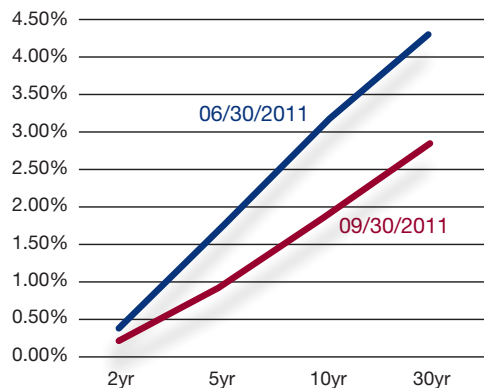


Market Comments

The markets were preoccupied with political posturing throughout most of the third quarter. With Congressional agreement on raising the debt ceiling and cuts in spending coming down to the wire, the deal was still not enough to satisfy the rating agencies. The downgrade of U.S. debt from AAA to AA+ by Moody's came as no real surprise to the bond market, and the lack of confidence in the effectiveness of our political process proved more psychologically damaging than substantive to the markets. In addition to the concerns over domestic debt levels, problems in Europe escalated. The worry over contagion became a reality and the lack of a viable solution is expected to take some time. As a result of the uncertainty abroad, investors continue to seek the safest avenues for their money; the U.S. bond market. While it appeared yields could not fall much further, the Treasury curve has reached historical lows and is expected to remain range-bound. The Federal Reserve's latest comments affirmed its stance on keeping short term interest rates near zero through 2013 and announced more Fed policy called Operation Twist, where they will sell shorter securities and purchase longer term securities. This will flatten the yield curve and attempt to stimulate borrowing and expansion. The Fed's balance sheet will not expand and the policy is not inflationary. The FOMC has other resources at its fingertips, but they cannot turn the economy around alone. Fiscal action, producing longer term stimulus, is needed to improve employment, encourage spending and spur economic growth. Maintaining income levels in such a low rate environment remains challenging, but investor sentiment shows a continued need for investing in lower volatility securities with a reliable and predictable income stream.

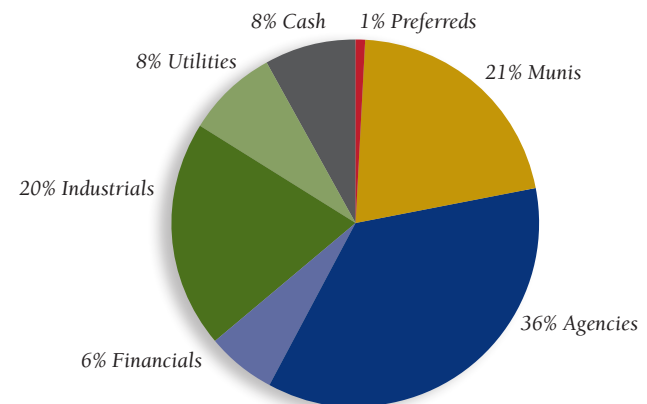
Treasury Yield Curve



Taxable Fixed Income Performance Composite

The TCVA taxable, fixed income composite outperformed its benchmark for the 3rd quarter, ending September 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 a historically 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	1.21%
Average Coupon	5.18%
Average Quality	AA

Credit Quality:

AAA	41%
AA	21%
A	36%
BBB	2%