



MARYLAND'S INQUIRY INTO MUTUAL FUND TRADING PRACTICES

Recent reports of investigations of mutual fund trading practices being conducted by various regulatory groups necessitate that the State of Maryland, in accordance with its Due Diligence and Prudent Person Statutes, adopt a pro-active posture on the policies and practices of mutual funds doing business with the State.

Both the Defined Contribution and Defined Benefit Plans, working with their legal departments, their consultants,--- Nationwide Retirement Solutions, Segal Advisors and The Segal Company, Ennis Knupp & Associates--- the Maryland State Treasurer and the Maryland General Assembly's Joint Committee on Pensions, have developed a list of important questions.

Please provide the sender with written responses to the following questions by one month from receipt of this request. Unless otherwise indicated, your responses should encompass not only the firm but also all affiliates, including but not limited to parent companies and other funds within the firm's fund complex.

Please answer these questions accurately and concisely, yet completely. We thank you in advance for your cooperation

1. Has the firm been subpoenaed by regulators with regard to the firm's trading practices? If yes, by whom and when?
2. Are there any current or pending litigation or administrative actions against the firm as a result? If yes, please describe them.
3. Has the firm conducted an internal review to determine if excessive market timing and/or after hours trading have occurred in the funds? If yes, what was the outcome of the internal review?
4. How does the firm monitor employees' personal trading activities?
5. Has the firm terminated any employee in connection with the Trading Practice Investigations? Please provide information regarding any such termination.
6. What is the firm's policy regarding after hours trading?
 - a. Are there any situations where an investor can purchase shares after 4pm Eastern Time, or after the fund's shares have been priced, and receive that day's closing price? If so, please explain.

b. Are intermediaries, such as brokers and retirement plan record keepers, permitted to place orders after 4pm Eastern Time, provided they received those orders before 4pm Eastern Time? How does the firm verify that the intermediary received the original order before 4pm Eastern Time?

7. What are the firm's guidelines regarding excessive trading, short term trading or market timing? Are there different guidelines for the various classes of shares of the mutual funds the firm offers? What language is contained in the prospectus regarding excessive trading, short term trading and market timing?

8. What does the firm do to protect against market timing and excessive trading? Do the firm's pricing policies protect against market timing? Are there back end loads or expense charges on any funds? If the firm imposes such fees to discourage short-term trading, please explain how the firm developed this pricing, and why the firm would impose such fees on some of the funds and not on others, if applicable.

9. Does the firm employ fair market value pricing? If so, please describe those practices and explain what types of securities they apply to and under what circumstances.

10. Does the firm permit hedge funds to invest in the mutual funds? If so, please describe the policies for monitoring the hedge fund investors.

11. Please describe how hedge fund investors may be treated differently from other investors (e.g., individual investors and participants in 401K Plans), particularly with respect to other services that the firm may offer to hedge funds. Please describe how the firm is compensated for working with hedge funds.

12. What provisions are in place or being considered to protect shareholders?

13. Please list the members of the Board(s) of Directors that oversees the mutual fund(s) named on the cover letter. Please provide their biographical information and describe how these directors were selected and whether they are independent directors. Are there any anticipated changes to the structure of the Board(s) of Directors? If yes, please explain.

14. Does the firm have Errors and Omissions Insurance? Directors & Officers Liability Insurance? Who are the carriers and what are the limits?

15. What is the firm's view on the impact of these investigations on the future of the mutual fund industry?