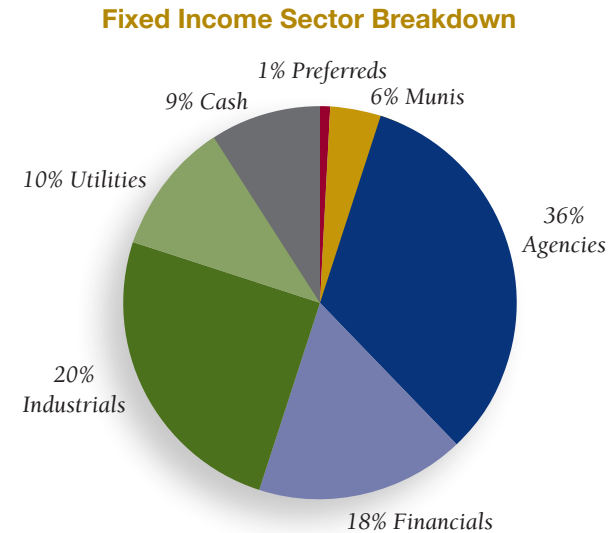
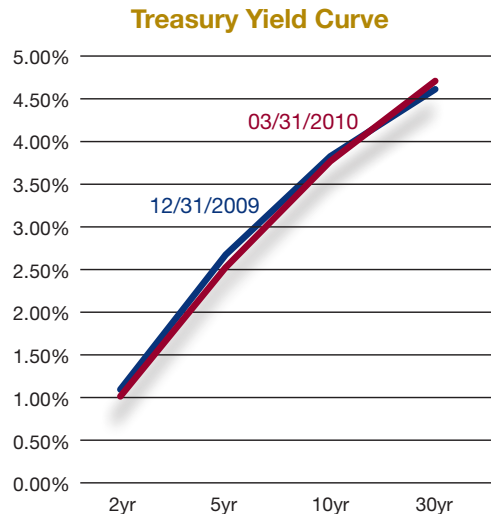


The U.S. economy appears to be moving forward, but many signs point to a more modest growth forecast. Manufacturing has picked up and productivity remains high, but the possibility of flat to falling inflation levels remains a concern of the Federal Reserve Board. Recent economic data show that in spite of an increase in the price of oil, producer and consumer prices are not trending higher and could take a negative turn over the next several months. While the fiscal stimulus was a significant contributor to stronger growth at the end of 2009, this will no longer be the case as we move further into 2010. Federal funding for projects will come to an end, tax cuts will sunset at the end of this year, and consumers and businesses will be faced with rising tax rates in the coming years. The housing market appears to have stabilized, but will remain under pressure until the unemployment level improves. All these factors will suppress economic growth, and the Fed will continue to keep short term rates low for some time.

The TCVA taxable, fixed income composite underperformed its benchmark for the 1st quarter, ending March 31, 2010. The composite has maintained an average weighted maturity and duration shorter than the Lipper Benchmark. With the large amount of uncertainty in the

financial sector, exposure continues to remain significantly lower than the benchmark. Other characteristics of the composite included limited exposure to mortgage backed securities, higher credit quality and a larger concentration of corporate securities over government agency bonds. 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.



Portfolio Characteristics:

Average Maturity	2.5 yrs
Average Duration	2.0 yrs
Average Yield to Maturity	2.56%
Average Coupon	6.12%
Average Quality	AA

Credit Quality:

Aaa	44%
Aa	13%
A	36%
BBB	7%