



**IMPORTANT NOTICE OF CHANGES**  
**UPAL POOLED FUNDS & ASSET ALLOCATION MODELS**  
**EFFECTIVE APRIL 1, 2010**

**Background**

UPAL retains the services of Sovereign Investment Advisors, LLC, an independent, outside investment advisor, to provide advice and counsel regarding UPAL Pooled Funds and Asset Allocation Models. Sovereign monitors the performance of UPAL investment managers to insure they are achieving the investment goals for which each was hired. Sovereign advisors have over 65 years of financial industry experience.

Sovereign has an association with The Independent Adviser Group, a division of Callan Associates. Callan is an acknowledged leader in the investment consulting industry, having over 35 years of experience providing guidance to institutional investors with nearly \$1 trillion in assets. Sovereign is able to leverage Callan's quality research, deep specialty consulting resources and collaborative support for the benefit of clients such as UPAL.

Sovereign has just completed an in-depth analysis of the core investments offered as part of the UPAL Retirement Program. Following this analysis, Sovereign has made a series of recommendations to UPAL. The UPAL Financial Management Committee and Executive Committee have adopted these recommendations, and in turn, have requested that the trustee, Bank of Oklahoma, implement these changes effective April 1, 2010.

**Changes to UPAL Pooled Funds**

These changes are intended to more closely align performance with the Fund investment objective, improve performance, reduce volatility and provide more asset diversification.

<b>Fund Name</b>	<b>Fund Changes</b>
<b>Large Cap Growth</b>	Increase average market cap and growth exposure by adding allocation to Harbor Capital Appreciation Fund.
<b>Large Cap Value</b>	Expand upon asset category by including two actively-managed large-cap value funds – T. Rowe Price Equity Income and Mainstay ICAP Equity.
<b>Small/Mid Cap</b>	No changes at this time. Advisors will look toward increasing mid-cap exposure in near future.
<b>International Equity</b>	<ol style="list-style-type: none"><li>1. Replace Artio International with Vanguard International Growth.</li><li>2. Add international small-cap exposure by utilizing Oakmark International Small Cap.</li></ol>

<b>Multi-Alternative</b>	1. The Fund will be re-named “Real Return Portfolio.”
	2. Add hedged-equity position using Hussman Strategic Growth.
	3. Add absolute return strategy using PIMCO All Asset All Authority, which replaces PIMCO All Asset.
	4. Add dedicated commodities/TIPS position using PIMCO Commodity Real Return.
<b>Intermediate Bond</b>	1. Eliminate TIPS allocation, as it will be incorporated in Multi-Alternative Fund.
	2. Increase corporate exposure by adding Loomis Sayles Bond Fund.
	3. The Fund name will be changed to “Core Bond Fund.”

No changes were recommended nor will be made to the S&P 500 Index Fund, the Short Term Income Fund or the Money Market Fund. These three funds will remain with the same management structure.

### **Changes to UPAL Asset Allocation Models**

To more appropriately align the underlying fund allocation to the investment objective of the Models, the underlying fund allocations will be changed as follows:

<b>Asset Allocation Funds</b>	<b>Fixed Managed Income</b>	<b>Conservative Managed Capital Preservation</b>	<b>Moderate Managed Growth/Income</b>	<b>Aggressive Managed Growth</b>
S&P 500 Indexed Equity	0%	3.0%	7.0%	9.0%
Large Cap Growth Fund	0%	2.0%	7.0%	9.0%
Large Cap Value Fund	0%	2.0%	6.0%	9.0%
Small/Mid Cap Equity	0%	3.0%	9.0%	12.0%
International Equity	0%	5.0%	19.0%	26.0%
<b>% Equity</b>	<b>0%</b>	<b>15%</b>	<b>48%</b>	<b>65%</b>
Real Estate Fund	0%	0%	0.0%	0.0%
Multi-Alternative Asset	0%	9%	16.0%	19.0%
Intermediate Fixed Income Fund	40%	60%	30.0%	13.0%
Short-Term Fixed Income Fund	50%	16%	6.0%	3.0%
Money Market Fund	10%	0%	0.0%	0.0%
<b>% Fixed Income</b>	<b>100%</b>	<b>85%</b>	<b>52%</b>	<b>35%</b>

Past performance is not a guarantee of future performance.

### **Contact**

In the event you have any questions about these changes to the UPAL Pooled Funds or the UPAL Asset Allocation Models, please call Don Orchard or Laura Lumley at 918/747-5585.