Economic & Market Review

~ April 2011 Investment Newsletter ~

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Monthly Summary

After a strong performance in the first quarter, the investment markets performed an encore in April. All asset classes and market segments delivered gains. Positive momentum, continued easy money from the Fed, and a favorable earnings outlook were the main drivers.

Economic statistics were mixed during the month and geopolitical uncertainties continued. Gross domestic product for the first quarter rose a disappointing 1.8% as consumer activity moderated and government spending fell for the second quarter in a row. The unemployment rate ticked down in March and payroll growth was the strongest in a year. Initial jobless claims, however, moved back into the 400,000's, which was disappointing. ISM indexes declined yet remain in expansionary territory. Real estate continues to be weak with transaction volumes lingering at depressed levels and housing price declines accelerating. Inflationary pressures are mounting globally with central banks becoming increasingly hawkish. A notable exception is the U.S. Federal Reserve which believes inflation expectations are in check and rising food and energy prices are transitory. The resulting interest rate differential between the U.S. and other economies puts downward pressure on the dollar and contributes to a rise in commodity prices. Fed policy and inflationary pressures will be critical to monitor in coming months.

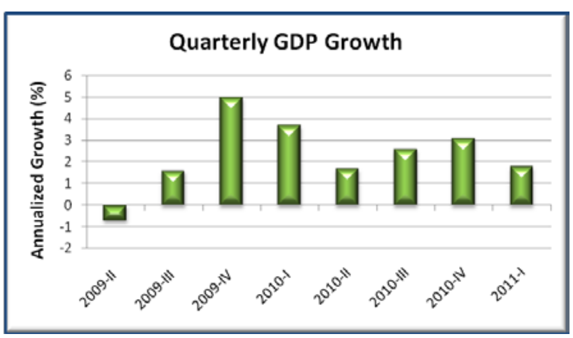
Fiscal problems continue at home and abroad. Portugal became the third euro-zone nation to seek a bailout and Standard & Poor's revised its outlook on U.S. government debt to negative. Meanwhile, U.S. lawmakers agreed upon a budget at the 11th hour, avoiding a government shutdown, but an increase in the debt ceiling hangs in the balance. Middle East tensions remain and NATO operations in Libya continue.

April's Economic Releases

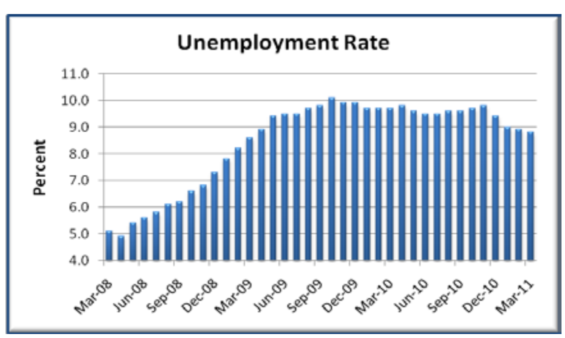
General	Prior	Current
GDP growth	3.1% (Q4)	1.8% (Q1)
Trade balance	-$-47.0 B (Jan)	-$45.8 B (Feb)

Employment	Prior	Current
Initial jobless claims	404,000	429,000
Continuing claims	3.7 MM	3.6 MM
Nonfarm payrolls	194,000 (Feb)	216,000 (Mar)
Unemployment rate	8.9% (Feb)	8.8% (Mar)
Average weekly hours	34.3 (Feb)	34.3 (Mar)

Consumer	Prior	Current
Consumer confidence index (Conf. Board)	63.8 (Mar)	65.4 (Apr)
Retail sales growth (YoY)	8.2% (Feb)	7.3% (Mar)
Consumer credit	$4.4 B (Jan)	$7.6 B (Feb)



Data Source: U.S. Bureau of Economic Analysis

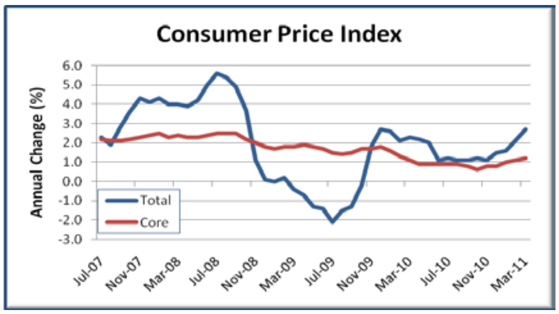


Data Source: U.S. Bureau of Labor Statistics

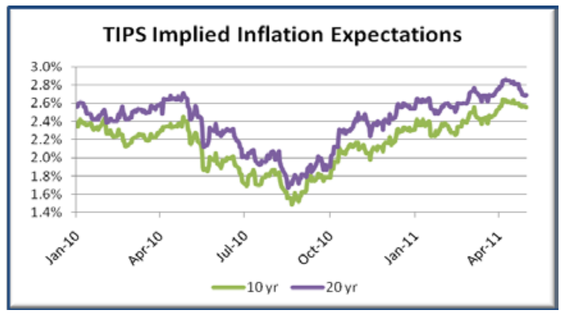
Manufacturing & Service	Prior	Current
ISM manufacturing index	61.4 (Feb)	61.2 (Mar)
ISM non-manufacturing index	59.7 (Feb)	57.3 (Mar)
Durable goods orders growth	0.7% (Feb)	2.5% (Mar)
Industrial production growth	0.1% (Feb)	0.8% (Mar)
Capacity utilization	76.9% (Feb)	77.4% (Mar)

Real Estate	Prior	Current
New home sales	270,000 (Feb)	300,000 (Mar)
Existing home sales	4.9 MM (Feb)	5.1 MM (Mar)
Case-Shiller home price index (YoY)	-3.1% (Jan)	-3.3% (Feb)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.1%/1.1% (Feb)	2.7%/1.2% (Mar)
Producer price index/Core (YoY growth)	5.6%/1.8% (Feb)	5.8%/1.9% (Mar)



Data Source: U.S. Bureau of Labor Statistics



Data Source: U.S. Treasury

Market Returns

The S&P 500 index gained 3.0% for the month and is now up 9.1% for the year. Internationally, the MSCI EAFE Developed Markets index returned 6.0% in April while the corresponding Emerging Markets index gained 3.1% for the period. Year-to-date, international developed and emerging markets rose 9.5% and 5.2%, respectively. Dollar weakness materially enhanced international investment returns for the month and year.

In the fixed income market, the Barclays U.S. Aggregate index was up 1.3% for the month and the 10-year U.S. Treasury bond ended with a yield of 3.32%, down 15 bps for the month and flat for the year. Year-to-date, the Barclays U.S. Aggregate has gained 1.7%. Commodities and real estate (publicly traded REITs) posted April gains of 3.5% and 4.7%, respectively.