



HGK Aggregate Fixed Income

As of 12/31/2008

Firm Overview

- Founded in 1983
- 100% employee owned
- Low professional turnover
- Located in Jersey City, NJ
- Approximately \$3 Billion AUM

Portfolio Characteristics

- Over \$121 million assets under management
- Fully invested at all times

Philosophy

HGK Asset Management, Inc. is a registered investment advisor with its main office located in Jersey City, New Jersey. Incorporated in 1983, HGK has grown to manage approximately \$3 billion in assets derived mainly from employee benefit funds. HGK provides equity, fixed income, balanced and international management of individually structured portfolios for its clients. HGK also offers mutual funds to self-directed plans. Aggregate portfolios are constructed relative to the Barclays Capital Index with a bias towards value oriented sector and individual security selection. HGK manages credit and spread risk versus Treasuries in lieu of interest rate risk. Portfolio duration is maintained between 90% and 110% of the index duration at all times. Portfolio risk and volatility are reduced through an increased reliance upon AA and AAA-rated US Agencies, MBS, ABS, CMBS and other fixed income securities that gain their rating from structure as opposed to the credit worthiness of the issuer. Increased diversification and downside protection are achieved by limiting credit positions to 2.5 % of fixed income assets managed and mandating the sale of any credit position downgraded to below BBB. The Fixed Income Aggregate Composite includes all institutional portfolios invested in fixed income securities of 1-30 years of maturity whose benchmark is the Barclays Capital Aggregate index.

Fixed Income Update

US Treasuries, benefiting from a combination of their status as a safe haven from the downside volatility of corporate bonds and equities and the Fed lowering its target rate to 0%, rallied to historic low yields and posted outsized returns across the maturity spectrum. The Treasury sector as a whole returned 13.74%, with maturities of 20+ years leading the way at 33.72%.

In this flight to quality, all spread sectors of the bond market posted negative excess returns, with US Corporates leading the way into negative territory. The Credit index returned (3.08%), almost 17% below Treasuries, with Financials at (8.37%) faring the worst due to large losses on complex toxic mortgage and CDO products on their books. Within this financial carnage, the GSE's were nationalized, Lehman filed for bankruptcy, Washington Mutual was seized, Bear Stearns/Countrywide Financial/Wachovia/Merrill Lynch were taken over at distressed levels, and the US Government had to bail out AIG and many of the nation's largest banks. Amid this backdrop, the economy slid into a recession that some are calling a Depression, with housing prices continuing their decline and the job market suffering large losses. We are relieved to put 2008 in the rear view mirror.

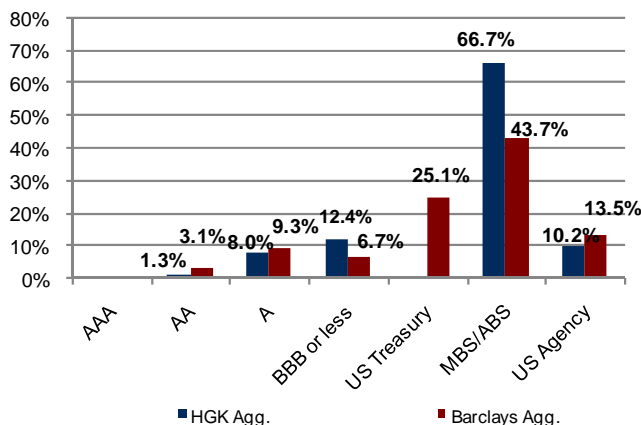
Outlook

The actions by the Federal Reserve and the US Treasury, which included pumping liquidity into the markets and supporting the banking system via direct capital injections and debt guarantees, should provide the basis for support in the spreads sectors of the bond market. We expect that corporate bonds, which in late 2008 reached the widest spreads on record, will outperform in 2009 despite the economic headwinds and within credit we favor financials over cyclical industrials. We expect that AAA-rated structured product, such as seasoned CMBS and ABS, will outperform due to their significant spread advantage versus Treasuries and the paydown of principal in what we suspect will be a rising interest rate environment. We anticipate being able to take advantage of select opportunities in the market in 2009 as the economic stimulus being put into place begins to take effect.

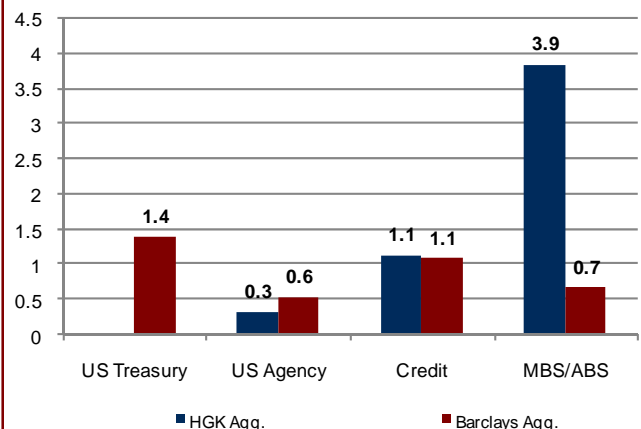
Portfolio Characteristics

As of 12/31/08	HGK Agg.	Barclays Agg.
Average Coupon	5.39	5.25
Average YTM	7.06	3.99
Average Duration	4.39	3.71
Years to Maturity	6.97	5.50
Standard & Poor's Rating	AA	

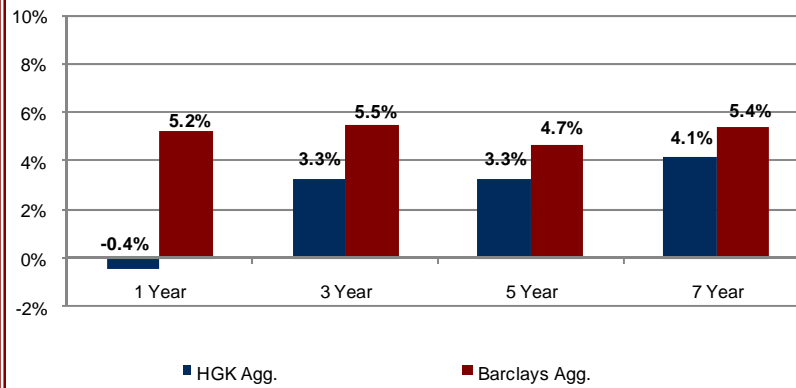
Quality Distribution



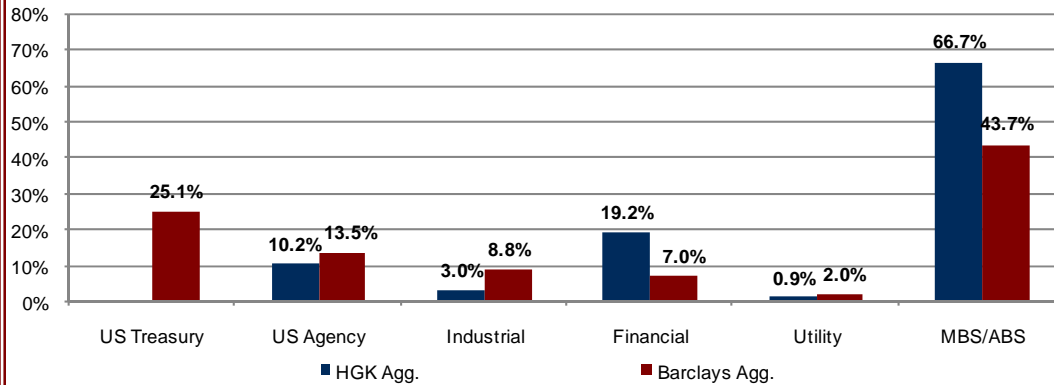
Duration Contribution



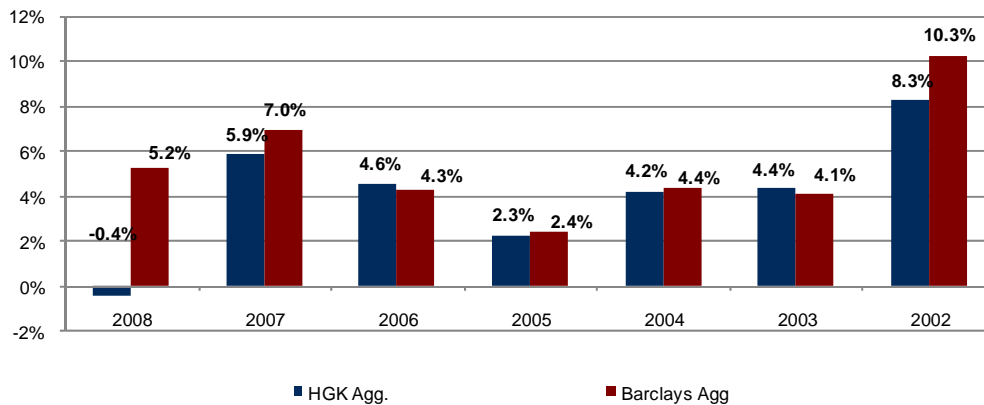
Annualized Total Returns



Sector Distribution



Year End Total Returns



Disclaimer:

HGK Asset Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®)

*Calculations are gross of fees. The effect of fees on a compounding basis will effect net returns as follows: \$1000 compounded annually at a gross return of 10% per year. Over a 5-year period will return \$1610.51. \$1000 compounded annually at a gross return of 10% per year over a 5-year period net of a 50 basis point annual fee will return \$1574.25. Past performance does not guarantee future results.

To receive a complete list and description of HGK Asset Management, Inc.'s composites and/or a presentation that adheres to the GIPS standards, contact Adam Gerentline at 201 659 3700 or email him at Performance@hgk.com.