



Results

Opus Investment Management, 440 Lincoln Street, Worcester, MA 01653 tel: (508) 855-3856 fax: (508) 855-4846 www.opusinvestment.com

TREASURY INFLATION PROTECTED SECURITIES U.S. TIPS COMPOSITE

September 30, 2009

Investment Objective

The Opus Investment Management TIPS product seeks results that track the performance of the Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index (Series L) on an annual basis.

Investment Strategy

The product employs a passive (indexing) strategy. It invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and characteristics.

Who should invest:

Pension funds, Insurance companies, Retirement funds, Money manager seeking to tactically diversify a portfolio. Anyone with inflation linked liabilities or someone who wants to preserve purchasing power of assets.

Professional Staff

Portfolio Managers

Ann Kirkpatrick Tripp, President, CIO
William J. Piel, CFA

Yrs. Industry Experience
28
6

Performance Record

	Qtr.	1 Year	3 Year	5 Year
Opus Composite (Gross)	2.94%	5.08%	5.37%	4.72%
Opus Composite (Net)	2.91%	4.92%	5.22%	4.57%
Barclays Capital US TIPS	3.08%	5.67%	5.61%	4.79%

Past Performance does not predict or guarantee future results. All returns reflect the reinvestment of interest, dividends, and realized capital gains and losses. Gross-of-fees performance returns are presented before management and custodial fees but after all trading expenses. The above net returns reflect the deduction of 0.15%, annually, the highest tier in our standard separate account fee schedule for this product.

Opus Investment Management, Inc. is the institutional asset management subsidiary of The Hanover Insurance Group, Inc. and is an investment adviser registered under the Investment Advisers Act of 1940 specializing in research-driven fixed income investment management. The U.S. TIPS Composite includes all discretionary client accounts invested exclusively in U.S. Treasury Inflation Indexed Securities to mirror the Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index (Series L) with a primary investment objective of inflation adjusted returns and which invest in the complete range of Treasury Inflation Protected Securities. The U.S. TIPS Composite assets as of September 30, 2009 represented less than 1% of the firm's total assets. Non-fee-paying accounts represent 0% of the U.S. TIPS Composite. Returns are calculated in U.S. dollars. Opus Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS)®. To receive a complete list and description of Opus Investment Management, Inc.'s composites and/or a presentation that adheres to the GIPS standards, contact Donald P. Wayman at (508) 855-3008, or write Opus Investment Management, Inc., 440 Lincoln Street, Worcester, MA 01653, or dwayman@opusinvestment.com.

Commentary

Treasury Inflation Protected Securities or TIPS as they are more commonly known can be a useful addition to a portfolio. These securities are designed to combat inflation while providing a real return to the investor. Unlike conventional bonds that make fixed interest payments and then repay face value at maturity, TIPS provide adjusted principal payments that reflect changes in the Consumer Price Index (CPI), a widely used measure of inflation. Another favorable feature of TIPS is their relationship to other asset classes. Historically, inflation-indexed securities have maintained a low correlation with conventional fixed income securities and a near zero correlation with stock returns. Therefore, utilizing TIPS in an overall portfolio framework could be a strategy to diversify the concentration of risk while still enhancing returns. Lastly, TIPS are issued by and backed with the full faith and credit of the U.S. Government. Therefore, they are among the safest securities in the world and can be considered default free. If inflation protection, portfolio diversification, safety from default, and an enhanced real return are in-line with your investment objectives consider a separate TIPS account.

Composite Facts (as of 9/30/09)

	<u>Opus TIPS</u>	<u>Barclays Capital US TIPS</u>
Inception Date:	12/03	10/97
Number of Bonds:	28	28
Average Maturity:	8.99 yrs.	9.11yrs.
Average Coupon:	2.32%	2.28%
Quality:	US Treasury	US Treasury
*Average Duration:	3.36 yrs.	3.39 yrs.
Total Assets:	37.8 Mil	491.7 Bil

*Duration Disclaimer: Traditionally, duration has been an effective way for a bond investor to gauge a portfolio's risk relative to a move in nominal interest rates. However, duration may prove less useful in measuring a TIPS portfolio's sensitivity to such a move because TIPS prices change with movements in real interest rates. By contrast, price fluctuations for conventional treasuries are rooted in real rates and inflation expectations. Therefore, the result is that the relationship of real rates to nominal rates varies over time which makes duration difficult to accurately predict.

Benefits to Investors:

- Principal adjusted for inflation
- Default free (US Treasury Securities)
- Provides unique diversification benefits
- Low or negative correlation to other asset classes
- Protects purchasing power of assets

Contact Information

Contact Lucy Ann Libbey at
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Or Visit our Web site at
www.opusinvestment.com

