



Investment Portfolio Evaluation For  
Periods Ending June 30, 2012



Board of Visitors Endowment



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<u>Section</u>	
I.	Executive Summary
II.	Equity Sector Review
III.	Fixed Income Sector Review
IV.	Alternatives Review
V.	Capital Markets Review
VI.	Green Fund Update

*The information provided herein is obtained from sources believed to be reliable, but no representation or warranty is made as to its accuracy or completeness. These investments are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involve risk including the possibility of loss of principal.*

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Index Name	3 months	YTD	1 year	3 years	5 years	10 years
Dow Jones Industrial Average	(1.8)	6.8	6.6	18.2	2.0	6.0
NASDAQ Composite	(4.8)	13.3	7.0	18.1	3.4	8.1
S&P 500	(2.8)	9.5	5.4	16.4	0.2	5.3
Russell 1000	(3.1)	9.4	4.4	16.6	0.4	5.7
Russell 1000 Value	(2.2)	8.7	3.0	15.8	(2.2)	5.3
Russell 1000 Growth	(4.0)	10.1	5.8	17.5	2.9	6.0
Russell Midcap	(4.4)	8.0	(1.7)	19.4	1.1	8.5
Russell Midcap Value	(3.3)	7.8	(0.4)	19.9	(0.1)	8.2
Russell Midcap Growth	(5.6)	8.1	(3.0)	19.0	1.9	8.5
Russell 2000	(3.5)	8.5	(2.1)	17.8	0.5	7.0
Russell 2000 Value	(3.0)	8.2	(1.4)	17.4	(1.0)	6.5
Russell 2000 Growth	(3.9)	8.8	(2.7)	18.1	2.0	7.4
Russell 3000	(3.1)	9.3	3.8	16.7	0.4	5.8
MSCI EAFE Index	(6.9)	3.4	(13.4)	6.5	(5.6)	5.6
MSCI World Index	(4.9)	6.3	(4.4)	11.6	(2.4)	5.7
MSCI EM (EMERGING MARKETS)	(8.8)	4.1	(15.7)	10.1	0.2	14.4
MSCI FM (FRONTIER MARKETS)	(6.6)	(1.3)	(14.9)	0.1	N/A	N/A
Dow UBS Commodity Index	(4.5)	(3.7)	(14.3)	3.5	(3.7)	5.0
Barclays Capital U.S. Aggregate	2.1	2.4	7.5	6.9	6.8	5.6
Barclays Capital U.S. Government/Credit	2.6	2.7	8.8	7.3	6.9	5.8
Barclays Capital Intermediate U.S. Government/Credit	1.5	2.1	5.4	5.8	6.0	5.1
Barclays Capital Municipal Bond	1.9	3.7	9.9	7.6	6.0	5.3
BofA Merrill Lynch Convertible Securities	(2.7)	6.9	(1.7)	13.8	3.0	6.7
BofA Merrill Lynch High Yield Master	1.9	7.0	6.6	16.0	8.1	9.8
Citigroup World Government Bond Index	0.9	0.4	2.7	5.4	7.3	6.8
JPM EMBI Global Diversified	2.8	7.1	9.8	13.1	9.2	11.1
Citigroup 3-month T-bill	0.0	0.0	0.0	0.1	0.9	1.8
Wilshire REIT	3.7	14.9	13.2	33.6	2.0	10.3
HFRI Fund of Funds Composite Index	(2.7)	0.5	(4.9)	2.0	(2.1)	3.2
CS Tremont Managed Futures Index	(0.8)	(1.5)	(2.3)	2.3	2.9	6.1

Data Sources: Zephyr StyleAdvisor, Barclay's Capital, MSCI Barra, Standard & Poor's

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After four consecutive quarters of growth in calendar year 2011, GDP has yet again declined. Fourth quarter 2011 annualized GDP was a solid 3.0% but dipped to 1.5% in 1Q 2012 and is expected to be just as low for 2Q 2012 and the rest of the year. Financial markets have seen their optimism deflated by periods of weaker growth due to many factors including the fluid European crisis, weaker consumer spending, and the stagnant labor market. Jobless claims and unemployment has moved slightly higher throughout 2012.

After two strong quarters of absolute returns, equity markets sold off sharply in April and May with the S&P 500 Index declining 6.6% for the two months and the MSCI EAFE Index losing 13.0% as the global financial crisis (growth and labor) took its toll. However, patient investors were rewarded in June as global equity markets rallied with the S&P 500 Index up 4.1% and the MSCI EAFE Index up 7.1%. It appears that any positive economic and/or financial data sparks the markets and investors are seeking risk assets given the historically low yield environment.

U.S. Treasury prices rose and yields declined across all maturities during the 2<sup>nd</sup> quarter with high yield, investment grade financials, and emerging markets debt widening the most. The 10-year treasury yield ended June at 1.66%. The Fed continued to say that they are likely to keep the federal funds rate near zero until late 2014. Emerging markets sovereigns and corporations issued a large supply of debt as inflows into this asset class left investors flush with cash. The Emerging Markets Debt asset class generated a 7.1% YTD gain as measured by the JPM Global Diversified Index. High yield issuance was much lower after a record issuance of \$107 million in 1Q 2012, but the asset class has still been one of fixed income's best in 2012, rising 6.7%.

**Total Portfolio:** *The William & Mary Board of Visitors (BOV) Endowment* lost 3.3% for the 2nd quarter. For the fiscal year ending June 30, 2012, the portfolio was down 2.7%. Most of the negative performance for the fiscal year came from the large cap manager, Aletheia and the

international and emerging market equities. International and emerging markets were a difficult asset class for this time period and further discussion on the committee's decision with Aletheia is below. Overall portfolio asset allocation was in line with policy targets at quarter-end.

**Domestic Equity:** The committee elected to terminate the Aletheia account in late May of 2012. With the proceeds from the termination, it was decided to make three purchases over the following three months of the passively managed S&P 500 ETF, the SPDR SPY. The College issued a formal Request for Proposal to find a suitable, actively managed replacement. Fifteen managers responded to the RFP and a summary will be provide to the Investment Sub-Committee to decide upon the manager.

***BlackRock Large Cap Value*** posted a loss of 6.4% for the 2nd quarter as compared to the Russell 1000 Value's loss of 2.2%. The lead Portfolio Manager, Bob Doll, has announced his retirement effective July 2012. Chris Leavy will be the successor to Doll. Leavy previously worked at Oppenheimer where he served as CIO, Head of Value Equities and as a portfolio manager. His background has emphasized more of the bottom-up, fundamental analysis but he does have some experience with quantitative analysis similar to Doll's structure. He has no plans to significantly change the architecture that Doll has established with this portfolio. However, with this news, our Manager Strategy Group has placed the portfolio under "Watch."

***Artisan Mid Cap Value*** posted a loss of 5.7% for the quarter while the Russell Midcap Value index lost 3.3%. For the fiscal year-to-date, the fund is down 0.5% and likewise the benchmark lost 0.4%. The portfolio was hurt by an overweight position to technology, energy, and industrials as well as an underweight to utilities. Stock selection through most of the portfolio was relatively weak. On a positive note, many of the fund's top performers for the quarter were insurance names such as Allstate, Allied World Assurance Company, and Arch Capital.

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**Royce Opportunity** fund lost 5.2% for the quarter. The fund's benchmark lost 3.5% but the fund has gained 11.2% for the YTD period, ahead of the benchmark's gain of 8.5%. For the quarter, 6 of the 9 sectors were negative contributors to the fund with information technology, industrials, and energy having the largest negative impact. Stock selection in aggregate was additive to returns relative to the benchmark, especially within the consumer discretionary sector. Top performers included Cray, Cambrex Corporation, and MDC Holdings while Maxwell Technologies, bebe stores, and OM Group were the worst performing stocks.

**International Equity:** *Dodge & Cox International* lost 8.4% for the 2<sup>nd</sup> quarter. Relatively, the fund underperformed the MSCI EAFE for the quarter by 150 bps. The fund's overweight to healthcare helped results as this was the best performing sector for the quarter. Bayer and GlaxoSmithKline were both positive for the quarter. However, an overweight to information technology was detrimental as this was the worst performing sector for the quarter. Stock selection within financials and an underweight to consumer staples was a drag on performance. The account was managed by Delaware for most of the fiscal year (through February 2012).

**Domestic Fixed Income:** The *PIMCO Total Return Fund* gained 2.8% for the quarter versus a gain of 2.1% for the benchmark. Year-to-date, the fund has outperformed by 340 bps (5.8% vs. 2.4%). Most bonds gained in absolute terms during the quarter, helped by a sharp decline in US Treasury yields as investors fled risky assets. Factors that attributed to performance include; exposure to Canada, an underweight to corporate bonds which lagged like-duration Treasuries, exposure to local currency debt in Brazil and Mexico, and an allocation to select non-agency mortgage-backed debt. Detracting from performance was an underweight to longer maturity US interest rates as the yield curve flattened.

**Pioneer Strategic Income** fund gained 1.1% for the 2<sup>nd</sup> quarter but lagged the Barclays Aggregate index which posted a gain of 2.1%. Interest rate sensitivity was the primary reason behind the fund's relative

underperformance as it detracted 57 bps from relative returns. Non-dollar currency exposure also hurt the fund, detracting 18 bps from relative performance. The fund's bias to lower quality bonds helped performance as did the yield curve positioning.

**International Fixed Income:** The *GMO Global Bond Strategy* gained 1.3% for the 2<sup>nd</sup> quarter compared to the Citigroup World Government Bond index's gain of 0.9%. Exposure to the Short Duration Collateral Fund and the World Opportunity Overlay Fund contributed positively to the quarter's gains. Developed markets interest rate positioning and exposure to emerging country debt detracted.

The *GMO Emerging Country Debt Strategy* returned 0.3% in the quarter while the JPM EMBI Global Diversified returned 2.8%. Market selection accounted for 85 bps of negative alpha, almost entirely due to the overweight in Argentina which was the worst performer for the quarter (-8.8% return). The overweight in the Ivory Coast added 22 bps. Stock selection in Venezuela (the second worst performer for the quarter) was also negative.

**Alternatives:** The alternative portfolio lost 1.3% for the 3-month period ending May 31, 2012 but relatively outperformed the benchmark's loss of 1.8%. For the fiscal year-to-date, the alternatives are down 4.1% while the HFRI Fund of Funds index lost 5.3%. Commodities were hit the hardest in the quarter with the benchmark losing 13.3% for the 3-month period ending May 31, 2012. Your investment in Gresham was also negative but relatively outperformed with a negative 12.7%. The diversified funds (Corbin Pinehurst and Dorchester) were both positive for the 3-month period with gains of 0.5% and 0.2% respectively.

	2q12	FYTD	One Year	Three Years <sup>1</sup>	Five Years <sup>1</sup>	Changes (1/1/03)	Incept (Mgr) <sup>2</sup>	Incept Bench <sup>2</sup>
<b>Total BOV Account</b>	<b>(3.3)</b>	<b>(2.7)</b>	<b>(2.7)</b>	<b>11.9</b>	<b>0.9</b>	<b>7.7</b>	<b>6.8</b>	<b>6.8</b>
<b>Target Benchmark<sup>2</sup></b>	<b>(1.5)</b>	<b>2.5</b>	<b>2.5</b>	<b>12.5</b>	<b>1.4</b>	<b>7.7</b>		
<b>Blackrock: Large Cap Value</b>	<b>(6.4)</b>	<b>(7.2)</b>	<b>(7.2)</b>	<b>11.3</b>	<b>(3.6)</b>	<b>--</b>	<b>(0.1)</b>	<b>1.5</b>
Russell 1000 Value	(2.2)	3.0	3.0	15.8	(2.2)	--		
<b>SPY (Aletheia prior to June 2012)</b>	<b>(10.9)</b>	<b>(13.8)</b>	<b>(13.8)</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>(6.5)</b>	<b>2.4</b>
Russell 1000 Growth	(4.0)	5.8	5.8	17.5	--	--		
<b>Wells Fargo: Mid Cap Growth</b>	<b>(5.2)</b>	<b>2.0</b>	<b>2.0</b>	<b>23.9</b>	<b>4.6</b>	<b>--</b>	<b>6.6</b>	<b>3.7</b>
Russell MidCap Growth	(5.6)	(3.0)	(3.0)	19.0	1.9	--		
<b>Artisan Mid Cap Value</b>	<b>(5.7)</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>16.3</b>	<b>--</b>	<b>--</b>	<b>21.8</b>	<b>25.4</b>
Russell MidCap Value	(3.3)	(0.4)	(0.4)	19.9	--	--		
<b>Royce: Small-Cap</b>	<b>(5.2)</b>	<b>(5.5)</b>	<b>(5.5)</b>	<b>20.9</b>	<b>(0.1)</b>	<b>11.7</b>	<b>11.7</b>	<b>9.5</b>
Russell 2000	(3.5)	(2.1)	(2.1)	17.8	0.5	9.5		
<b>Dodge &amp; Cox (Delaware prior to Feb 2012)</b>	<b>(8.4)</b>	<b>(13.6)</b>	<b>(13.6)</b>	<b>4.9</b>	<b>(6.1)</b>	<b>7.5</b>	<b>5.8</b>	<b>3.9</b>
<b>Artio Int'l Growth</b>	<b>(7.2)</b>	<b>(20.3)</b>	<b>(20.3)</b>	<b>2.3</b>	<b>--</b>	<b>--</b>	<b>8.5</b>	<b>13.7</b>
MSCI EAFE	(6.9)	(13.4)	(13.4)	6.5	(5.6)	7.7		
<b>State Street: Emerging Markets</b>	<b>(8.6)</b>	<b>(15.8)</b>	<b>(15.8)</b>	<b>9.8</b>	<b>(2.1)</b>	<b>15.0</b>	<b>15.0</b>	<b>16.2</b>
MSCI EM (Emerging Markets)	(8.8)	(15.7)	(15.7)	10.1	0.2	16.2		
<b>PIMCO Total Return Fund</b>	<b>2.8</b>	<b>7.0</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.5</b>	<b>6.7</b>
<b>Pioneer Strategic Income</b>	<b>1.1</b>	<b>5.2</b>	<b>5.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8.2</b>	<b>6.7</b>
Barclays Capital U.S. Aggregate	2.1	7.5	7.5	6.9	6.8	--		
<b>GMO: Global Fixed Inc</b>	<b>1.3</b>	<b>5.1</b>	<b>5.1</b>	<b>12.5</b>	<b>5.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.2</b>
Citigroup World Govt Bond Index	0.9	2.7	2.7	5.4	7.3	6.2		
<b>GMO: Emerging Mkt Fixed Inc</b>	<b>0.3</b>	<b>11.2</b>	<b>11.2</b>	<b>22.9</b>	<b>9.1</b>	<b>14.1</b>	<b>14.1</b>	<b>10.5</b>
JPM EMBI Global Diversified	2.8	9.8	9.8	13.1	9.2	10.5		
<b>Combined Alternatives (1 mo lag)</b>	<b>(1.3)</b>	<b>(4.1)</b>	<b>(4.1)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.3</b>	<b>0.5</b>
HFRI FOFs Index (1 mo lag)	(1.8)	(5.3)	(5.3)	--	--	--		

1 Annualized

2 Total BOV Account (7/1/96) = Target Benchmark; Blackrock Large Cap Value (5/1/06) = Russell 1000 Value; Aletheia Large Cap Growth (11/26/07) = Russell 1000 Growth; Wells Fargo MidCap (4/1/06) = Russell MidCap Growth; Artisan Mid Cap 5/26/09 = Russell MidCap Value; Royce (1/8/03) = Russell 2000; Delaware Int'l (7/1/96) = MSCI EAFE; Artio Int'l (6/4/09) = MSCI EAFE; State Street Emerging Mkts (1/24/03) = MSCI Emerging Markets Free; PIMCO Total Return Fund and Pioneer Strategic Income Fund (11/3/09) = Barclays Capital US Aggregate; GMO Global Fixed (2/11/03) = Citi World Govt Bond Index; GMO Emerging Mkt Fixed (2/11/03) = JPM EMBI Global Diversified.

3 From 11/1/09, 25% S&P 500, 12% Russ Midcap, 7% Russ 2000, 9% MSCI EAFE, 2% MSCI Emerging Mkts Free, 30% Barclays Capital U.S. Aggregate, 5% Citi World Government Bond Index, 5% JPM EMBI Global Diversified, 5% HFRI Index; From 1/1/03, 40% S&P 500, 12.5% Russ Midcap, 7.5% Russ 2000, 10% MSCI EAFE, 4% MSCI Emerging Mkts Free, 20% Barclays Capital U.S. Aggregate, 2.5% Citi World Government Bond Index, 2.5% JPM EMBI+; Prior to 1/1/03, 60% Russell 3000, 15% MSCI World Ex-US, 25% Barclays Capital Aggregate Bond Index.

+ Quarterly performance results prior to the third quarter of 2002, were provided by Delaware Investments Advisors and Lazard Asset Management. There were no calculations by Wells Fargo Advisors to ensure the accuracy of the results. Based on information provided by SunTrust, Wells Fargo Advisors began calculating quarterly results starting in the 4<sup>th</sup> quarter of 2002. There is no guarantee as to the accuracy of our calculations for the managers or the Total BOV Account.

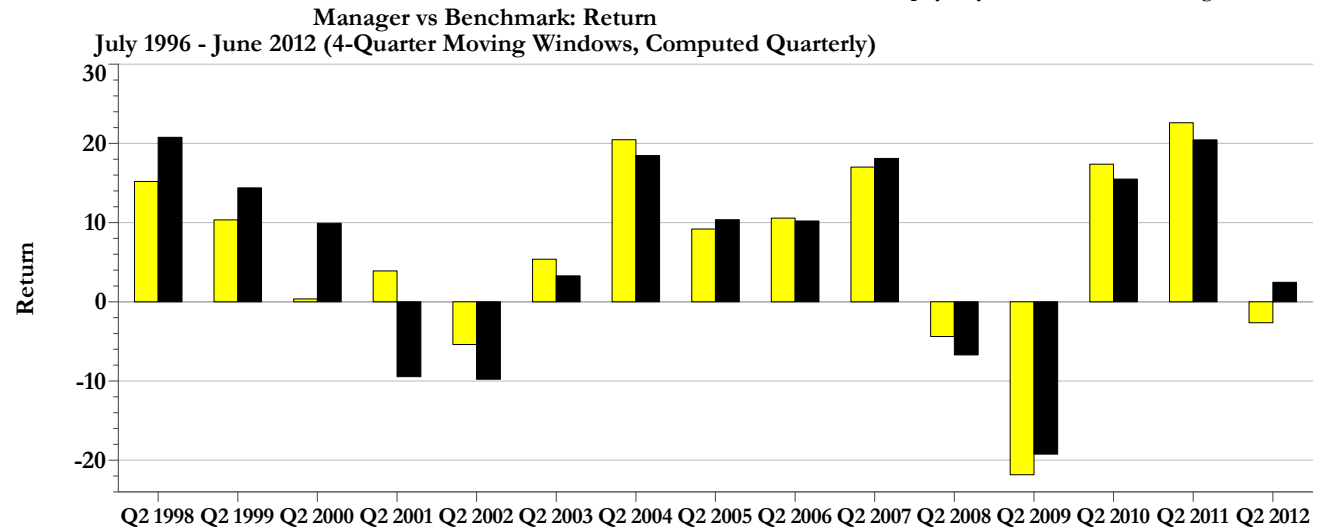
Performance is net of investment management fees

**BOV Current Fiscal  
YTD: -2.65%**

■ BOV: Total (net)  
■ BOV Target Benchmark

**W&M BOV: Total Account**

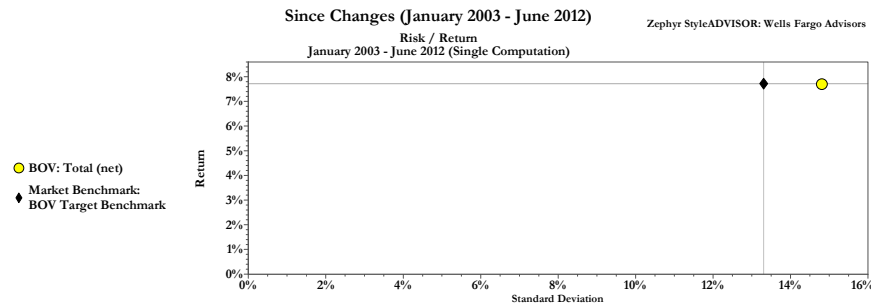
Zephyr StyleADVISOR: Wells Fargo Advisors



Manager vs Benchmark: Return  
July 1996 - June 2012 (4-Quarter Moving Windows, Computed Quarterly)

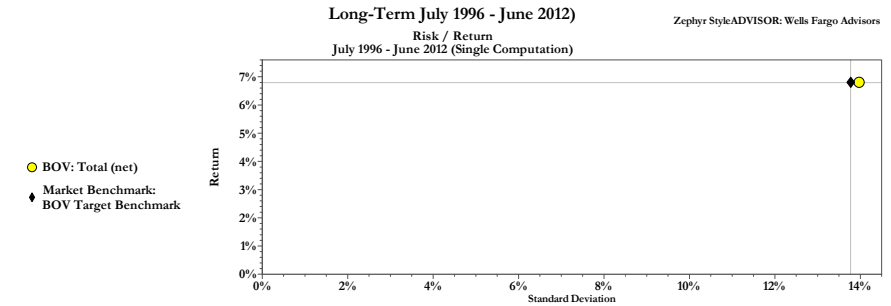
	Jun 1998	Jun 1999	Jun 2000	Jun 2001	Jun 2002	Jun 2003	Jun 2004	Jun 2005	Jun 2006	Jun 2007	Jun 2008	Jun 2009	Jun 2010	Jun 2011	Jun 2012
<b>BOV: Total (net)</b>	15.20	10.35	0.37	3.89	-5.38	5.38	20.46	9.20	10.56	17.01	-4.38	-21.82	17.37	22.60	-2.65
<b>BOV Target Benchmark</b>	20.77	14.38	9.91	-9.45	-9.78	3.28	18.45	10.37	10.21	18.09	-6.70	-19.23	15.50	20.45	2.46

+ see footnote on previous page



Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Tracking Error	Obsvrs.
BOV: Total (net)	7.70	14.81	10.96	1.10	-0.63	97.52	0.40	2.68	38.00
BOV Target Benchmark	7.72	13.31	9.75	1.00	0.00	100.00	0.45	0.00	38.00



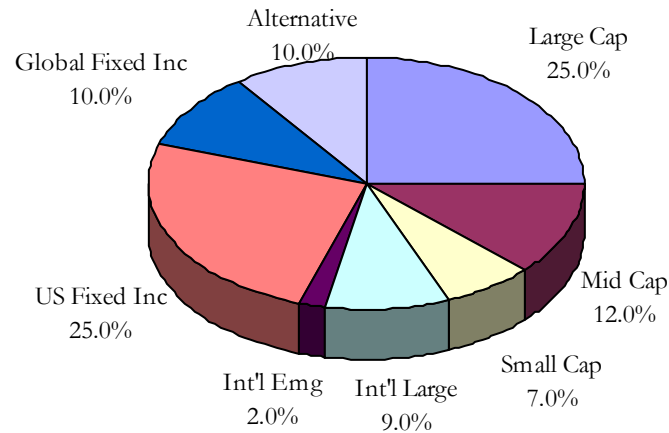
Annualized Summary Statistics: July 1996 - June 2012

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Tracking Error	Obsvrs.
BOV: Total (net)	6.81	13.97	10.40	0.98	0.21	93.09	0.28	3.68	64.00
BOV Target Benchmark	6.80	13.77	10.04	1.00	0.00	100.00	0.28	0.00	64.00

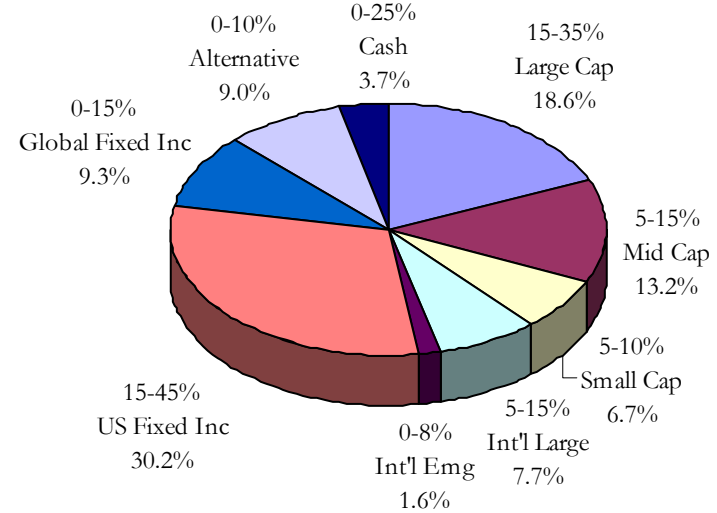
\* BOV Target Benchmark = From 1/1/03, 40% S&P 500, 12.5% Russell Midcap, 7.5% Russell 2000, 10% MSCI EAFE, 4% MSCI Emerging Mkts Free, 20% Barclays Capital U.S. Aggregate, 6% Citi World Government Bond Index. Prior to 1/1/03, 60% Russell 3000, 15% MSCI World Ex-US, 25% Barclays Capital U.S. Aggregate Bond Index. From 11/1/09, 25% S&P 500, 12% Russell Midcap, 7% Russell 2000, 9% MSCI EAFE, 2% MSCI Emerging Mkts Free, 30% Barclays Capital U.S. Aggregate, 5% Citi World Government Bond Index, 5% JPM EMBI Global Diversified, 5% HFRI FoF Index.

*As of June 30, 2012*

**Policy**



**Actual with Ranges**



<u>Manager</u>	<u>Domestic Fixed Income</u>	<u>Global Fixed Income</u>	<u>Domestic Equity</u>	<u>Non-US Equity</u>	<u>Alternative</u>	<u>Cash Equiv.</u>	<u>Total</u>
SPY (formerly Aletheia)	0	0	4,337,666	0	0	2,084,596	6,422,262
Blackrock	0	0	7,804,383	0	0	14,583	7,818,966
Dodge & Cox	0	0	0	2,515,148	0	0	2,515,148
Grantham, Mayo	0	6,097,658	0	0	0	0	6,097,658
Artisan MC	0	0	4,019,908	0	0	0	4,019,908
Artio Int'l	0	0	0	2,533,005	0	0	2,533,005
Royce & Associates	0	0	4,353,176	0	0	0	4,353,176
State Street Global Advisors	0	0	0	1,030,249	0	0	1,030,249
Pimco Total Return Fund	9,988,437	0	0	0	0	0	9,988,437
Pioneer Strategic Income	9,765,981	0	0	0	0	0	9,765,981
Wells Capital	0	0	4,631,580	0	0	0	4,631,580
Cash & Equivalents	0	0	0	0	0	286,760	286,760
Private Equity Partners II	0	0	0	0	6,607	0	6,607
Combined Alternatives	0	0	0	0	5,841,303	0	5,841,303
<b>Total BOV Account</b>	<b>19,754,418</b>	<b>6,097,658</b>	<b>25,146,713</b>	<b>6,078,402</b>	<b>5,847,910</b>	<b>2,385,939</b>	<b>65,311,040</b>
<b>% of Total Fund</b>	<b>30.2%</b>	<b>9.3%</b>	<b>38.5%</b>	<b>9.3%</b>	<b>9.0%</b>	<b>3.7%</b>	

\* Values (except "Alternatives") are reflected at market as reported by SunTrust; Alternatives are reported by Wells Fargo Advisors; beginning and ending market values include accrued income on fixed income assets only. Private Equity Partners II values were reported by W&M.

July 1, 2011 – June 30, 2012

	<b>William &amp; Mary BOV Endowment</b>
<b>6/30/11 Market Value</b>	<b>59,300,701</b>
Net Additions/Withdrawals	7,969,742
Expenses	<u>(113,204)</u>
<i>Net Cash Flow</i>	<i>7,856,538</i>
Net Income	1,524,785
Net Realized Gain/(Loss)	(369,385)
Change Unrealized Gain/(Loss)	<u>(3,008,205)</u>
<i>Total Investment Gain/(Loss)</i>	<i>(1,852,805)</i>
<b>6/30/12 Market Value</b>	<b>65,304,433</b>

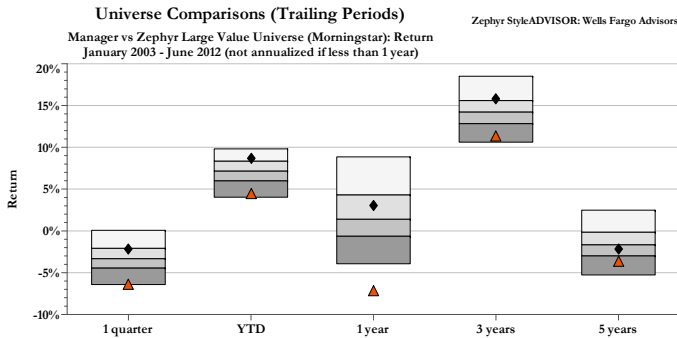
•All account values (excluding “Alternatives”) are reported by SunTrust; “Alternative values are reported by Wells Fargo Advisors; to comply with GIPS Performance reporting standards, beginning and ending market values include fixed income accruals.

•Ending value excludes PEP II.

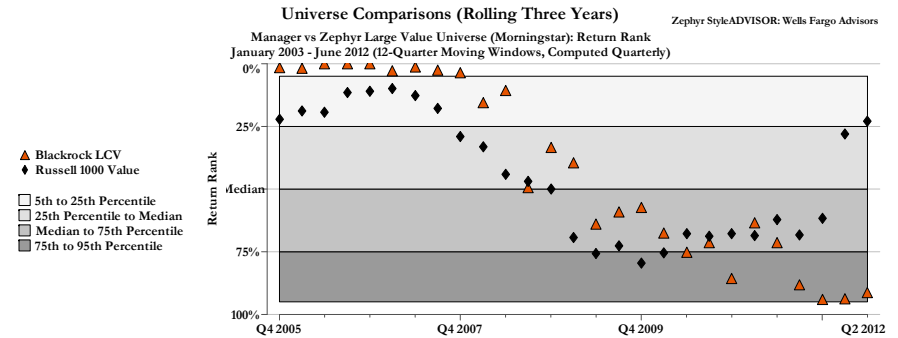


## II. Equity Sector (Large-Cap Value\*)

Periods Ending June 30, 2012 - Performance



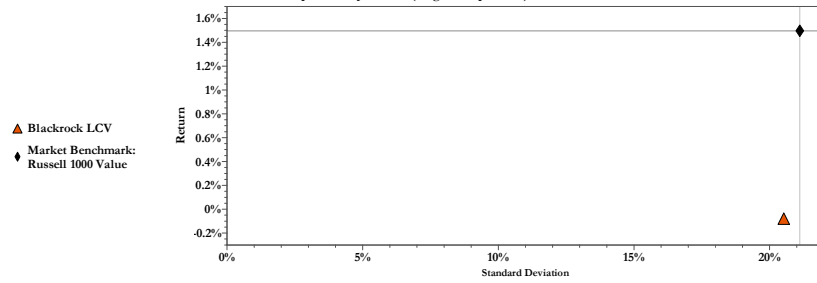
	1 quarter	YTD	1 year	3 years	5 years
	297 mng	297 mng	297 mng	270 mng	254 mng
Median	-3.32%	7.17%	1.41%	14.24%	-1.65%
Blackrock LCV	-6.36%	4.49%	-7.17%	11.33%	-3.61%
Russell 1000 Value	-2.20%	8.68%	3.01%	15.80%	-2.19%



	Jun 2006	Dec 2006	Jun 2007	Dec 2007	Sep 2008	Mar 2009	Sep 2009	Mar 2010	Dec 2010	Jun 2011	Dec 2011	Jun 2012
	211 mng	218 mng	222 mng	226 mng	237 mng	247 mng	250 mng	252 mng	265 mng	268 mng	274 mng	270 mng
Median	13.3%	12.5%	13.7%	8.1%	-0.1%	-14.2%	-6.2%	-5.3%	-3.6%	3.2%	12.3%	14.2%
Blackrock LCV	21.9%	18.0%	18.4%	12.7%	-0.1%	-13.4%	-7.1%	-6.8%	-5.8%	1.7%	8.3%	11.3%
Russell 1000 Value	15.7%	15.1%	15.9%	9.3%	0.1%	-15.4%	-7.9%	-7.3%	-4.4%	2.3%	11.5%	15.8%

\* Please note that we have linked Blackrock's composite historical returns for periods prior to 5/1/06 with BOV actual results starting on May 1, 2006.

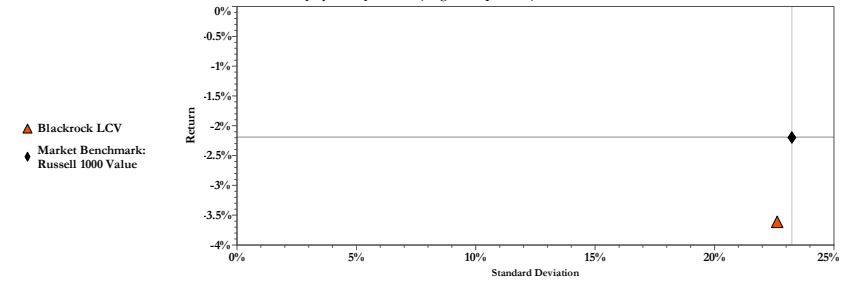
Return/Risk (April 2006 - June 2012)  
April 2006 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: April 2006 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Blackrock LCV	-0.08	20.52	0.93	-1.40	91.92	-0.09	25.00
Russell 1000 Value	1.50	21.11	1.00	0.00	100.00	-0.01	25.00

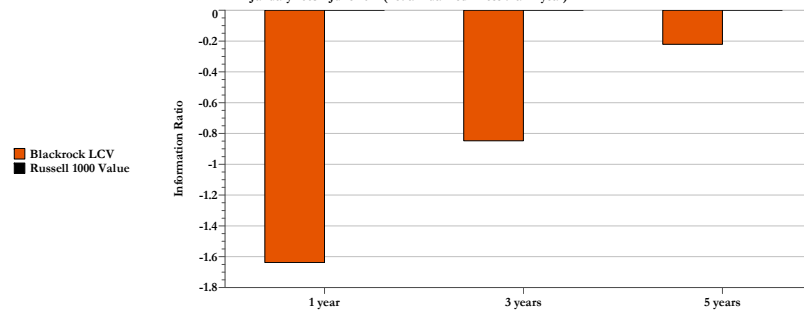
Return/Risk (Five Years Ending June 2012)  
July 2007 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Blackrock LCV	-3.61	22.63	0.94	-1.51	92.36	-0.20	20.00
Russell 1000 Value	-2.19	23.24	1.00	0.00	100.00	-0.13	20.00

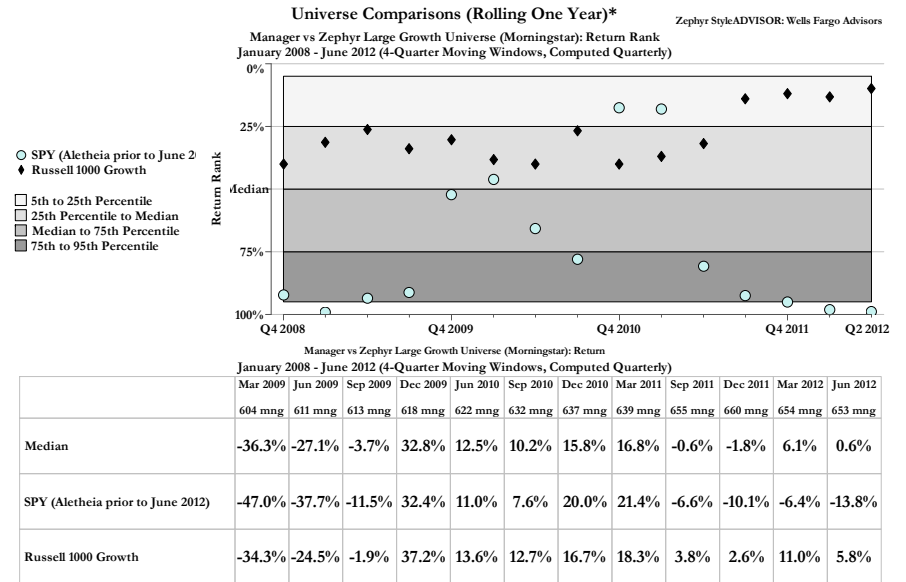
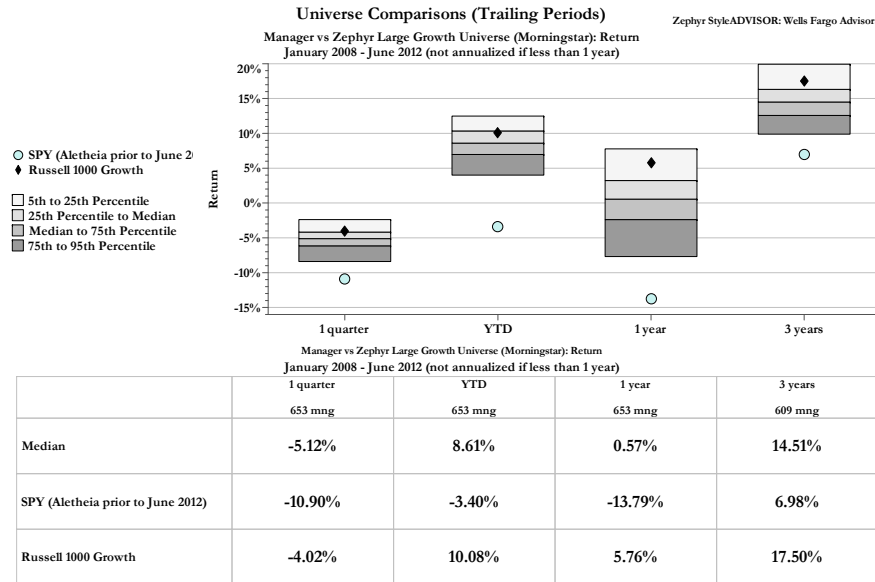
Information Ratio (Periods Ending June 2012)  
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year) Zephyr StyleADVISOR: Wells Fargo Advisors



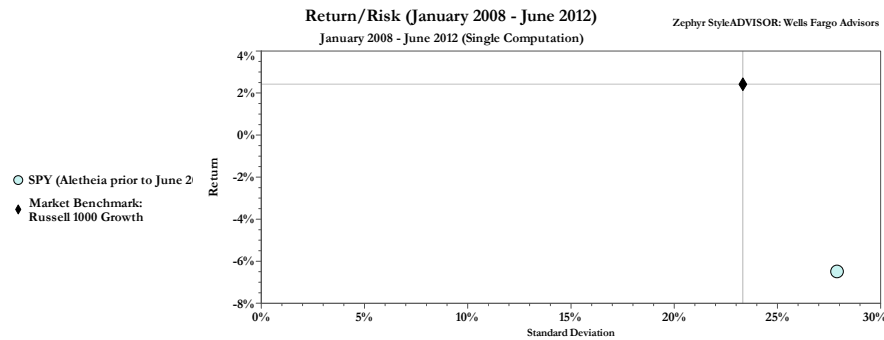
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)

	1 year	3 years	5 years
Blackrock LCV	-1.64	-0.85	-0.22

\* Please note that we have linked Blackrock's composite historical returns for periods prior to 5/1/06 with BOV actual results starting on May 1, 2006.

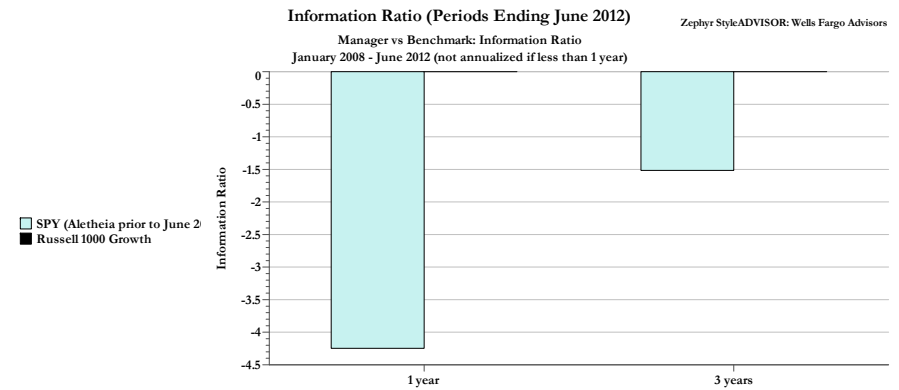


\*Longer time periods are shown for illustrative purposes.  
Aletheia's actual performance began on 12/1/07



Annualized Summary Statistics: January 2008 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Observs.
SPY (Aletheia prior to June 2012)	-6.48	27.89	1.14	-8.21	91.28	-0.25	18.00
Russell 1000 Growth	2.43	23.32	1.00	0.00	100.00	0.08	18.00



Manager vs Benchmark: Information Ratio  
January 2008 - June 2012 (not annualized if less than 1 year)

	1 year	3 years
SPY (Aletheia prior to June 2012)	-4.25	-1.52
Russell 1000 Growth	-0.25	0.08

\*Longer time periods are shown for illustrative purposes.  
Aletheia's actual performance began on 12/1/07

Characteristic	Blackrock	SPDR's SPY	Combined BOV Large-Cap	S&P 500	Over/(Under) Weight
Median Cap (\$MM)	10,530	12,312	11,167	11,900	(733)
Avg Cap (\$MM)	52,510	111,520	73,591	108,040	(34,449)
Yield (%)	2.29	2.21	2.26	2.20	0.06
P/E Ratio	12.53	13.06	12.72	16.90	(4.18)
Price / Book	1.76	2.12	1.89	3.63	(1.74)
Beta (specific benchmark - 3 yr)	1.10	1.00	1.06	1.00	
R <sup>2</sup> (specific benchmark - 3 yr)	95.37	100.00	97.02	1.00	
# of Stocks	95	500		500	

**Blackrock**

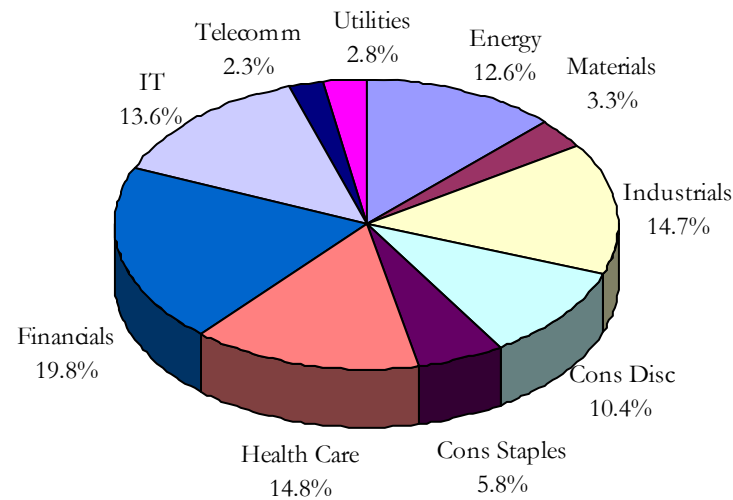
Top Ten Equity Holdings	% of Portfolio	% of Index
CHEVRON	4.0	2.9
PFIZER	3.6	2.6
JP MORGAN CHASE	2.3	2.3
CONOCOPHILLIPS	2.3	1.3
UNITEDHEALTH GP.	1.9	0.9
ELI LILLY	1.5	0.4
APACHE	1.5	0.4
TYCO INTERNATIONAL	1.4	0.4
NORTHROP GRUMAN	1.3	0.2
GENERAL DYNAMICS	1.3	0.3

**SPDR's SPY**

Top Ten Equity Holdings	% of Portfolio	% of Index
APPLE	3.8	4.4
EXXON MOBIL	3.4	3.3
MICROSOFT CORP	3.1	1.9
INTERNATIONAL BUSINESS MACH	3.0	1.8
GENERAL ELECTRIC CO	2.9	1.8
AT&T INC	2.9	1.7
CHEVRON	2.9	1.7
JOHNSON & JOHNSON	2.8	1.5
WELLS FARGO & CO	2.7	1.4
COCA COLA	2.7	1.4

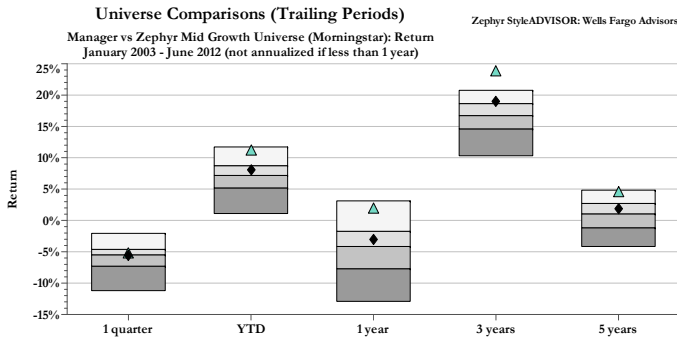
Data Source: Blackrock, SPDR, InvestorForce

**Combined BOV Large-Cap Sector Distribution**



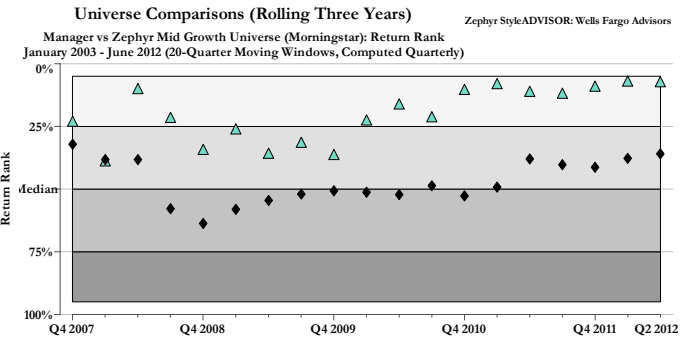
	<b>Blackrock Weight</b>	<b>SPY Weight</b>	<b>Combined BOV Large-Cap</b>	<b>S&amp;P 500 Weight</b>	<b>Over / (Under) Weight</b>
Energy	13.6%	10.8%	12.6%	11.2%	1.4%
Materials	3.2%	3.4%	3.3%	3.5%	-0.2%
Industrials	17.1%	10.5%	14.7%	10.6%	4.1%
Consumer Discretionary	10.1%	11.0%	10.4%	10.9%	-0.5%
Consumer Staples	2.7%	11.3%	5.8%	10.8%	-5.0%
Health Care	16.3%	12.0%	14.8%	11.4%	3.4%
Financials	22.7%	14.4%	19.8%	14.9%	4.9%
Information Technology	10.1%	19.8%	13.6%	20.5%	-6.9%
Telecomm Service	1.9%	3.2%	2.3%	2.8%	-0.5%
Utilities	2.3%	3.7%	2.8%	3.4%	-0.6%

Data Source: Blackrock, SPDR, InvestorForce



Manager vs Zephyr Mid Growth Universe (Morningstar): Return  
January 2003 - June 2012 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	3 years	5 years
	314 mng	314 mng	314 mng	280 mng	255 mng
Median	-5.49%	7.18%	-4.15%	16.74%	1.06%
Wells Fargo Discovery	-5.21%	11.26%	1.99%	23.85%	4.61%
Russell Midcap Growth	-5.60%	8.10%	-2.99%	19.01%	1.91%



Manager vs Zephyr Mid Growth Universe (Morningstar): Return Rank  
January 2003 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)

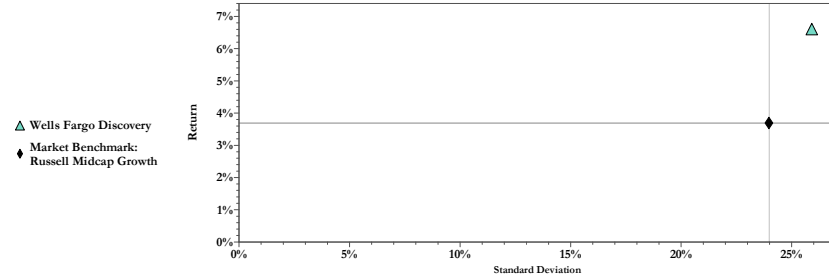
	Mar 2008	Sep 2008	Dec 2008	Jun 2009	Sep 2009	Mar 2010	Sep 2010	Dec 2010	Jun 2011	Sep 2011	Mar 2012	Jun 2012
	210 mng	215 mng	217 mng	221 mng	224 mng	234 mng	239 mng	248 mng	258 mng	262 mng	259 mng	255 mng
Median	14.5%	7.0%	-1.4%	-0.2%	3.8%	4.4%	2.8%	5.0%	5.6%	1.1%	3.7%	1.1%
Wells Fargo Discovery	15.1%	8.9%	-0.5%	0.4%	4.7%	6.2%	4.8%	7.9%	8.8%	4.3%	7.6%	4.6%
Russell Midcap Growth	15.2%	6.5%	-2.3%	-0.4%	3.8%	4.3%	2.9%	4.9%	6.3%	1.6%	4.4%	1.9%

\* Please note that we have linked Wells' composite historical returns for periods prior to 4/1/06 with BOV actual results starting with the 2<sup>nd</sup> quarter of 2006.

# Equity Sector (Mid-Cap Growth\*)

## Periods Ending June 30, 2012– Risk Measures

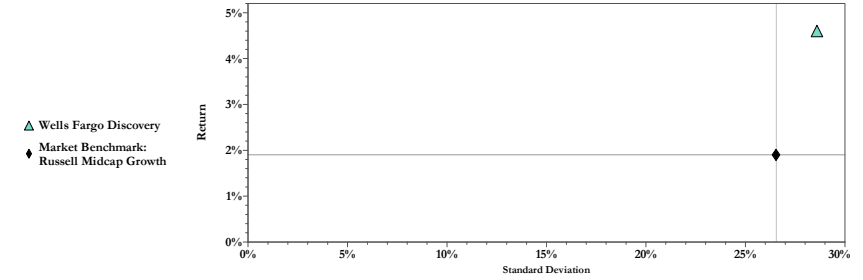
**Return/Risk (April 2006 - June 2012)**  
April 2006 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: April 2006 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsv.
Wells Fargo Discovery	6.60	25.90	1.04	3.12	92.29	0.19	25.00
Russell Midcap Growth	3.69	23.98	1.00	0.00	100.00	0.08	25.00

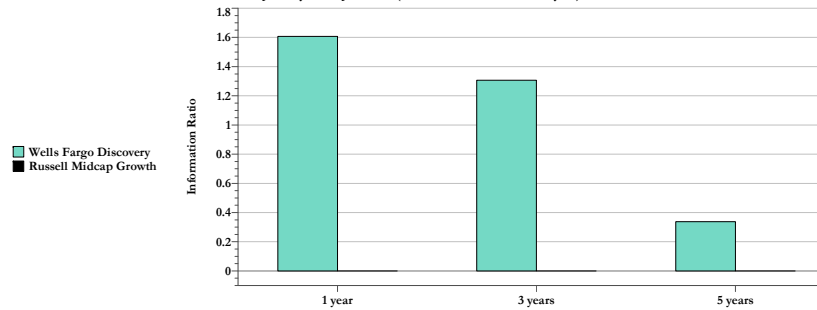
**Return/Risk (Five Years Ending June 2012)**  
July 2007 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsv.
Wells Fargo Discovery	4.61	28.58	1.03	3.10	92.25	0.13	20.00
Russell Midcap Growth	1.91	26.55	1.00	0.00	100.00	0.04	20.00

**Information Ratio (Periods Ending June 2012)**  
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year) Zephyr StyleADVISOR: Wells Fargo Advisors

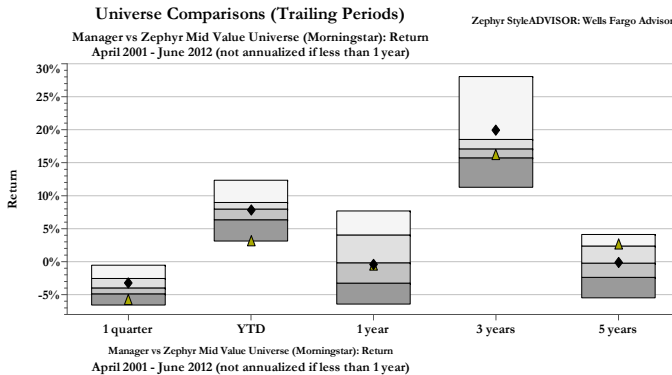


Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)

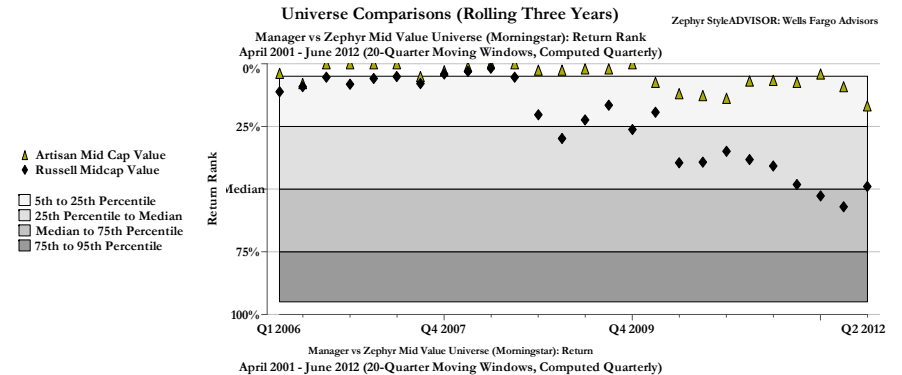
	1 year	3 years	5 years
Wells Fargo Discovery	1.61	1.31	0.34

\* Please note that we have linked Wells' composite historical returns for periods prior to 4/1/06 with BOV actual results starting with the 2<sup>nd</sup> quarter





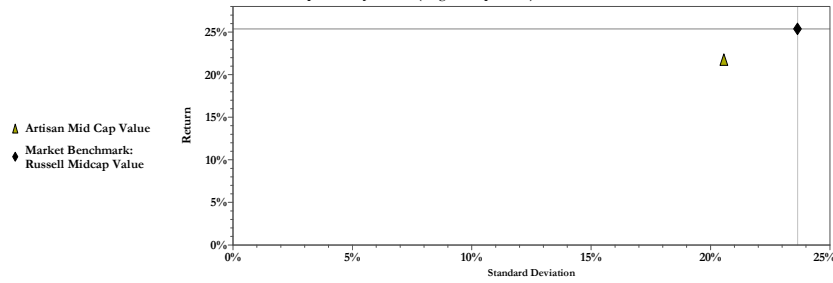
	1 quarter	YTD	1 year	3 years	5 years
	53 mng	53 mng	53 mng	51 mng	46 mng
Median	-3.98%	7.99%	-0.18%	17.08%	-0.22%
Artisan Mid Cap Value	-5.71%	3.15%	-0.53%	16.28%	2.73%
Russell Midcap Value	-3.26%	7.78%	-0.37%	19.92%	-0.13%



	Sep 2006	Mar 2007	Sep 2007	Mar 2008	Sep 2008	Mar 2009	Dec 2009	Jun 2010	Dec 2010	Jun 2011	Dec 2011	Jun 2012
	26 mng	27 mng	29 mng	29 mng	31 mng	33 mng	34 mng	37 mng	42 mng	44 mng	45 mng	46 mng
Median	10.8%	10.3%	17.6%	12.9%	7.0%	-6.1%	-0.0%	-0.8%	3.0%	3.3%	0.4%	-0.2%
Artisan Mid Cap Value	18.9%	16.7%	22.0%	18.0%	12.6%	1.0%	6.2%	2.9%	6.0%	7.5%	4.5%	2.7%
Russell Midcap Value	16.6%	15.2%	21.0%	16.8%	10.0%	-3.8%	2.0%	0.7%	4.1%	4.0%	0.0%	-0.1%

\* Please note that we have linked Artisan's composite historical returns for periods prior to 6/1/09 with BOV actual results starting with June 2009.

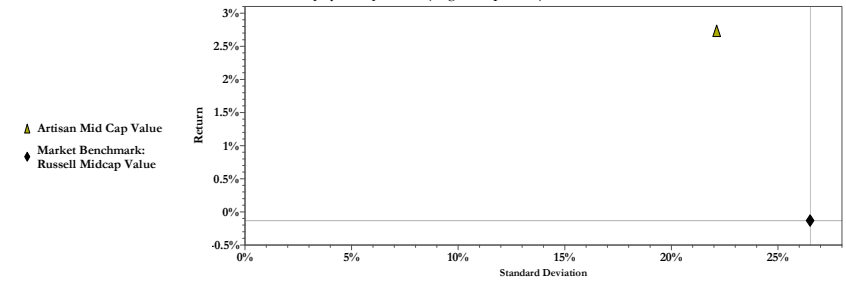
Return/Risk (June 2009 - June 2012)  
April 2009 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: April 2009 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Artisan Mid Cap Value	21.75	20.55	0.84	0.39	93.61	1.05	13.00
Russell Midcap Value	25.38	23.65	1.00	0.00	100.00	1.07	13.00

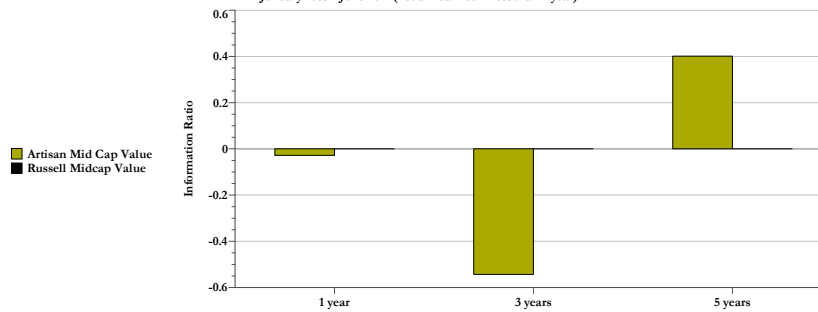
Return/Risk (Five Years Ending June 2012)  
July 2007 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Artisan Mid Cap Value	2.73	22.13	0.81	2.41	94.67	0.08	20.00
Russell Midcap Value	-0.13	26.52	1.00	0.00	100.00	-0.04	20.00

Information Ratio (Periods Ending June 2012)  
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year) Zephyr StyleADVISOR: Wells Fargo Advisors



Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)

	1 year	3 years	5 years
Artisan Mid Cap Value	-0.03	-0.54	0.40

\* Please note that we have linked Artisan's composite historical returns for periods prior to 6/1/09 with BOV actual results starting with June 2009.

Characteristic	Wells	Artisan	Combined BOV Mid-Cap	Russell Mid- Cap	Over/(Under) Weight
Avg Cap (\$MM)	2,730	7,700	5,039	4,020	1019
Yield (%)	0.18	1.96	1.01	1.63	(0.62)
P/E Ratio	23.40	11.10	17.68	19.23	(1.55)
Price / Book	3.90	1.60	2.83	2.98	(0.15)
5 yr EPS Growth (%)	10.83	9.31	10.12	12.09	(1.97)
# of Stocks	85	59	144	800	

**Wells Fargo**

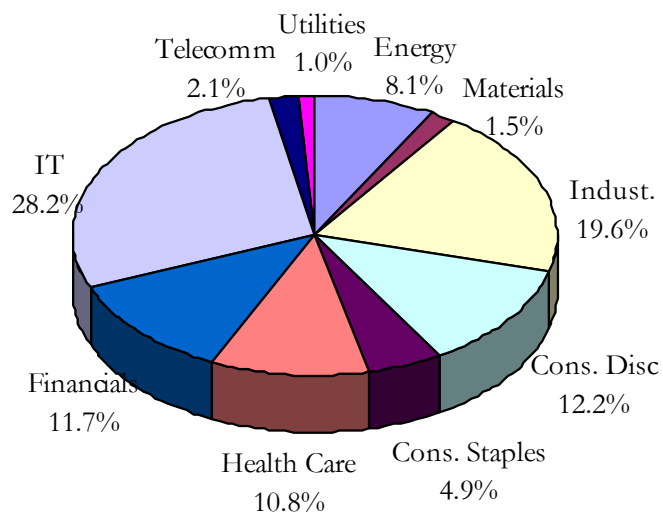
TEN LARGEST HOLDINGS	% of Portfolio
Kansas City Southern	2.9
Airgas Incorporated	2.7
SBA Communications Corp	2.5
TransDigm Group Incorporated	2.5
Gartner Incorporated	2.2
Aspen Technologies	2.0
Alliance Data Systems	1.9
GNC Holdings	1.8
Tibco Software	1.8
Ultra Salon Cosmetics	1.7

**Artisan Partners**

Top Ten Equity Holdings	% of Portfolio
Alleghany Corp	2.8
Avnet Inc	2.7
The Progressive Corp	2.6
The Western Union Co	2.6
Analog Devices Inc	2.5
The Kroger Co	2.5
Ingram Micro Inc	2.4
Cimarex Energy Co	2.3
Arrow Electronics Inc	2.3
Jacobs Engineering Group Inc	2.2

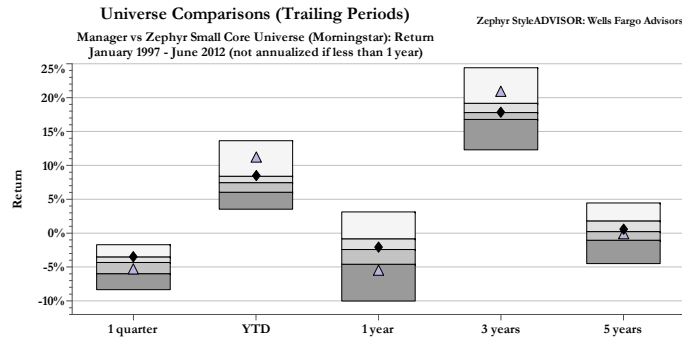
Data Source: Wells Fargo, Artisan, Morningstar

**BOV Mid-Cap Sector Distribution**



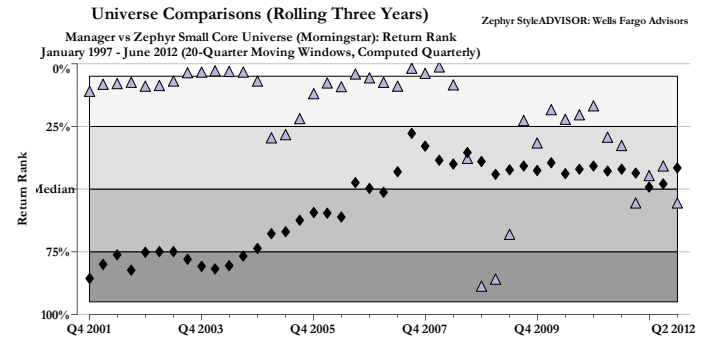
	Wells Fargo Weight	Artisan Weight	Combined BOV Mid-Cap	Russ Mid-Cap Weight	Over / (Under) Weight
Energy	5.3	11.4	8.1	6.9	1.2
Materials	2.8	0.0	1.5	6.1	(4.6)
Industrials	19.9	19.4	19.6	12.7	6.9
Consumer Discretionary	16.0	7.8	12.2	16.3	(4.1)
Consumer Staples	4.9	4.9	4.9	6.5	(1.6)
Health Care	16.6	4.0	10.8	10.3	0.5
Financials	2.8	22.0	11.7	19.5	(7.8)
Information Technology	28.0	28.4	28.2	13.7	14.5
Telecomm Service	3.8	0.0	2.1	1.4	0.7
Utilities	0.0	2.1	1.0	6.5	(5.5)

Data Source: Wells Fargo, Artisan, Morningstar



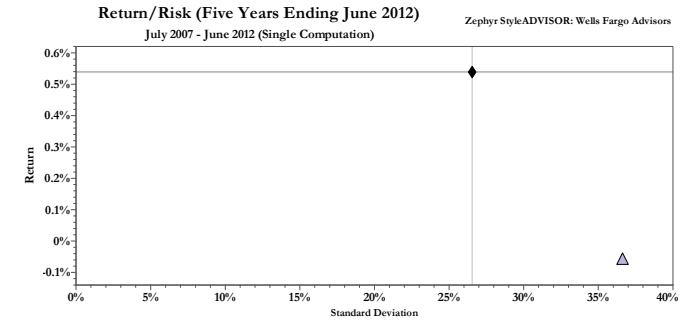
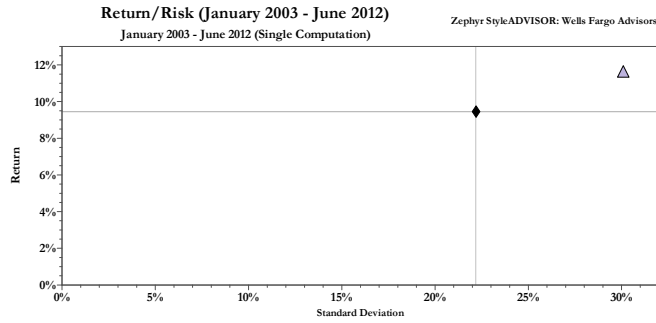
Manager vs Zephyr Small Core Universe (Morningstar): Return  
January 1997 - June 2012 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	3 years	5 years
	114 mng	114 mng	114 mng	111 mng	100 mng
Median	-4.33%	7.46%	-2.42%	17.79%	0.22%
Royce Opportunity	-5.24%	11.25%	-5.47%	20.91%	-0.06%
Russell 2000	-3.47%	8.53%	-2.08%	17.80%	0.54%



Manager vs Zephyr Small Core Universe (Morningstar): Return  
January 1997 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)

	Sep 2002	Sep 2003	Jun 2004	Jun 2005	Mar 2006	Mar 2007	Mar 2008	Dec 2008	Dec 2009	Sep 2010	Sep 2011	Jun 2012
	38 mng	44 mng	50 mng	58 mng	63 mng	69 mng	75 mng	79 mng	85 mng	88 mng	96 mng	100 mng
Median	1.2%	10.5%	10.8%	8.9%	13.5%	11.0%	14.3%	-1.4%	0.1%	1.3%	-1.3%	0.2%
Royce Opportunity	6.8%	22.2%	20.0%	14.2%	18.4%	14.8%	19.1%	-4.8%	1.5%	3.3%	-1.5%	-0.1%
Russell 2000	-3.2%	7.5%	6.6%	5.7%	12.6%	10.9%	14.9%	-0.9%	0.5%	1.6%	-1.0%	0.5%

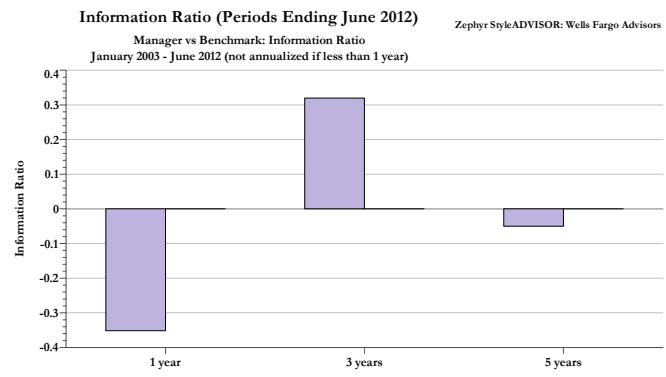


Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsv.
Royce Opportunity	11.65	30.09	1.33	0.26	95.73	0.33	38.00
Russell 2000	9.45	22.18	1.00	0.00	100.00	0.35	38.00

Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsv.
Royce Opportunity	-0.06	36.64	1.35	1.04	95.95	-0.03	20.00
Russell 2000	0.54	26.55	1.00	0.00	100.00	-0.01	20.00



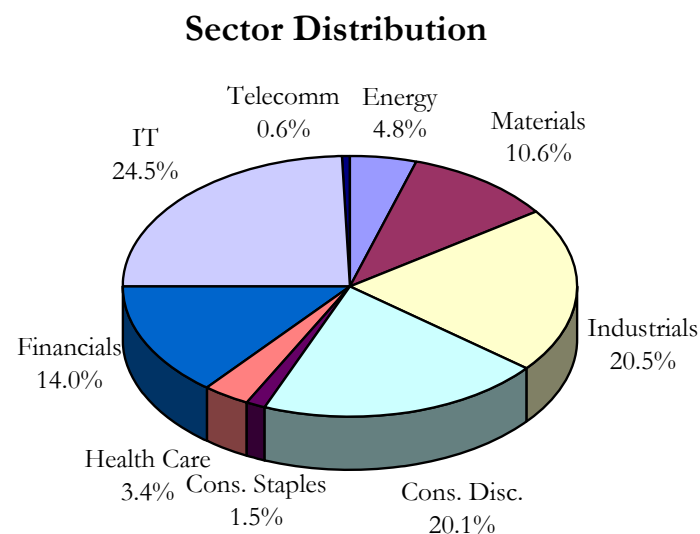
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)

	1 year	3 years	5 years
Royce Opportunity	-0.35	0.32	-0.05

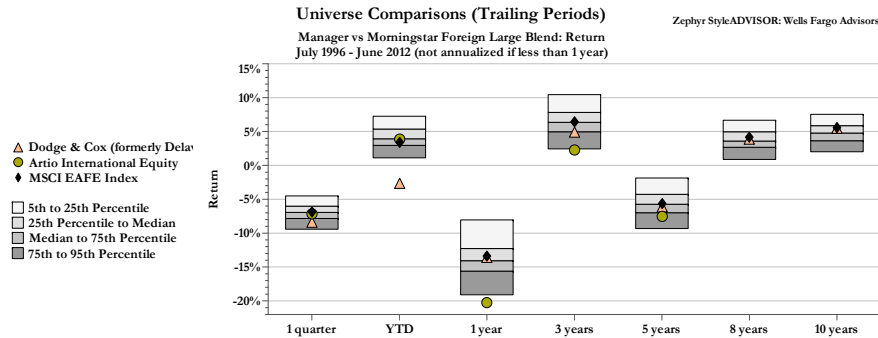
<b>Top Ten Equity Holdings</b>	<b>% of Portfolio</b>
Toll Brothers	0.9%
Louisiana-Pacific Corporation	0.8%
M.D.C. Holdings	0.8%
Kaiser Aluminum	0.8%
Apogee Enterprises	0.8%
LaSalle Hotel Properties	0.8%
MarineMax	0.8%
Trex Company	0.7%
Quanex Building	0.7%
Cambrex Corporation	0.7%

<b>Characteristic</b>	<b>Royce</b>	<b>Russell 2000</b>
Average Capitalization (\$MM)	593	1,190
Yield	0.0	1.3
P/E Ratio	14.7	14.2
Price/Book	1.2	2.8
# Holdings	310	2002

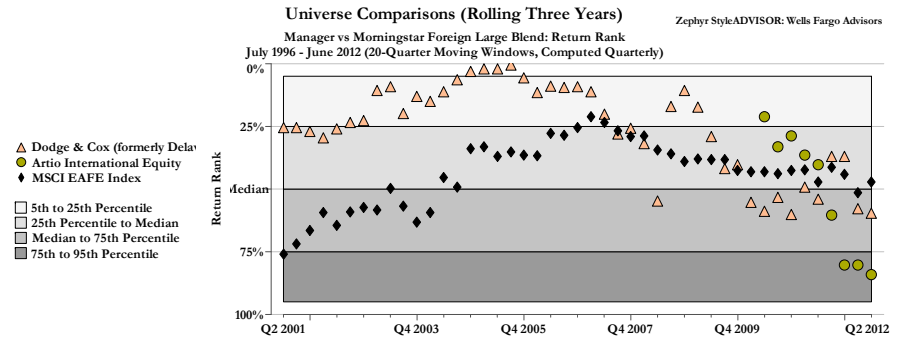
<b>Sector Allocation</b>	<b>% of Portfolio</b>	<b>Russell 2000</b>	<b>Difference</b>
Energy	4.8	6.0	(1.2)
Materials	10.6	4.7	5.9
Industrials	20.5	15.0	5.5
Consumer Discretionary	20.1	13.8	6.3
Consumer Staples	1.5	3.7	(2.2)
Health Care	3.4	13.5	(10.1)
Financials	14.0	21.3	(7.3)
Information Technology	24.5	17.6	6.9
Telecomm Service	0.6	0.9	(0.3)
Utilities	0.0	3.6	(3.6)



\* Source: Royce, VESTEK



Manager vs Morningstar Foreign Large Blend: Return July 1996 - June 2012 (not annualized if less than 1 year)							
	1 quarter	YTD	1 year	3 years	5 years	8 years	10 years
	845 mng	842 mng	833 mng	797 mng	701 mng	552 mng	517 mng
Median	-6.95%	3.93%	-14.06%	6.35%	-5.73%	3.59%	4.77%
Dodge & Cox (formerly Delaware)	-8.35%	-2.65%	-13.57%	4.92%	-6.13%	3.90%	5.50%
Artio International Equity	-7.20%	3.87%	-20.28%	2.29%	-7.56%	N/A	N/A
MSCI EAFE Index	-6.85%	3.38%	-13.38%	6.45%	-5.63%	4.15%	5.62%



Manager vs Morningstar Foreign Large Blend: Return July 1996 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)												
	Mar 2002	Mar 2003	Mar 2004	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Sep 2008	Sep 2009	Sep 2010	Sep 2011	Jun 2012
	315 mng	361 mng	401 mng	434 mng	479 mng	525 mng	536 mng	539 mng	578 mng	597 mng	651 mng	701 mng
Median	2.3%	-6.5%	1.3%	-1.7%	4.2%	14.0%	20.9%	9.5%	6.0%	2.1%	-3.5%	-5.7%
Dodge & Cox (formerly Delaware)	4.6%	-2.0%	6.3%	7.0%	9.3%	17.6%	22.4%	11.3%	6.3%	1.9%	-2.8%	-6.1%
Artio International Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.1%	-4.0%	-7.6%
MSCI EAFE Index	1.6%	-6.9%	0.8%	-0.8%	4.9%	15.4%	22.1%	10.2%	6.6%	2.4%	-3.0%	-5.6%

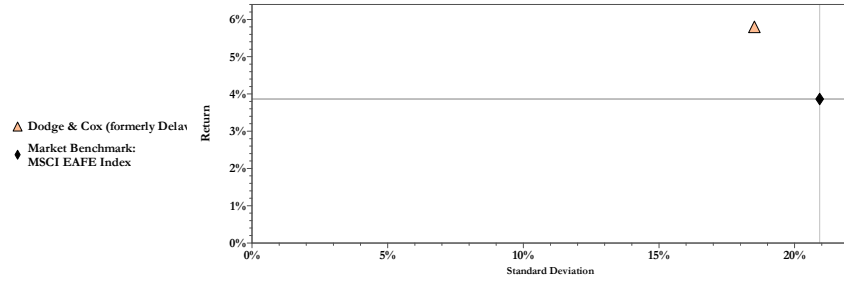
\* Please note that we have linked Artio's composite historical returns for periods prior to 6/1/09 with BOV actual results starting with June 2009.



# Equity Sector (International Developed)

## Periods Ending June 30, 2012– Risk Measures

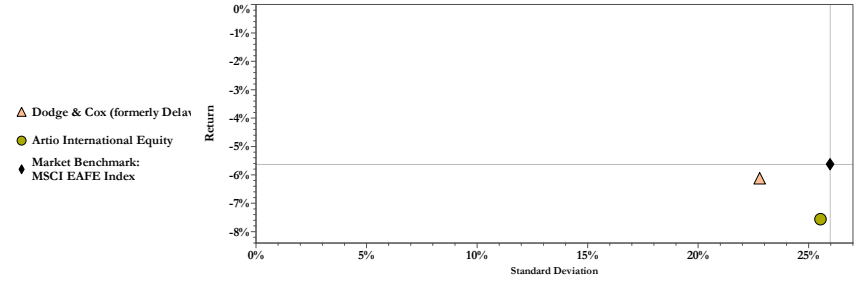
Return/Risk (July 1996 - June 2012)  
July 1996 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 1996 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Dodge & Cox (formerly Delaware)	5.80	18.53	0.83	2.42	88.87	0.16	64.00
MSCI EAFE Index	3.87	20.92	1.00	0.00	100.00	0.05	64.00

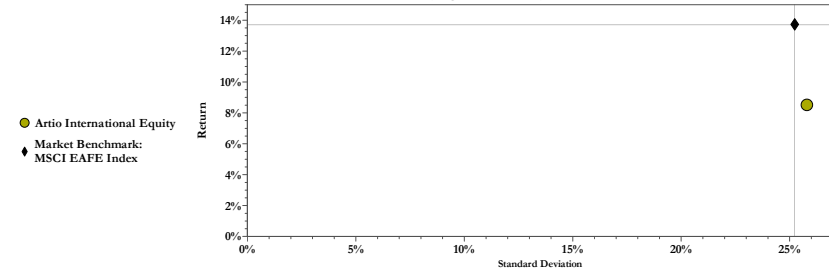
Return/Risk (Five Years Ending June 2012)  
July 2007 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Dodge & Cox (formerly Delaware)	-6.13	22.80	0.86	-1.62	95.88	-0.31	20.00
Arto International Equity	-7.56	25.53	0.97	-2.13	97.56	-0.33	20.00
MSCI EAFE Index	-5.63	25.97	1.00	0.00	100.00	-0.25	20.00

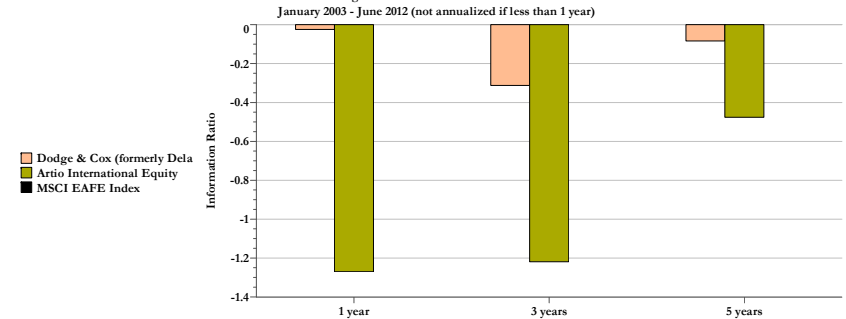
Return/Risk (June 2009 - June 2012)  
April 2009 - June 2012 (Single Computation) Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: April 2009 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
Arto International Equity	8.53	25.79	1.01	-4.64	97.98	0.33	13.00
MSCI EAFE Index	13.71	25.22	1.00	0.00	100.00	0.54	13.00

Information Ratio (Periods Ending June 2012)  
Manager vs Benchmark: Information Ratio January 2003 - June 2012 (not annualized if less than 1 year) Zephyr StyleADVISOR: Wells Fargo Advisors



Manager vs Benchmark: Information Ratio January 2003 - June 2012 (not annualized if less than 1 year)

	1 year	3 years	5 years
Dodge & Cox (formerly Delaware)	-0.02	-0.31	-0.08
Arto International Equity	-1.27	-1.22	-0.48

**Characteristics**

Characteristic	Dodge & Cox	Artio	Combined BOV Intl	MSCI EAFE	Over/Under Weight
Avg. Capitalization (\$MM)	55,000	50,880	52,933	47,320	5,613
Price/Book Ratio (x)	1.2	1.9	1.6	2.4	(0.8)
P/E Ratio (x)	9.6	13.7	11.7	13.8	(2.2)
Dividend Yield (%)	2.5	1.8	2.1	3.7	(1.6)
# of Holdings	91	158	249	919	(670)

**Dodge & Cox Top Ten**

Top Ten Equity Holdings	% of Portfolio
Naspers, Ltd.	4.0
Roche Holding AG	3.5
Sanofi	3.5
GlaxoSmithKline	3.2
Bayer AG	3.1
Vodafone Group	3.0
HSBC Holdings	2.7
Novartis AG	2.7
Lafarge SA	2.7
Koninklijke Philips Electronics	2.5

**Sector Distribution**

Sector	Dodge & Cox	Artio	Combined BOV Weight	EAFE Weight	Over / (Under)
Consumer Discret.	13.8	16.6	15.2	10.6	4.6
Consumer Staples	2.7	8.8	5.8	11.9	(6.1)
Energy	6.4	11.4	8.9	8.4	0.5
Financials	22.2	12.9	17.5	22.6	(5.1)
Health Care	16.3	13.1	14.7	10.1	4.6
Industrials	8.7	10.5	9.6	12.5	(2.9)
Info. Technology	12.0	5.5	8.8	4.5	4.3
Materials	7.3	9.1	8.2	9.6	(1.4)
Telecomm	10.6	3.7	7.1	5.6	1.5
Utilities	0.0	2.2	1.1	4.2	(3.1)

**Artio Top Ten**

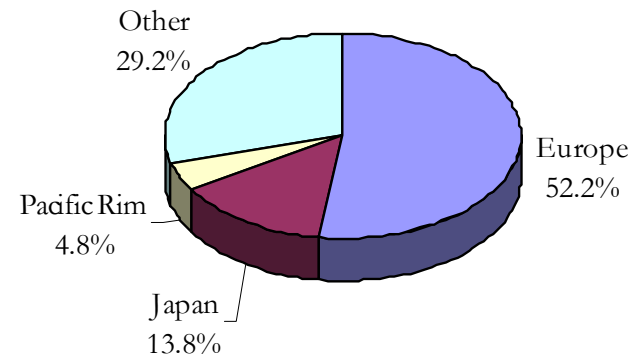
Top Ten Equity Holdings	% of Portfolio
Royal Dutch Shell	2.6
BG Group	2.5
Novo Nordisk	2.1
Vodafone Group	2.0
Suncor Energy	1.9
BHP Billiton	1.8
Toyota Motor	1.8
Essilor International	1.8
Sberbank of Russian Federation	1.8
Fraport AG	1.7

Data Source: Dodge & Cox, Artio, MSCI EAFE

**Country Distribution**

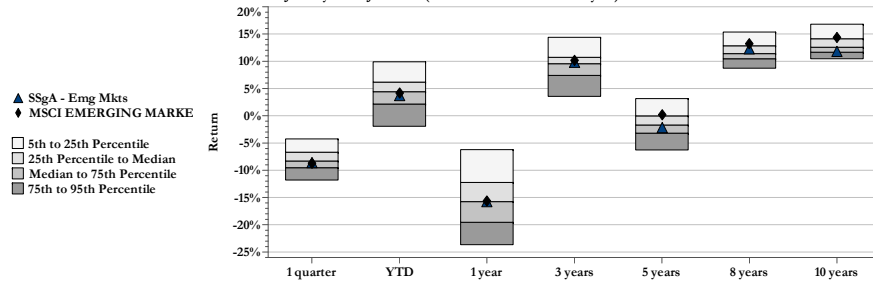
Country	Dodge & Cox Weight	Artio Weight	Combined BOV Weight	EAFE Weight	Over / (Under)
Australia	1.5	2.8	2.1	8.6	(6.5)
Austria	0.9	0.0	0.4	0.3	0.1
Belgium	0.0	0.0	0.0	1.0	(1.0)
Denmark	0.0	1.3	0.6	1.1	(0.5)
Finland	0.8	0.5	0.6	0.9	(0.3)
France	9.0	7.8	8.4	9.2	(0.8)
Germany	7.3	7.1	7.2	8.6	(1.4)
Greece	0.0	0.0	0.0	0.1	(0.1)
Hong Kong	1.8	3.6	2.7	2.9	(0.2)
Ireland	0.0	0.7	0.4	0.3	0.1
Italy	2.3	0.4	1.3	2.3	(1.0)
Japan	13.4	14.2	13.8	21.6	(7.8)
Netherlands	4.3	1.6	3.0	2.5	0.5
New Zealand	0.0	0.0	0.0	0.1	(0.1)
Norway	0.4	0.0	0.2	1.0	(0.8)
Portugal	0.0	0.0	0.0	0.2	(0.2)
Singapore/Malaysia	0.0	0.0	0.0	1.8	(1.8)
Spain	1.6	0.7	1.2	2.9	(1.7)
Sweden	1.6	1.5	1.5	3.2	(1.7)
Switzerland	12.6	8.2	10.4	8.6	1.8
United Kingdom	16.5	17.3	16.9	22.4	(5.5)
Other	26.0	32.3	29.2	0.4	28.8

**Regional Distribution  
BOV Developed International**



Data Source: Dodge & Cox, Artio, MSCI EAFE

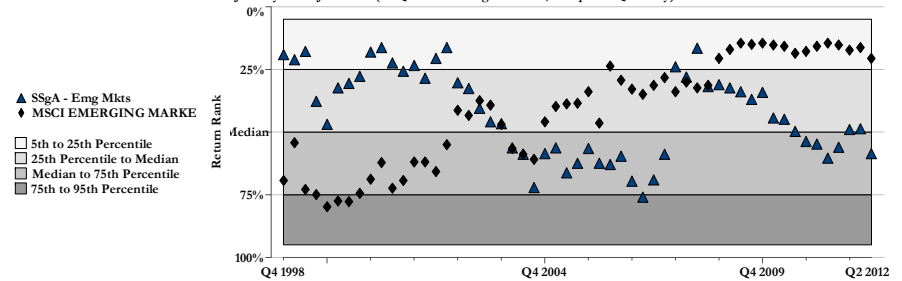
**Universe Comparisons (Trailing Periods)**  
Manager vs Morningstar Diversified Emerging Mkts: Return  
January 1994 - June 2012 (not annualized if less than 1 year)



Manager vs Morningstar Diversified Emerging Mkts: Return  
January 1994 - June 2012 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	3 years	5 years	8 years	10 years
	602 mng	588 mng	526 mng	399 mng	313 mng	249 mng	236 mng
Median	-8.30%	4.41%	-15.75%	9.55%	-1.69%	11.40%	12.58%
SSgA - Emg Mkts	-8.60%	3.70%	-15.76%	9.76%	-2.10%	12.21%	11.80%
MSCI EMERGING MARKETS	-8.77%	4.12%	-15.67%	10.10%	0.21%	13.19%	14.42%

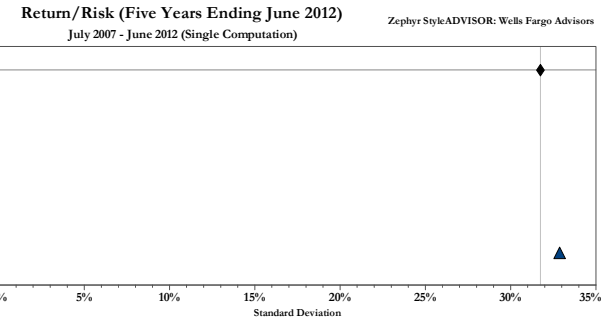
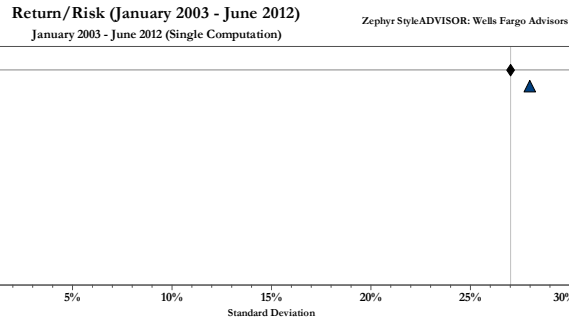
**Universe Comparisons (Rolling Three Years)**  
Manager vs Morningstar Diversified Emerging Mkts: Return Rank  
January 1994 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)



Manager vs Morningstar Diversified Emerging Mkts: Return  
January 1994 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)

	Dec 1999	Mar 2001	Mar 2002	Jun 2003	Jun 2004	Sep 2005	Dec 2006	Dec 2007	Mar 2009	Mar 2010	Jun 2011	Jun 2012
	80 mng	102 mng	147 mng	191 mng	211 mng	224 mng	240 mng	241 mng	247 mng	263 mng	292 mng	313 mng
Median	5.1%	-4.7%	-3.6%	0.4%	4.0%	13.8%	26.2%	36.1%	4.2%	13.9%	9.6%	-1.7%
SSgA - Emg Mkts	5.6%	-1.3%	-1.4%	1.8%	3.3%	12.9%	24.8%	38.2%	5.1%	14.1%	9.2%	-2.1%
MSCI EMERGING MARKETS	2.0%	-6.4%	-5.2%	2.5%	3.3%	14.5%	27.0%	37.5%	6.2%	16.0%	11.8%	0.2%

# Equity Sector (Emerging Markets) Periods Ending June 30, 2012– Risk Measures

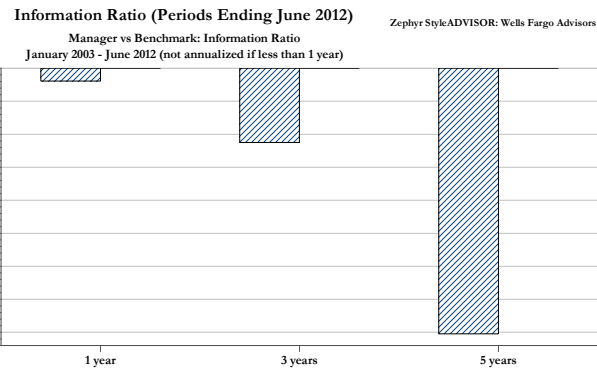


Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
SSgA - Emg Mkts	15.03	27.98	1.03	-1.33	99.27	0.47	38.00
MSCI EMERGING MARKETS	16.24	27.02	1.00	0.00	100.00	0.54	38.00

Annualized Summary Statistics: July 2007 - June 2012

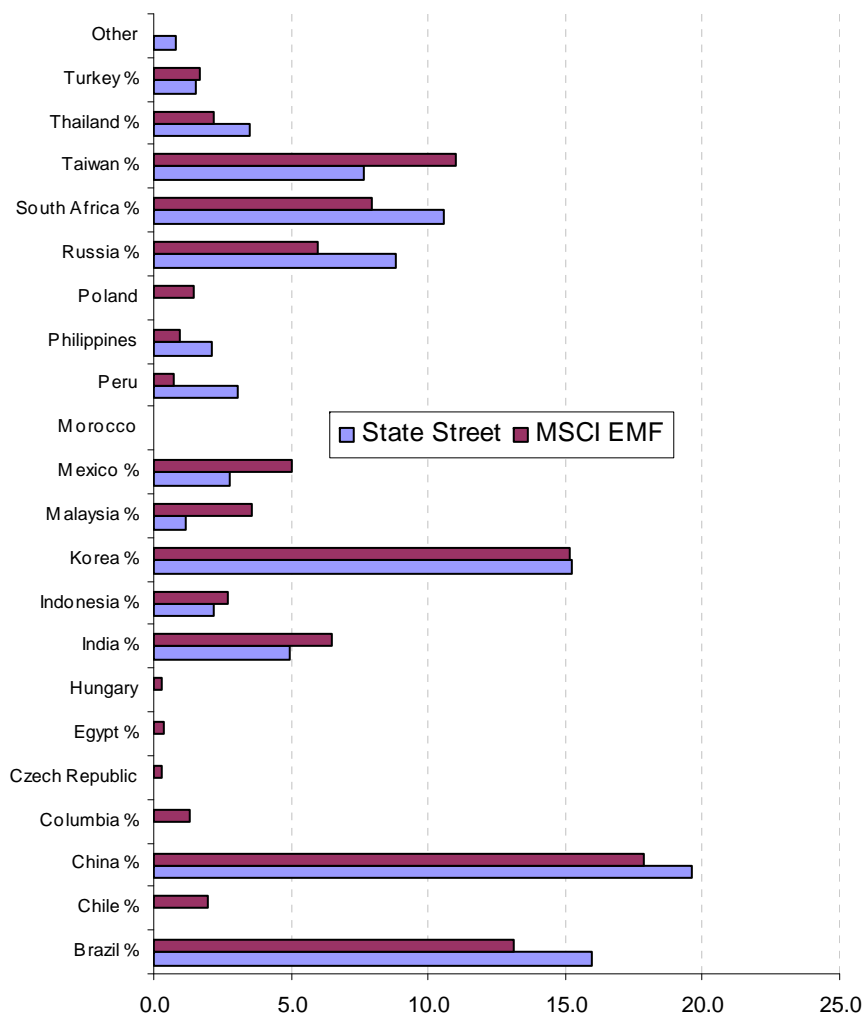
	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
SSgA - Emg Mkts	-2.10	32.87	1.03	-1.98	99.34	-0.09	20.00
MSCI EMERGING MARKETS	0.21	31.75	1.00	0.00	100.00	-0.02	20.00



Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)

	1 year	3 years	5 years
SSgA - Emg Mkts	-0.04	-0.22	-0.80

Country Distribution



Top Ten

Top Ten Equity Holdings	% of Portfolio
SAMSUNG ELECTRONICS CO LTD	4.0
CHINA MOBILE LTD	2.8
Vale SA	2.7
GAZPROM OAO-SPON ADR	2.5
TAIWAN SEMICONDUCTOR MANUFAC	1.8
COMPANHIA DE BEBIDAS	1.7
HYUNDAI MOTOR CO	1.6
INDUSTRIAL & COMMERCIAL BANK OF CHINA	1.3
PETROLEO BRASILEIRO-SPON ADR	1.3
Tencent Holdings	1.3

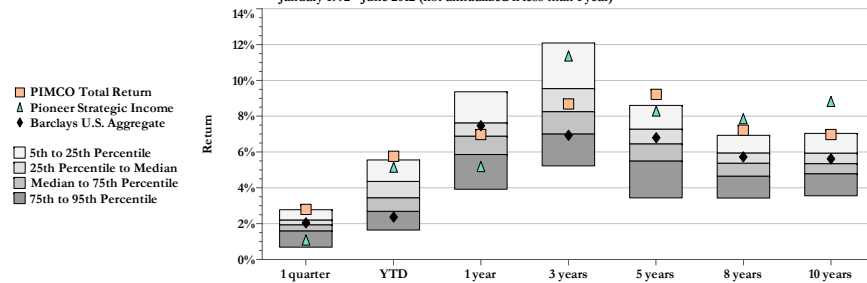
Holdings as of 5/31/12

Data Source: State Street, MSCI

### III. Fixed Income Sector (US Bonds) Periods Ending June 30, 2012- Performance

**Universe Comparisons (Trailing Periods)**  
Manager vs Morningstar Intermediate-Term Bond: Return  
January 1992 - June 2012 (not annualized if less than 1 year)

Zephyr StyleADVISOR: Wells Fargo Advisors

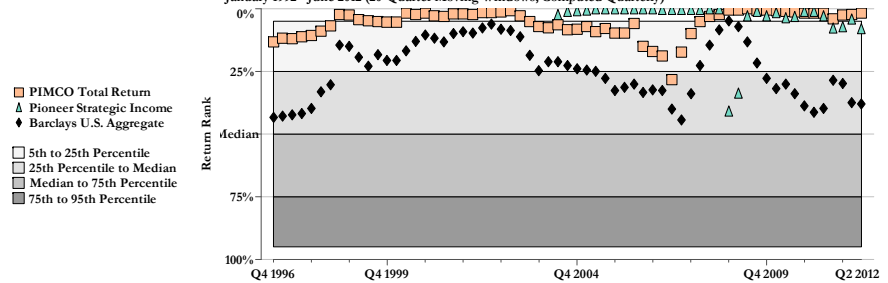


Manager vs Morningstar Intermediate-Term Bond: Return  
January 1992 - June 2012 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	3 years	5 years	8 years	10 years
	1269 mng	1249 mng	1231 mng	1134 mng	1079 mng	1002 mng	954 mng
Median	1.93%	3.45%	6.89%	8.25%	6.46%	5.37%	5.35%
PIMCO Total Return	2.79%	5.75%	6.96%	8.68%	9.23%	7.22%	6.98%
Pioneer Strategic Income	1.07%	5.14%	5.20%	11.34%	8.28%	7.87%	8.82%
Barclays U.S. Aggregate	2.06%	2.37%	7.47%	6.93%	6.79%	5.73%	5.63%

**Universe Comparisons (Rolling Three Years)**  
Manager vs Morningstar Intermediate-Term Bond: Return Rank  
January 1992 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)

Zephyr StyleADVISOR: Wells Fargo Advisors



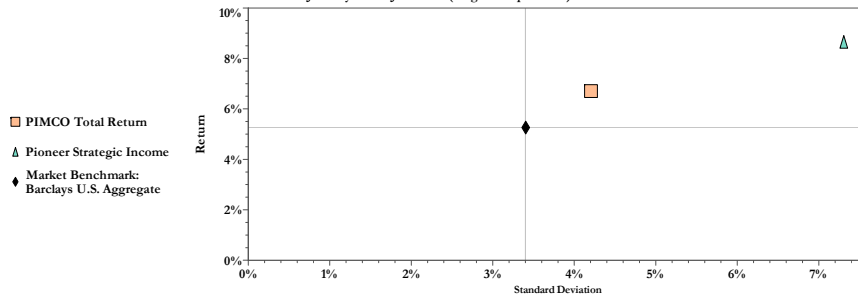
Manager vs Morningstar Intermediate-Term Bond: Return  
January 1992 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)

	Mar 1998	Jun 1999	Sep 2000	Dec 2001	Jun 2003	Sep 2004	Dec 2005	Mar 2007	Sep 2008	Dec 2009	Mar 2011	Jun 2012
	477 mng	531 mng	594 mng	649 mng	732 mng	842 mng	925 mng	952 mng	1011 mng	1041 mng	1070 mng	1079 mng
Median	6.5%	7.2%	5.6%	6.4%	6.5%	6.9%	5.4%	5.0%	2.6%	4.4%	5.8%	6.5%
PIMCO Total Return	7.8%	8.6%	7.4%	8.2%	8.3%	8.2%	6.6%	5.7%	4.3%	6.8%	8.4%	9.2%
Pioneer Strategic Income	N/A	N/A	N/A	N/A	N/A	9.7%	10.0%	10.0%	5.7%	6.4%	8.5%	8.3%
Barclays U.S. Aggregate	6.9%	7.8%	6.5%	7.4%	7.5%	7.5%	5.9%	5.4%	3.8%	5.0%	6.0%	6.8%

\*Longer time periods are shown for illustrative purposes.  
PIMCO Total Return Fund and Pioneer Strategic  
Income Fund actual performance began on 11/3/09.

Return/Risk (January 2003 - June 2012)  
January 2003 - June 2012 (Single Computation)

Zephyr StyleADVISOR: Wells Fargo Advisors

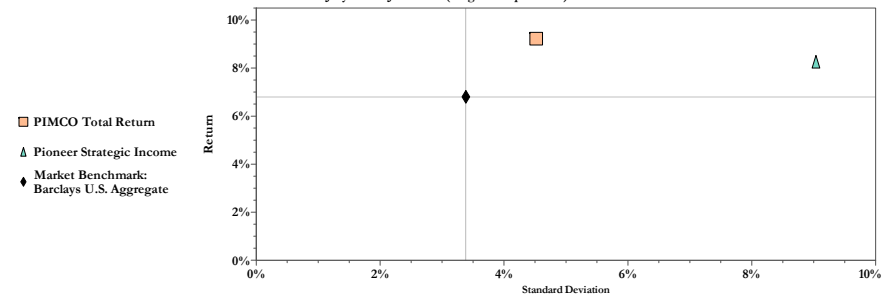


Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Observs.
PIMCO Total Return	6.71	4.21	0.99	1.46	64.30	1.17	38.00
Pioneer Strategic Income	8.66	7.31	0.36	6.94	2.79	0.94	38.00
Barclays U.S. Aggregate	5.27	3.40	1.00	0.00	100.00	1.03	38.00

Return/Risk (Five Years Ending June 2012)  
July 2007 - June 2012 (Single Computation)

Zephyr StyleADVISOR: Wells Fargo Advisors



Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Observs.
PIMCO Total Return	9.23	4.52	0.89	3.08	44.72	1.85	20.00
Pioneer Strategic Income	8.28	9.04	-0.18	9.94	0.44	0.82	20.00
Barclays U.S. Aggregate	6.79	3.38	1.00	0.00	100.00	1.75	20.00

\*Longer time periods are shown for illustrative purposes. PIMCO Total Return Fund and Pioneer Strategic Income Fund actual performance began on 11/3/09.



As of June 30, 2012

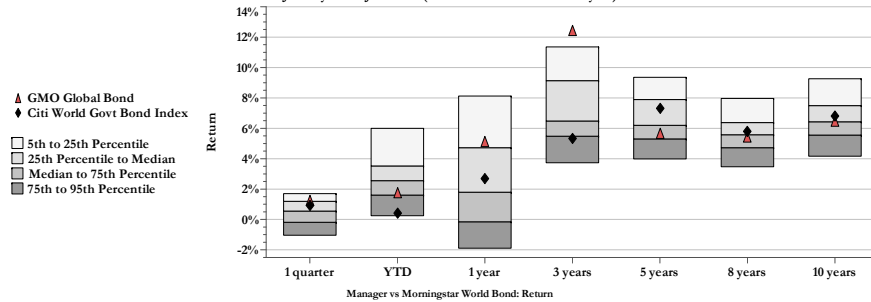
	PIMCO Total Return	Pioneer Strategic Income	Fixed Combined	Barclays Aggregate	Over/(Under) Weight
Modified Adj. Duration	4.80	4.09	4.44	5.07	-0.6
Average Maturity	7.00	10.25	8.64	7.05	1.6

**Sector Distribution**

Sector Allocation	PIMCO Total Return	Pioneer Strategic Income	Fixed Combined	Barclays Aggregate	Over/(Under) Weight
U.S. Treasury/Agency	35.0	2.3	18.5	57.3	(38.8)
Corporate	16.0	54.2	35.3	11.6	23.7
Mortgage	52.0	18.3	35.0	30.6	4.3
Asset-Backed	0.0	0.0	0.0	0.3	(0.3)
Other	18.0	23.4	20.7	0.2	20.5
Cash & Equivalents	(21.0)	1.8	(9.5)	0.0	(9.5)

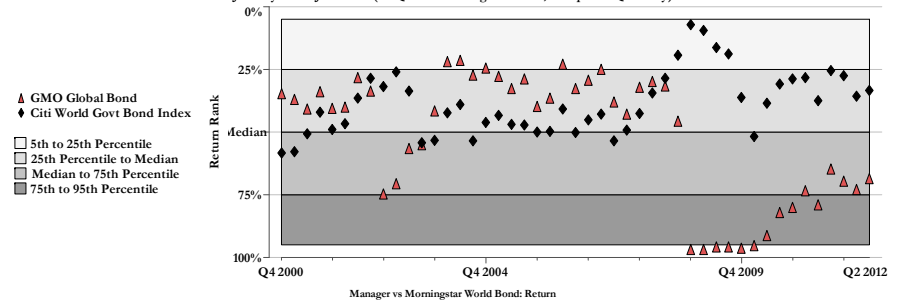
Data Source: PIMCO, Pioneer, Barclays Capital

**Universe Comparisons (Trailing Periods)**  
Manager vs Morningstar World Bond: Return  
January 1996 - June 2012 (not annualized if less than 1 year)



	1 quarter	YTD	1 year	3 years	5 years	8 years	10 years
Manager vs Morningstar World Bond: Return	360 mng	336 mng	325 mng	280 mng	233 mng	190 mng	183 mng
Median	0.55%	2.56%	1.80%	6.48%	6.19%	5.58%	6.43%
GMO Global Bond	1.25%	1.75%	5.11%	12.46%	5.67%	5.43%	6.46%
Citi World Govt Bond Index	0.92%	0.41%	2.68%	5.35%	7.31%	5.79%	6.81%

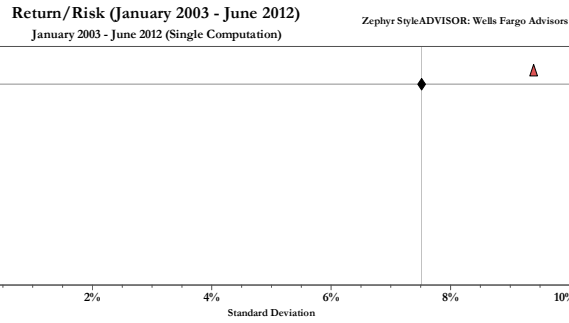
**Universe Comparisons (Rolling Three Years)**  
Manager vs Morningstar World Bond: Return Rank  
January 1996 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)



	Jan 1996	Sep 2001	Sep 2002	Sep 2003	Sep 2004	Sep 2005	Sep 2006	Sep 2007	Sep 2008	Sep 2009	Sep 2010	Sep 2011	Jun 2012
Manager vs Morningstar World Bond: Return	169 mng	174 mng	179 mng	181 mng	185 mng	185 mng	185 mng	185 mng	192 mng	195 mng	220 mng	233 mng	
Median	3.0%	3.5%	5.7%	7.0%	8.1%	7.3%	6.9%	3.9%	5.6%	6.3%	6.2%	6.2%	
GMO Global Bond	4.3%	4.7%	5.4%	8.1%	9.3%	8.5%	7.4%	4.0%	2.9%	5.2%	5.8%	5.7%	
Citi World Govt Bond Index	3.3%	4.9%	5.4%	6.7%	8.2%	7.3%	7.0%	5.3%	6.6%	7.0%	7.5%	7.3%	

# Fixed Income Sector (Global Bonds)

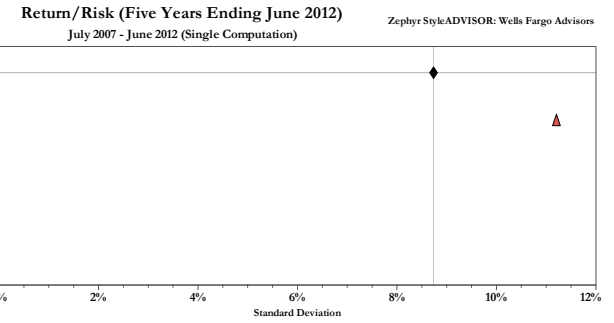
## Periods Ending June 30, 2012– Risk Measures



▲ GMO Global Bond  
◆ Market Benchmark:  
Citi World Govt Bond Index

Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
GMO Global Bond	6.67	9.40	0.67	2.72	28.46	0.52	38.00
Citi World Govt Bond Index	6.23	7.51	1.00	0.00	100.00	0.59	38.00

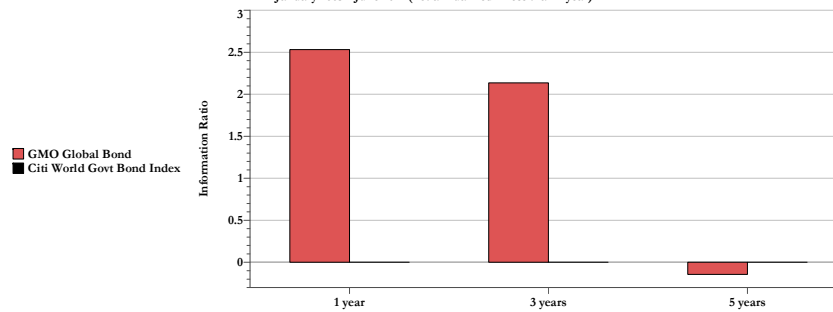


▲ GMO Global Bond  
◆ Market Benchmark:  
Citi World Govt Bond Index

Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
GMO Global Bond	5.67	11.21	0.47	2.65	13.52	0.43	20.00
Citi World Govt Bond Index	7.31	8.73	1.00	0.00	100.00	0.74	20.00

**Information Ratio (Periods Ending June 2012)**  
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year)  
Zephyr StyleADVISOR: Wells Fargo Advisors

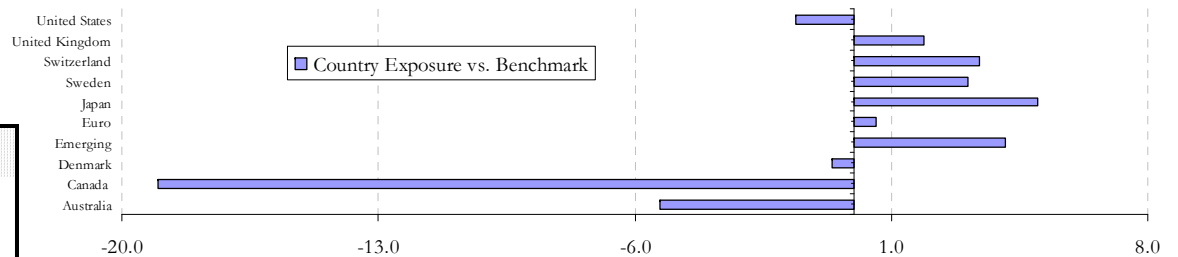


	1 year	3 years	5 years
GMO Global Bond	2.53	2.14	-0.14

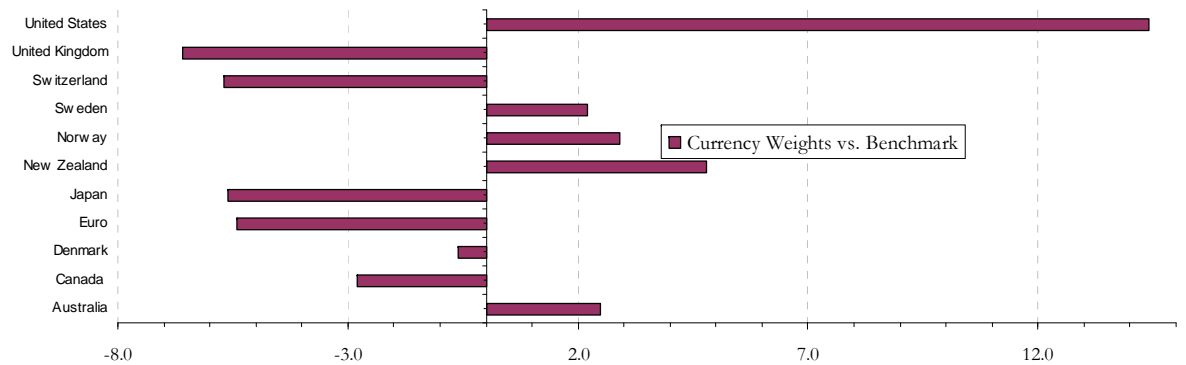
**Basic Characteristics**

Characteristic	Portfolio
Modified Duration	7.1
Average Coupon	2.8%
Average Maturity	8.1
Average Yield	3.4%
EM Country Exposure	4.1%

**Country Exposure**

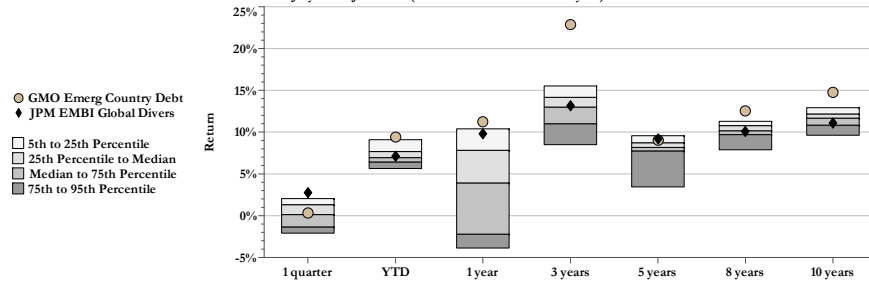


**Currency Exposure**



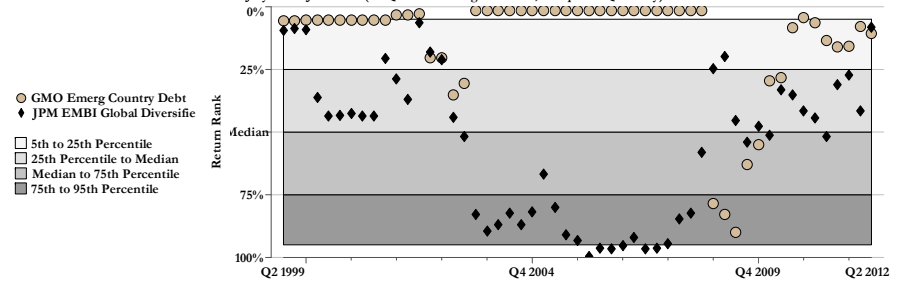
Data Source: GMO

**Universe Comparisons (Trailing Periods)**  
Manager vs Morningstar Emerging Markets Bond: Return  
July 1994 - June 2012 (not annualized if less than 1 year)



	1 quarter	YTD	1 year	3 years	5 years	8 years	10 years
Manager vs Morningstar Emerging Markets Bond: Return July 1994 - June 2012 (not annualized if less than 1 year)	222 mng	214 mng	194 mng	112 mng	94 mng	71 mng	66 mng
Median	0.12%	6.94%	3.91%	13.00%	8.16%	10.16%	11.67%
GMO Emerg Country Debt	0.31%	9.39%	11.24%	22.86%	9.05%	12.58%	14.75%
JPM EMBI Global Divers	2.76%	7.12%	9.77%	13.13%	9.18%	10.06%	11.12%

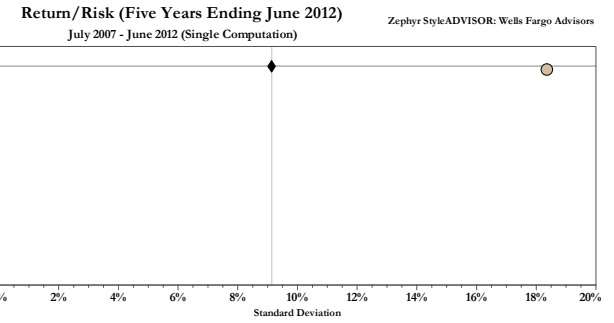
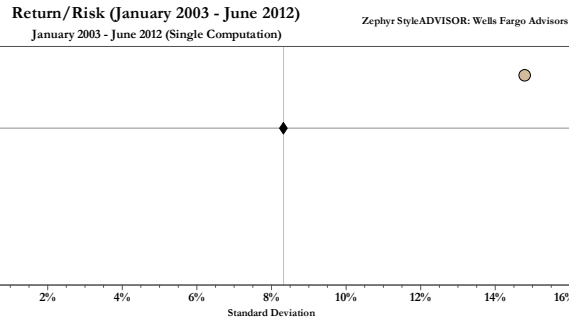
**Universe Comparisons (Rolling Three Years)**  
Manager vs Morningstar Emerging Markets Bond: Return Rank  
July 1994 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)



	Jun 2000	Jun 2001	Sep 2002	Sep 2003	Dec 2004	Dec 2005	Dec 2006	Mar 2008	Mar 2009	Jun 2010	Jun 2011	Jun 2012
Manager vs Morningstar Emerging Markets Bond: Return July 1994 - June 2012 (20-Quarter Moving Windows, Computed Quarterly)	20 mng	20 mng	45 mng	63 mng	66 mng	66 mng	66 mng	66 mng	71 mng	72 mng	82 mng	94 mng
Median	13.0%	9.6%	3.4%	20.4%	15.4%	15.7%	15.2%	11.8%	4.0%	7.8%	9.5%	8.2%
GMO Emerg Country Debt	23.4%	16.6%	5.7%	26.5%	22.4%	20.7%	20.8%	16.1%	2.8%	8.3%	10.3%	9.1%
JPM EMBI Global Diversified	15.25	12.08	5.90	17.29	13.89	13.40	13.43	11.00	4.79	8.14	9.50	9.18

# Fixed Income Sector (Emerging Market)

## Periods Ending June 30, 2012– Risk Measures



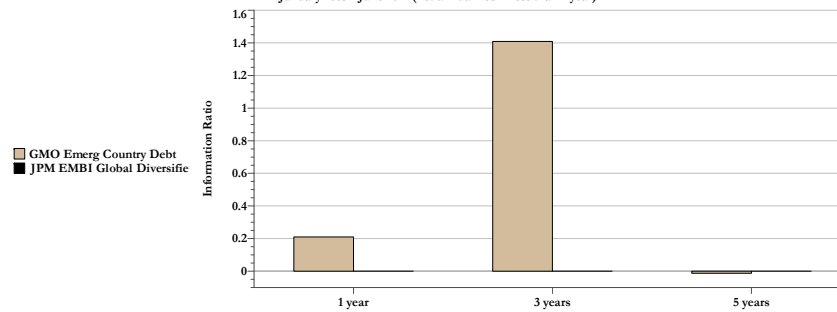
Annualized Summary Statistics: January 2003 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
GMO Emerg Country Debt	14.06	14.79	1.63	-2.59	84.44	0.83	38.00
JPM EMBI Global Diversified	10.52	8.32	1.00	0.00	100.00	1.05	38.00

Annualized Summary Statistics: July 2007 - June 2012

	Return (%)	Std Dev (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market	Sharpe Ratio	Obsvrs.
GMO Emerg Country Debt	9.05	18.36	1.87	-6.74	86.67	0.45	20.00
JPM EMBI Global Diversified	9.18	9.14	1.00	0.00	100.00	0.91	20.00

**Information Ratio (Periods Ending June 2012)**  
Manager vs Benchmark: Information Ratio  
January 2003 - June 2012 (not annualized if less than 1 year) Zephyr StyleADVISOR: Wells Fargo Advisors



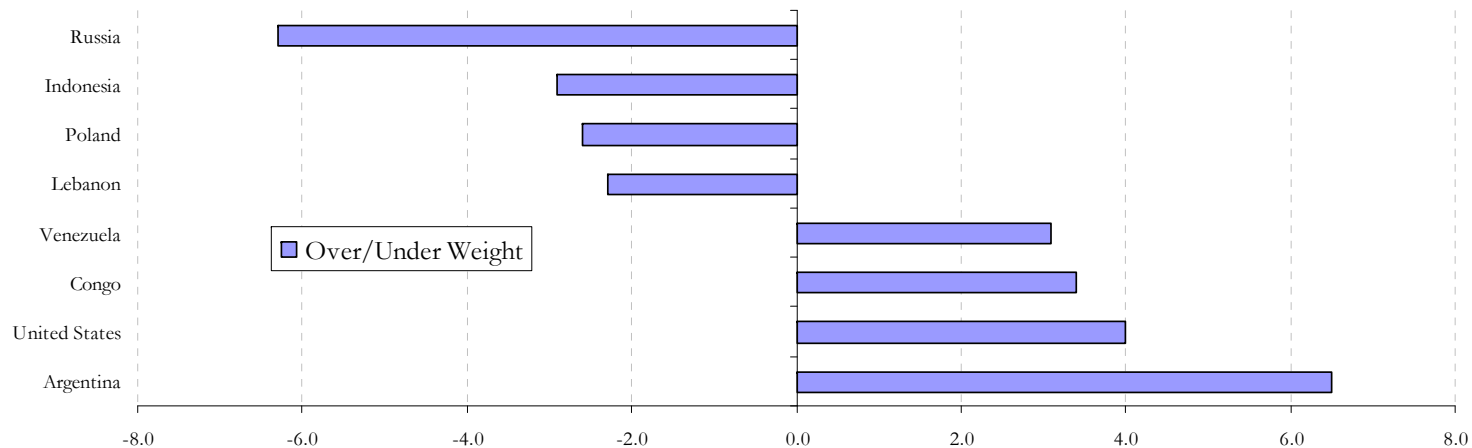
	1 year	3 years	5 years
GMO Emerg Country Debt	0.21	1.41	-0.01

Currency Exposure	% of Fund
US Dollar	96.7
Euro	0.1
Japanese Yen	0.1
Hong Kong Dollar	0.0
Swiss Francs	0.2
Thailand Baht	0.0
S. African Unitary Rand	0.4
Argentina Peso	1.5
British Pounds Sterling	0.2
Malaysion Ringgits	1.0
Brazilian Reais	0.0

Characteristic	Portfolio
YTM	7.0%
Maturity	12.7
Modified Duration	6.9

Quality Distribution	% of Fund	% of Index
Investment Grade	40.0	55.9
BB	22.9	26.3
B	29.4	16.7
<B	0.4	0.1
Not Rated	7.3	1.0

**Country Overweights/Underweights**

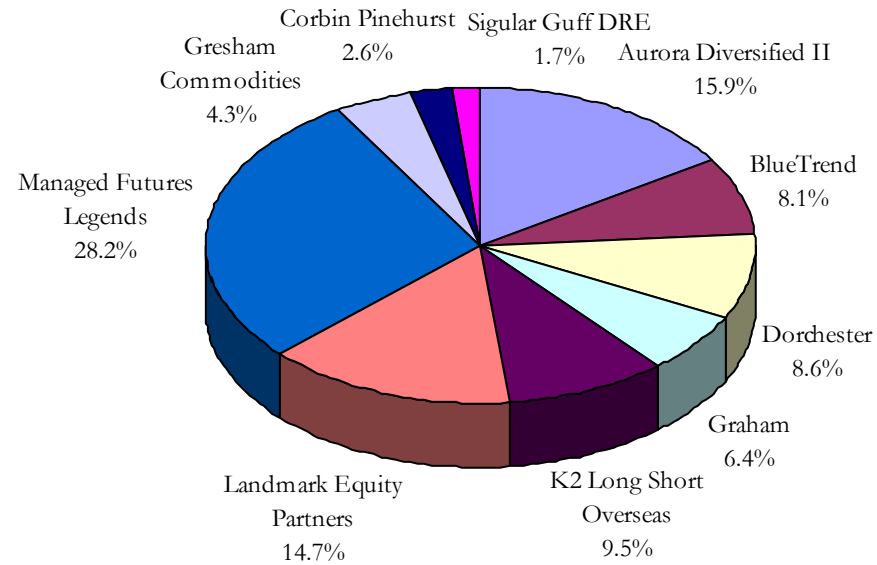


Data Source: GMO

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**Alternative Breakdown (%)**



<u>Manager</u>	<u>% of Account</u>	<u>Estimated Market Value</u>	<u>Verified Values</u>	<u>Verified As Of</u>
Aurora Diversified II	15.9%	\$931,292	\$932,819	5/31/2012
BlueTrend	8.1%	\$471,765	\$447,192	6/30/2012
Dorchester	8.6%	\$501,707	\$501,587	5/31/2012
Graham	6.4%	\$371,885	\$353,356	6/30/2012
K2 Long Short Overseas	9.5%	\$553,880	\$554,638	5/31/2012
Landmark Equity Partners	14.7%	\$858,904	\$127,914	12/31/2011
Managed Futures Legends	28.2%	\$1,647,659	\$860,042	5/31/2012
Gresham Commodities	4.3%	\$252,982	\$261,869	6/30/2012
Corbin Pinehurst	2.6%	\$154,199	\$1,649,831	5/31/2012
Sigular Guff DRE	1.7%	\$97,029	\$86,273	12/31/2011
<b>Total</b>	<b>100.0%</b>	<b>\$5,841,303</b>	<b>\$5,775,519</b>	

Data Source: Wells Fargo Advisors

	2q12	FYTD	One Year	Incept (Mgr) <sup>2</sup>	Incept Bench <sup>2</sup>	Performance Inception
<b>Combined Alternatives (1 mo lag)</b>	<b>(1.3)</b>	<b>(4.1)</b>	<b>(4.1)</b>	<b>0.9</b>	<b>0.1</b>	Jan-10
<b>HFRI FoF Index (1 mo lag)</b>	<b>(1.8)</b>	<b>(5.3)</b>	<b>(5.3)</b>			
<u>Lower Volatility</u>						
<b>Aurora Diversified II</b>	<b>(2.1)</b>	<b>(6.2)</b>	<b>(6.2)</b>	<b>(3.7)</b>	<b>(2.2)</b>	Feb-11
<i>HFRI Conservative Index</i>	<i>(0.6)</i>	<i>(3.3)</i>	<i>(3.3)</i>			
<u>Diversified</u>						
<b>Corbin Pinehurst</b>	<b>0.5</b>	<b>1.3</b>	<b>1.3</b>	<b>4.6</b>	<b>0.1</b>	Jan-10
<b>Dorchester</b>	<b>0.2</b>	<b>(3.8)</b>	<b>(3.8)</b>	<b>3.1</b>	<b>0.1</b>	Jan-10
<i>HFRI Fund of Funds</i>	<i>(1.8)</i>	<i>(5.3)</i>	<i>(5.3)</i>			
<u>Hedged Equity</u>						
<b>K2 Long Short Overseas</b>	<b>(2.9)</b>	<b>(6.2)</b>	<b>(6.2)</b>	<b>0.1</b>	<b>1.3</b>	Jan-10
<i>HFRI Equity Hedge</i>	<i>(5.4)</i>	<i>(9.4)</i>	<i>(9.4)</i>			
<u>Managed Futures</u>						
<b>BlueTrend</b>	<b>(0.5)</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>0.7</b>	<b>(3.4)</b>	Feb-11
<b>Graham</b>	<b>(1.2)</b>	<b>(7.8)</b>	<b>(7.8)</b>	<b>(4.2)</b>	<b>2.3</b>	Jan-10
<b>Managed Futures Legends</b>	<b>0.1</b>	<b>(4.5)</b>	<b>(4.5)</b>	<b>(2.9)</b>	<b>(3.4)</b>	Feb-11
<i>CS Tremont Managed Futures Index</i>	<i>(0.2)</i>	<i>(1.8)</i>	<i>(1.8)</i>			
<u>Commodities</u>						
<b>Gresham Commodities</b>	<b>(12.7)</b>	<b>(18.3)</b>	<b>(18.3)</b>	<b>(10.7)</b>	<b>(12.6)</b>	Feb-11
<i>Dow UBS Commodity Index</i>	<i>(13.3)</i>	<i>(22.9)</i>	<i>(22.9)</i>			
<u>Private Equity</u>						
<b>Landmark Equity Partners</b>				<b>8.7</b>		Jan-10
<b>Sigular Guff DRE</b>				<b>(1.7)</b>		Mar-11

All returns are on a one-month lag. Performance greater than 1 year is annualized.

Data Source: Wells Fargo Advisors

### Capital Markets Overview

A positive first quarter led to a celebration of things to come for the markets, but the party was short lived. Most leading economic indicators showed evidence of a U.S. economy that continues to expand, but the pace of growth is not enough to satisfy job expectations by households, profits of investors or the public purse at all levels of government. While the U.S. economy has been resilient to global problems, investors remain sensitive to Europe's deepening financial problems.

The U.S. economy continues to grow at a below-average rate. This quarter marked the three-year anniversary from the end of the 2008-2009 recession. Unlike previous economic cycles, the current recovery is slower than nine out of the 10 previous recoveries since 1949. Corporations continue to deleverage debt, cautiously invest in growth, and are reluctant to add to payrolls due to market uncertainty.

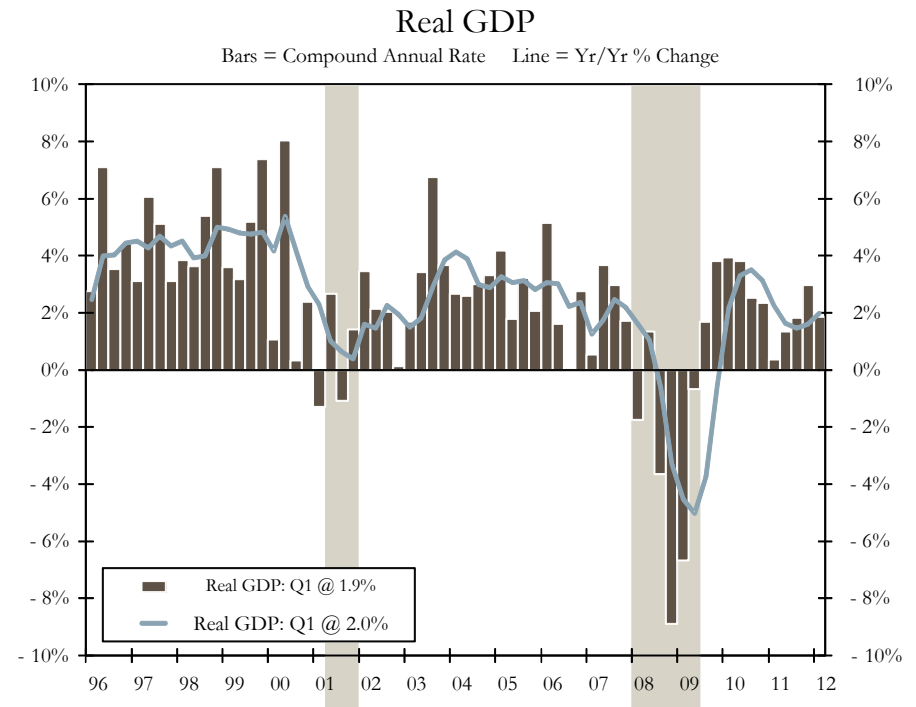
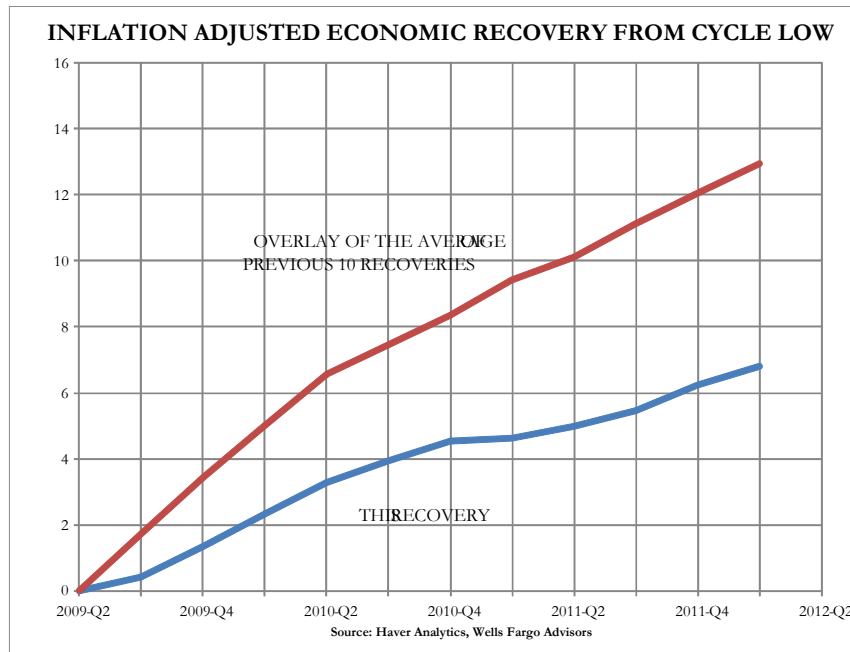
Despite a 4.1% gain in June, the S&P 500 Index ended the quarter with a 2.8% loss. The Dow Jones Industrial Average also gained 4.1% in June, trimming its quarterly loss to 1.8%. The NASDAQ Composite gained 3.9% in June, but still lost 4.8% for the quarter. Although suffering second quarter losses, the major averages finished the first half of the year with encouraging gains. The S&P 500 is up 9.5%, the Dow is up 6.8%, and the NASDAQ is up 13.3% for the year.

European market concerns were eased after Greece elected the pro-austerity party. Germany agreed again to expanded measures to reduce borrowing costs designed to stem further financial turmoil.

Albeit slow, the U.S. economy is doing better than many foreign economies and has strengthened the dollar while pushing commodities lower. Consequently, U.S. stocks have outperformed commodities. This is a change from the past decade when commodities outperformed stocks.

## Economy remains sluggish, but showing signs of improvement

Economic growth in this recovery continues to fall well short of what the U.S. experienced in the last 10 recoveries.

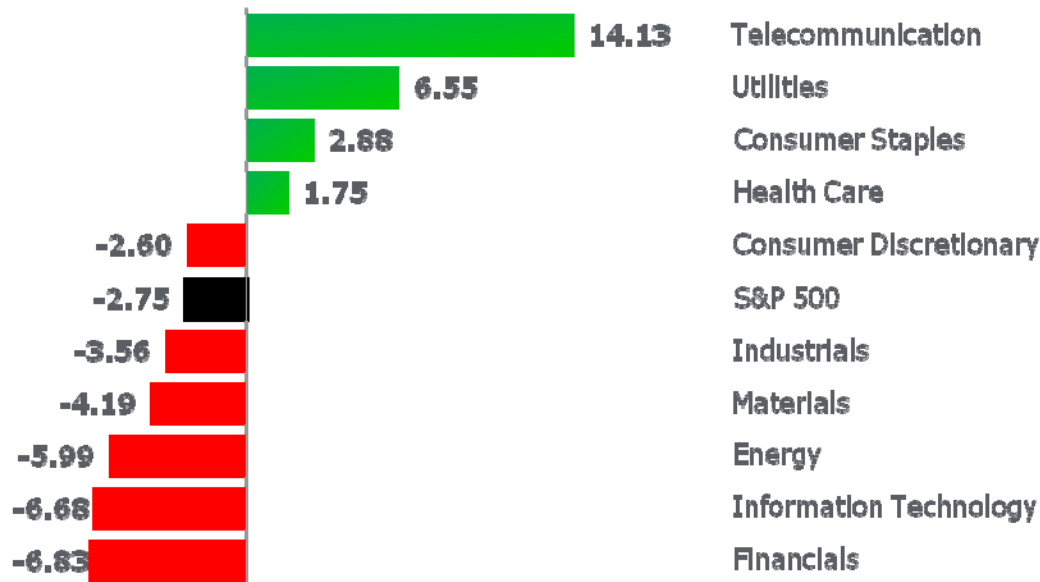


Data Source: U.S. Department of Commerce, Bloomberg LP, Wells Fargo Securities, LLC, Haver Analytics

**Most sectors declined in the second quarter as defensive sectors outperformed cyclicals**

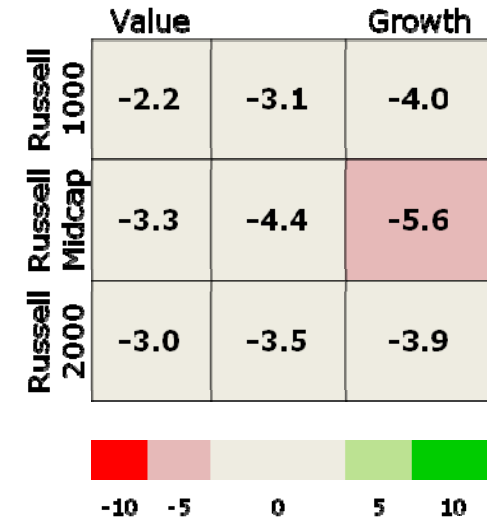
- Telecoms and Utilities were the big winners of the quarter as investors sought larger dividend paying companies with greater revenue based in the United States.
- Fears of an economic slowdown in China and the United States led to softer performance for the Industrial, Material, and Energy sectors.
- Value outperformed Growth as credit downgrades in the financial sectors in Europe and the United States weighed on Growth strategies.

**S&P 500 Second Quarter 2012 Sector Returns**



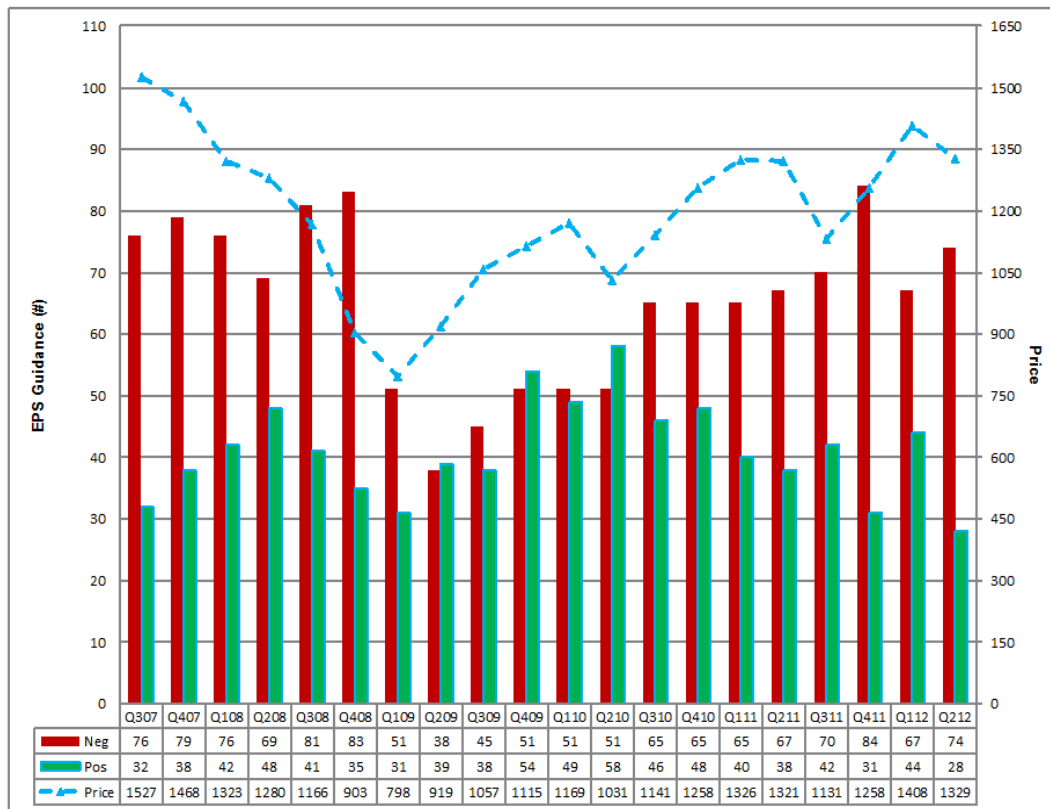
**Second Quarter**

**Domestic Equity Returns**



Data Sources: FactSet, Zephyr StyleAdvisor, Barclay's Capital, MSCI Barra, Standard & Poor's

**S&P 500 Negative and Positive Preannouncements 5 Year**



**Second quarter earnings guidance turned more negative**

- 74 companies in the S&P 500 have issued negative EPS guidance for the second quarter. 28 companies have issued positive EPS guidance.
- Compared to the trailing 5 Year Average, there were 32% fewer positive preannouncements and 13% more negative preannouncements made regarding Q2 earnings.
- The average price decline\* after negative guidance was -1.4% in Q2 and the 5 year average decline was -1.5%.
- The average price increase\* after positive guidance was 2.4% in Q2 and the 5 year average increase was 3.0%.

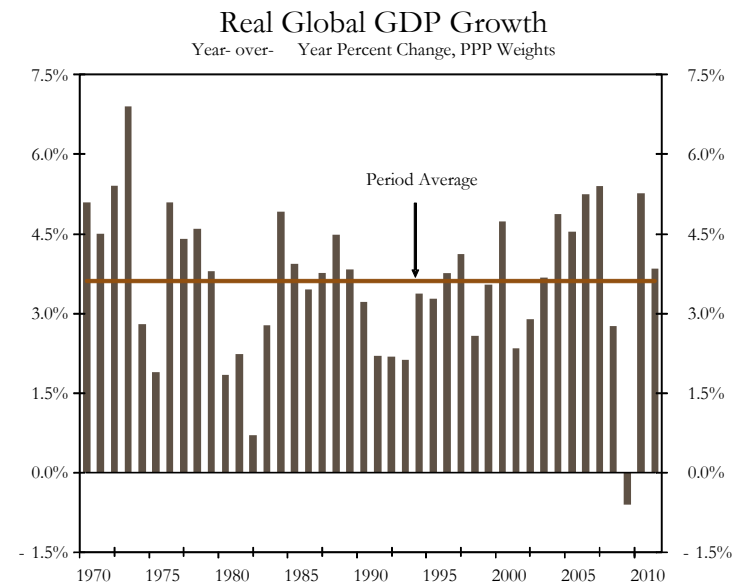
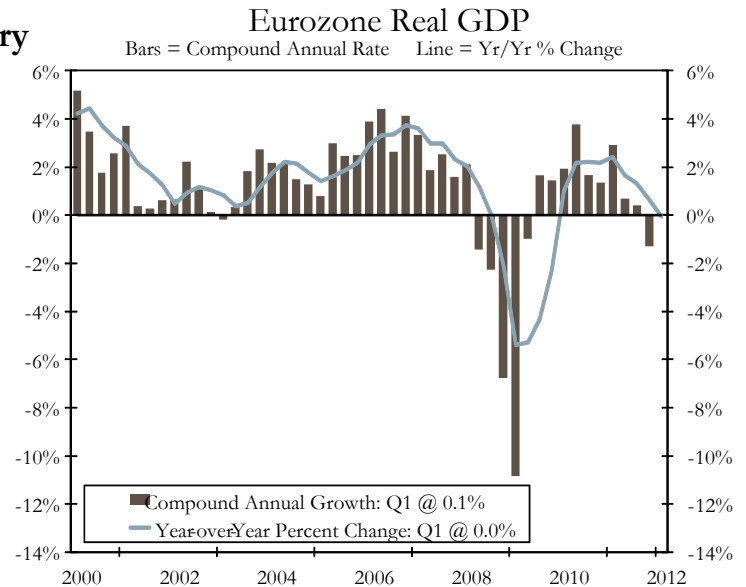
\*average price decline/increase - 2 days before the guidance was issued through 2 days after the guidance was issued.

### International markets persevere in the face of a very slow global recovery

- European woes continue to weigh on the markets. The European crisis remains the principal risk to global confidence. June provided a few glimmers of hope that Europe might get its act together after all.
- Greek voters gave austerity measures another chance. The pro-austerity parties won by a slight margin on the June 17<sup>th</sup> election. However, the new coalition government wants to renegotiate the terms of the bailout package.
- On their June 29<sup>th</sup> meeting, the EU leaders agreed in principle to create an EU-wide supervisory mechanism that will use available bailout funds to recapitalize troubled banks. In return for direct support (for their banks), EU members have agreed (always in principle) to turn over national bank control to Brussels.

### Conditions of world economy continue to improve at a slower rate than expected

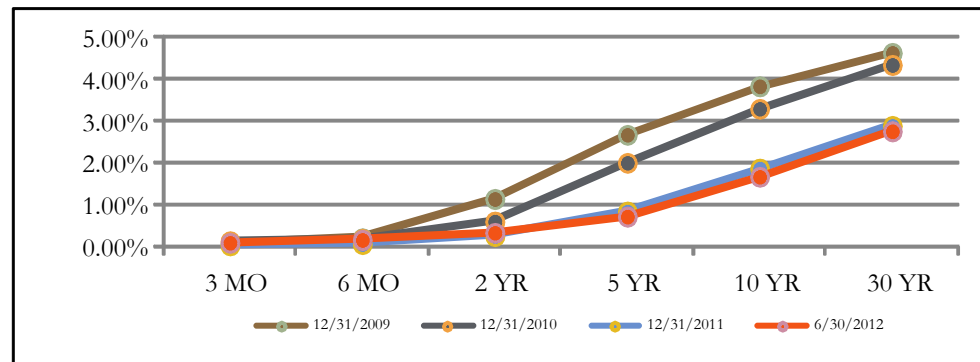
- USA and China (two biggest world economies) are experiencing a sluggish rebound.
- Growth in the Chinese economy remains positive, but has slowed this year. Real GDP rose only 8.1%, the slowest year-over-year growth rate since the second quarter of 2009.
- Many European economies have slipped back into recession this year.



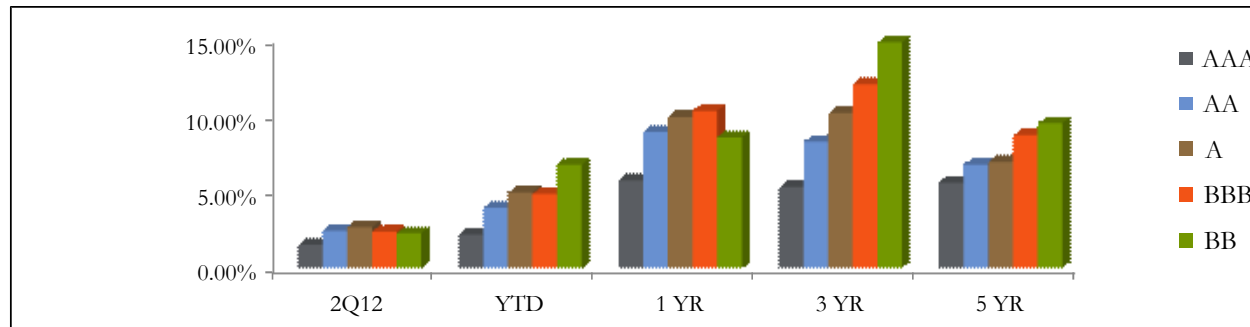
Data Source: U.S. Department of Commerce, Bloomberg LP, Wells Fargo Securities, LLC

### Investors flock to the safety of Treasuries under global uncertainty

- The yield on the benchmark 10-year Treasury note set a new all time record low of 1.47% at the end of May, ending the quarter only slightly higher at 1.67%.
- Treasury prices, which move inversely to yields, increased substantially to generate a return on the Barclays Long Term U.S. Treasury benchmark of 10.57% for the quarter. The shorter-term Barclays 1-3 Year Treasury benchmark posted a modest 0.20% return.



- The Fed announced it will be extending its program referred to as “Operation Twist”, the process of selling shorter-term Treasuries and buying longer-term Treasuries in an effort to keep long term rates down.

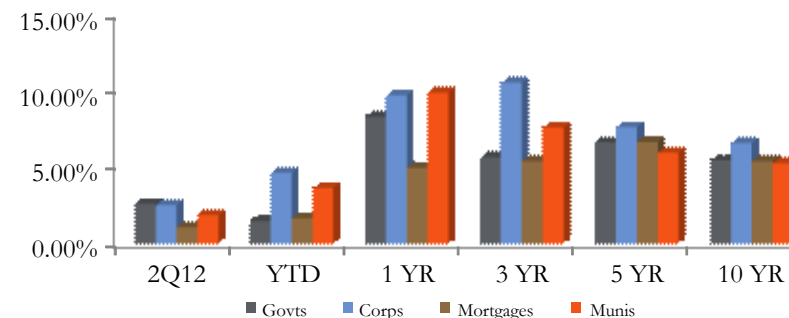


Data Sources: Zephyr StyleAdvisor, Barclays, FactSet



### Top quality sovereign debt has benefited from perceived safe-haven flows

- Investors reacted to continued struggles in several Euro Nation countries, particularly Spain, by shifting into a “risk off” mentality that focused on retaining capital instead of searching for yield.
- Safe-haven debt rallied as investors avoided the uncertainty associated with bailout packages and austerity measures taking place in several European countries.
- Germany, Switzerland, Sweden and Japan all offer lower yields than U.S. Treasuries. Yields on Spanish debt increased near 7%, a level that is considered unsustainable in the long run.
- For the quarter, government debt slightly outperformed corporate with returns of 2.63% and 2.52%, respectively. Municipal bonds also performed well as they saw solid new-issue demand and continued strong bond fund inflows, returning 1.88% for the quarter.



### Strengthening U.S. Dollar keeps downward pressure on commodity prices

- The fear of a prolonged global slowdown kept pressure on commodity prices this quarter. The financial crisis in Europe kept pressure on the Euro and investors favored the perceived safe haven value of the U.S. Dollar and Yen over the Euro.
- Gold pulled back and then made a modest recovery edging close to the psychologically important \$1,600 level. Gold prices floundered after recent Federal Reserve meeting minutes showed that the central bank was split on whether the U.S. economy required new monetary stimulus measures.

Commodities	Current	3 Months Ago *	1 Year Ago **
Gold (per Troy ounce)	\$ 1604.40	\$ 1668.35	\$ 1491.10
Oil (per barrel)	\$ 84.96	\$ 103.02	\$ 94.45
Copper (per pound)	\$3 45.20	\$ 382.20	\$4 28.20

- Crude oil prices declined sharply this quarter, falling more than 17%. Oil per barrel is down slightly more than 15% YTD.

\*As of March 31, 2012

\*\*as of June 30, 2011

Source: FactSet, Wells Fargo Advisors

Data Sources: Bloomberg LP, Wells Fargo Securities, LLC, FactSet, Zephyr StyleAdvisor, Barclays

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**ASSET CLASS SUITABILITY:** Stocks of small companies are typically more volatile than stocks of larger companies. They often involve higher risks because they may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions. High-yield, non-investment grade bonds are only suitable for aggressive investors willing to take greater risks, which could result in loss of principal and interest payments. Global/International investing involves risks not typically associated with US investing, including currency fluctuations, political instability, uncertain economic conditions and different accounting standards. Because the futures and commodity markets can be highly unpredictable – often swinging dramatically – investing in currency and commodities is not suitable for all investors. You may lose your entire investment, and in some cases, more than you invested.

**PAST PERFORMANCE:** Past performance is not an indication of future results.

**ASSET CLASS PERFORMANCE REPRESENTATIONS:** Long Term Treasuries = BC Treasury Long; Municipals = BC Municipal; Foreign Bonds = Salomon World BIG – IB; US Govt/Credit = BC Govt/Credit; Mtge Backed Securities = ML Mortgage Master; Corporate Bonds = Salomon Corporate; 90 Day T-Bills = Salomon; Japanese Stocks = Salomon Japan BMI; High Yield Bonds = ML High Yield Master; Small Cap US Value = RU 2000 Value; MidCap US Stocks = RU Midcap; Large Cap US Value = RU 1000 Value; European Stocks = Salomon Europe BMI; Small Cap US Stocks = RU 2000; Lg Cap US Growth = RU 1000 Growth; Latin American Stocks = Salomon Latin America BMI; Sm Cap US Growth = RU 2000 Growth

**BROAD EQUITY MARKET & SECTOR PERFORMANCE REPRESENTATIONS:** Large-Cap = S&P 500 or Russell 1000; Mid-Cap = RU Midcap; Small-Cap = RU 2000; International = MSCI EAFE

**DATA SOURCES:** Information found in this document was derived from the following sources: Zephyr Associates StyleAdvisor, Informa M-Watch, Investor Force, Barclays Capital, MSCI Barra, and Standard & Poor's.

**Dow Jones Industrial Average** - This index is comprised of 30 "blue-chip" US stocks selected for their history of successful growth and wide interest among investors. The DJIA represents about 20% of the total market value of all US stocks and about 25% of the NYSE market capitalization. It is a price-weighted arithmetic average, with the divisor adjusted to reflect stock splits and the occasional stock switches in the index.

**NASDAQ Composite** - A cap-weighted index comprised of all common stocks that are listed on the NASDAQ Stock Market (National Association of Securities Dealers Automated Quotation system).

**S&P 500** - A broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. This index does not contain the 500 largest companies nor the most expensive stocks traded in the U.S. While many of the stocks are among the largest, this index also includes many relatively small companies. This index consists of approximately 380 industrial, 40 utility, 10 transportation and 70 financial companies listed on U.S. market exchanges. It is a capitalization-weighted index (stock price times number of shares outstanding), calculated on a total return basis with dividends reinvested.

**Russell 1000** - The 1000 largest companies in the Russell 3000 index, based on market capitalization.

**Russell 1000 Growth** - A segment of the Russell 1000 with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Russell 1000 Value index.

**Russell 1000 Value** - Represents a segment of the Russell 1000 with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Russell 1000 Growth Index.

**Russell Mid Cap** - The index consisting of the bottom 800 securities in the Russell 1000 as ranked by total market capitalization, and it represents over 35% of the Russell 1000 total market cap.

**Russell 2000** - The 2000 smallest companies in the Russell 3000 index.

**Russell 2000 Growth** - A segment of the Russell 2000 with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Russell 2000 Value index.

**Russell 2000 Value** - A segment of the Russell 2000 with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Russell 2000 Growth index.

**Russell 2500** - The index consisting of the bottom 500 stocks in the Russell 1000(as ranked by market capitalization) and all of the stocks in the Russell 2000. This index is intended to be used as a measure of small to medium/small stock performance, and it represents over 22% of the Russell 3000 total market cap.

**MSCI EAFE** - A market capitalization-weighted index representing all of the MSCI developed markets outside North America. It comprises 20 of the 22 countries in the MSCI World. These 20 countries include the 14 European countries in the MSCI Europe and the 6 Pacific countries in the MSCI Pacific. This index is created by aggregating the 20 different country indexes, all of which are created separately.

**MSCI World** - This market capitalization-weighted index represents all 22 of the MSCI developed markets in the world. It is created by aggregating the 22 different country indexes, all of which are created separately.

**MSCI Emerging Markets Free (EMF)** - A market capitalization-weighted index representing 26 of the emerging markets in the world. Several factors are used to designate whether a country is considered to be emerging vs. developed, the most common of which is Gross Domestic Product Per Capita. The "Free" aspect indicates that this index includes only securities that are allowed to be purchased by global investors. This index is created by aggregating the 26 different country indexes, all of which are created separately.

**Barclays Capital Government/Credit** - This index includes all bonds that are in the Barclays Capital Government Bond and the Barclays Capital Credit Bond indices.

**Barclays Capital Government Intermediate** - All bonds covered by the Barclays Capital Government Bond index with maturities of 1 and 10 years.

**Barclays Capital Aggregate Bond** - This index is made up of the Barclays Capital Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. All issues in the index are rated investment grade or higher, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

**Barclays Capital Government Long Term** - All bonds covered by the Barclays Capital Government Bond index with maturities of 10 years or greater.

**Barclays Capital Municipal Bond** - This market cap weighted index includes investment grade tax-exempt bonds and is classified into four main sectors: General Obligation, Revenue, Insured, and Pre-refunded. To be included in this index, the original transaction size of a bond must have been greater than \$50 million.

**Merrill Lynch Convertibles** - The convertible securities used in this index span all corporate sectors and must have a par amount outstanding of \$25 million or more. The maturity must be at least one year. The coupon range must be equal to or greater than zero and all quality of bonds are included. Excluded from this index are preferred equity redemption stocks. When the component bonds of this index convert into common stock, the converted securities are dropped from the index.

**Merrill Lynch High Yield Master** - Market-cap weighted index providing a broad-based measure of bonds in the US domestic bond market rated below investment grade but not in default. Includes only issues with a credit rating of BB1 or below as rated by Moody's and/or S&P, at least \$100 million in face value outstanding and a remaining term to final maturity equal to or greater than one year.

**Dow Jones Wilshire REIT Index** - A measurement of equity REITs and Real Estate Operating Companies. No special-purpose or health care REITs are included. It is a market capitalization-weighted index for which returns are calculated monthly using buy and hold methodology; it is rebalanced monthly.

**Citigroup 3 Month Treasury Bill** - Representing the monthly return equivalents of yield averages that are not marked to market, this index is an average of the last three three-month Treasury bill issues.

**50/50 Blend (S&P 500/BCIGC)** - A blended benchmark consisting of 50% S&P 500 and 50% Barclays Capital Government/Credit Intermediate indices.