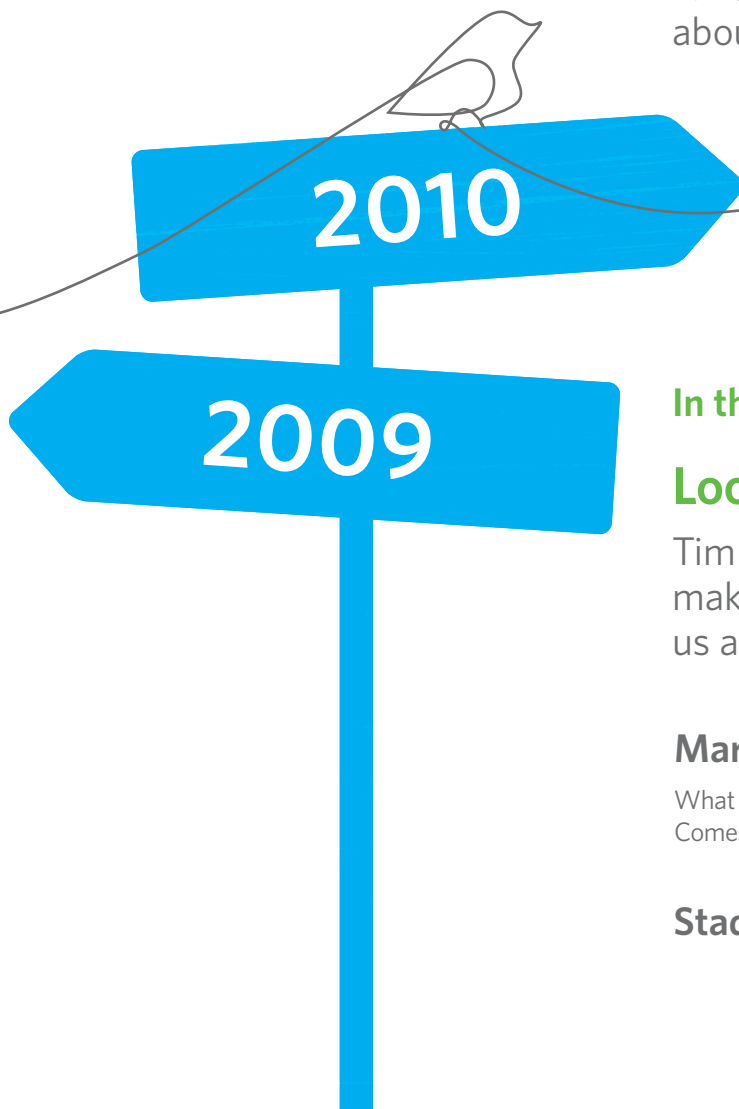




# Vantage Point

A newsletter for investors serious about their financial future.



## In this issue:

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## 4Q09

# Looking Forward, Glancing Back

**Tim Chapman,**  
Chairman and CEO  
of Stadion, makes his  
annual assessment  
of the year behind us  
and of the one ahead.

**A** Christmas gift that I'm really enjoying is a book about Washington's crossing of the Delaware in December 1776. The title of the book comes from the pamphlet written by Thomas Paine to encourage the ragtag Colonial Army in their fight against the British: *These are the Times that Try Men's Souls*. What an appropriate theme for the past year of our modern history.

Managing money isn't life or death and certainly can't be compared to the challenges faced by General Washington and his men, but 2009 was a trying year for many, including Stadion's tactical asset allocation approach.

The year began with the weakness of 2008 spilling over into the first quarter. That wasn't really a problem for us since we were still in full-on bear market mode coming out of '08, so we managed to side-step most of the bad stuff. In March, prices suddenly stopped going down and started back up like a rocket shot. It was a very pronounced "V" bottom. Since it

takes time for market internals to improve enough to give our model indicators a positive reading, we missed the early weeks of the volatile up move.

Eventually the internals caught up with the positive trend, and we were able to increase our exposure to stocks, but as is common in the aftermath of a bear market, prices remained quite volatile—sharp advances followed by equally sharp drops. That action created several whipsaw trades in the ensuing months and ultimately caused us to underperform for the year.

## **Is Underperformance Frustrating? Yes—and No.**

On one hand, the underperformance is incredibly frustrating for me because, like you, I have my personal money managed by Stadion. In fact, the Stadion family of employees is collectively one of the top-five accounts (based on size) that we manage. We eat our own cooking so to speak, and we don't like seeing our retirement accounts underperform any more than any other client does.

On the other hand, the underperformance isn't frustrating to me at all because I've been doing this long enough to maintain a long-term perspective. We underperformed in 2009 because the same safety measures that saved our bacon in 2008 caused the whipsaw trades mentioned above in 2009. That is, there is some "imperfection" in our way of doing things. Of course, there is something wrong with every investment philosophy. A buy-and-hold

investor owning a S&P 500 fund enjoyed 2009, but the nice returns came on the heels of losing more than 50% between October 2007 and March 2009. That is an "imperfection" that many just can't stomach.

It's easy to get caught up in the "what have you done for me lately" way of thinking, but it can be disastrous to allow short-term emotion to overcome long-term sanity. Let me give you a dose of long-term reality. At the right are two "jelly bean" tables. Table 1 shows relative performance in descending order of the various asset classes on a year-by-year basis with Stadion added to the mix. As you can see, the performance rank of any given asset class is random and unpredictable. Over time the different asset classes move up and down the table of returns.

Besides suggesting diversification while pointing to the volatility of any given asset, the year-by-year comparison in Table 1 offers little actionable insight. Most of us have a 10-15 year investment horizon. A much truer perspective emerges when you add up the results of each asset class over the years, then re-organize the performance chart according to accumulated value (Table 2). Though not the top performer every year, Stadion is clearly a top performer over the long-term.

Ironically, despite investing for the long-term, investors and even their financial advisors often make decisions driven by short-term performance. And in most cases such emotion driven decisions lead to poor long-term results!

With that in mind, how might you select the asset class that is right for you? Here are some likely ways:

1. Move your money every year to the previous year's performance winner.
2. For contrarians, move your money to the previous year's performance loser on the basis that odds favor it rising from the bottom.
3. Divide your money equally among all of the asset classes (excluding Stadion). Then rebalance your portfolio each January with equal portions to each asset class.

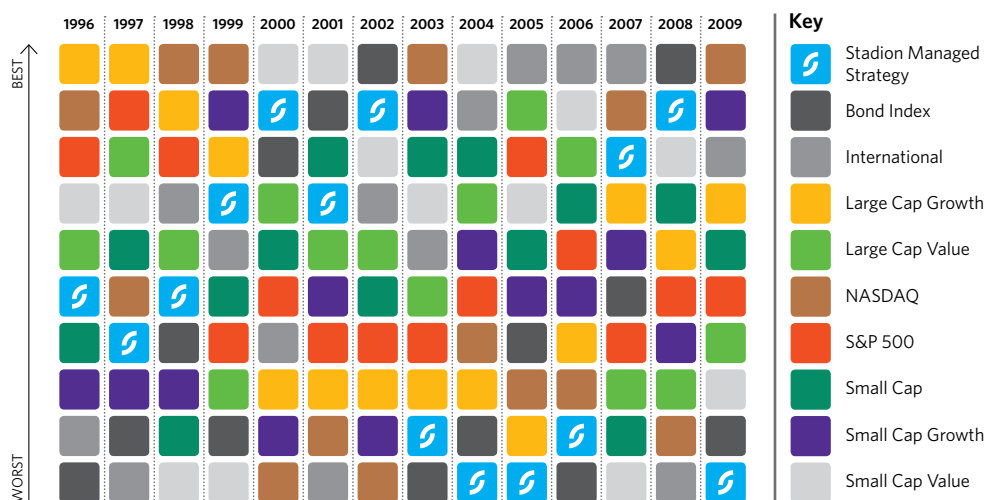
The graph on the next page demonstrates how Stadion's Managed Strategy outperforms any of these with a far smoother ride along the way. (See "Stadion compared to 'Best' and 'Worst' annual performers" on page 6.)

In a nutshell, these tables explain why I'm not frustrated by short-term underperformance. We've been there before. Our long-term results prove that our approach is well suited for those who want to increase their nest egg over time and protect it so that the money will last throughout retirement.

*continued on page 6*

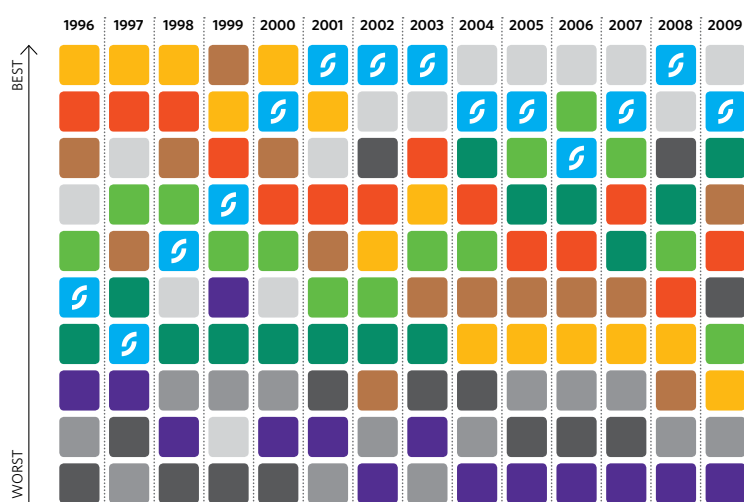
**Table 1**  
**Asset classes ranked by annual performance over time**

Table shows performance of each asset class and of the Stadion Managed Strategy on a yearly basis.

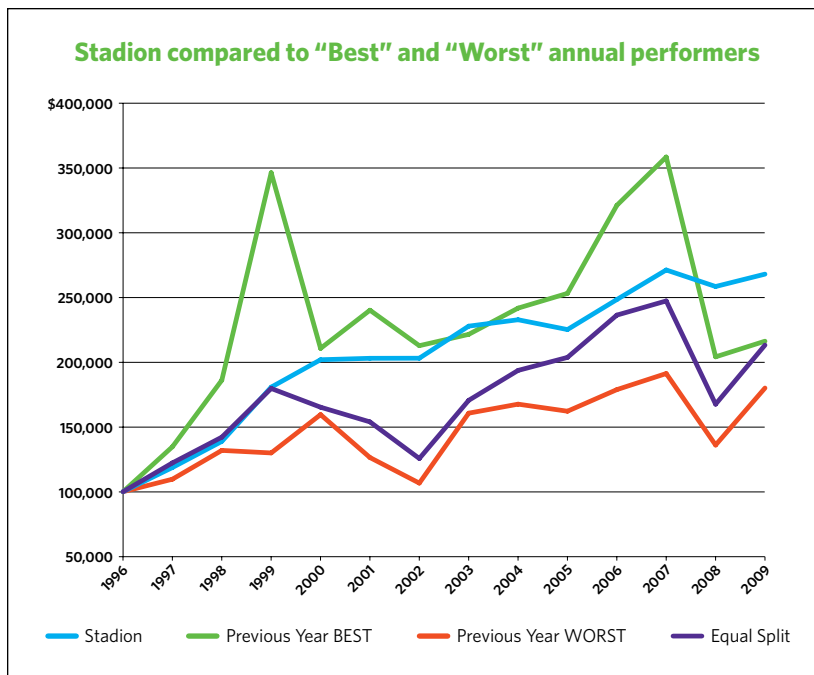


**Table 2**  
**Asset classes ranked by cumulative value**

In this table asset classes have been repositioned to reflect cumulative values resulting from performance over time.



The performance data utilized in these tables is the Stadion Managed Strategy composite. Depending on the investment profile you have selected for your account management, your exposure to this specific performance will vary. For more information regarding this, please consult your Financial Advisor or call 800.222.7636 to speak with one of our Retirement Specialists.



continued from page 3

**What's Ahead for 2010**

If you've been around awhile, you know I'm not going to make any predictions for the next 12 months. But I will tell you it's foolish to think stocks will continue to go up forever on the current trajectory. It will be quite painful for those investors who currently turn a blind eye to safety when the punch bowl is taken away

from this party. There are plenty of things to worry about: more government debt in one year than in the previous 200 years, continued rising unemployment, the recent pick-up in terrorist activities. The list goes on.

On the other hand, the bull might keep charging ahead for months to come. The economy is showing signs of growth, albeit unspectacular; interest rates remain low

so borrowing costs are not a huge drain on earnings; and the government's injection of money might continue to stimulate growth in the short-term.

I don't really know what's going to happen in 2010 and no one else does either. In fact, the more "sure" an "expert" claims to be with his predictions, the more likely he is to be wrong. The only solution is to pursue an investment strategy that will function in either outcome. If the market keeps going up, Stadion's model will get in line—the whipsaw trades won't happen forever. Or if prices start to tank, our safety measures will move us to a defensive posture so we can avoid major losses. We know that no matter which scenario unfolds, our "capture most of the good times, miss most of the bad times" strategy will aim to have a decent return if the market is really good, yet protect us against large losses when the market gets bad again. From my perspective, this approach to investing simply makes sense. That is, it makes sense for my personal retirement money, and hopefully you feel it does for yours, too. ■

Performance and risk information shown is for 1/1/96 through 12/31/09 for Stadion's Managed Strategy. Past performance is no guarantee of future results. Investments are subject to risk, and any of Stadion's investment strategies may lose money. Each of the Stadion Strategies involves active asset allocation, with an emphasis on risk management. The Managed Strategy is Stadion's more conservative strategy, and has the ability to invest 100% in money market instruments during difficult market conditions. • Important Disclosures for Composite Results: i. Returns for each Composite are time-weighted, total returns that assume reinvestment of all dividends and distributions. Results for each Composite are equal-weighted. ii. For results for quarters ending 12/31/04 and earlier: Accounts in each Composite are fully discretionary and are custodied at Fidelity Investments, where Stadion may select from over 3,000 mutual funds and virtually any available ETF. Returns for each composite are net of the maximum investment advisory fee charged by Stadion, which is 2.00% annually of client's account balance. Returns for each Composite are also net of the fees and expenses of mutual funds, ETFs or other investment options in the account. Each Composite includes all clients (excluding managed 401(k) accounts) invested in the applicable investment strategy for a full calendar quarter. To the extent any client account is invested in Stadion Mutual Funds, Stadion waives the separate account management fees described above because each Stadion Mutual Fund pays Stadion a management fee of 1.25%. iii. For results for quarters ending 3/31/05 and later: Accounts in each Composite are fully discretionary portfolios of ETFs. Results for each composite are net of the actual investment advisory fee charged by Stadion. Stadion's current annualized fee schedule based on the value of the client's account is as follows: First \$1,000,000 1.25%; Next \$2,000,000 0.95%; Over \$3,000,000 0.85%. Returns for each Composite are also net of the fees and expenses of ETFs or other investment options in the account. Each Composite includes all clients invested in the applicable investment strategy for a full calendar quarter. iv. Variance among the accounts in each Composite (as measured each quarter by the standard deviation among all accounts in each Composite) is as follows: Stadion Managed Strategy maximum quarterly standard deviation of returns = 3.46%; average quarterly standard deviation of returns = 0.68% v. You should note that most 401(k) and similar retirement plans (each a "Plan") have a limited number of fund choices, which may adversely affect Stadion's ability to manage accounts in the Plan. In addition, the fees charged by funds in Plans may be higher than those reflected in the Composite results above. • Stadion does not manage any strategy toward a specific benchmark index, and each strategy may be invested in mutual funds, exchange-traded funds (ETFs) with underlying holdings in stocks and/or bonds, and cash positions from time to time. S&P 500 Index measures the performance of large capitalization U.S. stocks. The S&P 500 Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices.

## Market Watch

# What Goes Up, Always Comes Down

Why Stadion's defensive positioning helps investors.

The end of 2009 marked the one-year anniversary of the worst quarter in recent market history. From September 22 to November 20, 2008—only 39 market trading days—the S&P 500 lost more than 35%, and the collapse of such a big-name venerable firm as Lehman Brothers made things dramatically worse.

The five-year cyclical bull market from October 2002 to October 2007 had erased the memory of the 2000 - 2002 bear market. Hopefully, after living through the past 12 months, investors have learned that even though stocks go up most of the time, if you don't have an investment strategy to hang on to those gains, the ups don't matter.

Think about it this way: In the 2002 - 2007 cyclical bull market, the S&P 500 gained 100%. Stadion underperformed in our most conservative accounts and only captured about 40% of that gain. By the end of 2008, the S&P 500 had given back all the gains. That's 0% return over a six-year period. But at Stadion, we had

minimal losses and were still up 35%! The point is, it doesn't matter if you capture every single dime of the good times if you give it all back in the bad times. In this scenario, buy-and-hold investors lost six years of their investing life.

One closing thought. While your friends gush over their returns during last few months, consider this: The S&P 500 has to go up another 41% from current levels to get back to where it was in October 2007—and their investments probably do as well! Doesn't it make sense to not lose all that money in the first place so that it's not always a fight to just break even? We think so. ■

## Stadion News



## Stadion Sponsors PGA Event

Stadion is proud to announce it will serve as the title sponsor of the Stadion Athens Classic at UGA, a Nationwide Tour event to be held April 29 - May 2 at the University of Georgia Golf Course. The sponsorship gives us the opportunity to build our national brand while supporting local charities and need-based scholarships at UGA. The tour's Tickets Fore Charity program allows nonprofits in Athens, GA to sell tickets and keep 100% of the ticket price. At other PGA Tour events, this program has raised over \$4 million for charities.

Interested in learning more about the tournament or buying tickets? Visit the tournament website, [www.stadionathensclassic.uga.edu](http://www.stadionathensclassic.uga.edu) or contact Stadion directly.

## Employee Spotlight



**Tommy Warren** joined the Stadion IT team in June 2006 as a system administrator. His responsibilities include maintaining system software,

hardware, and related infrastructure. Tommy's hard work and long hours ensure everything behind the scenes runs smoothly at Stadion. Outside of the office, Tommy enjoys spending time with his wife and his six- and nine-year-old daughters. He is also an avid Georgia football fan and enjoys traveling, hiking, and photography.

## Welcome

**Christy Jones** joined the Stadion Investor Services Team in November 2009 with over 10 years of experience in customer service, sales, and consumer banking. To read Christy's full bio please visit our website.

# Quarterly Review

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

## Asset Allocation Commentary 4Q09

Due to deteriorating market breadth and the price action that occurred in late September and into early October, the Stadion investment model signaled a higher risk environment, which resulted in tighter sell criteria. Several holdings in all risk profiles breached this criteria, so we liquidated a majority of the portfolio. All selling was contained to the first two market days of October.

Like many pullbacks before, this one quickly ramped up as the buy-the-dip crowd jumped on the bull run. However, the ensuing price rally through midmonth was not as widespread as we would have liked. Therefore, we remained defensive for a few weeks. Around mid-October our breadth indicators ultimately led us to increase equity exposure. However, with indicators just barely reaching safe levels, our exposure increase mainly focused on top-ranked, risk-adverse ETFs. Technology, gold, and Dow industrials survived early October volatility, so we added more stability with consumer staples, the S&P 500, and more Dow industrials. With a broad base of the tactical portion (roughly 75%+) positioned accordingly, we attempted to use the remaining allocations to profit from top-performing sectors of energy, retail, and emerging markets.

Soon after we implemented the exposure increase, the warning signs we had witnessed earlier in the month proved prophetic. The last week of October saw rampant downside volume as investors rushed for the exits. The breadth indicators in our investment model quickly turned negative and downside momentum in price trend measures soon followed. But our defensive issues held up with energy, retail, and emerging markets crossing sell criteria first. Later, weakness flowed to the large cap market, which prompted us to sell several more positions for defensive posture.

At the beginning of November, our model indicated that the long-term uptrend in the market was in danger and that the mid-October short-term trend was negative. When the model begins to indicate a negative trend and signals a higher risk environment, we tighten up our sell criteria on held positions. When this occurred at the beginning of November, we sold our holding in XLP (consumer staples) and XLK (technology).

Then, with a positive reaction to economic data, the markets held in the face of downside probability. From this inflection point, tight trading range transpired over the next six weeks. From October 19 to December 31, the S&P 500 only managed about a 2% gain. On two occasions over this six-week

period, enough price and sentiment measures turned on to enable small equity exposure increases. Both times we took exposure up to a max of 20% in the most risk-seeking portfolios, with stringent sell criteria as a backstop. But each attempt at joining the new bull resulted in crossing our sell criteria.

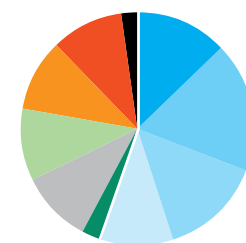
By mid-December we were attempting a third shot at joining the markets. With confirmation from market breadth measures supporting this move, we were able to actively increase equity exposure through the rest of the month. Since then, we have participated in the recent short-term rally in the markets. With the Stadion investment model signaling for fully invested portfolios, we are positioned to perform well, should the markets continue on their recent upward trajectory. As always our sell discipline continues to protect the downside. ■

## Active Management 4Q09

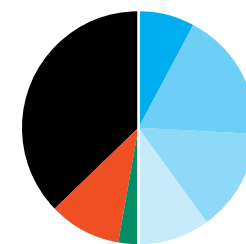
The pie charts below illustrate the holdings in your portfolio on various dates during the fourth quarter of 2009.

### Stadion Core Advantage Portfolio

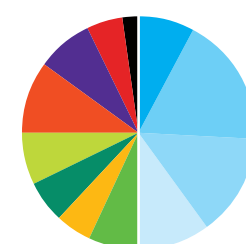
September 30, 2009



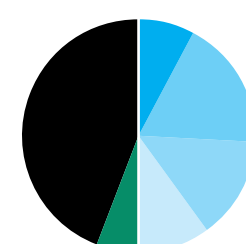
October 2, 2009



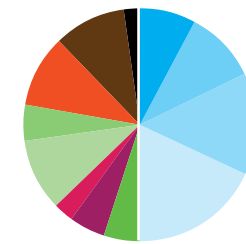
October 20, 2009



November 3, 2009

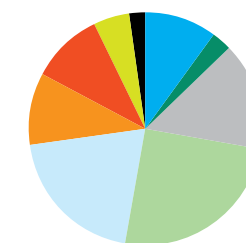


December 31, 2009

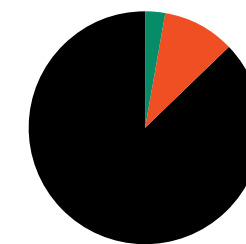


### Stadion Managed Portfolio

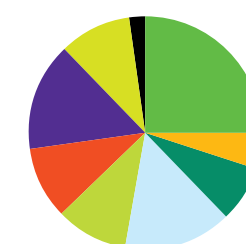
September 30, 2009



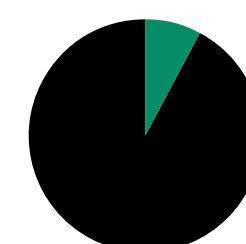
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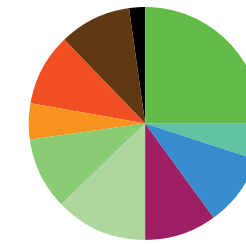
October 20, 2009



November 3, 2009



December 31, 2009



### Key

Color	Fund
■	ISHARES MSCI EAFE INDEX FUND
■	ISHARES RUSSELL 2000
■	MIDCAP SPDR TRUST SERIES 1
■	SPDR TRUST SERIES 1
■	DIAMONDS TRUST SERIES 1
■	ISHARES MSCI EMERGING MKT IN
■	SPDR GOLD TRUST
■	ISHARES RUSSELL 1000 GROWTH
■	ISHARES DJ US TRANSPORT AVG
■	ISHARES S&P PREF STK INDX FN
■	POWERSHARES QQQ
■	RYDEX S&P EQUAL WEIGHT ETF
■	ENERGY SELECT SECTOR SPDR
■	INDUSTRIAL SELECT SECT SPDR
■	TECHNOLOGY SELECT SECT SPDR
■	CONSUMER STAPLES SPDR
■	UTILITIES SELECT SECTOR SPDR
■	HEALTH CARE SELECT SECTOR
■	ISHARES DJ SELECT DIVIDEND
■	ISHARES RUSSELL MIDCAP GRWTH
■	SPDR S&P RETAIL ETF

### Cash Allocations

#### Stadion Core Advantage Portfolio

Color	Fund	Date	Allocation
■	MONEY MARKET	09/30/09	2.0%
■	MONEY MARKET	10/02/09	37.0%
■	MONEY MARKET	10/20/09	2.0%
■	MONEY MARKET	11/03/09	44.0%
■	MONEY MARKET	12/31/09	2.0%

#### Stadion Managed Portfolio

Color	Fund	Date	Allocation
■	MONEY MARKET	09/30/09	2.0%
■	MONEY MARKET	10/02/09	87.0%
■	MONEY MARKET	10/20/09	2.0%
■	MONEY MARKET	11/03/09	92.0%
■	MONEY MARKET	12/31/09	2.0%



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# Vantage Point 4Q09

A newsletter for investors serious about their financial future.

## Stadion wishes you a happy and prosperous 2010!

Is learning more about your retirement investments one of your new year's resolutions? We encourage you to call 800.222.7636 to speak with one of our representatives about your account. From explaining current holdings to discussing your investment objective, we are here to help.

## 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 800.222.7636.

## Q & A

### How can I sign up for more frequent communications from Stadion?

To sign up for our monthly commentary written by Tim Chapman, CEO of Stadion, please call Investor Services at 800.222.7636 and provide your email address. You can also sign up for email communications on the homepage of our website, stadionmoney.com. Simply enter your email address in the "Join Our Mailing List" section.

### How can I help Stadion go paperless?

If you prefer to receive an electronic version of Vantage Point, please call 800.222.7636 and provide your email address to switch to our electronic newsletter.