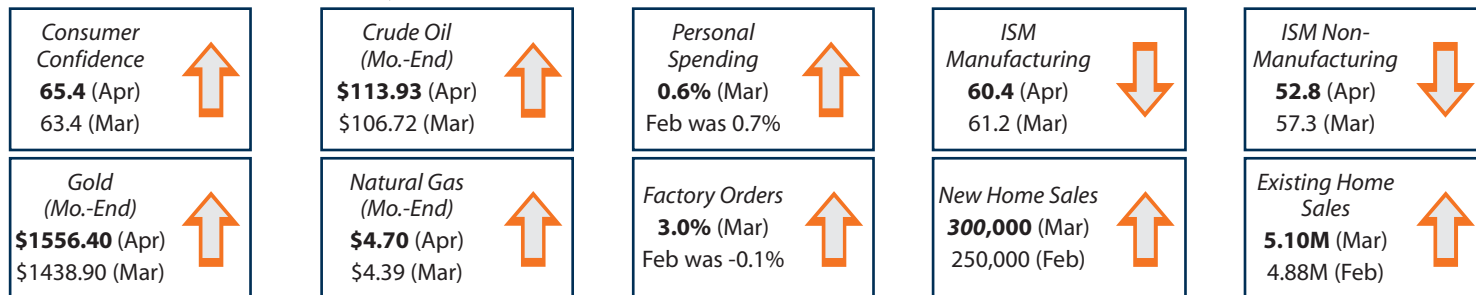


The Economy

The Blue Chip Economic Indicators survey of 53 economists in April revealed a Gross Domestic Product forecast of 2.9% for 2011 and 3.2% for 2012. The average GDP growth rate in the U.S. over the past 20 years (3/91-3/11) was 2.6%, according to Bloomberg. The S&P 500 posted an annualized gain of 8.70% over that span. It averaged 9.87% from 1926-2010, according to Ibbotson Associates. The Fed is on track to complete its QE2 initiative (buying \$600 billion worth of Treasuries) by the end of June. Keeping rates artificially low has its challenges. The U.S. dollar is off 7.0% against a basket of major currencies so far this year, and is down 20.8% since the bottom of the bear market on 3/9/09.



The Stock Market

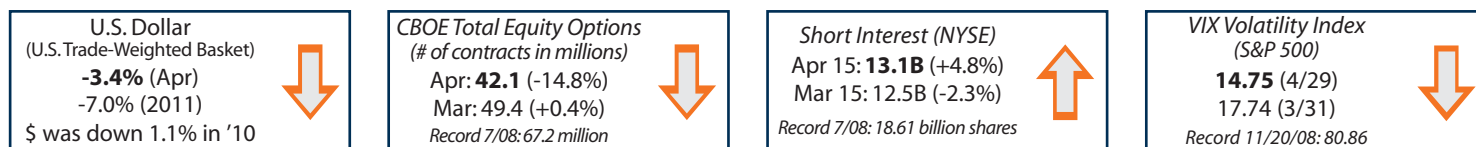
Indices (Source: Bloomberg)

	Apr	12-mo.
S&P 500	3.0%	17.2%
DJIA	4.1%	19.5%
NASDAQ 100	2.8%	21.1%
S&P 400	2.7%	25.1%
Russell 2000	2.6%	22.2%
Russell 3000	3.0%	18.4%
MSCI World (ex U.S.) (USD)	5.5%	20.2%
MSCI Emerging Markets (USD)	3.1%	20.8%

Growth/Value (Source: Bloomberg)

	Apr	12-mo.
S&P 500 Citigroup Growth	3.4%	19.0%
S&P 500 Citigroup Value	2.5%	15.6%
S&P Midcap 400/Citigroup Growth	3.5%	30.7%
S&P Midcap 400/Citigroup Value	2.0%	19.7%
Russell 2000 Growth	3.6%	30.3%
Russell 2000 Value	1.6%	14.6%

Ninety-nine out of the 133 subsectors (74%) that comprise the S&P 500 posted a gain in April, up from 67 (50%) last month, according to S&P. Health Care was the top performing sector, up 6.5%. In April, the dividend-payers (386) in the S&P 500 (equal weight) posted a total return of 3.21%, vs. 2.84% for the non-payers (114), according to S&P. Y-T-D, the payers were up 10.26%, vs. a gain of 11.34% for the non-payers. For the 12-month period ended April '11, payers were up 17.04%, vs. a gain of 17.47% for the non-payers. The number of dividend increases y-t-d totaled 137, up from 95 increases a year ago. Twelve companies initiated dividends, up from nine a year ago. Two dividends were cut, up from one a year ago. Prior to this one, there had been 25 bull markets in the U.S. stock market (S&P 500) since 1928, according to Bespoke Investment Group. The average bull has lasted 886 days with an average gain of 101% (price-only). The longest bull lasted 4,494 days (12/4/87-3/24/00). It followed the "Crash of '87." The S&P 500 appreciated 582% over that span. The current bull market is 781 days old. The S&P 500 is up 101.6% (price-only) since the market bottomed on 3/9/09. The S&P 500 closed April 12.88% below its all-time high of 1565.15 set on 10/9/07. Its estimated earnings growth rates for 2011 and 2012 are 17.6% and 13.7%, respectively, according to S&P.

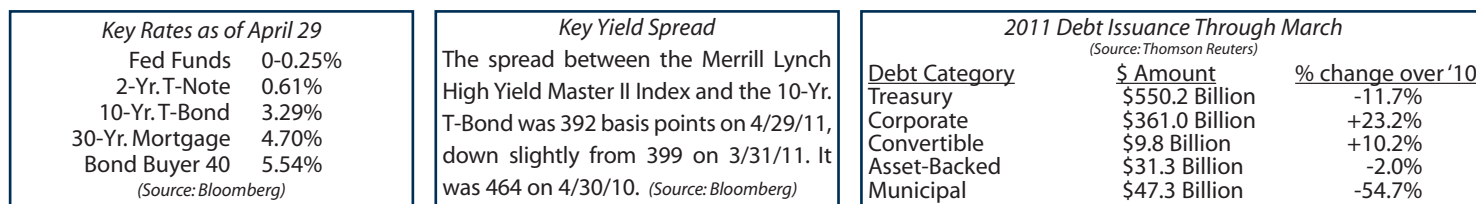


The Bond Market

Index (Source: Barclays)

	Apr	12-mo.	Yield
U.S. Treasury: Intermediate	1.04%	4.33%	1.52%
GNMA 30 Year	1.27%	5.97%	3.51%
Municipal Bond (22+)	2.53%	-0.94%	5.56%
U.S. Aggregate	1.23%	5.36%	2.89%
Intermediate Corporate	1.48%	6.94%	3.18%
U.S. Corporate High Yield	1.55%	13.42%	6.75%
Global Aggregate	3.10%	10.45%	2.85%
Global Emerging Markets	1.88%	10.94%	5.63%

All of the major debt groups posted strong returns in April. The risk trade is still on. Y-T-D, the top performing group is U.S. Corporate High Yield, up 5.5%. Foreign debt (developed and emerging) is next with returns in the vicinity of 4.4% (USD), but these groups are getting a strong push from the weakness in the dollar (off 7.0% against a basket of major currencies). Investors have withdrawn approximately \$47 billion from municipal bond funds since 11/10/10, according to Lipper. Funds reported net redemptions spanning 24 consecutive weeks. Investors are still nervous about the potential for increased defaults. The fact is defaults are still tame. Since 7/09, there have been 284 defaults totaling about \$8.9 billion, or 0.3% of the \$2.9 trillion market, according to the Fed and Municipal Market Advisors.



Equity funds reported net cash inflows totaling \$2.1 billion in 3/11, vs. \$12.9 billion of inflows in 2/11, according to the Investment Company Institute. Bond fund inflows totaled \$11.5 billion, vs. \$7.7 billion of inflows in 2/11. Money Market fund outflows totaled \$14.6 billion, vs. \$11.9 billion of inflows in 2/11. Y-T-D through March, equity funds reported net inflows totaling \$34.7 billion, vs. \$17.3 billion of inflows for bond funds and \$78.3 billion of outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1363.61	-12.88%	9.06%	1.79%
S&P 500/Citigroup Growth	730.83	10/12/07	363.99	03/09/09	712.34	-2.53%	8.63%	1.60%
S&P 500/Citigroup Value	836.19	07/13/07	307.16	03/09/09	642.19	-23.20%	9.51%	1.99%
S&P 400	1015.26	04/29/11	372.88	10/09/02	1015.26	0.00%	12.33%	1.22%
S&P 400/Citigroup Growth	461.32	04/29/11	162.27	10/09/02	461.32	0.00%	13.67%	0.76%
S&P 400/Citigroup Value	361.18	06/04/07	135.55	10/09/02	351.03	-2.81%	11.04%	1.67%
S&P 100	729.79	10/09/07	322.13	03/09/09	608.33	-16.64%	8.21%	1.91%
DJIA	14164.53	10/09/07	6547.05	03/09/09	12810.54	-9.56%	11.49%	2.29%
NASDAQ 100	2413.59	04/27/11	804.64	10/07/02	2404.08	-0.39%	8.59%	0.77%
Russell 2000	865.29	04/29/11	327.04	10/09/02	865.29	0.00%	10.79%	1.25%
Russell 2000 Growth	497.75	04/29/11	169.69	10/09/02	497.75	0.00%	13.17%	0.60%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	1140.20	-10.69%	8.33%	1.94%
Russell 3000	907.58	10/09/07	389.61	03/09/09	816.66	-10.02%	9.55%	1.69%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	4564.30	-15.16%	9.47%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	75.12	09/21/01	459.79	-2.86%	5.21%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2160.80	10/16/02	42096.05	-5.70%	1.16%	3.39%
RTS/Russia (USD)	2487.92	05/19/08	174.20	10/03/01	2026.94	-18.53%	14.81%	1.74%
Bombay SE 500/India (USD)	226.04	01/07/08	16.50	09/21/01	167.96	-25.69%	-5.54%	1.27%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	448.46	-44.65%	5.56%	1.39%
KOSPI/South Korea (USD)	2.29	10/31/07	0.36	09/17/01	2.05	-10.75%	13.21%	1.19%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	3054.37	-25.18%	3.56%	2.75%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	1362.51	-31.48%	19.52%	3.68%
S&P Consumer Discretionary	320.51	04/28/11	125.72	03/09/09	320.38	-0.04%	8.85%	1.38%
S&P Consumer Staples	324.45	04/29/11	182.72	03/10/03	324.45	0.00%	7.90%	3.05%
S&P Energy	668.81	05/20/08	163.83	07/23/02	598.02	-10.58%	18.53%	1.55%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	168.11	-24.92%	6.92%	4.20%
S&P Financials	509.55	02/20/07	81.74	03/06/09	220.49	-56.73%	3.07%	1.23%
S&P Banks	414.38	02/20/07	49.02	03/05/09	142.94	-65.51%	-3.48%	1.14%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	477.13	-29.47%	13.00%	3.34%
S&P Health Care	426.93	05/07/07	252.84	03/05/09	407.59	-4.53%	12.50%	1.96%
S&P Pharmaceuticals	449.36	05/17/01	214.50	03/03/09	324.00	-27.90%	10.13%	3.40%
NYSE Arca Biotechnology	1492.54	04/27/11	280.09	07/10/02	1462.10	-2.04%	12.67%	1.08%
S&P Information Technology	443.16	05/22/01	172.88	10/09/02	429.83	-3.01%	6.52%	0.87%
Philadelphia Semiconductor	706.15	05/21/01	171.32	11/20/08	449.56	-36.34%	9.46%	1.09%
S&P Telecom Services	205.51	05/01/01	79.00	09/30/02	134.14	-34.73%	6.68%	5.01%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	334.56	-12.23%	11.75%	1.86%
S&P Materials	285.91	05/16/08	102.55	10/09/02	254.48	-10.99%	6.80%	1.75%
Philadelphia Gold & Silver	228.95	04/08/11	49.46	11/19/01	222.22	-2.94%	-1.54%	1.03%
Reuters/Jefferies CRB	473.52	07/02/08	183.52	10/22/01	370.56	-21.74%	11.35%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	161.97	-18.14%	5.41%	6.92%
Merrill Lynch High Yield Master II	275.34	04/29/11	106.67	10/10/02	275.34	0.00%	5.45%	7.21%