

Global MultiCap & Fixed Income | Q1 2011

Global equity markets rose in the first quarter in spite of political turmoil in the Middle East, rising oil prices, and a catastrophic earthquake with its accompanying nuclear event that may permanently change the world's energy policy. Small cap stocks led the way with the Russell 2000 up 7.9% compared to the S&P 500, which was up 5.9%. International stocks were weak, while Japan, the 3rd largest economy in the world, fell sharply. EAFE large cap stocks slightly outperformed their smaller counterparts during the quarter leaving the MSCI World Index up 4.8%. The dollar continued to weaken relative to European and Asian currencies.

The bond market faced headwinds during the first quarter as interest rates rose. However, investors' risk appetite continued to increase as high yield corporate bonds and emerging market credit were the best performing sectors. High quality corporate bonds and municipal bonds lagged behind with a less than 1% return. US Treasury bonds were the lone asset class to register negative returns for the quarter. See charts below for LMCG returns.

Rolling Annualized Returns through March 31, 2011

<u>Equity Returns</u>	<u>1Q 2011</u>	<u>Trailing 1 Year</u>	<u>Since Inception*</u>
Global MultiCap (Gross of Fees)	4.4%	16.4%	1.5%
MSCI World (Net) ***	4.8%	13.4%	-2.2%
Value Added	-0.4%	3.0%	3.7%
Global MultiCap (Net of Fees)	4.1%	14.8%	0.0%
Global MultiCap (Gross of Fees)	4.4%	16.4%	1.5%
S&P 500	5.9%	15.6%	-0.8%
Value Added	-1.5%	0.8%	2.3%
Global MultiCap (Net of Fees)	4.1%	14.8%	0.0%

<u>Fixed Income Returns</u>	<u>1Q 2011</u>	<u>Trailing 1 Year</u>	<u>Since Inception**</u>
Muni Fixed Income (Gross of Fees)	0.8%	3.3%	4.4%
Barclays 1-10 yr Muni	0.7%	3.0%	4.8%
Value Added	0.2%	0.3%	-0.4%
Muni Fixed Income (Net of Fees)	0.8%	2.8%	3.9%
Taxable Bond (Gross of Fees)	1.0%	5.6%	6.5%
Barclays Intermediate Gov't Credit	0.3%	4.6%	5.9%
Value Added	0.7%	0.9%	0.6%
Taxable Bond (Net of Fees)	0.8%	4.9%	5.8%

*Global MultiCap inception date: September 2007 (Annualized). **Muni Fixed Income and Taxable Bond inception date: June 2006 (Annualized).

*** Net dividends reinvested. Past performance is not indicative of future results. See below for full disclosure presentation.

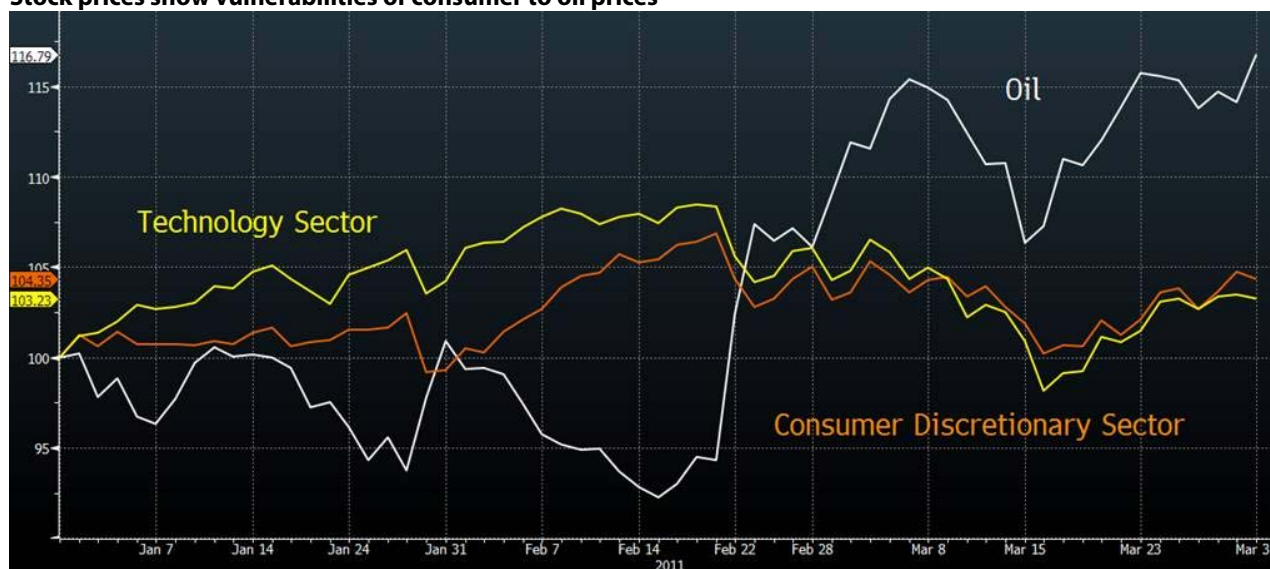
Global MultiCap Highlights | Q1 2011

Christopher Deeley, CFA

Portfolio Manager

The GMC portfolio lagged its benchmark in January and February as unrest in Egypt and Libya began to push oil prices higher, but recovered most of its lost ground in March. Energy was the strongest performing sector in the MSCI World index, generating returns of 15% for the quarter, tracking closely an 18% rise in crude oil prices. (As we write this letter, crude oil prices are trading at \$110 a barrel off recent highs of \$113 a barrel.) These higher prices, combined with our active and passive strategies and slight underweight to the energy sector, contributed to GMC's early underperformance.

Stock prices show vulnerabilities of consumer to oil prices



Source: Bloomberg

Energy prices also affected the portfolio in the consumer discretionary and consumer related technology companies during the quarter, as many names traded off sharply. We believe investors are extremely nervous about over-leveraged US consumers who face sharply increasing gasoline and home heating costs should the uncertainties in the Middle East continue. While we have considered boosting energy exposure as a hedge, our active strategies are fairly well-situated in oil and oil service stocks to provide protection.

Higher oil prices were already straining financial markets in early March when the devastating earthquake and tsunami hit Japan on the 11th. The GMC portfolio did not fall as fast as global equity markets in the first few days after the earthquake due, in part, to a lower direct exposure to Japanese equities (approximately 5% to 10% within the MSCI World Index). Since the initial shock, Japanese equities have rebounded partially and overall finished out the month moving up, as investors turned their focus to other issues affecting the evolving global recovery.

Japan was not the driver of expanding global GDP in early 2011 but was indeed one of the vital suppliers and participants. Their staggering economy combined with energy prices have made us more cautious in our assessment of the outlook for global growth, but we feel that GMC investments are positioned well in the event the recovery is weaker than we envisioned three months ago.

Quarterly Shifts

At the end of January, we reduced our weight in emerging markets and US small cap stocks and added to non-US large cap stocks and US mid-cap value stocks.

Our reduction in emerging markets was due to their relatively high valuation levels and growth expectations that are not far above the rest of the world economy. Emerging market equity valuations are now nearly twice their long-term average, while all other equity categories are at or slightly above those averages.

Earnings growth expectations are exceeding even those achieved in the frothy 1990s; this year they are in excess of 30% year-on-year, even given the many hurdles (not present in the 1990s) that exist for global growth. With the proceeds from emerging markets, we added to our holdings in non-US large cap stocks, as valuations are below historical averages and growth expectations are subdued.

We have also reduced small cap growth stocks in favor of mid cap value stocks. We still believe that US small cap stocks are the most interesting set of companies in the world and a fantastic area for active stock selection. But overall, mid and large cap stocks are selling at significant historic discounts. In addition, our internal mid cap value strategy tends to perform well in choppy markets and is able to gain in up markets as well as outperform in down markets.

March 31, 2011	<u>Strategic Allocation</u>	<u>Tactical Allocation</u>	<u>Shift</u>	<u>Relative</u>
US Equities				
<i>US Large Cap Core</i>	47.0%	47.0%	-3.0%	0.0%
<i>US Small / Mid Growth</i>	8.0%	8.0%	-5.0%	0.0%
<i>US Small / Mid Value</i>	8.0%	9.0%	5.0%	1.0%
TOTAL	63.0%	64.0%		
Non-US Equities				
<i>International Large Cap</i>	22.0%	22.0%	6.0%	0.0%
<i>International Small Cap</i>	5.0%	10.0%		5.0%
<i>Emerging Markets</i>	8.0%	2.0%	-3.0%	-6.0%
TOTAL	35.0%	34.0%		
Other				
Cash	2.0%	2.0%		0.0%
GRAND TOTAL	100.0%	100.0%		100.0%

Allocations are subject to change over time.

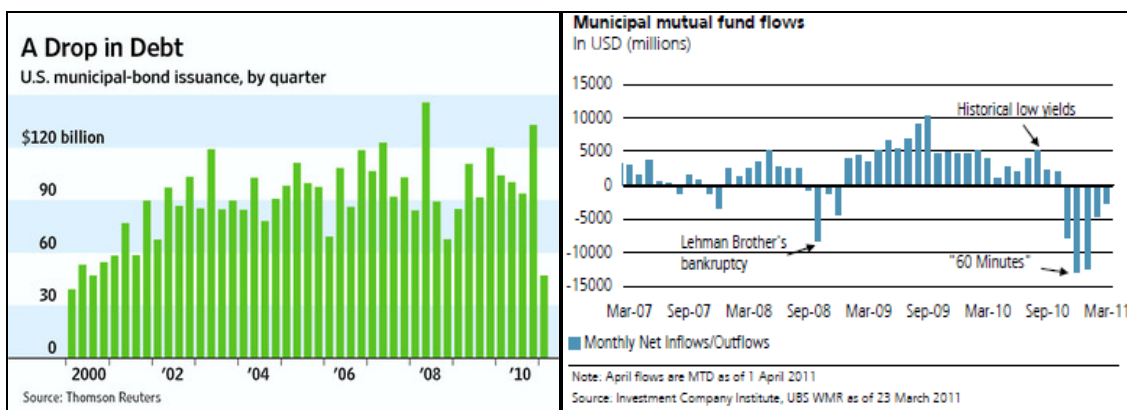
Fixed Income Highlights | Q1 2011

Matthew S. Guleserian, CFA

Fixed Income Portfolio Manager

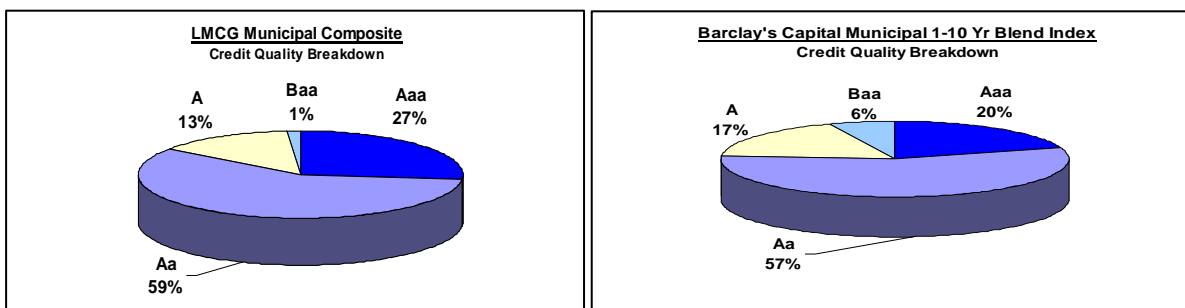
Municipal Bonds

The first quarter of 2011 will be most remembered for being among the slowest issuance quarters in recent memory. The rush of borrowing at the end of 2010 ahead of the expiring Build America Bond (BAB) program contributed to the slowest quarter for municipal issuance in 11 years (see left chart below). But, the expiration of the BAB program isn't the whole story. Investors' appetite for municipal bonds has been paltry amid the constant warnings of state and municipality fiscal stress. Outflows from municipal bond mutual funds, which began in November 2010, have recorded their twentieth consecutive week. Encouragingly, these have begun to slow (see right chart below).



Source: Thomson Reuters & Investment Company Institute

Performance of municipal bonds hinged on the balance between supply and demand during the first quarter, but eventually tilted slightly positive by its end. LMCG composite portfolios returned 0.84% during the quarter compared to the Barclay's Capital 1-10 Year Municipal Index (0.67%). With portfolio durations neutral relative to the benchmark, LMCG added value by overweighting higher quality issues and through individual bond selection. See charts below for comparison of quality breakdown versus the benchmark.



Source: LMCG & Barclay's Capital

Looking ahead, we believe that 2011 municipal performance will hinge on the balance between supply and demand, as was the case during the first quarter. We are also closely evaluating the fact that most federal stimulus will come to an end in June. States have relied heavily on this source of additional revenue to balance their budgets over the past two years: stimulus funds comprised 18% of state budgets in fiscal 2010 and 14% in fiscal 2011.

Moody's has once again assigned a negative outlook to both US state and local government sectors and has cautioned that downgrades will outpace upgrades this year. At LMCG, we are confident knowing that our client portfolios are positioned appropriately with a high quality bias, given what lies ahead. At this time, we do not believe a shorter duration position is warranted but will be watching events closely during the second quarter for signs that would cause us to adjust our neutral call.

What's Ahead for US Treasuries?

Worries over Europe's fiscal crisis, protests in Northern Africa and the Middle East, and the Japanese tragedy were not enough to keep interest rates down during the first quarter. Improving economic data, fiscal budget concerns and increasing inflation expectations are expected to keep pressuring rates upward.

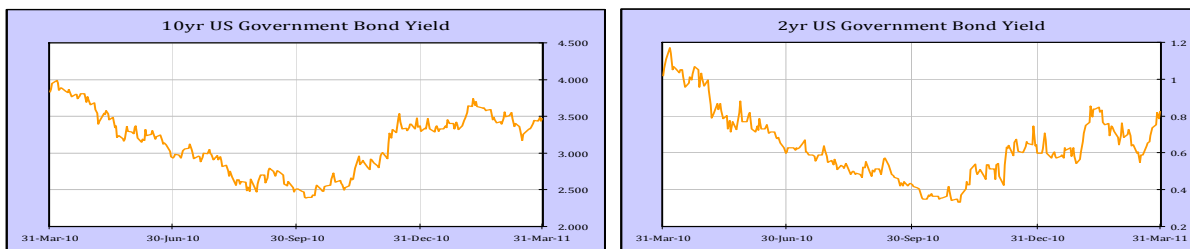
Treasuries will continue to face escalating pressures if government spending isn't reined in. US debt now stands at \$14 trillion and is expected to rise to almost \$20 trillion by 2015 – four years earlier than previously estimated, according to a recent US Treasury Department report. Total gross federal government debt equals approximately 90% of GDP today and is expected to reach 130% of GDP by 2021. These fiscal issues have recently prompted the S&P rating agency to issue a negative outlook on all triple-A rated US debt.

Inflation expectations have been rising steadily since last fall, following improved economic conditions and continuation of the Federal Reserve's loose monetary policy initiatives. The Fed has essentially been printing money to stimulate the markets and the economy through a program called quantitative easing (QE). In fact, combining the QE1 and QE2 programs, the Fed will have spent more than \$2.3 trillion. Prices of commodities have soared in response and in turn pushed up inflation expectations above long term averages to above 2.50% (measured by the breakeven rate on 10-year Treasury Inflation Protected Securities, or TIPs). More worrisome to investors is that talk of another round of QE is percolating should the Fed perceive that the economy is not improving enough in the third quarter.

We believe rising inflation expectations and continued fiscal budget issues will make it extremely difficult for treasuries to outperform other fixed income sectors. Our strategy has not changed in the past two years. We continue to underweight treasuries and allocate a small percentage to TIPs.

Taxable Bonds

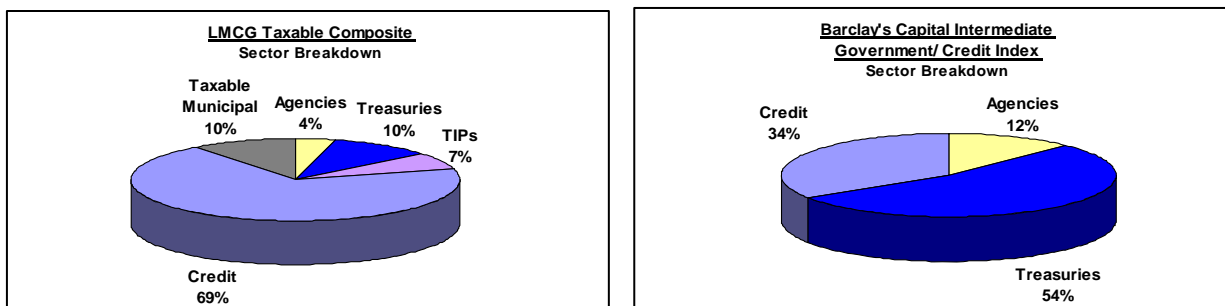
US credit markets were presented with numerous challenges during the quarter, yet maintained a positive tone. A "flight to quality" occurred during March following the Japanese earthquake and subsequent threats of a nuclear meltdown, but this move (based on fear) was short lived and quickly reversed. Treasury yields ended the quarter higher than where they started; the 10-year US Government Bond began and ended the quarter at 3.29% and 3.47%, respectively (see left chart below).



Source: Bloomberg

A high profile debate by Fed officials worried investors about a potential change in monetary policy. Facing the prospect of the Fed (the largest buyer of US Treasury securities) exiting the market, short yields moved upward (see right chart above). We believe, however, that the market's reaction was overly optimistic and that a change in monetary policy is not imminent, especially given that US economic data remains mixed.

All credit sectors generated positive returns during the quarter. The appetite for risk continued to increase this year as high yield and emerging market debt led the quarter with returns of approximately 4% and 2%, respectively. TIPs also performed well, returning approximately 2%. High grade corporate bonds generated just under 1% for the quarter. Meanwhile, with yields rising, US Treasuries were the lone sector to generate negative returns for the quarter. Intermediate US Treasuries fared better than long ones, losing only 0.04% vs. 1.58%, respectively. LMCG composite portfolios returned a positive 1.00% during the quarter compared to the Barclay's Capital Intermediate Govt./Credit Index (0.34%). LMCG portfolios continue to add value by overweighting corporate credit, underweighting government debt, and through individual bond selection. See charts on next page for comparison of sector allocation versus the benchmark.



Source: LMCG & Barclay's Capital

Looking ahead, we believe that 2011 government and credit performance will be driven by various macroeconomic issues. Changes in monetary policy are certainly at the forefront. But, we are paying even greater attention to inflation expectations. This expectation, as measured by the 10-year TIPs breakeven rate, is currently running at 2.50%, which is slightly above the longer term average. Should expectations continue to escalate, we would consider taking a shorter duration position in client portfolios.

Asset Allocation Highlights

Asset Class	Forecast	1Q11 Returns*	12 Month Trailing*	Comments**
Global Equities				• The first quarter produced strong returns for US small and mid cap stocks. International markets, outside of emerging markets are attractive on a valuation basis and lagged the US markets during the first quarter. We decreased our allocation to US small cap stocks and emerging markets during the quarter for valuation reasons. We added exposure to Non-US Large cap with the proceeds of emerging markets.
US Large Cap (Russell 1000)	+	6.2%	16.7%	
US SMID Cap Growth (Russell 2500 Growth)	=	9.8%	30.1%	
US SMID Cap Value (Russell 2500 Value)	-	7.7%	22.7%	
Non-US Large Cap (MSCI EAFE)	=	3.4%	10.4%	
Non-US Small Cap (MSCI EAFE Small Cap)	++	3.0%	19.9%	
Emerging Markets All Cap (MSCI EMF)	-	2.0%	18.5%	
Fixed Income				• We favor corporate bonds over US Government securities.
US Muni Obligations (Barclays Muni Agg 1-10yr)	=	0.6%	2.9%	
US Treasuries (Barclays Agg - Treasury)	-	-0.2%	4.5%	
US Agencies (Barclays Agg - Agency)	-	0.3%	3.5%	• We anticipate core inflation to remain below the Fed's target rate of 2.5%. However, portfolio durations are biased toward neutral as the Fed keeps monetary policy accommodative.
US Corporates (Barclays Agg - Corporate)	+	0.7%	7.5%	
TIPS (Barclays Agg - TIPS)	=	2.1%	7.9%	
High Yield (Barclays Agg - High Yield)	=	3.9%	14.3%	
Mortgages (Barclays Agg - MBS)	-	0.6%	4.4%	• Municipalities still struggling with budget issue
Other Asset Classes of Note				
Commodities (S&P GSCI)		11.6%	22.7%	• The secular demand for commodities is competing with the speculative and hedging demands of investors pushing prices significantly higher than normally seen at this stage of economic recovery.
Gold (S&P GSCI Gold)		1.1%	28.3%	
Gas & Oil (S&P GSCI GasOil)		27.4%	36.9%	
US Dollar Index		-4.0%	-6.4%	• US dollar continues to decline, particularly against Japanese Yen and non-Euro currencies.
US Treasury 10 year bond return		-0.4%	6.5%	• Rising interest rates tends to precede a recovery, as well as heightened inflationary expectations.

*Source: Factset

** Long-term forecast, comments and asset allocations are formulated by the GMC team and reflect their most current outlook. All Index data is sourced from FactSet.

Global MultiCap Composite

Schedule of Annual Returns

September 1, 2007 (date of inception) through December 31, 2010

	Gross Returns (%)	Net Returns (%)	Benchmark ¹ (%)	S&P 500 (%)	Standard Deviation (bps) ²	Number of Accounts	Composite Assets at end of period (\$ millions)	Total Firm Assets (\$ millions)
2007 ²	3.49	2.99	0.88	0.25	NA	2	2.1	4,124.5
2008	-38.17	-39.10	-40.71	-37.00	NA	11	6.0	2,527.4
2009	36.54	34.56	30.01	26.45	128	32	21.5	4,365.1
2010	15.6	14.0	11.8	15.1	82	95	61.8	4,412.7

1. Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

2. Partial year performance starting September 1, 2007.

3. Not calculated in 2007 because partial year performance. Not statistically significant in 2008 because insufficient number of portfolios in the composite for the year.

Global MultiCap Composite: Portfolios included in this composite are invested to achieve consistent returns above benchmark over a full market cycle. Primary emphasis is placed on investing in financially strong small, mid-sized and large capitalization companies both domestic and international with above average earnings growth potential, strong balance sheets, improving profitability and attractive valuations. On January 1, 2008, the benchmark was changed from an internally generated blended benchmark to the MSCI-World Index because it provides a more relevant and accessible measure of performance. Returns for the MSCI-World Index are net of all foreign withholding taxes from a U.S. tax perspective. The S&P 500 is included as supplemental information. The composite was created in January 2008.

Effective July 2009, the firm is defined for GIPS purposes as Lee Munder Capital Group, LLC ("LMCG"), an investment adviser registered with the Securities and Exchange Commission. In July 2009, LMCG became an affiliate of Convergent Capital, the Chicago-based diversified asset management holding company subsidiary of City National Corporation. Prior to July 2009, the firm was defined as Lee Munder Investments Ltd. ("LMIL"), a majority owned subsidiary of Lee Munder Capital Group and an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

LMCG has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The investment management fee schedule is as follows: 1.50% on the first \$1 million, 1.47% on the next \$1 million, 1.270% on the next \$3 million, and 1.02% on assets above \$5 million. This is the maximum fee schedule applicable to the strategy. Actual investment advisory fees incurred by clients may vary.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Performance results are presented gross and net of management fees, include the reinvestment of income and are net of foreign withholding taxes. Net returns are calculated by applying the fee schedule disclosed above to the monthly gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

LMCG's compliance with the GIPS standards has been verified for the period July 1, 2002 through December 31, 2009 by Ashland Partners & Company LLP. The firm was verified for the period October 2000 through June 30, 2002 by another firm. A copy of the verification report is available upon request. Past performance is not indicative of future results.

Municipal Bond Composite

Schedule of Annual Returns

June 1, 2006 (date of inception) through December 31, 2010

	Gross Returns (%)	Net Returns (%)	Barclays 1-10yr Municipal Bond Index ¹ (%)	Standard Deviation ³ (bps)	Number of Accounts	Composite Assets at end of period (\$ millions)	Total Firm Assets ⁴ (\$ millions)
2006 ²	2.45	2.22	3.15	NA	11	10.9	4,027.2
2007	4.52	4.11	4.79	47	13	13.4	4,124.5
2008	3.86	3.44	4.24	164	13	12.7	2,527.4
2009	6.29	5.83	7.16	132	18	18.5	4,365.1
2010	3.1	2.7	3.1	60	32	46.3	4,412.7

1. Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.
2. Partial year performance for the period of June 30, 2006 through December 31, 2006.
3. Not applicable for partial year.

Municipal Bond Composite: Portfolios included in this composite seek to earn consistent, above average returns while taking a low risk approach to fixed income asset management. The fixed income investment philosophy focuses on constructing high quality portfolios with an intermediate-term maturity structure. Value is added through issue and sector selection. All securities purchased are investment grade. The composite includes fully discretionary, municipal bond portfolios. The minimum fixed income value requirement for inclusion in the composite is \$500,000. The composite was created in January 2008.

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The investment management fee schedule is as follows: 0.40% on the first \$2.5 million, 0.35% on the next \$2.5 million, and 0.30% on assets above \$5 million. Actual investment advisory fees incurred by clients may vary.

LMCG's compliance with the GIPS standards has been verified for the period July 1, 2002 through December 31, 2009 by Ashland Partners & Company LLP. The firm was verified for the period October 2000 through June 30, 2002 by another firm. A copy of the verification report is available upon request.

Past performance is not indicative of future results.

Taxable Bond Composite

Schedule of Annual Returns

June 1, 2006 (date of inception) through December 31, 2010

	Gross Returns (%)	Net Returns ⁴ (%)	Benchmark Returns ¹ (%)	Standard Deviation ² (bps)	Number of Accounts	Composite Assets at end of period (\$ millions)	Total Firm Assets (\$ millions)
2006 ³	4.1	3.8	4.4	NA	14	47.5	4,027.2
2007	6.8	6.1	7.4	42	15	49.3	4,124.5
2008	3.2	2.5	5.1	296	12	40.7	2,527.4
2009	9.3	8.7	5.2	123	15	27.1	4,365.1
2010	7.0	6.3	5.9	121	17	28.5	4,412.7

1. Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

2. Not applicable for partial year.

3. Partial year performance beginning June 1, 2006.

Taxable Bond Composite: Portfolios included in this composite seek to earn consistent, above average returns while taking a low risk approach to fixed income asset management. The fixed income investment philosophy focuses on constructing high quality portfolios with an intermediate-term maturity structure. The portfolio invests in taxable fixed income bonds including but not limited to US Treasuries, Agency bonds and corporate bonds. All securities purchased are investment grade. The composite includes fully discretionary bond portfolios. For comparison purposes, the Barclays Intermediate Government/Credit Index is used. The minimum fixed income value requirement for inclusion in the composite is \$500,000. The composite was created in October 2008.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Performance results are presented gross and net of management fees and include the reinvestment of income. Net returns are calculated by applying the investment management fee schedule noted above to the gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

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