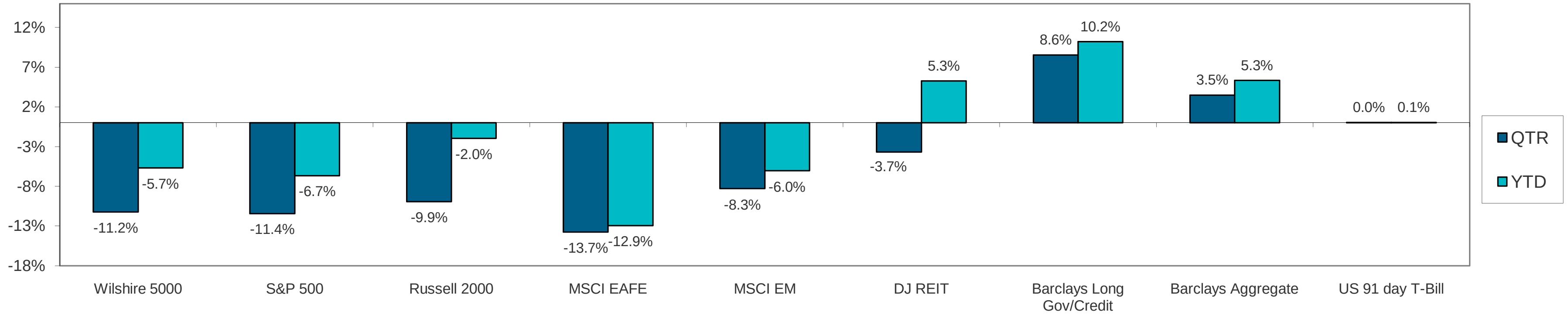
Capital Markets Overview

June 30, 2010

CLEARBROOK INVESTMENT CONSULTING

Quarter and Year-End Benchmark Returns



U.S. Market

- Unlike the first quarter of 2010, the second quarter was very disappointing on many fronts. First, the stock market declined 11.4%, placing it firmly in bear market territory. Additionally, a slowdown in the pace of growth seen in recent economic releases sent investors back to the sidelines.

- One unsettling development during the quarter was the rise in market volatility. Much has been made of HST (High Speed Trading), and while this may not have been the sole culprit, it is clear that volatility is on the rise and is expected to remain high. July's earnings season will reveal the actual progress being made by companies, resulting in a more fundamentally driven market rather than one trading on purely technical factors.

- Signs of economic weakness helped the bond market, evidenced by the 3.5% rise in the BarCap Aggregate Index for the quarter. Remarkably, in spite of investor concerns over possible inflation, the Long Gov't/ Credit Index advanced 8.6% for the quarter and is now up over 10% for the year.

Non-U.S. Markets

- Foreign equity markets fared even worse than their U.S. counterparts during the second quarter of the year. The MSCI EAFE Index fell 13.7% partly due to the strengthening of the US dollar against the Euro, while the MSCI Emerging Market Index held up only slightly better with an 8.3% drop, largely supported by capital flows to Asia.

- Sovereign debt problems in the European Union, especially in southern European member countries, dominated the headlines again during the quarter with downgrades in Greek and Portuguese government-issued debt heightening fears that the ongoing crisis could spread to other European countries.

- There is a strong likelihood that the majority of member countries will have to adopt severe austerity measures that could further dampen their economic recovery and hurt consumers. For this reason, many global investment managers have reduced their allocations to Europe, favoring the U.S. and Asia

Economic Developments

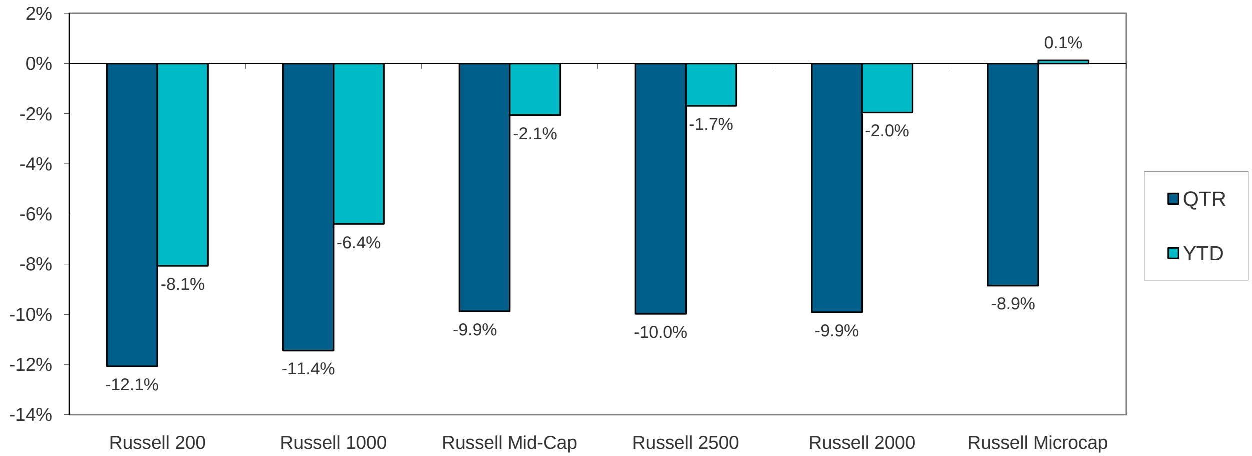
- Recent data shows a loss of economic momentum, sufficient enough to re-ignite fears of a possible double-dip recession. Unemployment remains stubbornly high at 9.5%, and the average length of time unemployed people have been out of work stands at over 35 weeks, by far the longest post-WWII.

- Many of the problems that surfaced in 2008 and 2009 have not diminished. Households still need to restore their balance sheets and credit conditions remain tough. The housing market, which had been showing signs of improvement, has taken a turn for the worse with a new report showing that almost a quarter of all home listings in the U.S. had at least one price reduction in June.

- On a positive note, corporate profits and balance sheets are actually quite robust. That said, many companies are still reluctant to increase headcount amid uncertainty with regards to legislation, taxes and global growth. Job openings dropped from 3.3 million in April to 3.2 million in May according to the Labor Department. We expect that conditions will improve but that the recovery will take longer, and may not be as robust as many first believed.

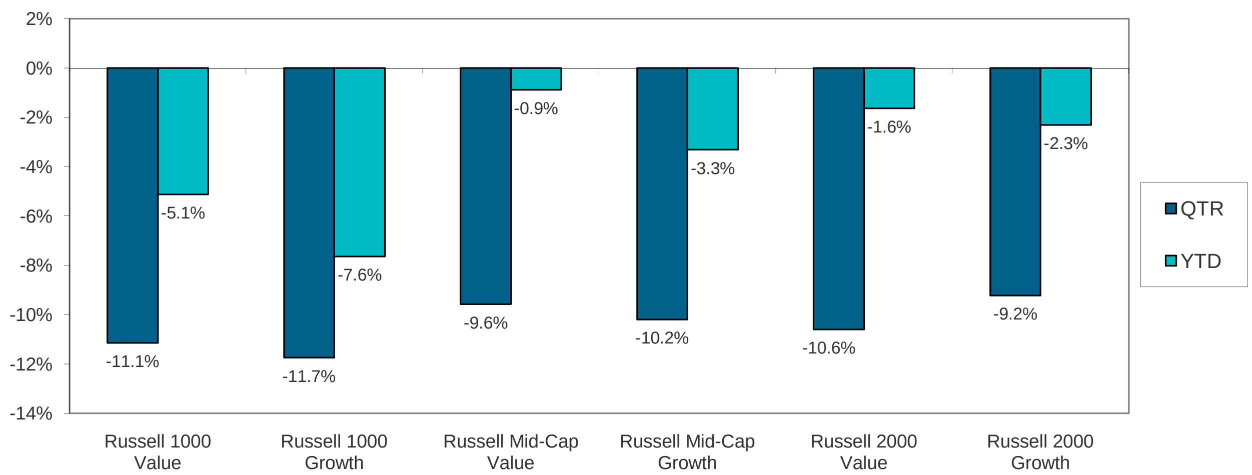
US Equity Markets Overview

June 30, 2010



Capitalization Analysis

- Stocks fell across all capitalizations during the second quarter with large and mega-caps suffering larger losses than small and micro-caps.
- A series of negative economic data releases together with the BP oil saga in the Gulf led to economic uncertainty and impacted all the indexes dramatically.
- The large cap Russell 1000 Index lost 11.4% in the second quarter and the small cap Russell 2000 Index fell almost 10% during the same time period. On a year-to-date basis however, small and micro-cap clearly outperformed large and mega cap names with the Russell Microcap Index still in positive territory for the year and the Russell 200 Index down 8.1%.



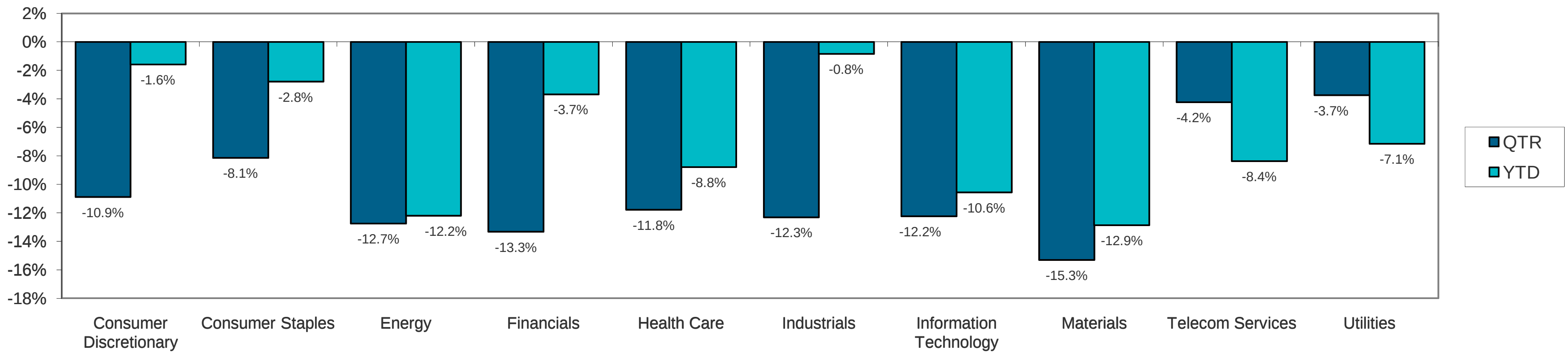
Style Analysis

- There was virtually no distinction performance-wise between the financials-dominated Value Indexes and the Healthcare & Technology-dominated Growth Indexes during the second quarter.
- The Russell 1000 Value Index dropped 11.1% in the second quarter, outperforming the Russell 1000 Growth Index by just 60 basis points. The Russell 2000 Value Index underperformed its Growth counterpart by a similar margin, returning -10.6% vs. -9.2%.
- On an attribution basis, Technology (-12.1%) and Consumer Discretionary (-10.1%) contributed the most to the negative quarterly return in the Russell 1000 Growth Index while Financials (-12.8%) and Energy (-12.2%) had the greatest effect on the Russell 1000 Value Index.

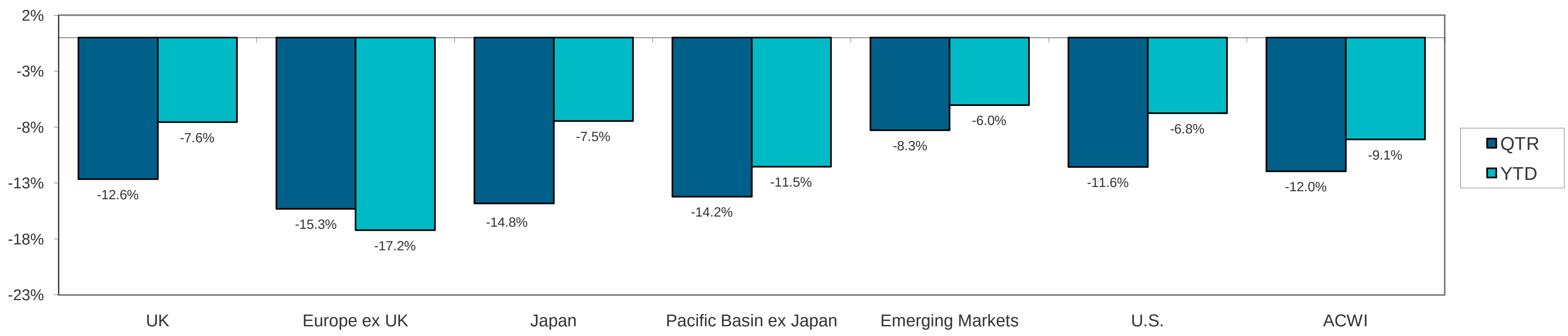
U.S. Equity Sector Returns / Country Returns

June 30, 2010

US Equity Sector Returns



Country Returns



Fixed-Income Markets Overview

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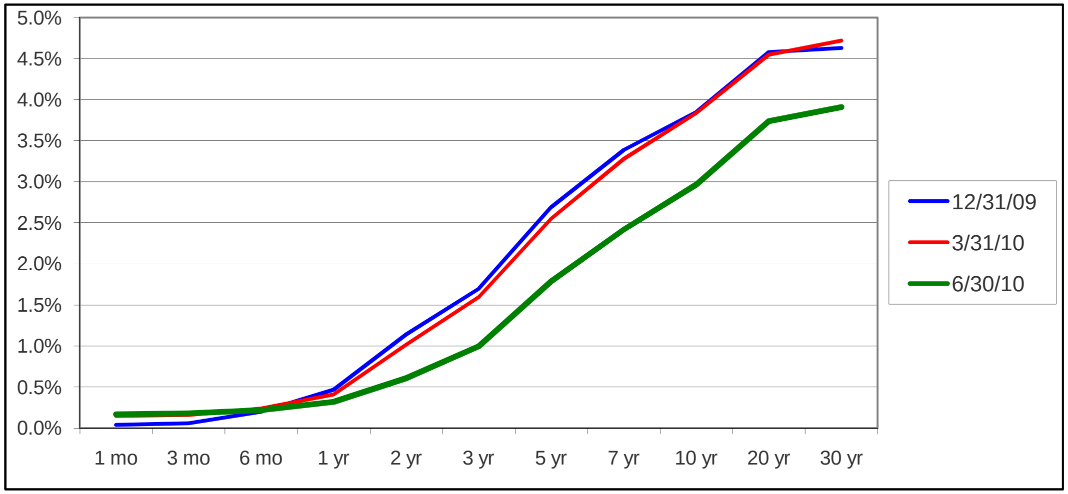
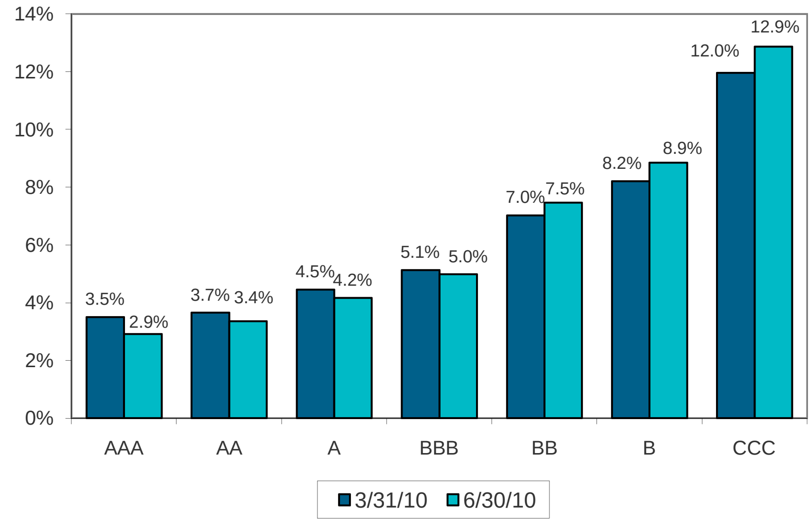
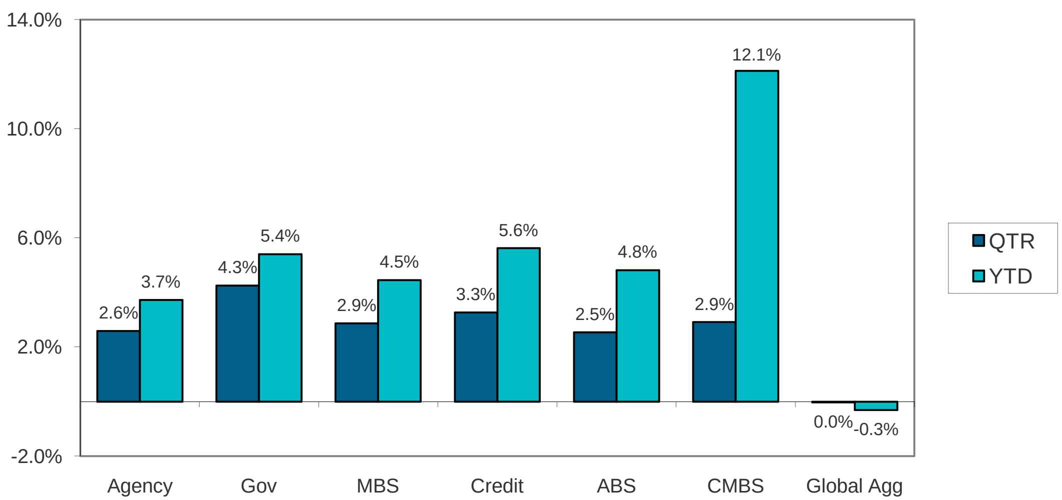
Yield Curve



Yield by Credit Rating



Sector Returns



Commentary

- During the second quarter of this year, the yield curve flattened and the spread between two and ten-year yields narrowed. Spreads have not been this tight since October of last year, and were motivated by concerns over possible deflation and a gloomy economic outlook.

- Investment grade credit yields came in slightly during the second quarter, with AAA yields falling 60 basis points from 3.5% to 2.9%. On the other end of the credit spectrum, yields rose from the previous quarter as evidenced by a 70 basis point increase in B-rated corporate bonds and 90 basis point increase in CCC-rated debt.

- All parts of the investment grade fixed-income market showed good strength from inflows (both retail and institutional). Credits rose 3.3%, ABS 2.5%, MBS 2.9% and TIPS 3.8%. High Yield and Bank Loans (having some equity-like characteristics), returned -1.4% and -2.0% respectively as investors locked in recent profits.