



Economic & Market Overview 4Q 2010

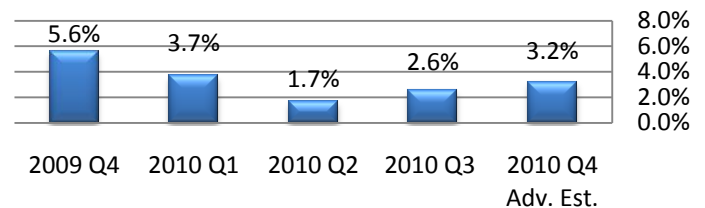
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Overview: The global equity markets generated a solid performance in the fourth quarter and a strong finish for 2010. During the fourth quarter, the global financial markets focused mainly on the improving economic indicators, despite an amalgamation of international events including military tensions on the Korean peninsula, the Irish debt crisis, and China's monetary tightening that threatened investors' confidence. Within the U.S., strong corporate earnings and the Fed's \$600 billion quantitative easing program (QE2), as well as a stabilizing and improving economic and capital market outlook for 2011 eased worries and ultimately drove equity market performance.

Economic Growth

- The "advance" estimate of real GDP grew at an annualized rate of 3.2 percent in the fourth quarter of 2010. Real GDP rose 2.9 percent in 2010 but declined 2.6 percent in 2009.
- GDP growth reflected positive contributions from increases in consumer spending, net exports, and residential fixed investment.
- GDP growth was partially offset by a decrease in inventory investment.

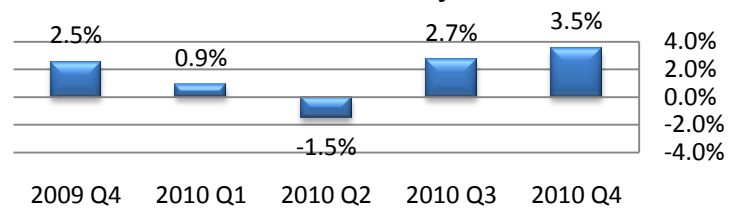
Annualized Quarterly GDP Growth



Inflation

- The Consumer Price Index for All Urban Consumers (CPI-U) increased by 3.5 percent in the quarter on an annualized basis, after seasonal adjustment.
- Core CPI-U increased 0.7 percent for the quarter.
- Over the last 12 months, CPI-U increased 1.5 percent before seasonal adjustment.

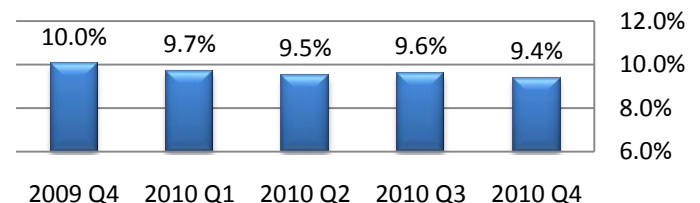
CPI-U After Seasonal Adjustment



Unemployment

- The U.S. economy gained 293,000 jobs in the quarter.
- The official unemployment rate fell from 9.6 to 9.4 percent in December.
- The majority of jobs gained were in temporary help services, leisure & hospitality, and health care.

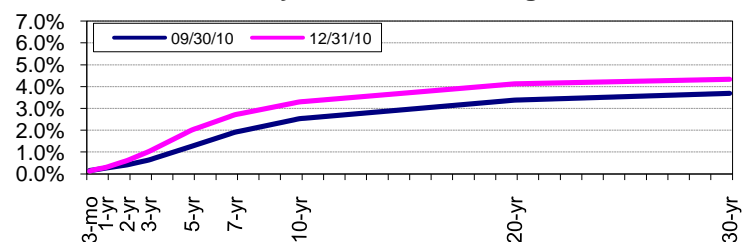
Unemployment Rate



Interest Rates & U.S. Dollar

- Except for the 3- and 6-month T-bills, the U.S. Treasury yields rose across the maturity spectrum during the most recent quarter.
- The Federal Reserve has maintained the Federal Funds rate between 0.00% and 0.25% since December 2008.
- The U.S. dollar appreciated against the Euro and the Sterling by 1.8% and 0.7%, respectively, while depreciating against the Yen by (2.9%).

Treasury Yield Curve Changes

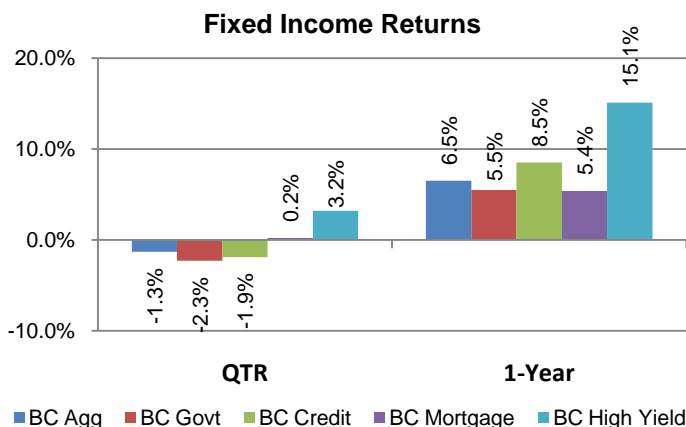


Source: U.S. Treasury Department



Fixed Income

- Despite weak performance in the fourth quarter, the bond markets generated solid gains in 2010. Stabilization of the global economy, low interest rate environment plus subdued inflation, and two rounds of quantitative easing from the Federal Reserve provided strong support for the bond markets. However, the large scale of the Federal Reserve's monetary expansion policy spiked renewed concerns about inflation which sent major government yields higher in November and December.
- High Yield continued to outperform other sectors during both the current quarter and trailing 1-year period.

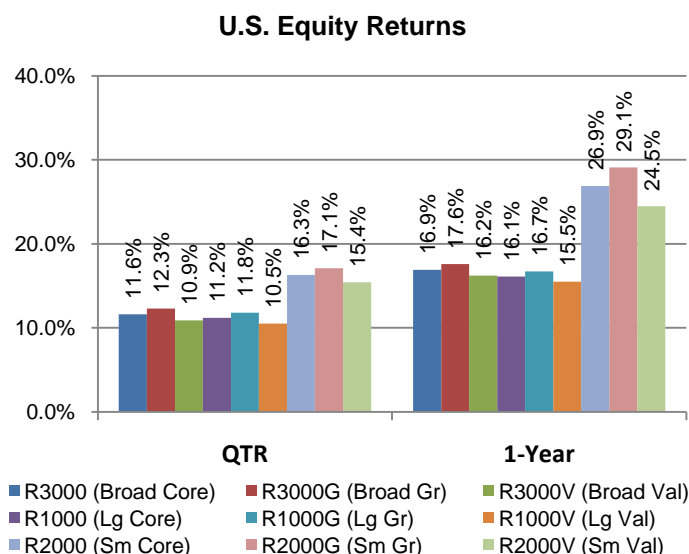


Sector	Weight	QTR	1 Year
Governments*	37.3%	-2.3%	5.5%
Agencies	8.4%	-1.1%	4.6%
MBS	32.7%	0.2%	5.4%
ABS	0.3%	-1.5%	5.9%
CMBS	2.5%	0.9%	20.4%
Inv. Grade Credit	18.8%	-1.9%	8.5%

*U.S. Treasuries and Government Related

U.S. Equities

- The U.S. stock market rallied strongly based on the rebounding economic recovery, strong corporate earnings, extension of the Bush-era tax cuts after the November mid-term election, and positive forecast on economic and capital market growth in 2011. However, employment data and the housing market remained weak.
- Major U.S. equity indices outperformed major international equity indices for the most part during the current quarter and trailing 1-year period. Growth indices trumped value while small stocks excelled over large stocks.
- Within sectors, some of the cyclical sectors generated the strongest performance during the current quarter and trailing 1-year period.

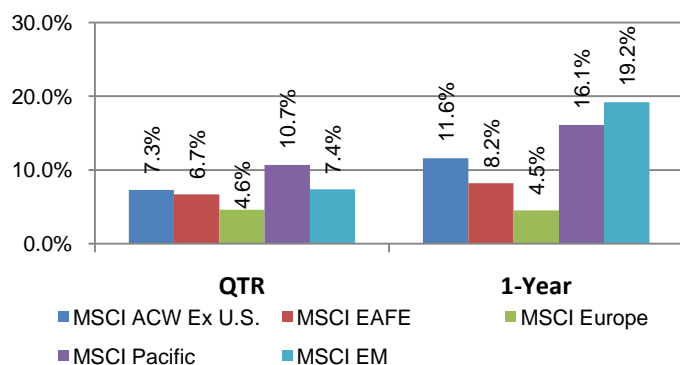


Sector	Weight	QTR	1 Year
Energy	11.3%	22.3%	21.8%
Materials	4.3%	19.4%	25.2%
Industrials	11.6%	13.6%	27.3%
Consumer Disc	11.5%	13.5%	30.1%
Information Tech	18.4%	11.4%	12.8%
Financials	16.4%	11.2%	13.7%
Telecom Svc	2.8%	7.0%	17.8%
Consumer Staples	9.1%	6.4%	14.4%
Health Care	11.3%	5.1%	6.0%
Utilities	3.4%	2.2%	7.3%

International Equities

- The international equity markets generated respectable performance, showing remarkable resilience as investors were undeterred by the European debt woes and Asian market growth concerns in November. MSCI Europe lagged as currency weakness and looming debt fears over the 16-country euro zone continued to invoke caution in investors.
- Emerging Markets continued to outpace Developed Markets during the trailing 1-year period, as 13 out of the 21 emerging market countries posted quarterly returns in excess of 20%.

International Equity Returns (in USD)

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

Sector	Weight	QTR	1 Year
United Kingdom	14.5%	6.1%	8.8%
Europe Ex. UK	28.8%	3.8%	2.4%
Japan	15.0%	12.1%	15.6%
Pacific Ex. Japan	9.2%	8.3%	17.1%
Canada	8.0%	12.3%	21.2%
Emerging Markets	24.1%	7.4%	19.2%

Market Summary – Long-term Performance*

Indexes	1 Year	3 Year	5 Year	10 Year
Global Equity				
MSCI All Country World	13.2%	-3.8%	4.0%	3.7%
Domestic Equity				
S&P 500	15.1%	-2.9%	2.3%	1.4%
Russell 3000	16.9%	-2.0%	2.7%	2.2%
Russell 3000 Growth	17.6%	-0.3%	3.9%	0.3%
Russell 3000 Value	16.2%	-3.9%	1.5%	3.6%
Russell 1000	16.1%	-2.4%	2.6%	1.8%
Russell 1000 Growth	16.7%	-0.5%	3.8%	0.0%
Russell 1000 Value	15.5%	-4.4%	1.3%	3.3%
Russell 2000	26.9%	2.2%	4.5%	6.3%
Russell 2000 Growth	29.1%	2.2%	5.3%	3.8%
Russell 2000 Value	24.5%	2.2%	3.5%	8.4%
International Equity				
MSCI All Country World ex US	11.6%	-4.6%	5.3%	6.0%
MSCI EAFE	8.2%	-6.5%	2.9%	3.9%
MSCI Pacific	16.1%	-2.7%	1.8%	4.3%
MSCI Europe	4.5%	-8.3%	3.4%	3.8%
MSCI EM (Emerging Markets)	19.2%	0.0%	13.1%	16.2%
Fixed Income				
BC Aggregate Bond	6.5%	5.9%	5.8%	5.8%
BC Government	5.5%	5.1%	5.5%	5.4%
BC Credit Bond	8.5%	6.9%	6.0%	6.5%
BC Mortgage Backed Securities	5.4%	6.5%	6.3%	5.9%
BC High Yield Corporate Bond	15.1%	10.4%	8.9%	8.9%
Real Estate				
NCREIF (Private RE)	13.1%	-4.2%	3.5%	7.4%
NAREIT (Public RE)	27.6%	0.6%	2.4%	10.3%
Commodity Index				
DJ-UBS Commodity	16.8%	-3.7%	1.2%	5.8%

* Performance is annualized for periods greater than one year.