



July 13, 2010

2nd Quarter Market Update - 2010

Equity markets experienced high levels of volatility during the second quarter as developed countries across the globe trim budgets in efforts to rein in mounting deficits. These measures, coupled with ongoing European sovereign debt concerns, caused investors to speculate as to the duration, degree and sustainability of global economic growth and recovery.

Domestically large company stocks (S&P 500) and small company stocks (Russell 2000) decreased 11.43% and 9.92% respectively. Some economists warn of the possibility of a “double dip” recession while others believe that a usual 10%-plus correction, which occurred in May, was only a matter of time with the S&P 500 posting a gain of 79.9% from its March 9, 2009 low through April 23, 2010.

The U.S. dollar appreciated during the second quarter, especially against the Euro, reducing returns for investors investing in foreign markets. A decrease in value of the U.S. dollar enhances foreign securities returns to U.S. investors while an increase in the dollar’s value reduces them. For the quarter the MSCI EAFE Index (in U.S. Dollars) decreased 13.97% while the MSCI EAFE Index (in Local Currency) decreased 11.15%. Foreign emerging market equities, represented by the MSCI EM index fell less than established foreign markets (MSCI EAFE) retreating 8.37% (in U.S. Dollars) and 5.61% (in Local Currency) respectively.

Bond yields fell over the quarter as prices rose in response to higher demand. In general “risky” bonds did poorly and “safe” bonds did well as demonstrated in the difference between the performance of the Barclays U.S. Corporate High Yield Bond index and the Barclays U.S. 5-10 Yr Treasury index which returned -0.11% and 6.64% respectively. For the quarter the Barclays U.S. Aggregate bond index (a blended bond composite) increased 3.46%.

On June 23 the Federal Reserve’s Open Market Committee left the interbank lending rate (federal funds rate) unchanged at 0% to 0.25%. Since the Federal Open Market Committee last met in April information suggests that “economic recovery is proceeding and that the labor market is improving gradually”. Yet, “financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad.”

The Fed’s decision to hold rates were in line with what analysts expected. With low inflation, high unemployment and stable price expectations it is a widely held belief that the Fed will not raise rates until sometime early next year.

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Long term, we continue to believe that well diversified global stock and bond portfolios, and disciplined investment strategies can continue to provide opportunities for those investors looking for growth.

We welcome your input and as always, should you have any questions or concerns, or if there is a change in your investment time horizon or financial circumstances that I should be aware of, please contact your Financial Representative at your convenience.

—Written by North Star Resource Group and provided courtesy of your Financial Advisor

Index and Composite Returns for Periods Ending 06/30/2010

Index	2 nd Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500	-11.43%	-6.65%	14.43%	-9.81%	-0.79%	-1.59%
Russell 2000	-9.92%	-1.95%	21.48%	-8.60%	0.37%	3.00%
MSCI EAFE (U.S. dollars)	-13.97%	-13.23%	5.92%	-13.38%	0.88%	0.16%
Barclays US Aggregate Bond	3.46%	5.32%	9.49%	7.54%	5.54%	6.47%
Benchmark Composites	2 nd Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Aggressive Growth	-11.81%	-7.45%	13.64%	-10.58%	0.00%	0.08%
Growth	-8.79%	-4.96%	12.72%	-6.99%	1.13%	1.38%
Conservative Growth	-5.83%	-2.71%	11.46%	-3.46%	2.19%	2.44%
Income and Growth	-2.80%	-0.22%	10.54%	0.12%	3.32%	3.74%
Income	0.36%	2.60%	10.05%	3.89%	4.36%	4.95%

You cannot invest directly in an index. Past performance is not indicative of future results. The S&P 500 Index measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the Index's performance directly proportional to the company's value. The Russell 2000 Index measures the total return of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. These securities are traded on the NYSE, AMEX and NASDAQ. Investments in smaller company and micro-cap stocks generally carry a higher level of volatility and risk over the short term. The MSCI EAFE Index is the Morgan Stanley Capital International Index and is designed to measure the total return of the developed stock markets of Europe, Australia and the Far East. Investment risks associated with international investing, in addition to other risks, include currency fluctuations, political and economic instability and differences in accounting standards when investing in foreign markets. The Barclays US Aggregate Bond Index is a market-weighted index that includes U.S. government, corporate, and mortgage-backed securities, rated investment grade or higher, with maturities up to 10 years. The Benchmark Composite returns are a weighted average of index data comprised in the following manner. Aggressive Growth is 45% S&P 500, 25% Russell 2000 and 30% MSCI EAFE. Growth is 35% S&P 500, 20% Russell 2000, 25% MSCI EAFE and 20% Barclays US Aggregate Bond. Conservative Growth is 30% S&P 500, 10% Russell 2000, 20% MSCI EAFE and 40% Barclays US Aggregate Bond. Income and Growth is 20% S&P 500, 5% Russell 2000, 15% MSCI EAFE and 60% Barclays US Aggregate Bond. Income is 15% S&P 500, 5% MSCI EAFE and 80% Barclays US Aggregate Bond. Tracking Number 202782–DOFU 07/06/2010

Sources: Bloomberg, The New York Times, T.Rowe Price and the Federal Reserve Board