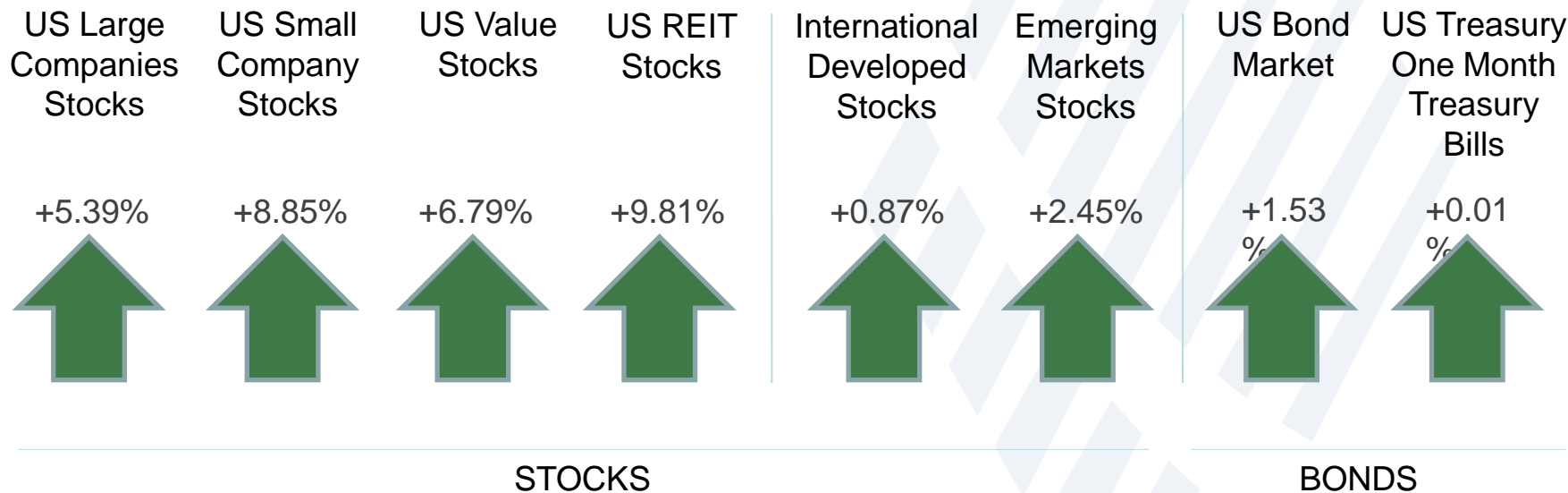


QUARTERLY INVESTMENT UPDATE

FIRST QUARTER 2010

Markets Update: A Quarter in Review First Quarter 2010



Market segment (Index representation) as follows: US Large Company Stocks (S&P 500 Index); US Small Company Stocks (Russell 2000 Index), US Value Stocks (Russell 1000 Value Index). US Real Estate Market (Dow Jones US Select REIT Index), International Developed (MSCI EAFE Index (net div.)), Emerging Markets (MSCI Emerging Markets Index (gross div.)), US Bond Market (Barclays Capital US Aggregate Bond Index), and Treasury (One-Month US Treasury Bills). The S&P data are provided by Standard & Poor's Index Services Group. Russell data copyright © Russell Investment Group 1995-2010, all rights reserved. MSCI data copyright MSCI 2010, all rights reserved. Dow Jones data (formerly Dow Jones Wilshire) provided by Dow Jones Indexes. US long-term bonds, bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Markets Update: A Quarter in Review

First Quarter 2010

- The US equity market continued its strong performance in the first quarter of 2010, the fourth consecutive quarter with above-average returns. The broad US market gained about 6% in the quarter, with all asset classes delivering solid gains again. Performance in other developed markets around the world was mixed.
- European markets as a whole had negative returns for the quarter, with Spain, Greece, and Portugal all suffering double-digit losses. On the other hand, developed markets in the Asia Pacific region, led by Japan, which had an outstanding quarter, generally fared much better. The US dollar gained ground against most major currencies, especially the euro and the pound, which hurt the dollar-denominated returns of developed market equities.
- After being the top-performing asset class for the past four quarters, emerging markets cooled off in the first quarter, although returns were still solidly positive. As in the case of developed markets, there was much dispersion in the performance of different emerging markets and asset classes. Most emerging markets experienced solidly positive returns in the first quarter, but some of the larger markets such as Brazil, China, and Taiwan had negative returns. The US dollar lost ground against the main emerging market currencies in the first quarter, which contributed to the dollar-denominated returns of emerging market equities.
- Value stocks outperformed growth stocks across all market capitalization segments in the US, while the opposite was true in other developed markets. In emerging markets, large cap value stocks trailed large cap growth stocks, while small cap value stocks outperformed small cap growth stocks.
- Along the market capitalization dimension, small caps outperformed large caps in the US, in other developed markets, and in emerging markets.
- Real estate securities were among the top performers in the first quarter in the US, but they had a flat performance in other developed markets.
- Fixed income securities had positive returns in the first quarter. Longer-term securities tended to have better performance than short-term ones.

Timeline of Events: A Quarter in Review First Quarter 2010

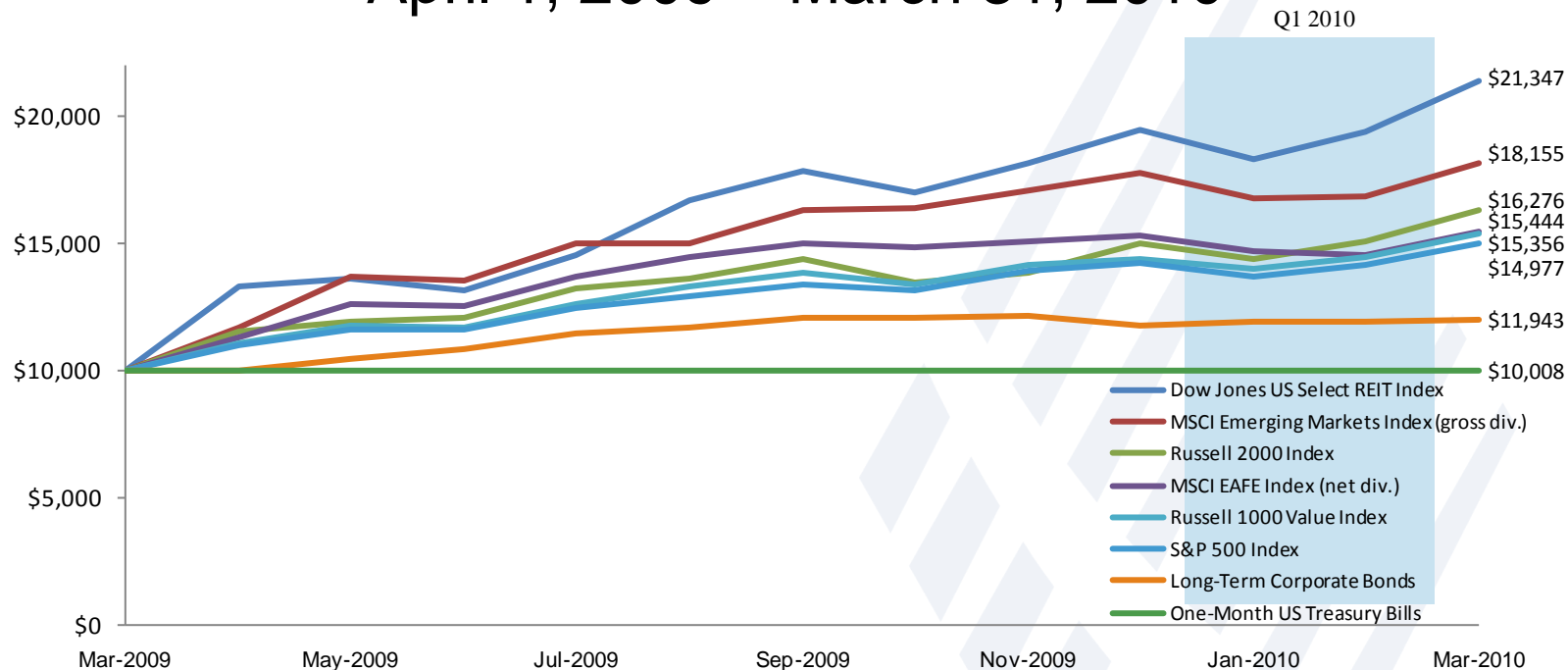


Beyond the Quarter: Survey of Long Term Performance As of March 31, 2010

Index	Annualized (%)					
	1 Year Ending 12/31/2009	3 Years Ending 12/31/2009	5 Years Ending 12/31/2009	10 Years Ending 12/31/2009	20 Years Ending 12/31/2009	Since Inception (Inception date)
US Large Company Stocks						
S&P 500 Index	49.77	-4.17	1.92	-0.65	8.66	9.85 (01/1926)
US Small Cap Stocks						
Russell 2000 Index	62.76	-3.99	3.36	3.68	8.93	11.47 (01/1979)
US Value Stocks						
Russell 1000 Value Index	53.56	-7.33	1.05	3.10	9.36	12.21 (01/1979)
US Real Estate Investment Trust Stocks						
Dow Jones US Select REIT Index	113.47	-11.99	3.38	11.38	9.51	12.31 (01/1978)
International Stocks						
MSCI EAFE Foreign Stock Index	54.44	-7.02	3.75	1.27	5.25	9.45 (01/1970)
MSCI Emerging Markets Index	81.55	5.46	16.00	10.11	11.12	13.79 (01/1988)
Bonds						
SBBI Long-Term Corporate Bonds	19.43	5.30	4.92	7.55	8.09	5.83 (01/1926)
SBBI One-Month US Treasury Bills	0.08	1.71	2.73	2.63	3.75	3.65 (01/1926)

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Change in Value of \$10,000 Invested in Various Markets April 1, 2009 – March 31, 2010

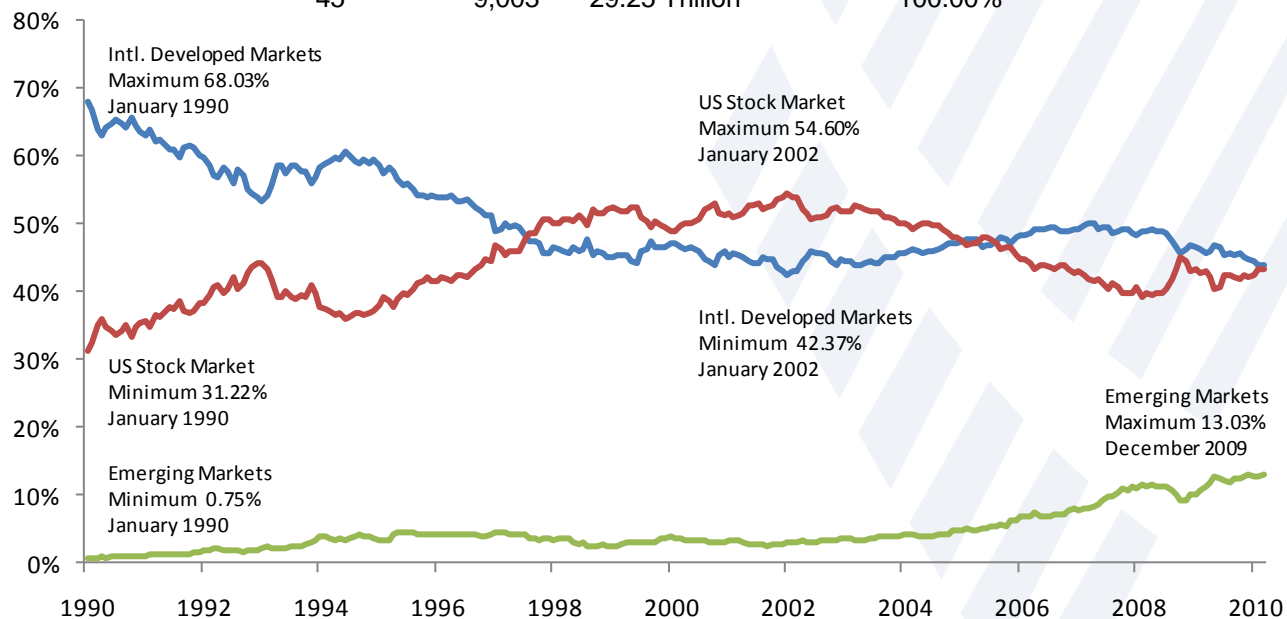


Asset Class	Index	CHANGE IN VALUE OF \$1			
		1 Year	5 Years	10 Years	20 Years
US Large Company Stocks	S&P 500	\$1.50	\$1.10	\$0.94	\$5.26
US Small Cap Stocks	Russell 2000	\$1.63	\$1.18	\$1.44	\$5.53
US Value Stocks	Russell 1000 Value	\$1.54	\$1.05	\$1.36	\$5.98
US Real Estate Market	Dow Jones US Select REIT	\$2.13	\$1.18	\$2.94	\$6.15
International Developed Stocks	MSCI EAFE	\$1.54	\$1.20	\$1.13	\$2.78
Emerging Market Stocks	MSCI Emerging Markets	\$1.82	\$2.10	\$2.62	\$8.24
Fixed Income Corporate Bonds	Long-Term Corporate Bonds	\$1.19	\$1.27	\$2.07	\$4.74
Short Term Government Bonds	One-Month US Treasury Bills	\$1.00	\$1.14	\$1.30	\$2.09

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Value of Stock Markets Around the World January 1990 – March 2010

	Number of Countries	Number of Stocks	Total Value	Weights		
				March 31, 2009	Change From Previous Quarter	01/90-3/10 Average
United States	1	2,949	12.64 Trillion	43.21%	▲ 0.93%	44.69%
Developed Markets	22	3,503	12.82 Trillion	43.83%	▼ -0.86%	50.64%
Emerging Markets	22	2,551	3.79 Trillion	12.96%	-0.07%	4.67%
Total	45	9,003	29.25 Trillion	100.00%		



- Global market capitalization weights are not static, they change across time.

The Randomness of Quarterly Returns

This table shows from top to bottom the highest returning asset classes each year over the last 14 quarters. Each asset class is color coded based on the legend below.

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Highest Return	17.64	4.01	15.05	14.52	3.66	2.14	0.58	4.78	23.36	1.02	34.84	35.44	9.18	9.81	?
Russell 2000	10.12	3.74	6.98	2.71	1.97	0.52	0.53	0.43	0.20	0.03	31.46	21.04	8.58	8.85	?
	8.90	2.35	6.28	2.56	0.93	-1.13	-0.80	-1.12	21.15	11.01	25.86	19.36	6.04	6.79	?
div.)	8.85	1.95	4.93	2.03	-1.62	-8.69	-1.17	-6.11	21.94	12.43	20.68	19.28	4.22	5.39	?
)	8.00	1.26	4.42	1.42	-3.33	-8.72	-2.49	-8.37	22.18	13.14	16.69	18.24	3.88	2.45	?
REIT	6.70	1.24	1.26	1.14	-4.58	-9.45	-2.72	-8.54	26.12	14.95	15.93	15.61	2.44	1.53	?
Lowest Return	1.35	0.64	-1.88	-0.24	-5.80	-9.90	-5.32	20.67	27.56	16.77	8.24	11.09	0.01	1.35	?
	1.24	-0.02	-9.36	-3.09	13.54	10.92	-5.39	26.86	39.95	33.92	0.02	0.03	-2.17	0.01	?

The lack of a pattern indicates that picking which asset classes will be the best or worst performers is virtually impossible.

In Q4 2008, for example, the MSCI Emerging Markets Index was the second to worst performing asset class. A quarter later it was right up at the top.

Portfolios combining these various investments will avoid extreme returns.

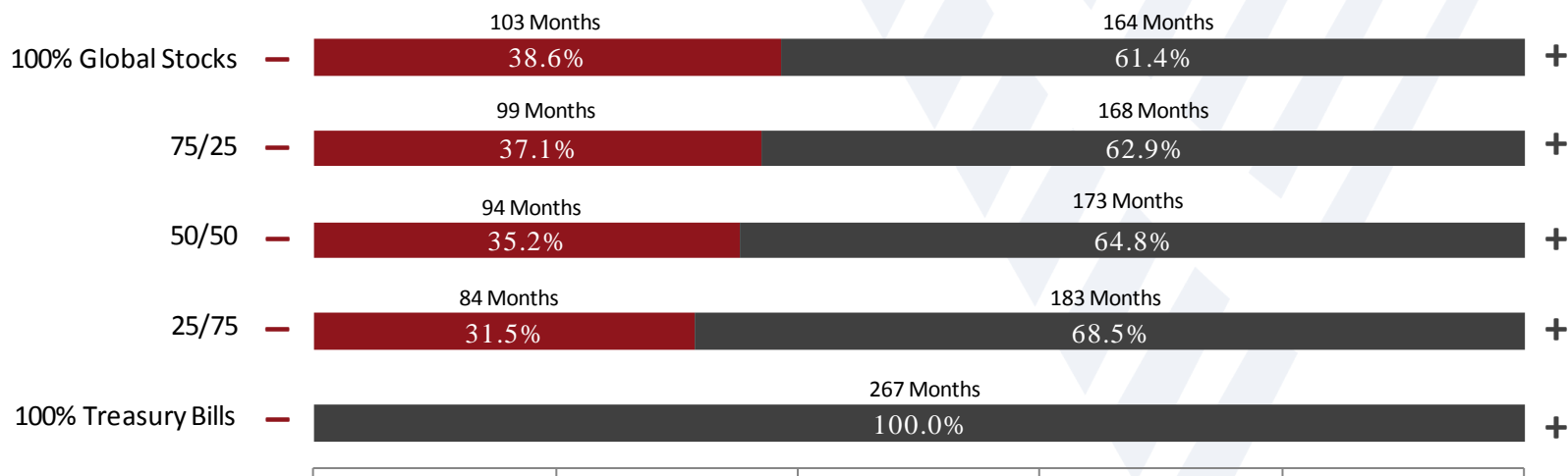
S&P 500
Russell 2000
Russell 1000 Value
MSCI World ex USA
MSCI Emerging Markets (gross div.)
Dow Jones US Select REIT
One-Month US Treasury Bills
Long-Term Corporate Bonds

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Returns of Globally Diversified Portfolios As of March 31, 2010

Percent	Annualized Returns (%)					
	Q1 2010	One Year	Three Years	Five Years	Ten Years	Twenty Years
100% Global Stocks	3.24	56.31	-3.84	4.48	1.09	7.15
75/25	2.48	40.35	-1.97	4.40	1.77	6.54
50/50	1.69	25.71	-0.41	4.07	2.25	5.77
25/75	0.87	12.31	0.81	3.51	2.53	4.83
100% Treasury Bills	0.01	0.08	1.71	2.73	2.63	3.75

Positive vs. Negative Months: January 1988 – March 2010, Total 267 months



Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Data copyright MSCI 2010, all rights reserved. © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

US Stock Returns As of March 31, 2010

Asset Class	Index	Returns (%)		
		Q1 2010	One Year	Three Years Annualized
Marketwide	Russell 3000	5.95	52.44	-3.99
Large Cap	S&P 500	5.39	49.77	-4.17
Large Cap	Russell 1000	5.70	51.57	-3.98
Large Cap Value	Russell 1000 Value	6.79	53.56	-7.33
Large Cap Growth	Russell 1000 Growth	4.65	49.75	-0.78
Small Cap	Russell 2000	8.85	62.76	-3.99
Small Cap Value	Russell 2000 Value	10.03	65.06	-5.71
Small Cap Growth	Russell 2000 Growth	7.61	60.31	-2.42

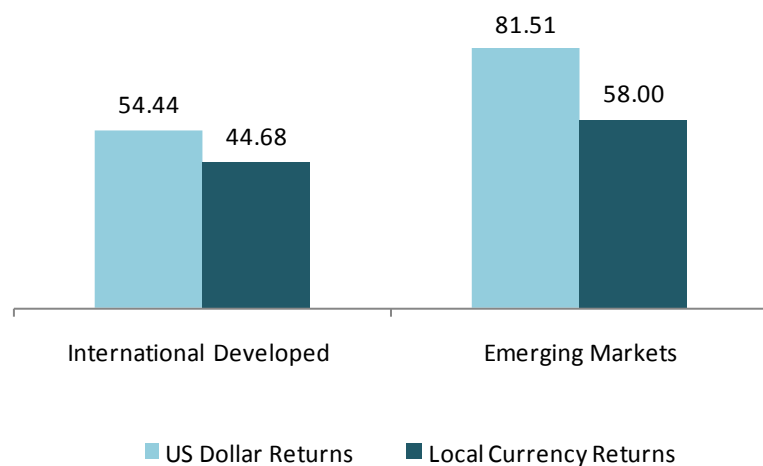
- A look at the determinants of equity performance—relative price and market capitalization—provides some insight into the sources of returns.
- Historically, value stocks, as measured by the ratio of book-to-market equity (BtM), have outperformed growth stocks, and that was indeed the case in the first quarter.
- Historically, small stocks have experienced higher returns than large stocks, and that was indeed the case in the first quarter.

International Stock Returns As of March 31, 2010

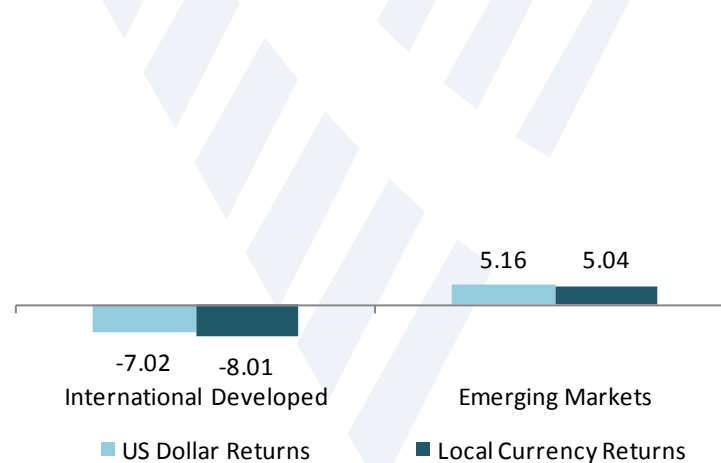
Asset Class	Index	Returns (%)		
		Q1 2010	One Year	Three Years Annualized
Marketwide	MSCI All Country World ex USA	1.58	60.93	-4.17
Developed Large Cap	MSCI EAFE	0.87	54.44	-7.02
Developed Small Cap	MSCI EAFE Small	4.76	70.02	-8.27
Developed Value	MSCI EAFE Value	-0.24	58.52	-8.40
Developed Growth	MSCI EAFE Growth	1.96	50.61	-5.70
Emerging Markets Large Cap	MSCI Emerging Markets	2.40	81.08	5.16
Emerging Markets Small Cap	MSCI Emerging Markets Small	5.07	118.10	7.44
Emerging Markets Value	MSCI Emerging Markets Value	2.35	83.89	8.00
Emerging Markets Growth	MSCI Emerging Markets Growth	2.45	78.32	2.32

IMPACT OF CURRENCY FLUCTUATIONS ON RETURNS FOR INVESTORS IN US DOLLARS

One Year Returns in US Dollars and Local Currency








Three Year Annualized Returns in US Dollars and Local Currency








MSCI Country Returns in US Dollars and Local Currency As of March 31, 2010

First Quarter 2010 Returns

	Return US Dollars	Return Local Currency	Impact of Currency
 1. Thailand	13.19%	9.78%	3.41%
 2. Hungary	12.62%	17.43%	-4.81%
.			
.			
 16. United States	5.28%	5.28%	-
.			
.			
 44. Greece	-13.16%	-7.92%	-5.24
 45. Spain	-15.29%	-10.18%	-5.11

One Year Returns in US Dollars and Local Currency

	Return US Dollars	Return Local Currency	Impact of Currency
 1. Hungary	181.00%	137.51%	43.49%
 2. Indonesia	146.11%	93.81%	52.30%
.			
.			
.			
 39. United States	48.82%	48.82%	-
.			
.			
 44. Ireland	22.99%	20.68%	2.31%
 45. Morocco	10.70%	9.15%	1.55%

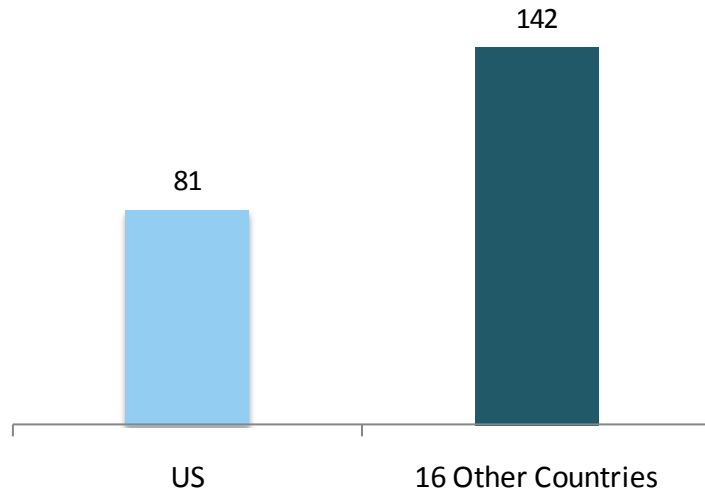
TEN YEAR PERFORMANCE RANKING OF MARKETS AROUND THE WORLD IN US DOLLARS AS OF DECEMBER 31, 2009

1. Columbia 2. Peru 3. Czech Republic 4. Brazil 5. Russia 6. India 7. Egypt 8. Indonesia 9. Chile 10. Mexico 11. South Africa 12. Hungary 13. Norway 14. Australia 15. Korea 16. Canada 17. Denmark 18. China 19. Morocco 20. Malaysia 21. Israel 22. Poland 23. Austria 24. Thailand 25. Spain 26. Switzerland 27. Singapore 28. Turkey 29. Hong Kong 30. New Zealand 31. Portugal 32. France 33. Philippines 34. Sweden 35. Germany 36. Netherlands 37. Italy 38. United Kingdom 39. Taiwan **40. USA** 41. Belgium 42. Japan 43. Greece 44. Finland 45. Ireland

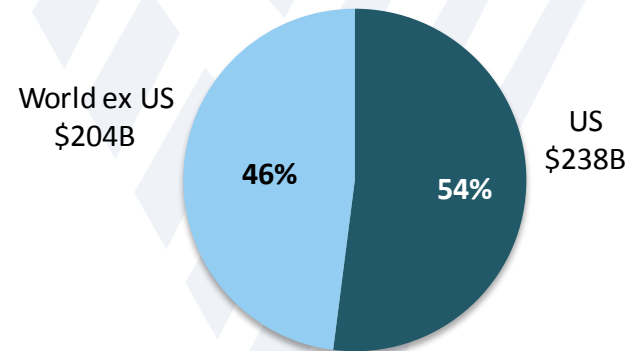
Real Estate Investment Trusts (REIT) Stocks As of March 31, 2010

Index	Returns (%)		
	Q1 2010	One Year	Three Years Annualized
Dow Jones US Select REIT Index	9.81	113.47	-11.99
S&P Global ex US REIT Index (gross div.)	-0.04	67.42	-15.91

Number of REIT Stocks



Total Value of REIT Stocks



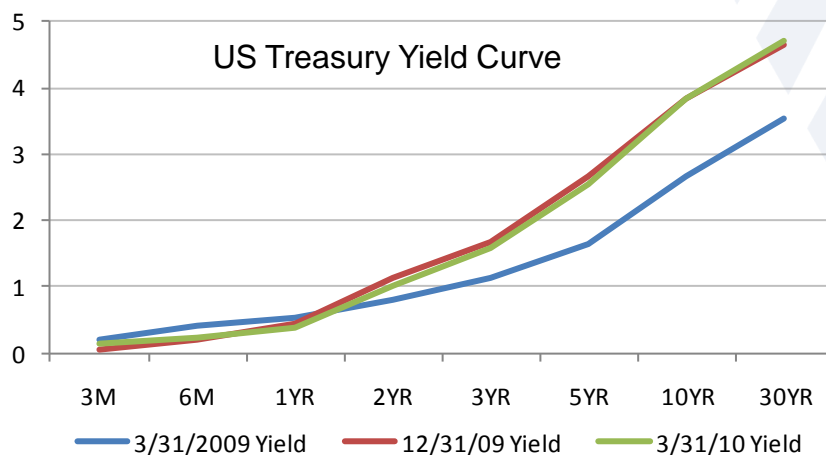
Number of REIT stocks and total value based on the two indices. Dow Jones US Select REIT Index data provided by Dow Jones ©. S&P Global ex US REIT Index data provided by Standard and Poor's ©. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Bond Returns As of March 31, 2010

Index	Returns (%)		
	Q1 2010	One Year	Three Years Annualized
SBBI One-Month US Treasury Bills	0.01	0.08	1.71
Bank of America Merrill Lynch Three-Month T-Bills	0.01	0.17	1.99
Bank of America Merrill Lynch One-Year US Treasury Note	0.25	1.06	3.45
Citigroup World Government Bond 1-5 Years (hedged)	0.76	2.29	4.85
SBBI US Long Term Government Bonds	1.12	-8.38	5.67
Barclays Capital Corporate High Yield	4.62	56.18	6.65
Barclays Capital Municipal Bonds	1.25	9.69	4.56
Barclays Capital US TIPS Index	0.56	6.18	6.01

Yields on short-term Treasury bills rose in the first quarter relative to the end of 2009, while yields on long-term Treasury securities fell in the first quarter.

As a result, the yield curve flattened slightly over the quarter. The difference in yield between ten-year Treasury bonds and one-month US Treasury bills was 369 basis points at the end of the first quarter, compared to 381 basis points at the end of 2009.

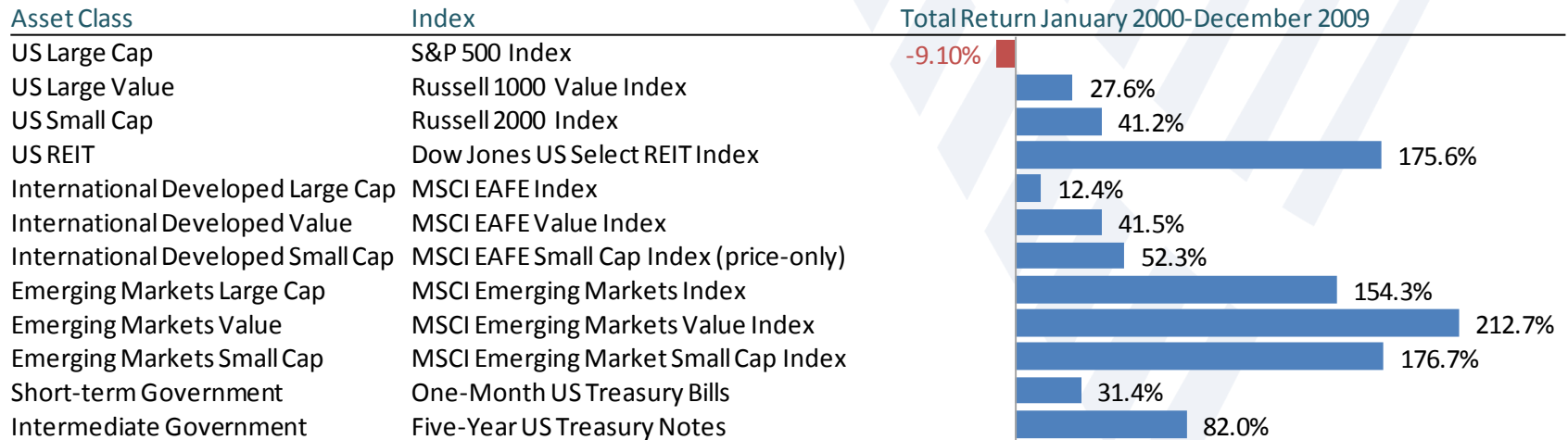


Quarterly Topic: The Lost Decade, For Some.

Many in the popular financial media claim that 2000-2009 was a dismal period for US investors. Some commentators are describing the tumult as the “Lost Decade” in stocks. From a narrow market perspective, they are right. Investors who concentrated in US large cap stocks did not break even: one dollar invested in the S&P 500 in January 2000 turned into ninety-one cents over the next ten years. The results were even worse for investors who made concentrated bets on individual companies that ultimately failed. Among these are familiar names such as AIG, Enron, MCI, Circuit City and Bear Stearns.

However, for disciplined and globally diversified investors, the last ten years were not a lost decade. As suggested in the graph below, investors who deployed their capital across a broad mix of domestic, developed, and emerging markets were generally rewarded with positive returns. Furthermore, investors with greater need for stability could have balanced the risk of stocks with the lower volatility of bonds, and potentially avoided the large fluctuations of the stock market.

So, while it was a “Lost Decade” for some, those who walked a disciplined and broadly diversified path were sheltered from the worst of the storm, reinforcing the merits of this approach to investing.



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