



Economic & Market Overview 2Q 2010

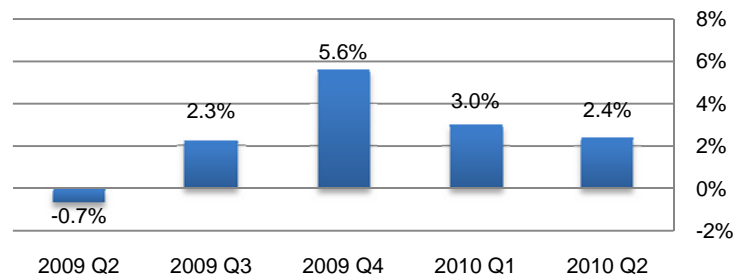
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Overview: Increasing uncertainty over global growth and sovereign debt risk led to a decline in the appetite for risk assets which weighed on equity returns for the quarter. Monetary policy remained accommodative with the Fed holding rates steady at 25 basis points. Even with massive monetary and fiscal policy efforts unemployment remained stubbornly high at 9.5 percent.

Economic Growth

- Preliminary readings show GDP grew at an annualized rate of 2.4 percent during the second quarter of 2010.
- This GDP growth reflected positive contributions from nonresidential fixed investments, personal consumption expenditures, exports, and private inventory investments.
- An increase in imports represented a drag on GDP growth.

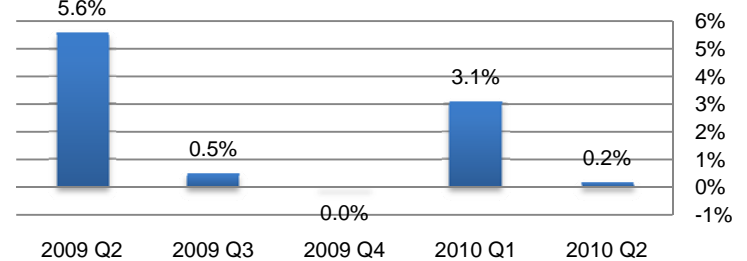
Annualized Quarterly GDP Growth



Inflation

- The US experienced modest deflation with the Consumer Price Index for All Urban Consumers (CPI-U) decreasing by (1.5) percent in the quarter on an annualized basis, after seasonal adjustment.
- Core CPI-U increased 1.3 percent for the quarter.
- CPI-U, before seasonally adjustment, increased 0.2 percent over the last 12 months.

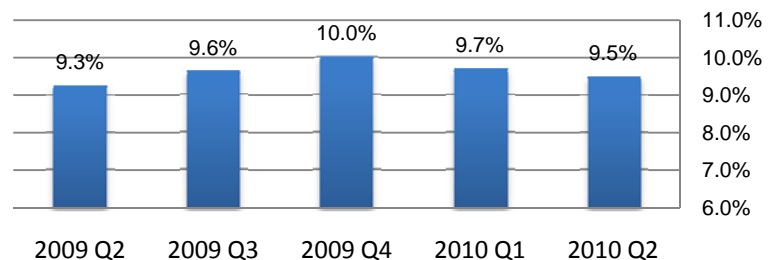
CPI-U Before Seasonal Adjustment



Unemployment

- The U.S. economy added 576,000 jobs in the quarter.
- The official unemployment rate decreased from 9.7 to 9.5 percent.
- The majority of the jobs gained were temporary Census workers with private sector employment mostly unchanged.

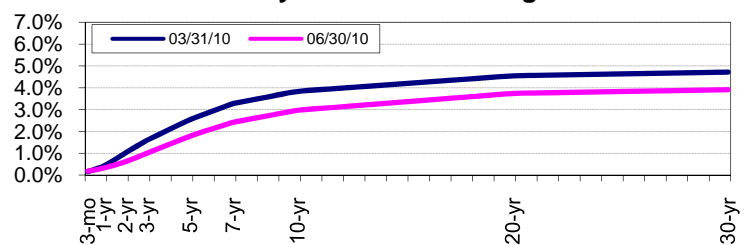
Unemployment Rate



Interest Rates & U.S. Dollar

- U.S. Treasury rates declined across the maturity spectrum during the most recent quarter.
- Since the December 16, 2008, meeting, the Federal Reserve has maintained a target range for the Federal Funds rate of 0.00% to 0.25%.
- The U.S. dollar appreciated against the Euro and the Sterling by 9.4% and 1.6%, respectively. While depreciating against the yen by (5.4%).

Treasury Yield Curve Changes

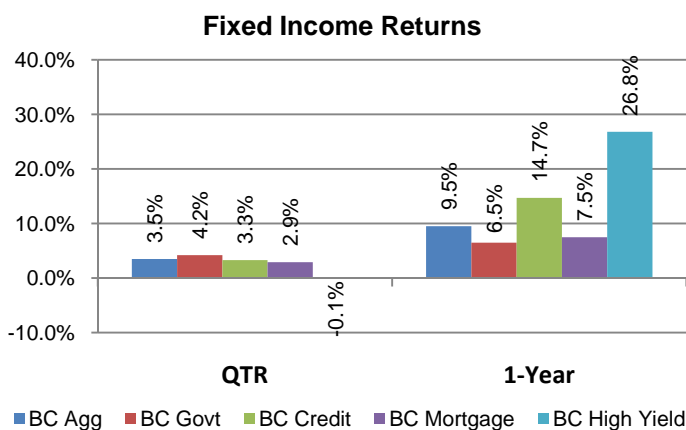


Source: U.S. Treasury Department



Fixed Income

- The Federal Reserve announced the completion of its asset purchases plan. In aggregate the Federal Reserve purchased \$300 billion in long-dated Treasury securities, \$175 billion in Agency debt, and \$1.25 trillion in Agency MBS.
- U.S. Debt posted a gain as interest rates fell.
- Government outperformed other sectors for the quarter as investors sought a flight to safety.
- High Yield led for the trailing-year.

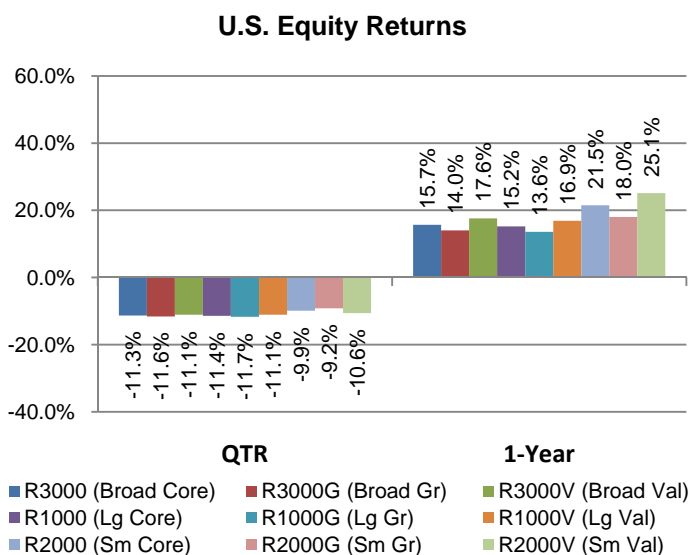


U.S. Fixed Income Sector Performance (BC Aggregate Index)			
Sector	Weight	QTR	1 Year
Governments*	35.4%	4.2%	6.5%
Agencies	8.9%	2.7%	5.4%
MBS	34.1%	2.9%	7.5%
ABS	0.3%	2.5%	12.9%
CMBS	3.1%	2.8%	30.5%
Inv. Grade Credit	18.2%	3.3%	14.7%

*U.S. Treasuries and Government Related

U.S. Equities

- Small cap U.S. equities outperformed large cap U.S. equities.
- Value stocks outperformed growth stocks across capitalizations for the trailing 1-year period as Industrials and Consumer Discretionary rallied.
- All ten economic sectors posted negative returns for the quarter.
- Utilities and Telecom were the best performing sectors, while Materials and Financials were the worst performing sectors for the quarter.

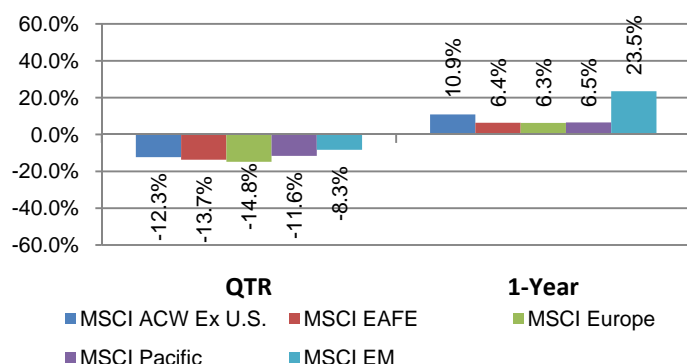


U.S. Equity Sector Performance (Russell 3000 Index)			
Sector	Weight	QTR	1 Year
Utilities	3.7%	-3.8%	6.8%
Telecom Svc	2.8%	-5.0%	5.8%
Consumer Staples	9.7%	-8.4%	13.5%
Consumer Disc	11.0%	-11.2%	30.0%
Health Care	12.3%	-11.3%	10.7%
Industrials	11.2%	-11.7%	25.9%
Information Tech	18.4%	-11.9%	16.8%
Energy	9.9%	-12.7%	4.1%
Financials	17.1%	-12.8%	17.8%
Materials	3.9%	-15.1%	18.1%

International Equities

- The Emerging Markets led International Equity markets while Europe continued to slump during the quarter.
- In Developed Markets, Greece (-40.4%) was the worst performer, while Singapore (0.0%) was the best performer.
- In Emerging Markets, Indonesia posted the best quarterly return (4.5%), while Hungary posted the worst (-30.2%).

International Equity Returns

International Equity Region Performance
(MSCI ACW Index ex U.S.)

Sector	Weight	QTR	1 Year
United Kingdom	14.5%	-13.8%	8.6%
Europe Ex. UK	29.2%	-15.3%	5.3%
Japan	16.0%	-10.1%	0.9%
Pacific Ex. Japan	8.6%	-14.2%	18.6%
Canada	7.9%	-10.3%	18.6%
Emerging Markets	23.2%	-8.3%	23.5%

Market Summary – Long-term Performance*

Indexes	1 Year	3 Year	5 Year	10 Year
Global Equity				
MSCI All Country World	12.3%	-10.0%	1.7%	0.2%
Domestic Equity				
S&P 500	14.4%	-9.8%	-0.8%	-1.6%
Russell 3000	15.7%	-9.5%	-0.5%	-0.9%
Russell 3000 Growth	14.0%	-7.0%	0.4%	-4.9%
Russell 3000 Value	17.6%	-12.1%	1.6%	2.7%
Russell 1000	15.2%	-9.5%	-0.6%	-1.2%
Russell 1000 Growth	13.6%	-6.9%	0.4%	-5.1%
Russell 1000 Value	16.9%	-12.3%	-1.6%	2.4%
Russell 2000	21.5%	-8.6%	0.4%	3.0%
Russell 2000 Growth	18.0%	-7.5%	1.1%	-1.7%
Russell 2000 Value	25.1%	-9.8%	-0.5%	7.5%
International Equity				
MSCI All Country World ex US	10.9%	-10.3%	3.8%	1.9%
MSCI EAFE	6.4%	-12.9%	1.4%	0.6%
MSCI Pacific	6.5%	-9.7%	2.3%	-0.3%
MSCI Europe	6.3%	-14.5%	0.8%	0.9%
MSCI EM (Emerging Markets)	23.5%	-2.2%	13.1%	10.3%
Fixed Income				
BC Aggregate Bond	9.5%	7.5%	5.5%	6.5%
BC Government	6.5%	7.6%	5.4%	6.2%
BC Credit Bond	14.7%	7.4%	5.3%	6.9%
BC Mortgage Backed Securities	7.5%	8.2%	6.2%	6.5%
BC High Yield Corporate Bond	26.8%	6.5%	7.2%	7.3%
Real Estate				
NCREIF (Private RE)	-1.5%	-4.7%	3.8%	7.2%
NAREIT (Public RE)	50.3%	-9.4%	-0.8%	9.4%
Commodity Index				
DJ-UBS Commodity	2.7%	-8.4%	-1.3%	4.4%

* Performance is annualized for periods greater than one year.