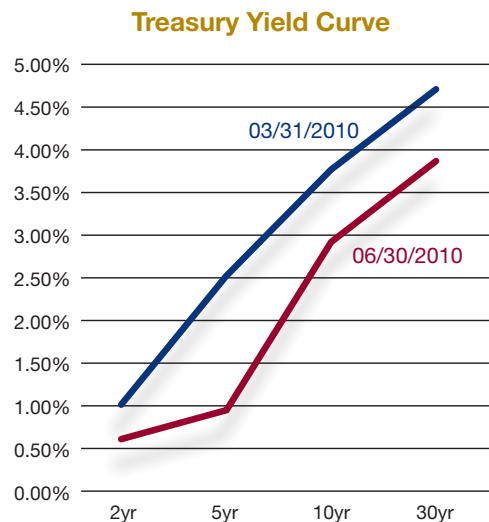


Taxable Fixed Income Performance Composite

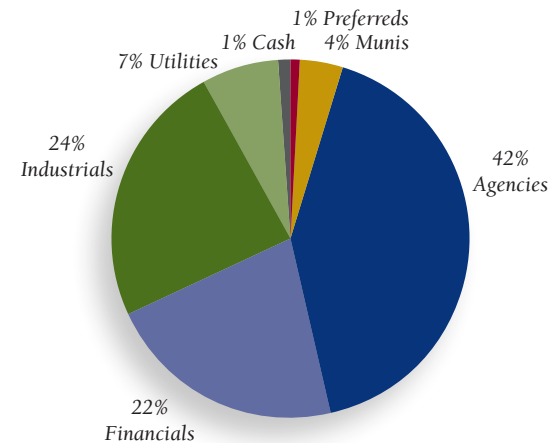
Economic data over the second quarter proved to be disappointing for markets and for investors as well. Growth has slowed from the beginning of the year and the success of the recovery rests predominantly on job creation. While the consumer is attempting to do their part, the problems that persist with the residential real estate market, continued tight credit for small businesses, and the inevitability of higher tax rates in 2011 are putting downward pressure on confidence. State and local municipalities are experiencing budgetary shortfalls which are having a negative impact on their ability to expand services and create jobs. The more recent European sovereign debt crisis and its potential effect on slowing the U.S. economic recovery is giving the Federal Reserve yet another reason to push raising short term interest rates further into the future. The most recent forecasts are for no substantial moves by the Fed well into 2011 or 2012. Until the pace of job creation improves, economic growth will remain moderate.

The TCVA taxable, fixed income composite underperformed its benchmark for the 2nd quarter, ending June 30, 2010. The composite has maintained an average weighted maturity and duration shorter

than the Lipper Benchmark. Characteristics of the composite included limited exposure to mortgage backed securities and higher overall credit quality. Over the quarter, yield spreads have tightened and the supply of quality securities has become limited. To address this issue, the composite has added exposure in the taxable municipal bond arena, maintaining the high degree of credit quality. Investing in shorter maturing bonds with higher coupons is the best defensive strategy in an already low interest rate environment and no change in the composites configuration is expected. Concentrating on higher quality bonds with above average yield advantages over Treasuries will continue to be the focus.



Fixed Income Sector Breakdown



Portfolio Characteristics:

Average Maturity	2.0 yrs
Average Duration	1.8 yrs
Average Yield to Maturity	1.72%
Average Coupon	5.96%
Average Quality	AA

Credit Quality:

AAA	44%
AA	19%
A	28%
BBB	9%