ENVIRONMENT

Independent Consultants Cooperative (ICC)

The world economy showed resiliency with overall modest growth through the second quarter. The markets reacted negatively to often-contradictory economic indicators and the ensuing heightened volatility, experiencing a steady slide through most of the quarter. In addition to social unrest in Greece, the second quarter witnessed continued supply chain issues as a result of the earthquake in Japan. Oil continued to appreciate due to lingering concerns of unrest in Libya. The political unrest spurred a surprise decision by the International Energy Agency to release 60 million barrels of oil from the Strategic Petroleum Reserve. Finally, on June 23, the Greek parliament passed a $41 billion austerity measure triggering the implementation of a $120 billion bailout from the EU and consequently a late quarter rally, erasing many of the second quarter's earlier losses.

In addition to global pressures, the domestic markets also shrugged off floods, droughts, and the growing political pressures of handling the current deficits, to hold the S&P 500 to a 0.1% return in the second quarter. New home sales remain at all-time lows, but housing prices are stabilizing, indicating positive signs of recovery. Unemployment news was discouraging. Unemployment numbers spiked again this quarter, rising 0.3% to 9.1% at end June. The 9.1% level is still down from year-end 2010 when unemployment hit 9.4%.

At its most recent meeting, the Federal Reserve kept the federal funds target rate range unchanged at 0% to 0.25% due to low inflation and elevated rates of unemployment. The Federal Reserve ended its quantitative easing strategy on June 30 completing the purchase of $600 billion of Treasury securities but decided to continue its existing policy of reinvesting principle payments from security holdings.

At the June 7th International Monetary conference in Atlanta on the U.S. Economic Outlook, Federal Reserve Chairman Ben Bernanke hinted at further economic turbulence due to cuts in state and local governments stating, "Developments in the public sector also help determine the pace of recovery. Here, too, the picture is one of relative weakness. Fiscally constrained state and local governments continue to cut spending and employment. Moreover, the impetus provided to the growth of final demand by federal fiscal policies continues to wane."

The State Street Investor Confidence Index, which analyzes buying and selling patterns of institutional investors, rose slightly over the past quarter from 97.3 to 99.2. Within the course of the quarter the index remained unchanged through April . In May confidence rose sharply to 104.3 and then retreated to finish at 99.2. Investor confidence in Europe had the most significant change this past quarter, rising 21 points due in part to the EU bailing out Greece. Confidence in North America and Asia both dropped slightly over the quarter, ending the second quarter at 100.4 and 93.2, respectively.

ICC INDEPENDENT CONSULTANTS COOPERATIVE

MARKET SUMMARY

Equity Markets

U.S.	QTR	1 Year	3 Year
S&P 500	0.1	30.7	3.3
Dow Jones Industrial Average	1.4	30.4	6.1
NASDAQ Composite	-0.3	31.5	6.5
Russell 1000	0.1	31.9	3.7
Russell 2000	-1.6	37.4	7.8
Russell 3000	0.0	32.4	4.0
Russell Micro Cap	-3.5	32.7	6.5
Non-U.S.			
MSCI EAFE (Net)	1.6	30.4	-1.8
MSCI Emerging Markets (Net)	-1.1	27.8	4.2
MSCI All Country World ex U.S.	0.4	29.7	-0.3

Bond Markets

U.S.	QTR	1 Year	3 Year
Barclays Capital Aggregate	2.3	3.9	6.5
Barclays Capital Gov/Credit	2.3	3.7	6.2
Barclays Capital Universal	2.2	4.8	6.7
Barclays Capital Corp. High Yield	1.1	15.6	12.7
Non-U.S.			
CG Non-U.S. World Govt.	3.7	13.9	6.2

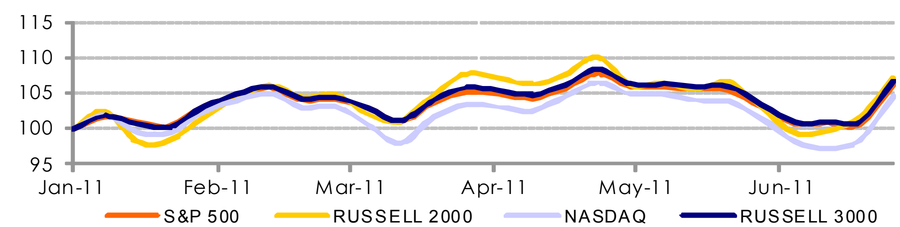
Non-Public Markets

As of March 31, 2011	QTR	1 Year	3 Year
NCREIF Property	3.4	16.0	-3.6
State Street Private Equity Index	5.6	21.9	1.4

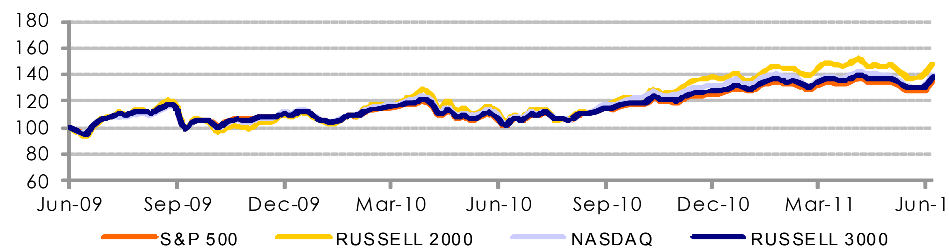
Through a quarter filled with downward pressures, global markets held their ground as only 3 of the 17 markets tracked in this "*Market Environment"* report experienced negative returns. Riskier mandates, including the MSCI emerging markets, Russell 2000 and Russell microcap all contracted, losing -1.1%, -1.6% and -3.5% ,respectively. Meanwhile domestic large cap and developed non-U.S. indices all held their ground or were slightly positive. The Dow Jones Industrial Average led the way in the U.S. with a 1.4% return, while the developed non-U.S. (MSCI EAFE) returned 1.6%. Over the trailing 12 months, all equity indices experienced strong returns ranging from 27.8% and 37.4%.

Fixed Income markets saw greater returns in the second quarter but could not compete with equity markets over the trailing 12 months. Domestic bond markets advanced between 1.1% and 2.3% this quarter, while the Citigroup non-U.S. WGBI soared 3.7%. Over the past year, the Barclays Capital High Yield Index had the greatest return in fixed income markets, advancing 15.6%, while the Citigroup Non-U.S. World Government Bond Index nearly kept pace returning 13.9%. Comparatively less risky domestic fixed income securities returned between 3.7% and 4.8% over the last 12 months.

Equity Index - Year to Date Growth Rate



Equity Index - 2-Year Growth Rate



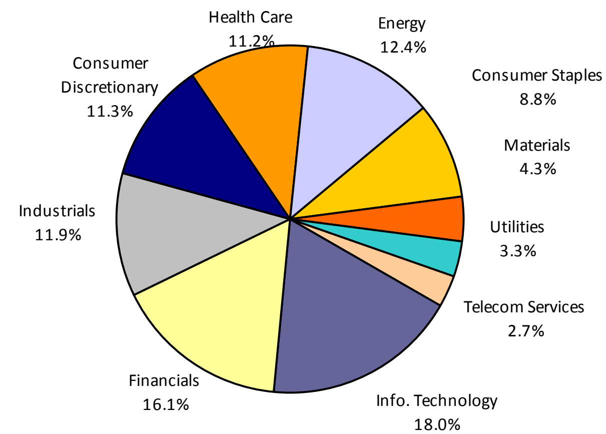
DOMESTIC MARKETS

Domestic Equity - Russell 3000

The Russell 3000 Index finished the second quarter virtually unchanged - losing only three basis points. Performance was mixed with five sectors losing ground and five gaining. The greatest contributors to performance were the Health Care, Consumer Staples and Consumer Discretionary sectors, comprising 32.3% of the index and contributing a gain of 1.7%. Those advances were countered by the Financial, Energy, and Industrial sectors, which account for 39.3% of the index and lost 1.6%.

For the trailing 12 months, all sectors of the Russell 3000 Index reported double-digit positive returns. Gains in the Energy, Information Technology and Consumer Discretionary sectors accounted for nearly half of 32.4% index returns.

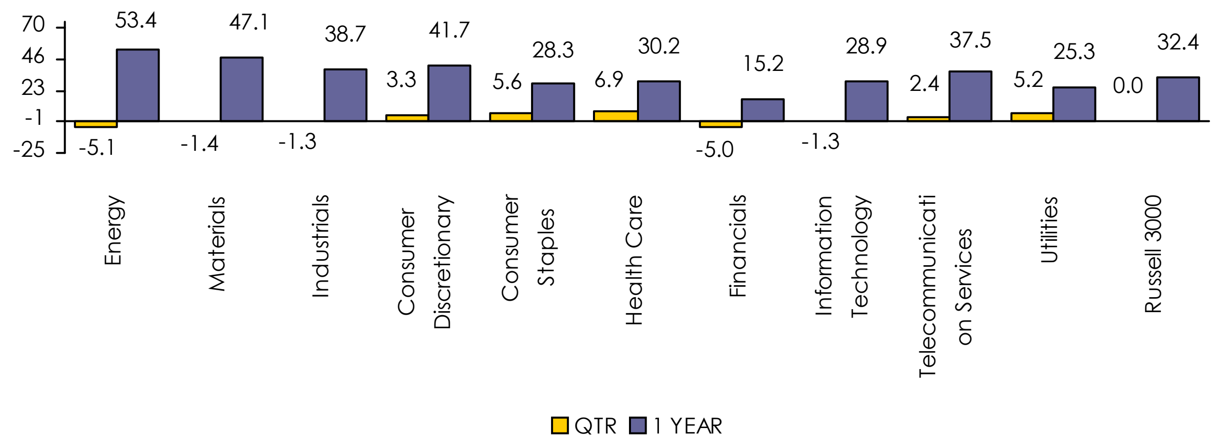
Ending Sector Weights



Characteristics

Div. Yield (%)	1.8
P/B Ratio	2.21
P/E Ratio	17.0
Fundamental Beta	1.02
Market Cap $(MM)	72,500

Sector Returns (%)



Contribution to Return

Qtr.	-0.6	-0.1	-0.2	0.4	0.5	0.8	-0.8	-0.2	0.1	0.2
1 Yr.	5.7	2.0	4.5	4.7	2.6	3.6	2.5	5.2	1.0	0.9

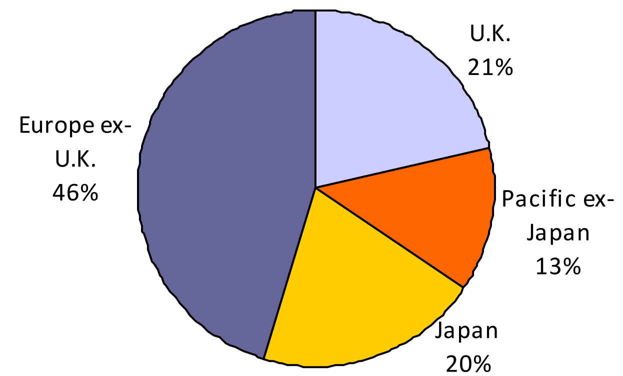
INTERNATIONAL MARKETS

International Equity—MSCI EAFE (Net)

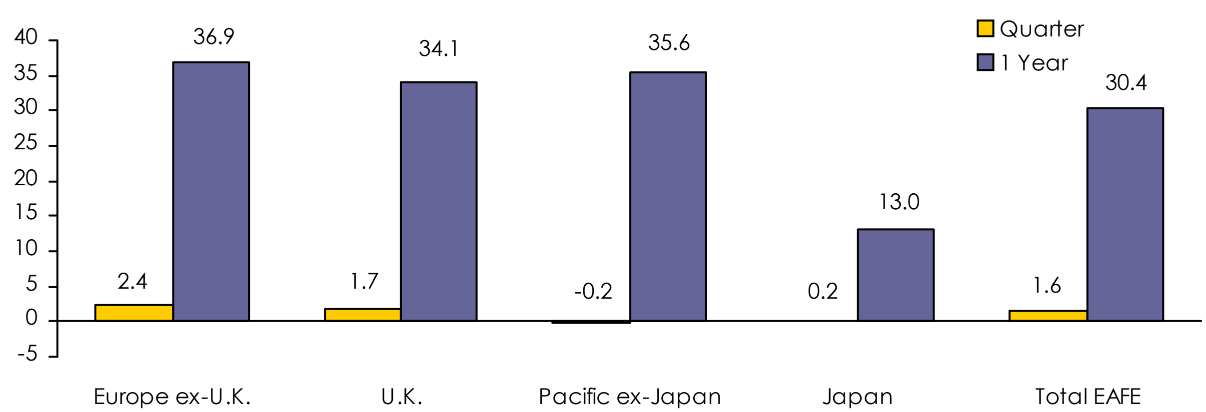
Buoyed by a weak dollar and strong performance during April (May and June combined to lose -4.2%), the MSCI EAFE Index was positive for the fourth consecutive quarter. The index actually lost -0.8% in local currency terms, however, converting back to dollars resulted in a gain of 1.6% for the quarter. Despite the 16.5% loss in Greece, the Europe ex-U.K. region was the largest contributor to performance.

Over the trailing 12 months, the MSCI EAFE Index returned 30.4% as every country in the index produced positive returns. The two largest markets, Japan and U.K, which account for 41% of the index, contributed a third of overall performance.

Ending Regional Weights



Regional Returns (%)



Contribution to Return:

	Europe ex-U.K.	U.K.	Pacific ex-Japan	Japan
Qtr.	1.1	0.4	-0.0	0.0
1 Yr.	16.1	7.2	4.6	2.8

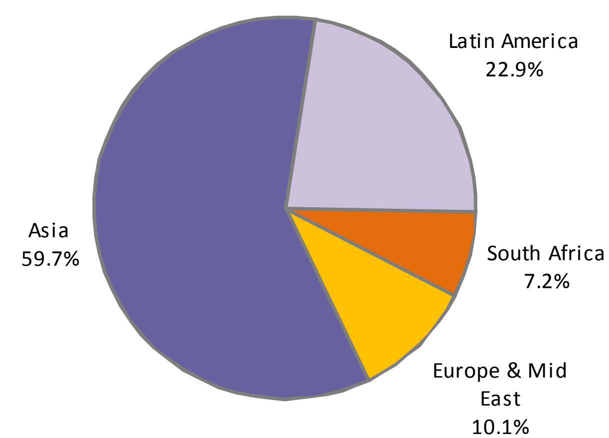
Emerging Markets Equity - MSCI EM (Net)

The MSCI Emerging Markets Index contracted in the second quarter, declining -1.1% due, in part, to fears of inflation. Over the last 12 months, however, the index posted strong gains, rising 27.8% .

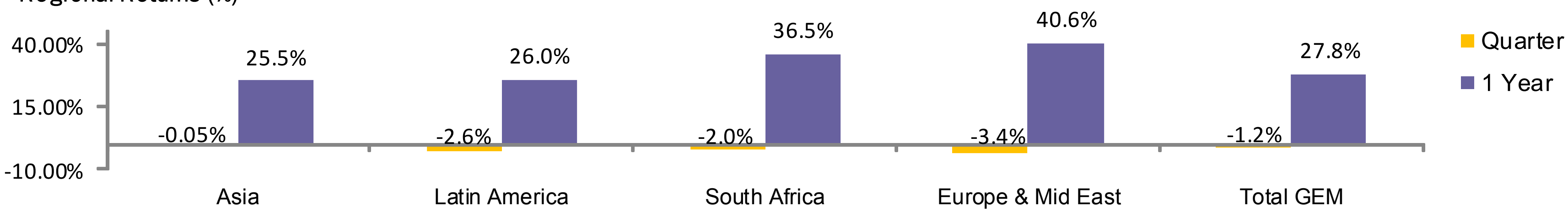
European-domiciled securities made the greatest contribution to return during the quarter. Key contributors were the Czech Republic and Poland which returned 5.6% and 3.9%, respectively. The largest emerging markets, China and Brazil (which represent nearly a third of the index) cooled during the quarter losing 1.9% and 4.1%, respectively.

Over the last 12 months, every country in the index (with the exception of Egypt) gained in value, and the average country return was 31.9%. Key contributors included Korea and Thailand, each returning 43%.

Ending Regional Weights (%)



Regional Returns (%)



Contribution to Return:

Qtr.	0.0	-0.6	-0.1	-0.4
1 Yr.	15.0	5.9	2.6	4.2

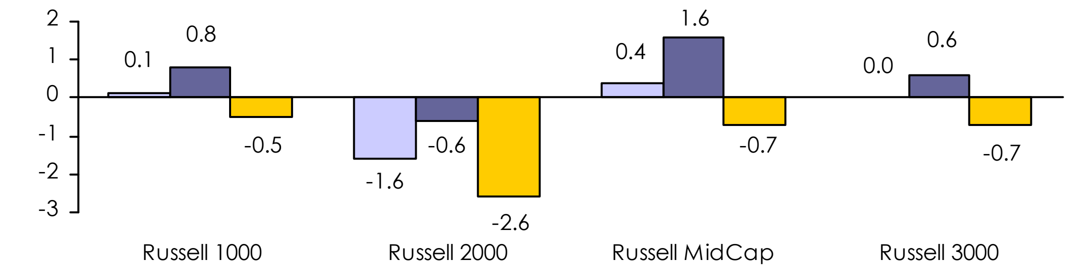
EQUITY BY STYLE & CAPITALIZATION

Style & Capitalization Returns

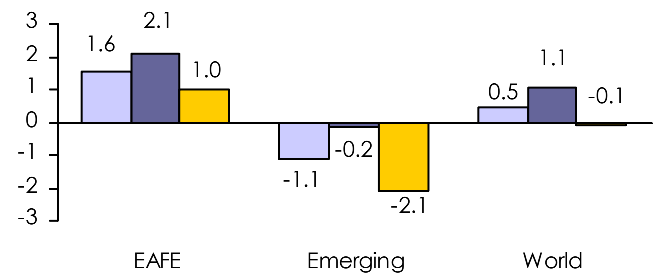
In U.S. markets, large cap securities significantly outperformed small caps during the quarter. The Russell 1000 Index returned 0.1%, outperforming the Russell 2000 Index by 1.7%.   Along style lines, the growth components of the Russell indices generated the greatest performance for the quarter and the trailing 1-year period. For the 1-year ended June, the Russell 1000 Growth Index returned 35% compared to 28.9% for the Russell 1000 Value Index. The Russell 2000 Growth Index generated the greatest gains for the year, advancing 43.5%.

Outside the U.S., similar trends were apparent with growth outpacing value for both the quarter and trailing 1-year periods. Both the MSCI EAFE Growth and MSCI World Growth indices exceeded the returns of their value equivalent by more than 1% for quarter. The difference was more dramatic in non-developed markets where the MSCI EM Growth Index outperformed the MSCI EM Value Index by almost 2%. For the 1-year period, the MSCI World Growth Index registered the strongest return of 32.5%, outperforming the MSCI World Value Index by 4%.

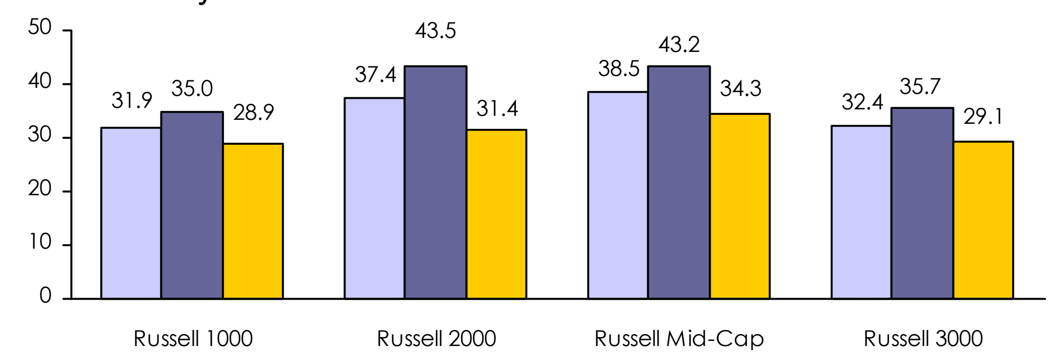
Russell U.S. Style Returns Quarter



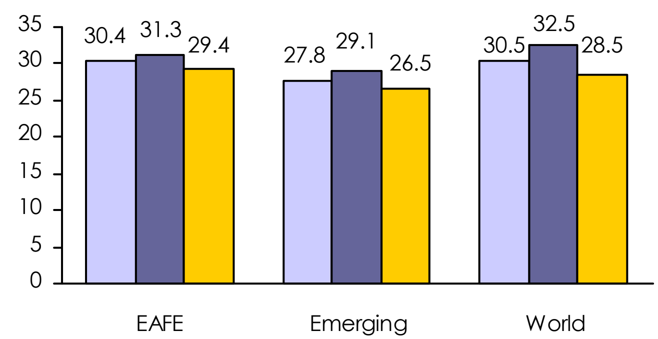
MSCI Non-U.S. Style Returns Quarter



Russell U.S. Style Returns - 1 Year



MSCI Non-U.S. Style Returns - 1 Year

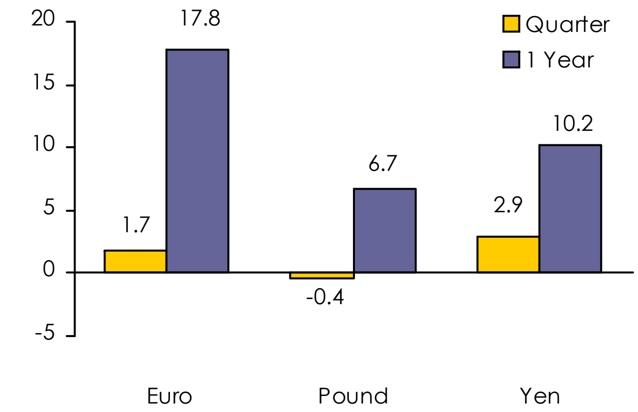


Core   Growth   Value

CURRENCY AND BOND MARKETS

Currency Markets

Currency Returns (%)



In the April 7th meeting in Frankfurt, the President of the ECB, Jean-Claude Trichet , announced that key lending rates, which were at historic lows, would be raised 25 basis points to 1.25%. This signaled the first rate hike in nearly three years. Trichet believes that Europe faces significant inflations risks despite the economic difficulties (primarily isolated to Portugal, Greece and Ireland). During the quarter, speculation continued that Europe would see a second rate hike in the third quarter of 2011.

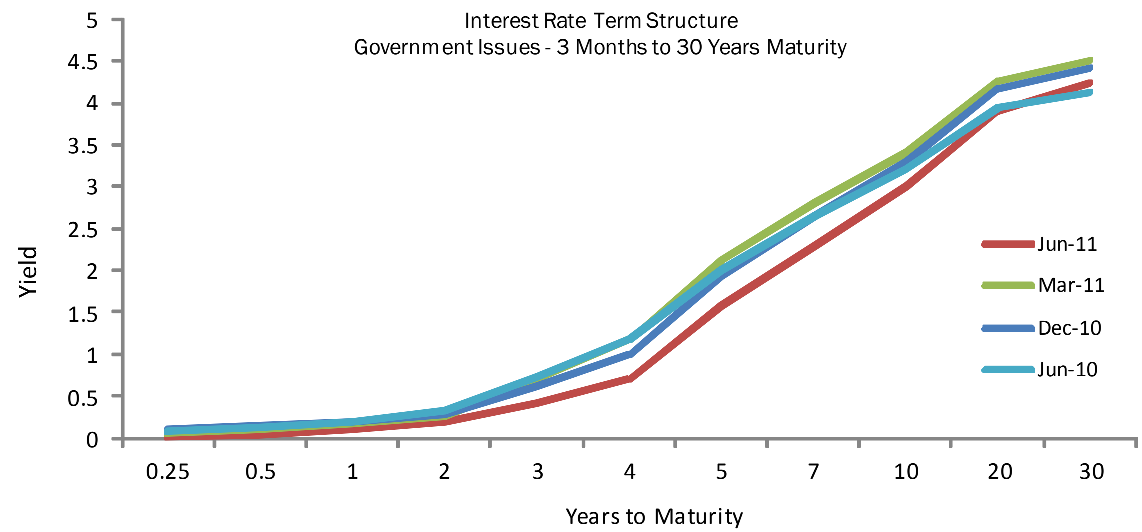
The U.S. Federal Reserve kept its key lending rates at historic lows to support further economic recovery.

The Euro continued to surge against the dollar in the second quarter gaining 1.7%, while the U.S. dollar stabilized against the British pound gaining four basis points. Over the past year, the Euro has gained 17.8%, while the British pound has gained 6.7%. Meanwhile versus the Yen, the dollar continued its fall shedding another 2.9% and 10.2% over the past 12 months.

Yield Curve

Yields on the 30 year nominal treasury securities decreased during the second quarter and are still below the levels at which they ended 2010.

In the June 22nd press release, the Federal Open Market Committee left federal funds rate at 0 to 0.25% stating that they “anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.”



BOND MARKETS

U.S. Bond Market Returns - Barclays Capital Aggregate

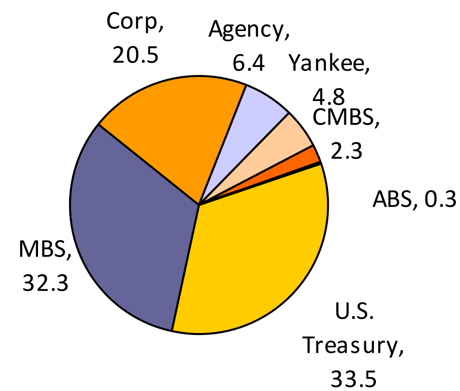
The Barclays Capital Aggregate Bond Index gained 2.3% in the second quarter and advanced 3.9% over the past year.

All sectors were positive for the quarter and trailing 12 months. U.S. Treasury Bills and Yankee Bonds led the way returning 2.4% each during the quarter. CMBS, Corporate and Yankee bonds delivered the strongest returns for the year.

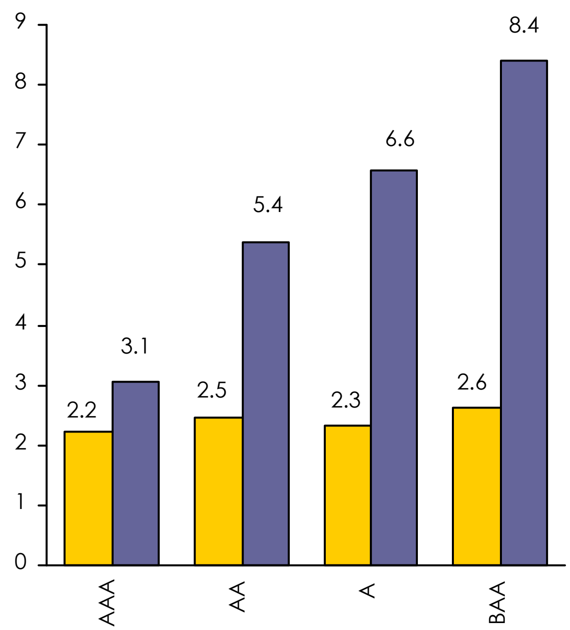
Longer duration bonds delivered the greatest returns for the quarter. Over the trailing 12 months, medium duration instruments generally delivered the best returns.

Bonds across all quality spectrums had similar performance during the quarter, returning between 2.2 and 2.6%. Over the last year however, lower rated bonds have outperformed, with BAA-rated issues returning 8.4%

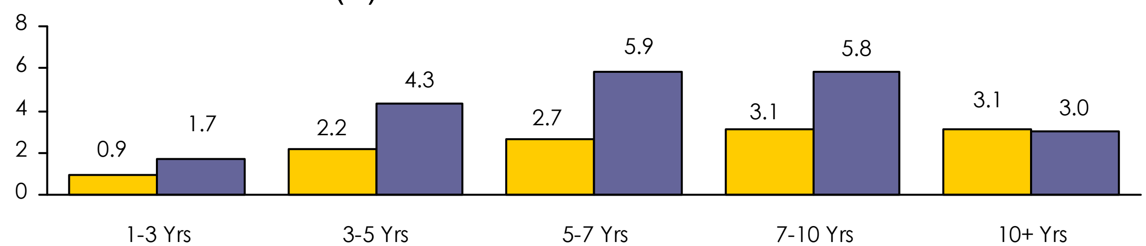
Sector Weights (%)



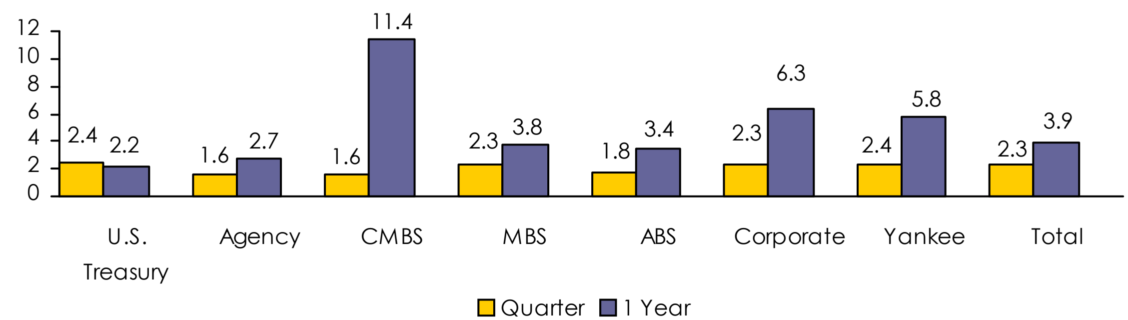
Quality Performance (%)



Duration Performance (%)



Sector Performance (%)



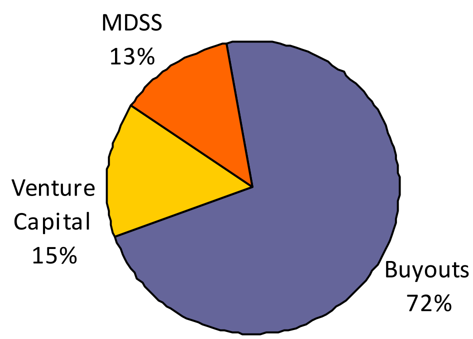
State Street Private Equity Index

For the first quarter of 2011 (the most recent date available), the State Street Private Equity Index gained 5.6%, which contributed to a overall return of 22.6% for the trailing 1-year period.

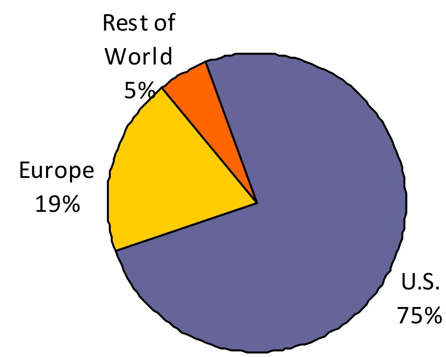
Mezzanine, Distressed, and Special Situation ("MDSS") led the way in the first quarter, returning 8.6%. Buyout strategies, which represent 72% of the index, registered the strongest gains over the last 12 months, returning 23.8% and contributing over 75% of the SSPEI return.

Private Equity investments in the U.S. outperformed those in Europe and the rest of the world by 2% during the first quarter. Over the trailing 12 months, however, the U.S. lags by 0.5% and 3.4% respectively.

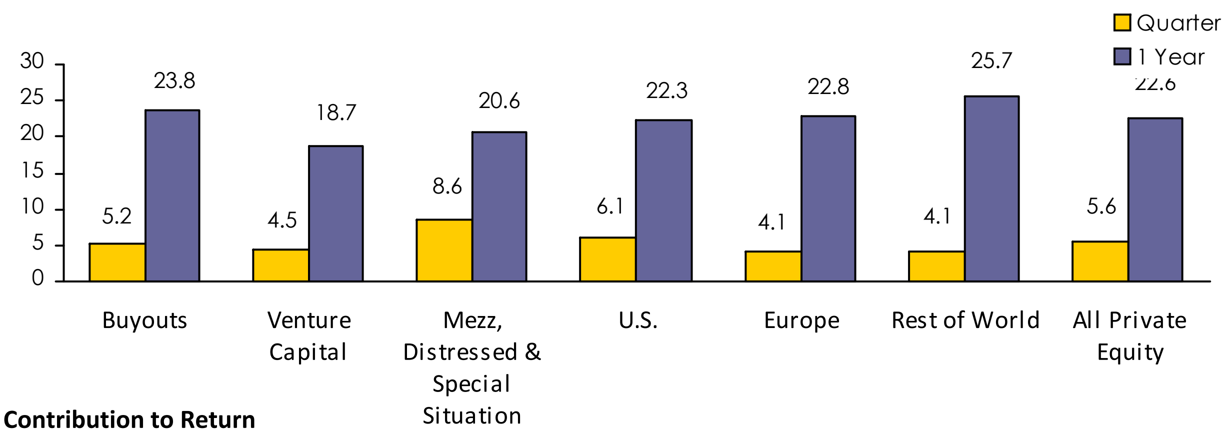
Total Capitalization Weights by Strategy



Total Capitalization Weights by Region



IRR Returns (%)*



Contribution to Return

	Buyouts	Venture Capital	Mezz, Distressed & Special Situation	U.S.	Europe	Rest of World
Qtr.	3.8	0.6	1.2	4.5	0.8	0.3
1 Yr.	17.0	2.4	3.2	16.8	4.3	1.6

ENVIRONMENT

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