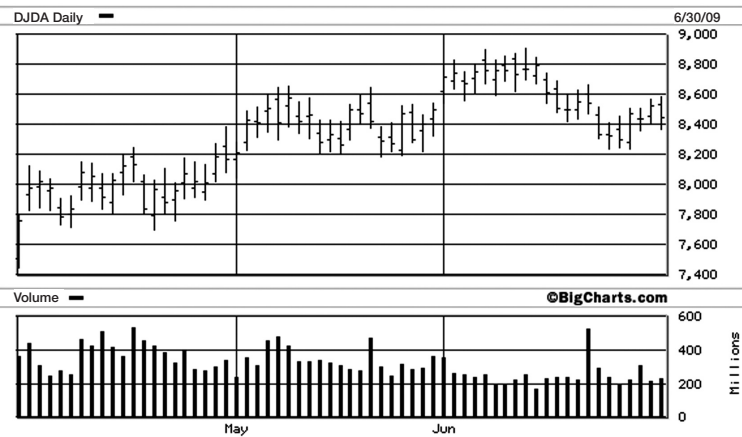


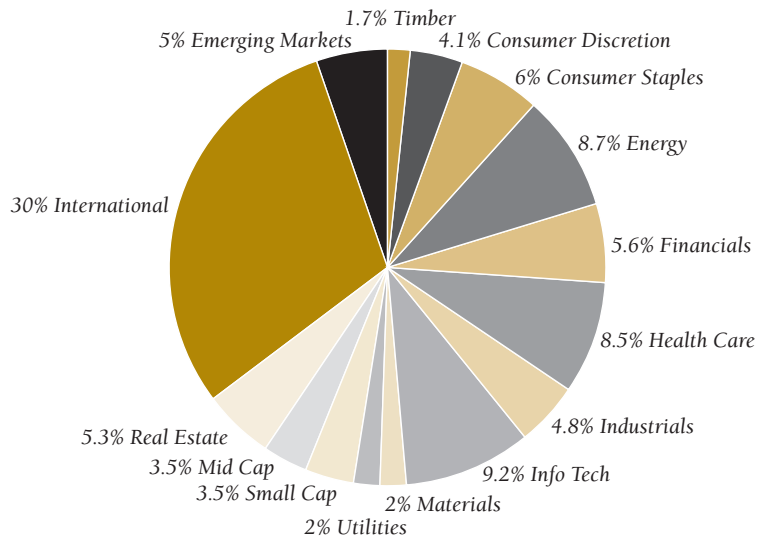
Market Highlights

What a difference a quarter makes. The second quarter of 2009 brought a welcome return to positive trends. After six consecutive negative quarters, the term “dead cat bounce” no longer seemed sufficient and was replaced by an Armageddon averted rally. Since the March 9th market bottom, a global economic meltdown has appeared less likely and investors have celebrated by snatching up oversold cyclical issues.

Richard L. Ware, Senior Vice President, CFA, Equity Manager



TCVA Equity Model Portfolio



Performance Attribution

In the second quarter, both asset allocation and stock picking helped our performance. Sector weighting had a slightly detrimental effect as we were in a defensive posture during the rally. We underweighted three sectors (Consumer Discretion, Financials and Industrials) that outperformed and overweighted two (Energy and Health Care) that underperformed. Fortunately, every alternative asset class that we added for diversification outperformed large caps and the stocks we picked in general outperformed the S&P 500 sectors.

The chart below shows the combined effects of our stock picking, sector weighting and asset allocating over the last sixteen quarters. Our consistent success is based on the simple concepts of diversification, patience and listening to the experts. Research has shown that over the long term, value beats growth, small cap and mid cap beat large cap and adding additional asset classes dampens volatility. It has also shown that market timing does not work and no forecaster is 100% accurate. Using a disciplined approach in applying these concepts to our clients’ accounts has produced the results we have enjoyed over the past 16 quarters.

Quarter	Stock Picking	Sector Weighting	Asset Allocation	Beat S&P 500	Beat Lipper Lg Cap
3Q2005	+	+	+	Yes	Yes
4Q2005	-	0	+	Yes	No
1Q2006	+	+	+	Yes	Yes
2Q2006	+	-	+	Yes	No
3Q2006	+	0	-	No	No
4Q2006	+	-	+	Yes	Yes
1Q2007	-	+	+	Yes	Yes
2Q2007	-	+	+	No	No
3Q2007	-	+	+	Yes	Yes
4Q2007	+	+	-	Yes	Yes
1Q2008	+	-	-	Yes	Yes
2Q2008	+	+	+	Yes	Yes
3Q2008	+	0	-	Yes	Yes
4Q2008	+	+	-	Yes	Yes
1Q2009	-	-	-	No	No
2Q2009	+	-	+	Yes	Yes
Success Rate	69%	62%	63%	81%	69%