

Ibbotson Quarterly Portfolio Commentary

June 2010

At the end of the quarter, most major equity indexes finished in negative territory, many of which were double digit declines. The broader stock market, as represented by the S&P 500 Index, returned -11.43 percent in the quarter. Much of the selloff during the quarter can be attributed to disappointing U.S. economic data points and a fear that another financial crisis was brewing across select European Union countries. However, the bond market enjoyed a positive quarter as Treasury yields fell to levels last seen at the height of the recent U.S. financial crisis. The Barclays Capital U.S. Aggregate returned 3.49 percent in the quarter. U.S. Corporate bonds did not fair as well as Government bonds due to the weakness in the equity markets.

Conservative Portfolio

During the quarter, the Portfolio had the following dynamic theme(s):

- **Theme:** Underweight U.S. Government Bonds relative to U.S. Corporate Bonds
- **Rational:** U.S. corporation's balance sheets are improving while the Governments is deteriorating

The Conservative Portfolio returned -0.37 percent during the quarter. The portfolio's primary benchmark, DJ Conservative U.S. Relative Risk Portfolio, returned 1.19 percent during the quarter thanks in large part to its U.S. Government Bond exposure. It's important to note that the DJ U.S. Series does not include International or Commodity exposures on the equity side and short-term bonds and TIPS on the fixed income side. Instead, the DJ U.S. Series uses an evenly weighted combination of Barclays Government, Corporate and Mortgage Bond Indexes for its fixed income exposure. As a result, the DJ U.S. Series will perform different than the Ibbotson ETF Asset Allocation Series Portfolios, especially when International equities play a significant role in the Portfolio's total performance. The Portfolio's secondary benchmark, a blended 20 percent S&P 500 Index and 80 percent Barclays Capital U.S. Aggregate Bond Index, returned 0.18 percent during the quarter.

Income and Growth Portfolio

During the quarter, the Portfolio had the following dynamic theme(s):

- **Theme 1:** Underweight U.S. Government Bonds relative to U.S. Corporate Bonds
- **Rational 1:** U.S. corporation's balance sheets are improving while the Governments is deteriorating
- **Theme 2:** Underweight U.S. Stocks relative to U.S. Bonds
- **Rational 2:** Equity valuations still look unattractive based on poor economic fundamentals
- **Theme 3:** Underweight U.S. Small Cap Stocks relative to U.S. Large Cap Stocks
- **Rational 3:** Large caps have greater financing sources and generally are more diversified

The Income and Growth Portfolio returned -2.90 percent during the quarter. The Portfolio's primary benchmark, DJ Moderately Conservative U.S. Relative Risk Portfolio, returned -1.65 percent during the quarter thanks in large part to its U.S. Government Bond exposure. It's important to note that the DJ U.S. Series does not include International, Commodity, or REIT exposures on the equity side and Short-term Bonds and TIPS on the fixed income side. Instead, the DJ U.S. Series uses a combination of Barclays Government, Corporate and Mortgage Bond Indexes for its fixed income exposure. As a result, the DJ U.S. Series will perform different than the Ibbotson ETF Asset Allocation Series Portfolios, especially when International equities play a significant role in the Portfolio's total performance. The Portfolio's secondary benchmark, a blended 40 percent S&P 500 Index and 60 percent Barclays Capital U.S. Aggregate Bond Index, returned -2.77 percent during the quarter.

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Balanced Portfolio

During the quarter, the Portfolio had the following dynamic theme(s):

- **Theme 1:** Underweight U.S. Government Bonds relative to U.S. Corporate Bonds
- **Rational 1:** U.S. corporation's balance sheets are improving while the Governments is deteriorating
- **Theme 2:** Underweight U.S. Stocks relative to U.S. Bonds
- **Rational 2:** Equity valuations still look unattractive based on poor economic fundamentals
- **Theme 3:** Underweight U.S. Small Cap Stocks relative to U.S. Large Cap Stocks
- **Rational 3:** Large caps have greater financing sources and generally are more diversified

The Balanced Portfolio returned -5.44 percent in the quarter. The Portfolio's primary benchmark, DJ Moderate U.S. Relative Risk Portfolio, returned -4.72 percent during the quarter thanks in large part to its U.S. Government Bond allocation and lack of international equity exposure. It's important to note that the DJ U.S. Series does not include International, Commodity, or REIT exposures on the equity side and short-term bonds and TIPS on the fixed income side. Instead, the DJ U.S. Series uses a combination of Barclays Government, Corporate and Mortgage Bond Indexes for its fixed income exposure. As a result, the DJ U.S. Series will perform different than the Portfolios, especially when International equities play a significant role in the Portfolio's total performance. The Portfolio's secondary benchmark, a blended 60 percent S&P 500 Index and 40 percent Barclays Capital U.S. Aggregate Bond Index, returned -5.65 percent during the quarter.

Growth Portfolio

During the quarter, the Portfolio had the following dynamic theme(s):

- **Theme 1:** Underweight U.S. Government Bonds relative to U.S. Corporate Bonds
- **Rational 1:** U.S. corporation's balance sheets are improving while the Governments is deteriorating
- **Theme 2:** Underweight U.S. Stocks relative to U.S. Bonds
- **Rational 2:** Equity valuations still look unattractive based on poor economic fundamentals
- **Theme 3:** Underweight U.S. Small Cap Stocks relative to U.S. Large Cap Stocks
- **Rational 3:** Large caps have greater financing sources and generally are more diversified

The Growth Portfolio returned -7.94 percent in the quarter. The Portfolio's primary benchmark, DJ Moderately Aggressive U.S. Relative Risk Portfolio, returned -7.78 percent during the quarter thanks in large part to its higher small and midcap allocations and lack of international equity exposure. It's important to note that the DJ U.S. Series does not include International, Commodity, or REIT exposures on the equity side and short-term bonds and TIPS on the fixed income side. Instead, the DJ U.S. Series uses a combination of Barclays Government, Corporate and Mortgage Bond Indexes for its fixed income exposure. As a result, the DJ U.S. Series will perform different than the Ibbotson ETF Asset Allocation Series Portfolios, especially when International equities play a significant role in the Portfolio's total performance. The Portfolio's secondary benchmark, a blended 80 percent S&P 500 Index and 20 percent Barclays Capital U.S. Aggregate Bond Index, returned -8.53 percent during the quarter.

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Aggressive Growth Portfolio

During the quarter, the Portfolio had the following dynamic theme(s):

- **Theme 1:** Underweight U.S. Government Bonds relative to U.S. Corporate Bonds
- **Rational 1:** U.S. corporation's balance sheets are improving while the Governments is deteriorating

- **Theme 2:** Underweight U.S. Stocks relative to U.S. Bonds
- **Rational 2:** Equity valuations still look unattractive based on poor economic fundamentals

- **Theme 3:** Underweight U.S. Small Cap Stocks relative to U.S. Large Cap Stocks
- **Rational 3:** Large caps have greater financing sources and generally are more diversified

The Aggressive Growth Portfolio returned -9.12 percent in the quarter. The Portfolio's primary benchmark, DJ Aggressive U.S. Relative Risk Portfolio, returned -10.54 percent during the quarter. It's important to note that the DJ U.S. Series does not include International, Commodity, or REIT exposures on the equity side and short-term bonds and TIPS on the fixed income side. Instead, the DJ U.S. Series uses a combination of Barclays Government, Corporate and Mortgage Bond Indexes for its fixed income exposure. As a result, the DJ U.S. Series will perform different than the Ibbotson ETF Asset Allocation Series Portfolios, especially when International equities play a significant role in the Portfolio's total performance. The Portfolio's secondary benchmark, a blended 90 percent S&P 500 Index and 10 percent Barclays Capital U.S. Aggregate Bond Index, returned -9.98 percent during the quarter.

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Average Annual Total Returns

Performance Table as of 6/30/10	Ticker	1 Month	3 Month	YTD	1 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio**
Ibbotson Conservative ETF Asset Allocation I		0.00%	-0.37%	1.04%	7.51%	8.13%	1.12%	0.65%
Ibbotson Conservative ETF Asset Allocation II	CETFX	0.00%	-0.37%	0.95%	7.22%	7.02%	1.37%	0.90%
Ibbotson Income & Growth ETF Asset Alloca-		-0.95%	-2.90%	-0.74%	9.87%	-1.12%	1.00%	0.66%
Ibbotson Income & Growth ETF Asset Allocation	IETFX	-0.92%	-2.99%	-0.81%	9.61%	-1.89%	1.24%	0.91%
Ibbotson Balanced ETF Asset Allocation I		-1.99%	-5.44%	-2.42%	12.57%	-9.12%	0.86%	0.66%
Ibbotson Balanced ETF Asset Allocation II	BETFX	-1.86%	-5.39%	-2.40%	12.29%	-9.72%	1.10%	0.91%
Ibbotson Growth ETF Asset Allocation I		-2.95%	-7.94%	-4.30%	14.45%	-17.04%	0.85%	0.67%
Ibbotson Growth ETF Asset Allocation II	GET-	-2.98%	-8.01%	-4.45%	14.13%	-17.82%	1.10%	0.92%
Ibbotson Aggressive Growth ETF Asset Alloca-		-3.40%	-9.12%	-5.19%	15.35%	-22.46%	1.49%	0.69%
Ibbotson Aggressive Growth ETF Asset Alloca-	AGT-	-3.42%	-9.17%	-5.33%	15.09%	-23.12%	1.76%	0.94%

*Fund inception 4/30/07.

**The Advisor and Sub-advisor have contractually agreed to jointly waive its management fee and subadvisory fee, respectively, and/or reimburse expenses so that total annual fund operating expenses ("gross expense ratio") excluding acquired fund fees and expenses and extraordinary expenses, do not exceed a maximum of 0.48% of Class I shares and 0.73% of Class II shares average daily net assets through April 30, 2011. The addition of excluded expenses may cause the gross expense ratio to exceed 0.48% for Class I shares and 0.73% for Class II shares.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance data may be higher or lower than actual data quoted. For the most current month-end performance data please visit www.fivtfunds.com.

The performance shown here does not reflect the impact of costs associated with variable contracts, qualified pension and retirement plans or registered and unregistered separate accounts which when deducted will reduce the return figures shown.

Shares of the Portfolios are offered only to participating insurance companies and their separate accounts to fund the benefits of Variable Contracts, and to qualified pension and retirement plans and registered and unregistered separate accounts.

An investment in the Portfolios involves risk, including loss of principal. The Portfolios allocate investments among multiple ETF asset classes including: U.S. equity, fixed income, real estate and international ETFs. Asset allocation and diversification do not assure a profit or protect against down markets. The stocks of smaller companies are subject to above-average market-price fluctuations. There are specific risks associated with international investing, such as currency fluctuations, foreign taxation, differences in financial reporting practices and rapid changes in political and economic conditions. Real estate investments are subject to specific risks, such as risks related to general and local economic conditions and risks related to individual properties. Fixed income securities are subject to interest rate risk, prepayment risk and market risk.

Important Considerations

The Ibbotson ETF Allocation Series Portfolios are not Exchange Traded Funds (ETFs), instead they consist of five risk-based asset allocation portfolios that invest in underlying ETFs, which are typically open-end investment companies or unit investment trusts.

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Definitions:

Barclays Capital Aggregate Index: Market-value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year.

The Dow Jones Relative Risk Indexes measure the performance of conservative, moderate and aggressive portfolios based on incremental levels of potential risk. The indexes are designed to systematically measure various levels of risk relative to the risk of a U.S. all stock index.

Each Dow Jones Relative Risk Index is made up of composite indexes representing the three major asset classes: stocks, bonds and cash. The asset class indexes are weighted differently within each relative risk index to achieve the targeted risk level. The weightings are rebalanced monthly to maintain these levels.

Standard & Poor's 500 Index: Market-capitalization-weighted index of 500 widely held stocks. Member companies are chosen based on market size, liquidity, and industry group representation. Included are the stocks of industrial, financial, utility and transportation companies.

- Not a bank or credit union deposit or obligation
- Not FDIC or NCUA/NCUSIF insured
- Not insured by any federal government agency
- Not guaranteed by any bank or credit union
- May lose value