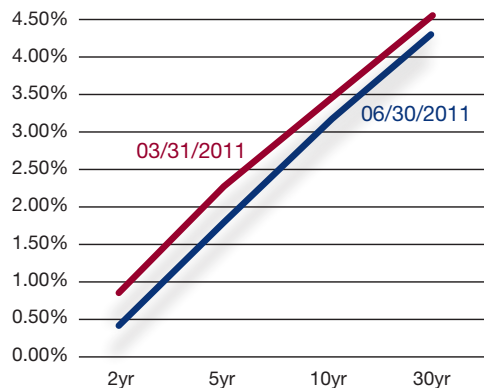


Market Comments

The events of the past three months have given rise to increased volatility in fixed income markets. Recent economic data indicated the U.S. economy has slowed from previous quarters, affected in part by the rise in oil and commodity prices, and a continued depressed state of the housing market. While labor markets appeared to be improving, second quarter job growth was lackluster. Globally, both mature and emerging markets have begun to slow and the debt crisis in Greece forced investors back into the U.S. bond market and yields across the curve moved lower. On June 30, 2011 the Fed's \$600 billion long-term Treasury purchase program (QE2) came to an end and in spite of the slowdown, the Federal Reserve made it clear that another round of intervention and stimulus would not occur. Although highly anticipated, the bond market had priced in the Fed's exit strategy and it was a non-event for the market. In their latest comments, the Federal Reserve also affirmed its stance on keeping short term interest rates near zero, for an "extended period" and even though inflation appears to be building, they believe these moves to be temporary in nature. Choppy markets in the short term are to be expected and the focus should remain on the longer term prospects for it may not be until 2012 before a change in Fed policy is seen. As if the markets needed anything else to contemplate, the possibility of Congress not reaching an agreement on raising the debt ceiling hangs overhead. Most believe that the impacts of not raising the ceiling are too damaging to be allowed and a compromise will be reached. The attractiveness of bonds in a low rate environment has been questioned, but investor sentiment shows a continued need for investing in lower volatility securities with a reliable and predictable income stream.

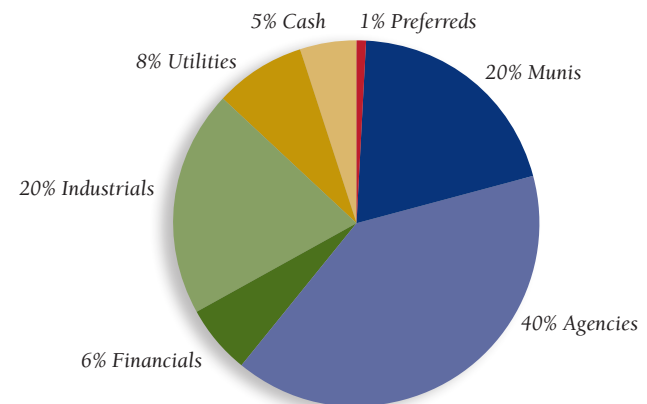
Treasury Yield Curve



Taxable Fixed Income Performance Composite

The TCVA taxable, fixed income composite underperformed its benchmark for the 2nd quarter, ending June 30, 2011. The composite has maintained an average weighted maturity and duration shorter than the Lipper Benchmark. Characteristics of the composite included a large exposure to government agency securities and higher overall credit quality. The supply of quality securities continued to be light and yield spreads tightened during the quarter. The composite's exposure in the taxable municipal bond arena remains strong; while maintaining a 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	2.7 yrs
Average Duration	2.3 yrs
Average Yield to Maturity	2.00%
Average Coupon	5.24%
Average Quality	AA

Credit Quality:

AAA	46%
AA	17%
A	36%
BBB	1%