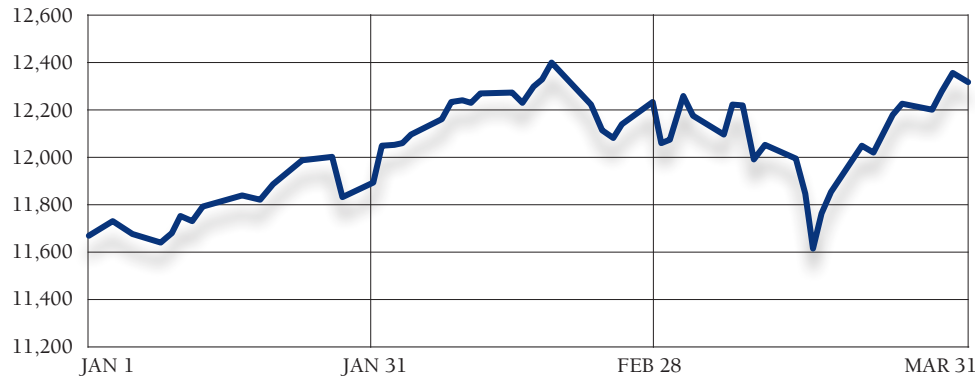


Dow Jones Industrial Average • 01/01/11 - 03/31/11



**Market Comments**

The stock market's first quarter performance was truly remarkable given the magnitude of geopolitical and catastrophic events. Despite turmoil in the Middle East and North Africa, a looming government shutdown and a nuclear meltdown in Japan, the Dow Jones Industrial Average managed to climb 6.78%. Further compounding the confusion, the Fed hinted it might end Quantitative Easing and inflation started to re-emerge in some of the econometric data. While many companies are reporting higher earnings, they are generally doing so through expense cuts rather than revenue growth. On the bright side, we saw several proposed mergers, a drop in unemployment and a rise in consumer confidence to three year highs.

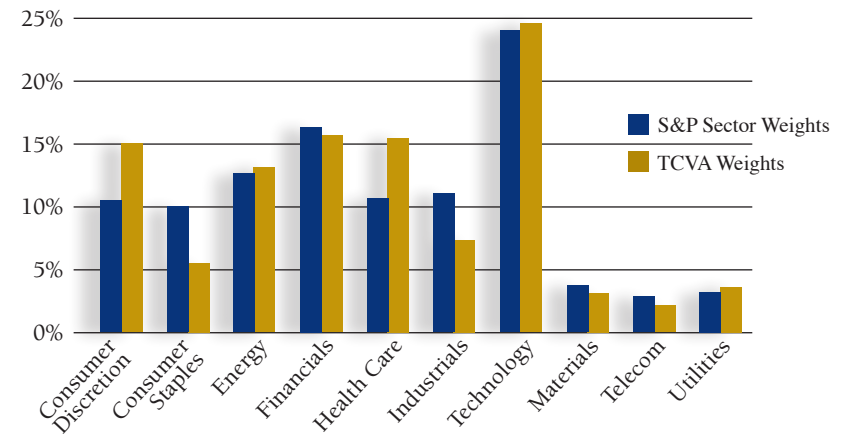
**Performance Attribution**

In the first quarter, we outperformed our benchmark, the Lipper Global Multi-Cap Core Index, 5.02% vs. 4.32%.

**Sector Weighting**

Sector weighting helped our performance moderately this quarter. We underweighted four sectors that underperformed, Consumer Staples, Financials, Materials and Telecom and overweighted two sectors that outperformed, Energy and Health Care. Unfortunately, we overweighted three sectors that underperformed, Consumer Discretion, Information Technology and Utilities and underweighted one sector that outperformed, Industrials.

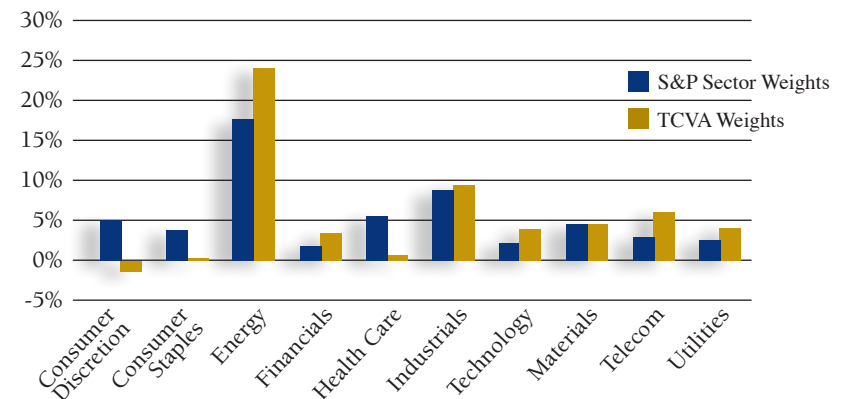
Sector Weights as of 03-31-11



**Security Selection**

Security selection also helped our portfolios this quarter. We outperformed in 6 of the 10 S&P 500 sectors and indexed one, Materials. As the chart below shows, we did some of our best stock picking in the Energy and Tech sectors.

Sector Performance as of 03-31-11



**Best Performers**

Marathon Oil	44.64%
Baker Hughes	28.69%
Chevron	18.65%
IT&T	15.72%
Exxon Mobil	15.66%

**Worst Performers**

Staples	-13.93%
Microsoft	-8.46%
Xerox	-7.18%
Becton Dickinson	-5.31%
Johnson & Johnson	-3.33%

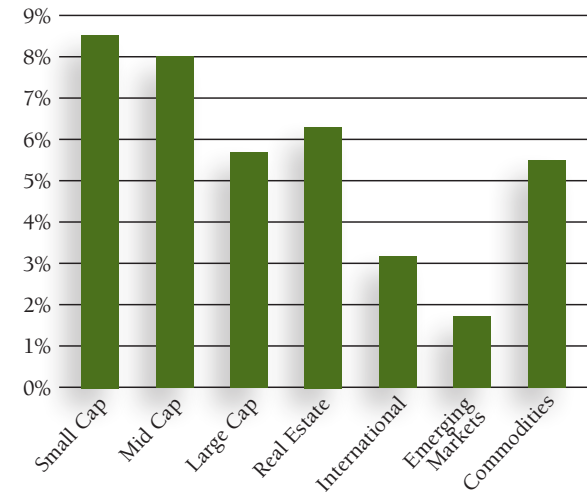
**Asset Allocation**

Asset allocation slightly hurt our performance for the quarter. Small Cap, Mid Cap and Real Estate all helped our results, but International and Emerging Markets with their greater representation pulled us down. Commodities roughly tracked Large Caps, so they had little effect.

**Summary**

The three disciplines that add value to our portfolios: sector weighting, security selection and asset allocation, continue to compliment each other and produce consistent results. While all three rarely work at the same time, they also rarely fail together. Over the long term they have added value in about 57% of the quarters and allowed us to produce the returns displayed on the following page. We remain convinced the best way to maximize after-tax risk-adjusted returns is to avoid market timing, buy high quality stocks and employ a conservative approach based on wide diversification and risk management.

Quarterly Performance of Alternative Asset Classes  
12/31/10 - 03/31/11



**TCVA Equity Model Portfolio**

