

The Guild This Month

AUGUST 2009

If you have any questions or comments, please contact:

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Important Dates:

ALL Transactions *must* be received by 10:00 am.

Transfers or Terminations:
Thursday, August 27th,
2009

Contributions:
Monday, August 31,
2009

Regional Meeting:

Please join us!

**Northern Regional Meeting:
Fresno, September 18th
at the Elbow Room**

CDA—San Francisco

September 11th—13th
CDG Booth #313



Y I E L D S

In a recent article published by Wentworth, Hauser and Violich, *Review and Outlook—Summer 2009*, a discussion of the current economic situation proposed that the worst was over as suggested by the narrowing of yield spreads between risky and riskless bonds.

I thought it would be beneficial to talk about yields and yield spreads. What are they? What do they mean economically? And what market factors contribute to the “spreads”?

Yields as defined for **securities** are the annual rate of return on an investment expressed as a percentage. Yield as defined for **bonds** is the coupon rate divided by the market price.

Yield Spread is the difference between the quoted rates of return on two different investments, usually of different credit quality. Or stated differently, it is the difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings and risk.

For example, if the five year Treasury bond is at 5% and the 30-year Treasury bond is at 6%, the yield spread between the two debt instruments is 1% (6%-5%). If the yield spread has historically been closer to 5%, the investor is much more likely to invest in the five-year bond compared to the 30-year bond (as it should be trading around 1% instead of 6%).

In other words, if the 30-year bond is trading at 6%, then based on historical yield spread, the five-year should be trading at around 1%, making it very attractive at its current yield of 5%.

So, when the spreads widen between bonds with different quality ratings it implies that the market is factoring more risk of default on lower grade bonds. For example, if a risk free 10 year Treasury note is currently yielding 5% while junk bonds with the same duration are averaging 7%, the spread between Treasuries and junk bonds is 2%. If that spreads widens to 4% (increasing the junk bond yield to 9%), the market is forecasting a greater risk of default which implies a slowing economy. A narrowing of spreads (between bonds of different risk ratings) implies that the market is factoring in less risk (due to an expanding economy).

Stable Asset Funds

In an article published recently in *Pension and Investments* there was an article pertaining the market changes in all Asset Allocation Funds. The market value for underlying securities of these funds has been falling, so what used to be a fund that was about as exciting as “watching paint dry” now has become a more volatile asset. The Illinois State Board of Investment states that \$2.6 billion defined contribution plans had 27.5% in stable value as of September 30, 2008. As people flock to these “safer” investments, there is increasing pressure to keep the return at a previous market level.

Managers are finding that there is very little money to be made in these kind of accounts, thus many companies have decided not to offer stable asset vehicles. So if you have noticed your Guild return in SAF/ISA diminishing, the above helps explain why. It is difficult to make money when the market forces rush to safety.—EEC

Leaders of the Pack

How 24 fund categories fared in the first 1/2 of 2009: Source: Lipper

Latin America: 44.5% / China Region: 37.2%

Pacific Ex Japan: 34.6% / Emerging Markets: 34.2%

Science and Technology: 24.6%/Basic Materials: 22.9%

Int'l Small/Mid Cap Growth: 21.0% / Gold: 18.0%

Pacific Region: 16.0%/Global Multicap Growth: 15.7%

Natural Resources: 13.8% / Midcap Growth: 13.0

Consumer Services: 11.9% / Small-Cap Growth: 11.4

Multicap Growth: 11.2% / Large-Cap Growth: 10.9%

Global Financial Services: 10.6%

Midcap Core: 9.2%

Midcap Value: 7.8%

Multicap Core: 7.3%

Small-Cap Core: 6.3%

Large-Cap Core: 4.8%

Small-Cap Value: 4.7%

S&P Index: 3.0%

Data are for date range between 12/31/2009 and 6/30/2009

Major Index Close: July 31, 2009

DJIA = 9,172 SPX = 987 Nasdaq = 1979

Major Index Close: June 30, 2009

DJIA = 8,447 SPX = 919 Nasdaq = 1835

QUALIFIED PLAN

As of 7/31/09

| Fund | Unit Value | Asset Value |
|------|------------|-------------|
| TKF | 1.8880 | 1,925,899 |
| HBF | 10.4873 | 1,277,326 |
| SIF | 17.7499 | 2,403,058 |
| FEF | 21.1015 | 5,147,266 |
| MIF | 22.6210 | 4,209,473 |
| LGF | 5.6103 | 1,520,579 |
| LVF | 8.6830 | 1,250,198 |
| SRF | 10.4370 | 1,018,198 |
| SPF | 7.7321 | 2,891,006 |
| VEF | 307.5052 | 21,006,719 |
| REF | 13.6789 | 1,343,725 |
| AAF | 150.4155 | 6,252,806 |
| BIF | 16.7800 | 2,803,196 |
| GMF | 13.4311 | 1,206,853 |
| SAF | 1.0000 | 6,074,603 |
| CDF | 1.0000 | 8,682,020 |
| D15 | 9.0405 | 892,571 |
| D25 | 9.0045 | 495,228 |
| D35 | 8.1196 | 196,617 |
| D45 | 8.1847 | 858,052 |
| EMF | 8.5291 | 308,992 |

Total Qualified Retirement:

\$ 71,764,385

IRA PLAN

As of 7/31/09

| Fund | Unit Value | Asset Value |
|------|------------|-------------|
| ITK | 1.8792 | 262,226 |
| IHB | 9.2671 | 221,847 |
| ISC | 33.7342 | 1,420,057 |
| ILG | 5.5457 | 389,709 |
| ISP | 13.5581 | 936,171 |
| ILV | 9.9127 | 262,323 |
| IRE | 9.7498 | 77,622 |
| IBP | 26.2579 | 1,362,339 |
| IBF | 11.1469 | 297,744 |
| ISA | 1.0000 | 2,730,649 |
| IFE | 7.0454 | 286,844 |

Total IRA Retirement:

\$8,247,531

Total Guild:

\$ 80,011,916

Funds Performance 7/31/2009
(Net of all expenses)

**Yield performance

| Fund Name | Quotron Symbol | CDG Ticker | CDG Inception Date | Asset Characteristics | Unit Value | Tot Ret 1 Mo | Tot Ret 3 Mo | Tot Ret YTD | Tot Ret Annlzd 1 Yr | Tot Ret Annlzd 3 Yr | Tot Ret Annlzd 5 Yr |
|---|----------------|------------|--------------------|---|------------|--------------|--------------|-------------|---------------------|---------------------|---------------------|
| Emerging Markets Fund Towneley Capital Management | | EMF | 04-01-08 | Investments in emerging market countries | 8.5291 | 7.68 | 20.45 | 35.77 | -8.44 | N/A | N/A |
| <i>Lipper Emerging Markets Funds Median</i> | | | | | | 10.99 | 28.90 | 47.13 | -19.89 | 3.83 | 15.57 |
| Internet Technology Sector Fund Munder Capital Management | MNNYX | TKF | 02-16-00 | Stocks relating to internet technology | 1.8880 | 9.56 | 15.73 | 43.95 | -5.92 | 2.60 | 2.90 |
| <i>Lipper Science & Technology Funds Median</i> | | | | | | 8.01 | 14.60 | 34.07 | -12.05 | -0.37 | 1.86 |
| Healthcare/Biotechnology Fund Munder Capital Management | MFHYX | HBF | 09-30-01 | Long-term capital appreciation | 10.4873 | 4.91 | 13.69 | 3.03 | -16.16 | -5.09 | -0.27 |
| <i>Lipper Health/Biotechnology Funds Median</i> | | | | | | 5.50 | 15.97 | 9.99 | -11.72 | -0.29 | 2.94 |
| Small Cap Index Fund World Asset Management | | SIF | 03-01-99 | Stocks corresponding to S&P Small Cap 600 Index | 17.7499 | 10.16 | 13.16 | 10.31 | -20.43 | -6.46 | 1.11 |
| <i>S&P Small Cap 600 Index</i> | | | | | | 10.33 | 13.71 | 11.07 | -19.27 | -5.46 | 2.21 |
| Foreign Equity Fund Towneley Capital Management | | FEF | 12-31-92 | International stock | 21.1015 | 9.75 | 22.27 | 18.92 | -21.48 | -4.79 | 4.66 |
| <i>Lipper International Multi-Cap Core Funds Median</i> | | | | | | 9.22 | 22.08 | 18.96 | -22.70 | -4.97 | 4.98 |
| Mid-Cap Index Fund World Asset Management | | MIF | 10-01-03 | Stocks corresponding to S&P Mid Cap 400 Index | 22.6210 | 8.57 | 12.00 | 17.06 | -21.20 | -4.94 | 2.01 |
| <i>S&P Mid-Cap 400 Index</i> | | | | | | 8.74 | 12.41 | 17.95 | -20.25 | -4.00 | 3.04 |
| Large Cap Growth Fund SEI Investments | SELCX | LGF | 03-01-99 | Large cap growth oriented stocks | 5.6103 | 6.21 | 12.44 | 18.47 | -21.40 | -5.03 | -0.96 |
| <i>Russell 1000 Growth Index</i> | | | | | | 7.10 | 13.67 | 19.45 | -17.57 | -2.64 | 0.70 |
| Large Cap Value Fund SEI Investments | TRMVX | LVF | 03-01-99 | Large cap value stocks | 8.6830 | 7.73 | 13.10 | 4.19 | -22.82 | -11.05 | -2.15 |
| <i>Russell 1000 Value Index</i> | | | | | | 8.19 | 14.03 | 5.08 | -22.94 | -9.47 | -0.29 |
| Socially Responsible Fund Parnassus Investments | | SRF | 01-31-06 | Socially responsible stock investments | 10.4370 | 6.52 | 12.38 | 10.62 | -13.38 | 1.36 | 0.86 |
| <i>Lipper Equity Index Funds Median</i> | | | | | | 7.20 | 13.78 | 8.25 | -18.07 | -6.10 | 1.19 |
| S&P 500 Index Fund World Asset Management | | SPF | 03-01-99 | Stocks corresponding to S&P 500 Index | 7.7321 | 7.43 | 13.37 | 10.09 | -20.98 | -7.19 | -1.25 |
| <i>S&P 500 Index</i> | | | | | | 7.56 | 13.81 | 10.97 | -19.96 | -6.16 | -0.14 |
| Value Equity Fund KJ Capital Management LLC | | VEF | 01-31-83 | Small/mid/large cap value stocks | 307.5052 | 7.40 | 11.37 | 6.52 | -25.55 | -8.89 | -0.90 |
| <i>Lipper Multi-Cap Value Funds Median</i> | | | | | | 8.03 | 14.26 | 11.97 | -20.20 | -7.99 | -0.18 |
| Real Estate Equity Investment Trust Fund Munder Capital Management | MURYX | REF | 03-01-99 | Stocks investing in real estate investment trusts | 13.6789 | 9.86 | 8.87 | -0.08 | -42.53 | -21.88 | -6.12 |
| <i>National Association of Real Estate Investment Trusts (NAREIT)</i> | | | | | | 10.47 | 8.64 | -3.02 | -39.46 | -16.17 | -0.84 |
| Asset Allocation Fund Ferguson Wellman Capital Management | | AAF | 1973 | Stocks and bonds | 150.4155 | 5.53 | 9.00 | 4.93 | -14.67 | -3.44 | 1.54 |
| <i>Lipper Mixed Asset Target Allocation Moderate Funds Medium</i> | | | | | | 5.56 | 11.51 | 12.98 | -9.11 | -1.45 | 2.14 |

Funds Performance 7/31/2009
(Net of all expenses)

**Yield performance

| Fund Name | Quotron Symbol | CDG Ticker | CDG Inception Date | Asset Characteristics | Unit Value | Tot Ret 1 Mo | Tot Ret 3 Mo | Tot Ret YTD | Tot Ret Annlzd 1 Yr | Tot Ret Annlzd 3 Yr | Tot Ret Annlzd 5 Yr |
|--|----------------|------------|--------------------|---|------------|--------------|--------------|-------------|---------------------|---------------------|---------------------|
| Bond Income Fund Wentworth, Hauser & Violich | | BIF | 05-01-96 | Government & Corporate bonds | 16.7800 | 1.04 | 2.81 | 3.32 | 2.43 | 3.54 | 2.53 |
| <i>Lipper General Bonds Funds Median</i> | | | | | | 2.42 | 6.05 | 6.25 | 4.48 | 4.29 | 3.74 |
| GNMA Fund SEI Investments | SEGMX | GMF | 09-30-01 | Mortgage-backed securities | 13.4311 | 1.06 | 1.12 | 3.13 | 9.13 | 6.42 | 4.58 |
| <i>Lipper GNMA Funds Median</i> | | | | | | 1.09 | 1.23 | 3.20 | 8.73 | 6.76 | 5.03 |
| Stable Asset Fund** SEI Investments | | SAF | 08-27-90 | Deposit contracts with insurance companies, banks | 1.0000 | -0.01 | -0.04 | 0.31 | 1.16 | 2.60 | 2.85 |
| <i>Lipper Money Market Funds Median</i> | | | | | | 0.00 | 0.01 | 0.10 | 0.77 | 2.94 | 2.81 |
| Trust Savings CD Fund** Wentworth, Hauser & Violich | | CDF | 1974 | Federally insured certificates of deposit | 1.0000 | 0.51 | 0.81 | 1.59 | 2.93 | 3.39 | 2.77 |
| <i>Lipper Money Market Funds Median</i> | | | | | | 0.00 | 0.01 | 0.10 | 0.77 | 2.94 | 2.81 |
| Destination 2015 Fund World Asset Management | | D15 | 01-31-06 | Investments based on target retirement date | 9.0405 | 4.53 | 8.03 | 7.54 | -8.88 | -1.47 | -2.00 |
| <i>Dow Jones Portfolio Target 2015</i> | | | | | | 4.31 | 9.02 | 9.86 | -4.60 | 1.69 | 4.93 |
| Destination 2025 Fund World Asset Management | | D25 | 01-31-06 | Investments based on target retirement date | 9.0045 | 6.01 | 10.59 | 9.43 | -14.06 | -3.19 | -2.08 |
| <i>Dow Jones Portfolio Target 2025</i> | | | | | | 6.10 | 12.29 | 14.07 | -10.95 | -0.67 | 4.81 |
| Destination 2035 Fund World Asset Management | | D35 | 01-31-06 | Investments based on target retirement date | 8.1196 | 7.44 | 13.09 | 10.69 | -18.70 | -5.47 | -4.08 |
| <i>Dow Jones Portfolio Target 2035</i> | | | | | | 7.63 | 15.12 | 17.82 | -15.53 | -2.61 | 4.32 |
| Destination 2045 Fund World Asset Management | | D45 | 01-31-06 | Investments based on target retirement date | 8.1847 | 7.86 | 14.04 | 12.10 | -19.51 | -4.25 | -3.05 |
| <i>Dow Jones Portfolio Target 2045</i> | | | | | | 8.11 | 15.99 | 18.97 | -16.67 | -3.16 | 4.05 |

NOTE: Benchmarks are shown in *Italics* beneath each Guild fund. Guild fund performance is *net of expenses* (including: management fees; independent audit fees; legal fees for ERISA and document updates; CDG operation costs; Trustee fees for custody of assets, distributions and transfers; and Board of Directors funds oversight administration) and should be taken into consideration when making comparisons to their respective benchmarks. The information in this report indicates past performance which assumes investment at the beginning of the period indicated. Past performance is not a guarantee of future results. Shares involve investment risk, including the possible loss of principal. Total return reflects the reinvestment of all dividends and capital gains. An investment in money market funds is neither issued nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing or sending any money, read the **Investment Disclosure Information** (Rev. 3/2006) to learn about the investment objectives and risks of each fund.

Funds Performance 7/31/2009
(Net of all expenses)

**Yield performance

| Fund Name | CDG | | | Asset Characteristics | Unit Value | Tot | Tot | Tot Ret | | | |
|---|----------------|------------|----------------|---|------------|----------|----------|---------|-----------------|-----------------|-----------------|
| | Quotron Symbol | CDG Ticker | Inception Date | | | Ret 1 Mo | Ret 3 Mo | Ret YTD | Ret Annlzd 1 Yr | Ret Annlzd 3 Yr | Ret Annlzd 5 Yr |
| IRA Internet Technology Sector Fund Munder Capital Management <i>Lipper Science & Technology Funds Median</i> | MNNYX | ITK | 02-16-00 | Stocks relating to internet technology | 1.8792 | 9.52 | 15.96 | 44.72 | -5.40 | 2.54 | 2.85 |
| IRA Healthcare/Biotechnology Fund Munder Capital Management <i>Lipper Health/Biotechnology Funds Median</i> | MFHYX | IHB | 09-30-01 | Long-term capital appreciation | 9.2671 | 4.85 | 13.47 | 2.97 | -16.12 | -5.18 | -0.37 |
| IRA Small Cap Core Fund Ferguson Wellman Capital Management <i>S&P Small Cap 600 Index</i> | | ISC | 03-01-94 | Small capitalization value stocks | 33.7342 | 8.50 | 14.76 | 16.18 | -22.44 | N/A | N/A |
| IRA Foreign Equity Fund Towneley Capital Management <i>Lipper International Multi-Cap Core Fund Median</i> | | IFE | 01-01-08 | International stock | 7.0454 | 8.51 | 19.81 | 16.34 | -23.23 | N/A | N/A |
| IRA Large Cap Growth Fund SEI Investments <i>Russell 1000 Growth Index</i> | SELCX | ILG | 03-01-99 | Large cap growth oriented stocks | 5.5457 | 6.21 | 12.45 | 18.50 | -21.65 | -5.36 | -1.23 |
| IRA S & P 500 Index Fund SEI Investments <i>S&P 500 Index</i> | SSPIX | ISP | 02-01-96 | Stocks corresponding to S&P 500 Index | 13.5581 | 7.44 | 13.24 | 9.73 | -21.54 | -7.58 | -1.63 |
| IRA Large Cap Value Fund SEI Investments <i>Russell 1000 Value Index</i> | TRMVX | ILV | 03-01-99 | Large cap value stocks | 9.9127 | 7.67 | 12.99 | 3.85 | -23.12 | -10.98 | -2.15 |
| IRA Real Estate Equity Investment Trust Fund Munder Capital Management <i>National Association of Real Estate Investment Trusts (NAREIT)</i> | MURYX | IRE | 03-01-99 | Stocks investing in real estate investment trusts | 9.7498 | 8.84 | 5.84 | -5.34 | -46.30 | -23.85 | -7.67 |
| IRA Balanced Fund (Asset Allocation) Ferguson Wellman Capital Management <i>Lipper Mixed Asset Target Allocation Moderate Funds Median</i> | EBALX | IBP | 04-30-98 | Stocks and bonds | 26.2579 | 6.27 | 10.11 | 7.62 | -12.58 | -3.10 | 0.93 |
| IRA Bond Income Fund Wentworth, Hauser & Violich <i>Lipper General Bonds Funds Median</i> | | IBF | 01-01-04 | Government & Corporate bonds | 11.1469 | 1.00 | 2.62 | 2.82 | 1.10 | 2.36 | 2.12 |
| IRA Stable Asset Fund** SEI Investments <i>Lipper Money Market Funds Median</i> | | ISA | 04-30-90 | Deposit contracts with insurance companies, banks | 1.0000 | -0.03 | -0.04 | 0.31 | 1.15 | 2.57 | 2.80 |

NOTE: Benchmarks are shown in *Italics* beneath each Guild fund. Guild fund performance is *net of expenses* (including: management fees; independent audit fees; legal fees for ERISA and document updates; CDG operation costs; Trustee fees for custody of assets, distributions and transfers; and Board of Directors funds oversight administration) and should be taken into consideration when making comparisons to their respective benchmarks. The information in this report indicates past performance which assumes investment at the beginning of the period indicated. Past performance is not a guarantee of future results. Shares involve investment risk, including the possible loss of principal. Total return reflects the reinvestment of all dividends and capital gains. An investment in money market funds is neither issued nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing or sending any money, read the **Investment Disclosure Information** (Rev. 3/2006) to learn about the investment objectives and risks of each fund.