sell disciplines. To avoid major losses we are willing to accept occasional whipsaw trades.

There is sound technical evidence that we are in a market uptrend. Market breadth, as measured by McClellan Summation, is at levels not seen since 2003 - 2004. This means there should be ample liquidity and participation. On the contrary, the potential price resistance (October 2008 levels from which the bear market accelerated) will be a major hurdle that will need to be crossed for the continuation of this bull market into the fourth quarter and beyond.

Regardless of the market's direction, Stadion offers a unique value proposition to investors. On one hand, we will continue positioning our investors to take advantage of strength in the markets. On the other, we have indicators in place to protect investors from market downturns, and the discipline to follow where they may lead. ■



### Visit Our New Website at [stadionmoney.com](http://stadionmoney.com)

Our new website features easy navigation and important tools and resources to help you learn more about Stadion's account management services. Visit our website to view the latest news, videos, and newsletter and brochure downloads. If you can't find what you're looking for, please call our office with any questions at 800.222.7636.

#### Key features of the new [stadionmoney.com](http://stadionmoney.com)

##### Videos

For an enjoyable and simple explanation of Stadion's money management process, watch our video online in the "How We Manage Money" section. Our 401(k) account management videos for participants and plan sponsors are also available on our new site.

##### Performance

Keep track of our investment performance, updated regularly.

##### Monthly Commentary

Monthly updates written by Tim Chapman, CEO of Stadion, are posted at the beginning of each month.

The commentary covers current events along with the implications for Stadion investors.

##### FAQ

Have a particular question about your account management? Log on to view our FAQ section, which covers common questions that our Investor Services team are asked.

##### Investment Options

Interested in learning more about other Stadion investment products? From our homepage you can follow links to separate product pages and download our product brochures.

##### Vantage Point Quarterly Newsletter

The latest quarterly newsletter is available for download, along with archives of past newsletters.

##### Stadion in the News

See our latest press releases and news articles in various investment publications.

### Welcome New Staff

**Jon Higham** and **Ashley Reinhardt** joined our Sales & Advisor Services team in July. Jon, who previously worked in retirement plan consulting, received his Risk Management and Insurance degree from the University of Georgia and his MBA from the State University of West Georgia. Ashley received her Marketing degree and MBA from the University of Georgia and has experience in sales and marketing with AFLAC and Insight Global.

### Employee Spotlight

**Clay Alliston**, Vice President of Sales, serves as the Stadion wholesaler for the midwest and southeast regions. Clay joined Stadion in 2005 and has since been vital in the development of our 401(k) account management services. He educates advisors and retirement plans on Stadion Money Management's account management services. In his spare time, Clay enjoys playing golf and spending time with family.

### Further Reading

Interested in learning more about the technical aspects of our investment model? Greg Morris, Chief Technical Analyst, was recently featured in *Stocks & Commodities* magazine. The article is entitled "The Danger Zone with Greg Morris" and features an interview with Greg about the Stadion investment model and technical analysis of the market. The article is available for download and viewing on [stadionmoney.com](http://stadionmoney.com).

### What is the core portion of my portfolio?

### What is the satellite portion of my portfolio?

As part of Stadion's active account management, we utilize a core-satellite portfolio structure. The portion of your account called the "core" is strategically allocated and invested at all times.

We invest this portion according to your age and it's invested in the market—in stocks—always. The other portion of your account is known as the "satellite". We actively managed this part—investing it in stocks or in money market funds (a.k.a. cash), or any combination of the two—according to market conditions.

If you have any questions about the management of your account please call our Investor Services team at 800.222.7636.

Your investment objective determines the percentage of your account allocated to the core satellite.



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# Vantage Point 3Q09

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## Not Familiar with Stadion?

Stadion is our new company name. We changed our PMFM and 401k Toolbox identities to Stadion in order to create one unified and distinct brand. Since we are increasingly recognized as an industry leader in money management, there was no better time to simplify and clarify our name and what we stand for. But not to worry! Nothing else about our company has changed. We have the same owners, money managers, employees, and services that are dedicated to helping you prepare for your future. ■

## Remember

If there have been any changes in your financial situation or investment objectives or if there are any reasonable restrictions or modifications you wish to place on your account, please notify us by calling 1.800.222.7636.