



MoneyTalks

Wisconsin Deferred Compensation Program

Watching the Indexes

Comparing Your Funds to Their Benchmarks

To get a sense of how a fund is performing, you can compare it to an index—a group of stocks chosen to represent a particular segment of the market. Here are several to consider.

The Dow Jones Industrial Average (often called the Dow) tracks the share prices of 30 leading domestic companies. If you own a large-cap stock fund (large cap meaning any company with a market value of more than \$1 billion), you may want to follow the Dow's performance.

The S&P 500® Index tracks the share prices of 500 large companies. Although the Dow also focuses on large U.S. companies, the S&P 500 tracks a wider range of firms and can be a more comprehensive gauge of the stock market's overall performance.

The Nasdaq Composite Index, made up of more than 4,000 stocks traded on the Nasdaq Stock Exchange, is considered a barometer of the technology sector—about two-thirds of its constituents are technology companies.

The Wilshire 5000 Index tracks the performance of more than 7,000 of the most active stocks in the U.S. market. It provides a broad measure of overall U.S. stock performance and could be a good comparison for any domestic stock fund, as it includes the securities of the S&P 500, the Dow and the Nasdaq.

The Russell 2000 Index measures the performance of 2,000 small-cap U.S. companies. It is considered a small-cap stock benchmark.

The Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index follows the values of foreign stocks in developed markets. It tracks approximately 1,000 companies in Europe, Australia, Asia and the Far East. It serves as a benchmark for international funds.

The Lehman Brothers Aggregate Bond Index includes more than 6,000 government and corporate bonds; it is considered a benchmark for bond performance.

As you're measuring your funds against their indexes, try to remember your long-term investing goals, too. Markets move up and down all the time, so try not to be shaken by short-term swings. 🌸

FDIC Insured Bank Option: M&I Bank has declared an annualized interest rate of 2.20% for the second quarter 2008.

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