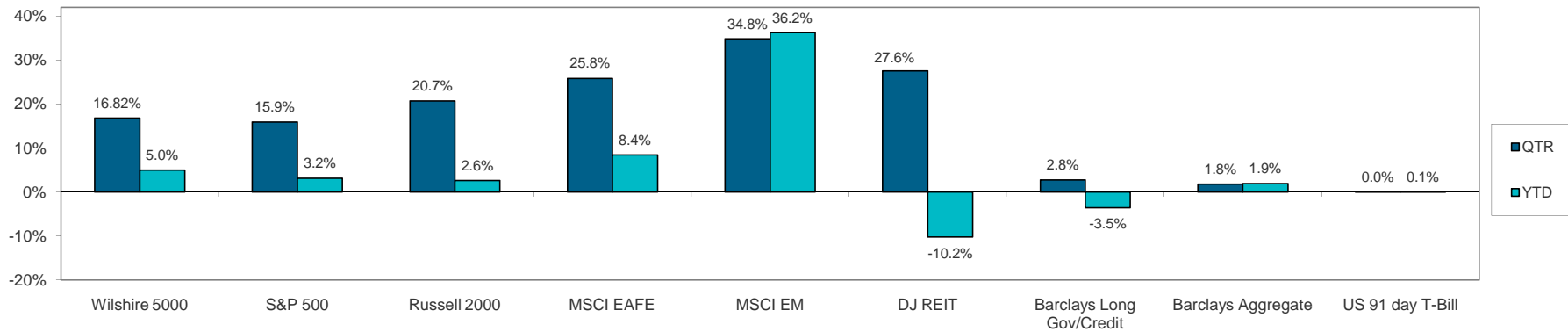


Quarter and Year-End Benchmark Returns



U.S. Market

- US equity markets staged an impressive recovery rally during the second quarter. The positive news was triggered by better-than-expected bank "stress-test" results, positive news on TARP repayments, and a bottoming out of economic data including the ISM Index. The performance represented the best quarter in almost 10 years with the Large Cap S&P 500 Index gaining 15.9%, and the Russell 1000 Index climbing 16.5%.
- Investors favored beaten down names, especially in the Financial and Basic Material sectors. The Financial sector alone was up 80% off of its March lows. The fundamental outlook continued to improve in sectors like Technology, Telecommunication, and Consumer Discretionary, largely due to upward revisions in earnings estimates throughout the quarter. While the revisions may be upward, they suggest earning declines will be less than anticipated.
- Overall, indices with the highest volatility and least liquid underlying stocks led the market in terms of returns as is indicated by the 23.4% jump in the Russell 2000 Growth Index and the 25% gain in the Russell Micro Cap Index.
- Corporate bonds saw one of the largest three month advances in history. The issues of every credit rating across the capital structure received stronger bids compared to the previous quarter, signaling an improvement in liquidity. Treasuries that had previously benefited from a flight to safety fell sharply due to signs of stability in the economy. This even as the US government increased its debt insurance. The Barclays US Treasury Index lost 3% for the quarter while the Barclays Long Treasury Bond Index declined 7.1%. In contrast, the Barclays Aggregate Index returned 1.8% and the Barclays Intermediate Gov/Credit Index added 1.7%.

Non-U.S. Markets

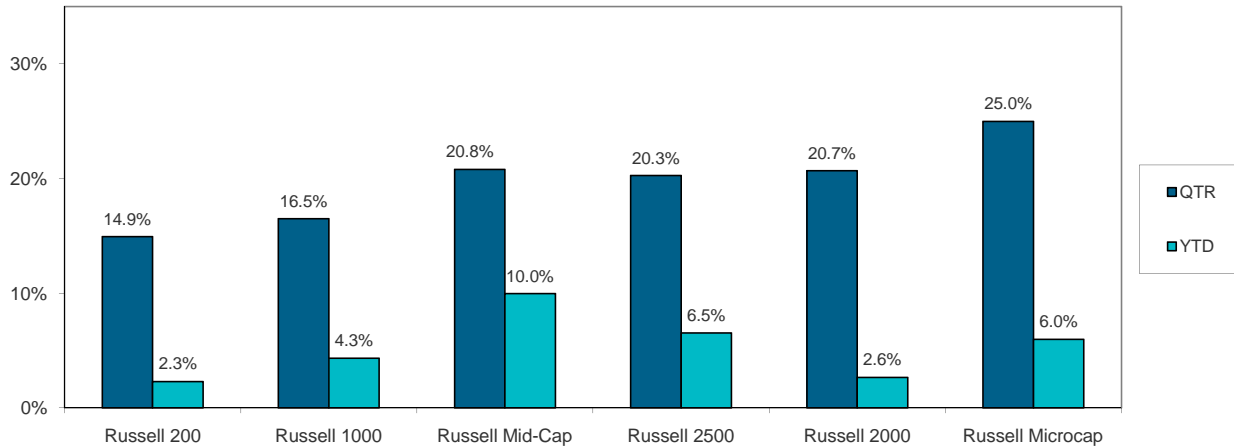
- Globally, the second quarter saw sharp gains with most stock markets delivering large double-digit returns. Emerging markets, coming off heavy first quarter losses, generated very positive returns. The MSCI EAFE Index rose 25.8% and the MSCI Emerging Market Index returned a stunning 34.8%. Each of the non-US G-7 countries produced returns above 20% for the quarter, in line with the EAFE Index.
- The BRIC countries (Brazil, Russia, India, and China) also produced large double-digit quarterly returns. The bounce back in equities could be attributed to expectations of a nascent global recovery with the emerging market economies leading the way.

Economic Developments

- June brought with it mixed and sometimes conflicting economic data. The ISM manufacturing Index increased 2 points to a level of 44.8. The all-important employment component of the Index showed a modest gain of 6.4 points. Payroll employment fell 467,000, following a revised loss of 322,000 in the month of May. This figure is somewhat puzzling considering that both the manufacturing and non-manufacturing employment components of the ISM index rose during the month of June. However, job losses occurred across all major sectors of the economy with the exception of Healthcare and Education.
- The non-manufacturing ISM Index jumped to a nine-month high of 47 from the previous month's level of 44 points. These gains were driven primarily by an increase in new orders, exports, and business activity.

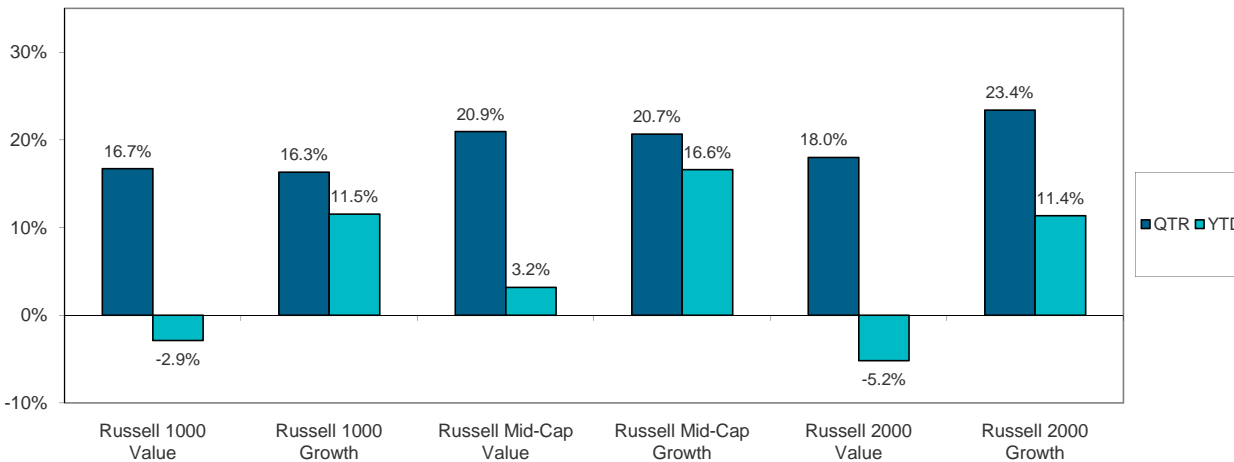
US Equity Markets Overview

June 30, 2009



Capitalization Analysis

- In a generally strong quarter for the overall market, small and micro cap stocks outperformed their large and mega cap counterparts.
- Investors became more aggressive during the second quarter, following a strong end to the first. This led to a move away from larger, economically resilient companies previously favored into smaller companies.
- The mega cap Russell 200 Index gained 14.9% while the large cap Russell 1000 Index rose 16.5% for the quarter. In contrast, the Russell Mid Cap Index advanced 20.8% and the Russell Micro Cap Index jumped 25% the same time period.
- A reversal from previous selling quarters to buying activity within the highly volatile micro cap space, resulted in a significant increase in the index. Additionally, very low priced stocks bounced backed significantly in percentage terms even though their nominal dollar values still remained relatively low.



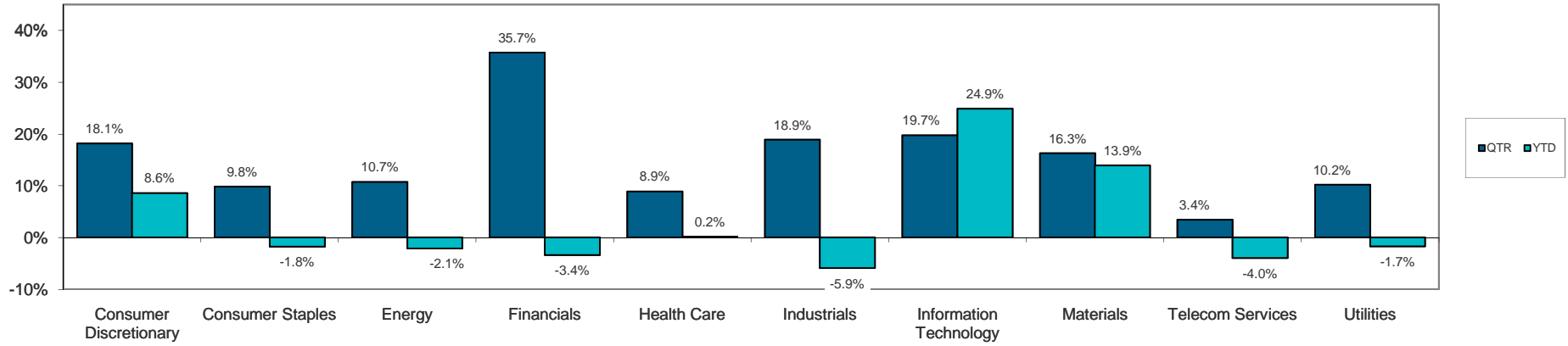
Style Analysis

- Growth and Value stocks generated similar returns for the second quarter. Year-to-date, however, Growth outperformed Value, reflecting the preference for defensive, higher-quality names that dominated the previous quarter.
- Investors, sensing a comeback in sectors such as energy, financials, and consumer discretionary, began rotating out of growth and into value throughout the second quarter.
- The Russell 1000 Value Index added 16.7% during the quarter to end the past six months down 2.9%. The quarterly return compared favorably against the 16.3% return for the Russell 1000 Growth Index although growth outperformed value by 14.4% on a year-to-date basis.
- Majority of the strong performance in growth indexes came from the Healthcare (+8.9%), Consumer Staples (+9.8%) and Information Technology (+19.7%). Conversely, value indexes benefited from the surging Financial Sector (+35.7%), Consumer Discretionary (+18.1%) and Energy (+10.7%).

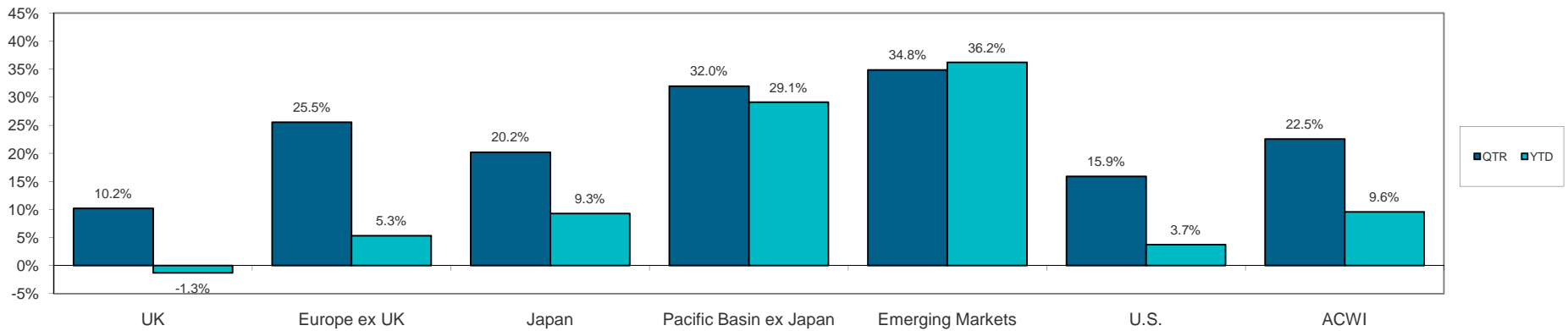
U.S. Equity Sector Returns / Country Returns

June 30, 2009

US Equity Sector Returns



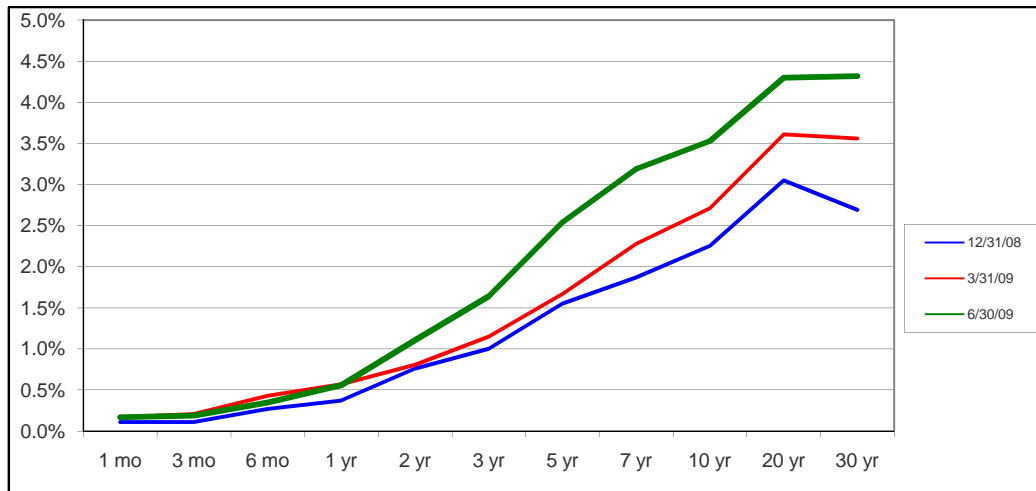
Country Returns



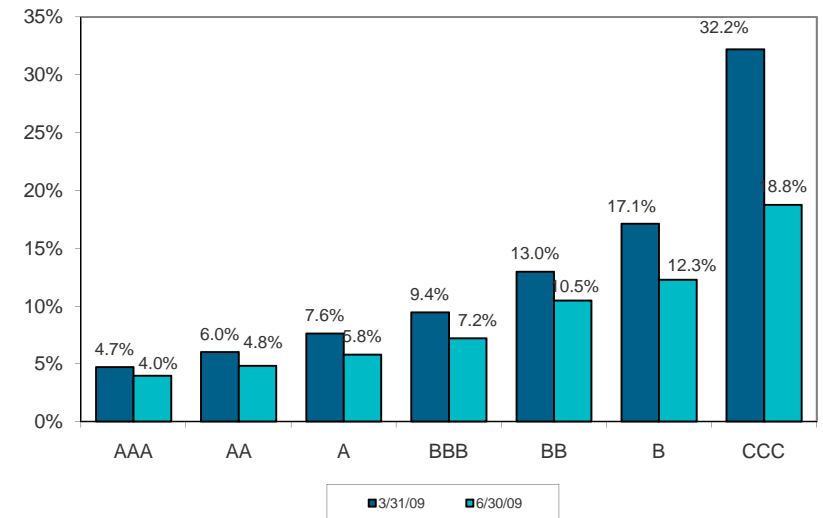
Fixed-Income Markets Overview

June 30, 2009

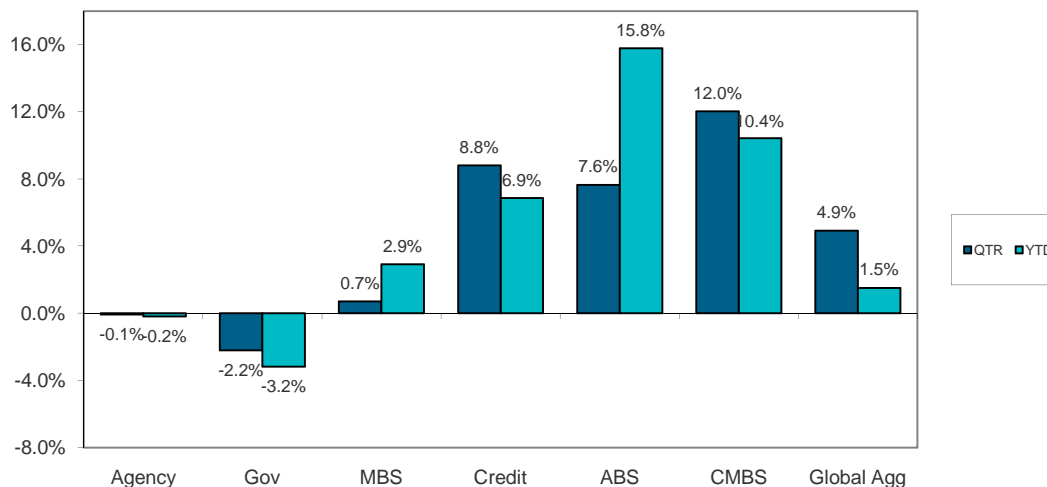
Yield Curve



Yield by Credit Rating



Sector Returns



Commentary

- Treasuries experienced large declines during the second quarter, leading to a steepening of the yield curve. Investors shifted funds towards riskier assets in reaction to economic "green shoots" as some leading indicators bounced from first year-end lows. Additionally, Treasuries fell due to fears of rising inflation emanating from massive US Government borrowing.
- Spreads tightened dramatically across the credit rating spectrum during the second quarter. The spread between AAA rated and CCC rated debt shrunk from 27.5% to 14.1% in just three months. Lower rated issues witnessed sharper declines in yields compared to their first quarter levels.
- The troubled structured product sectors recovered nicely in the second quarter. Asset-Backed Securities (ABS) and Commercial Mortgage-Backed Securities (CMBS) put in strong returns after the government's Term Asset-Backed Securities Loan Fund (TALF) program allowed new issue rates to greatly tighten. The Barclays ABS Index advanced 7.6% during the quarter and stood at 15.8% year-to-date. The Barclays CMBS Index jumped 12.0% to finish the first half of the year up 10.4%. Also, the impending Public-Private Investment Program (PPIP) gave investors a reason to buy highly undervalued senior CMBS tranches.