ENVIRONMENT

Independent Consultants Cooperative (ICC)

ICC INDEPENDENT CONSULTANTS COOPERATIVE

> General Comments

- The stock market finished 2010 with a roar, with every major index ending in positive territory. The fourth quarter rally (S&P 500 ended the three months up 10.8%, 15.5% for the year) pushed the U.S. equity markets to their highest levels since the collapse of Lehman Brothers (September 2008). While unemployment rates are still high, industrial production, consumer spending, and U.S. GDP each increased during the last quarter of 2010, easing fears of a double dip recession.
- The U.S. equity markets performed well this quarter. Fixed income markets, however, experienced negative returns as interest rates rose sharply during the fourth quarter. The Barclay's Capital Municipal Bond Index declined 4.2%, highlighting investor concerns about the deteriorating financial condition of municipalities.
- The Federal Reserve, noting elevated rates of unemployment and low inflation rates, again left the federal funds' target rate unchanged at 0% to 0.25%. The committee will continue to push the American economy towards recovery by maintaining the low federal funds target rate in addition to injecting funds into the marketplace by purchasing $600 billion of Treasury securities throughout the first half of 2011 (QE2).
- Amid concerns of an escalating debt crisis, European officials announced in November a €85 billion bailout of Ireland and a possible expansion of the European Financial Stability Facility. This marks the second bailout in six months — following Greece's €115 billion bailout in May. While speculation about the size, scope, and viability of the bailouts for Greece, Ireland, and possibly Portugal continue to swirl, the real impetus for expanding the size of the EFSF is likely the fear that Spain, Europe's fourth largest economy, could fall prey to contagion and seek a massive bailout of its own.
- Since the State Street Global Markets Investor Confidence Index bottomed out at 88.1 in September 2010, the Index has rebounded, finishing up 16.3 points to 104.4 as of December 31, 2010. Investor confidence in Europe had a significant drop off from November to December (a 10.8 point decrease) because of sovereign debt concerns that still plague the PIIGS countries. Confidence in North America and Asia however, increased by 15 points and 7.4 points respectively over the fourth quarter to 103.1.

MARKET SUMMARY

Equity Markets

U.S.	QTR	1 Year	3 Year
S&P 500	10.8	15.1	-2.9
Dow Jones Industrial Average	8.0	14.1	-1.6
NASDAQ	12.4	17.8	0.9
Russell 1000	11.2	16.1	-2.4
Russell 2000	16.3	26.9	2.2
Russell 3000	11.6	16.9	-2.0
Non-U.S.			
MSCI EAFE (Net)	6.6	7.8	-7.0
MSCI Emerging Markets (Net)	7.4	18.9	-0.3
MSCI All Country World ex U.S.	7.2	11.2	-5.0

Bond Markets

U.S.	QTR	1 Year	3 Year
Barclays Capital Aggregate	-1.3	6.5	5.9
Barclays Capital Gov/Credit	-2.2	6.6	5.6
Barclays Capital Universal	-1.0	7.2	6.0
Barclays Capital Corp. High Yield	3.2	15.1	10.4
Non-U.S.			
CG Non-U.S. World Govt.	-1.5	5.2	6.5

Non-Public Markets

Lagged Data Set—3Q10

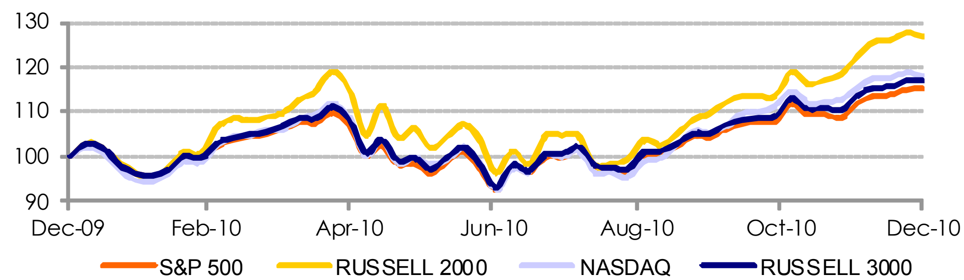
	QTR	1 Year	3 Year
NCREIF Property	3.9	5.8	-4.6
State Street Private Equity Index	6.6	16.2	-2.1

Global Equity Markets

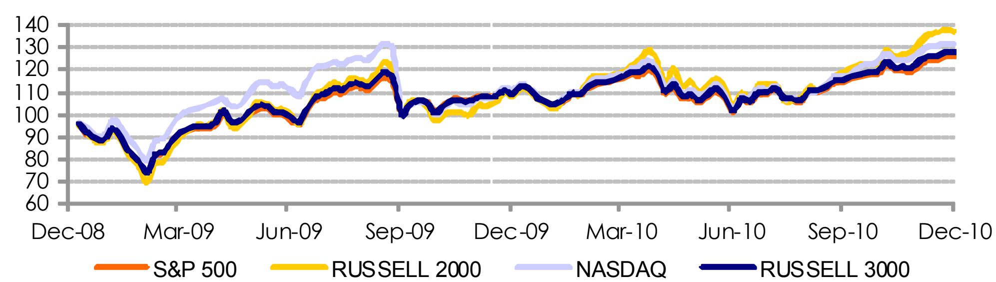
- Global markets performed well in the fourth quarter of 2010. In the U.S., the broad market S&P 500 Index returned 10.8% and the Dow Jones Industrial Average gained 8.0%. The Tech/Telecom heavy NASDAQ advanced 12.4%. International markets, as represented by the MSCI EAFE Index, increased by 6.6%, a more modest increase compared with last quarter's gain of 16.5%. The MSCI Emerging Markets Index increased by 7.4%, continuing its strong recent performance. Over the past 12 months, the MSCI Emerging Markets Index returned 18.9%.

- The story of the quarter, however, was the relative success of the small cap indices over their large cap counterparts. The Russell 2000 Index posted a 16.3% return for the quarter, and the Russell Microcap Index posted a return of 19.4%, outperforming the Russell 1000 Index (large cap) return by 506 and 822 basis points, respectively.

Equity Index - Year to Date Growth Rate



Equity Index - 2-Year Growth Rate



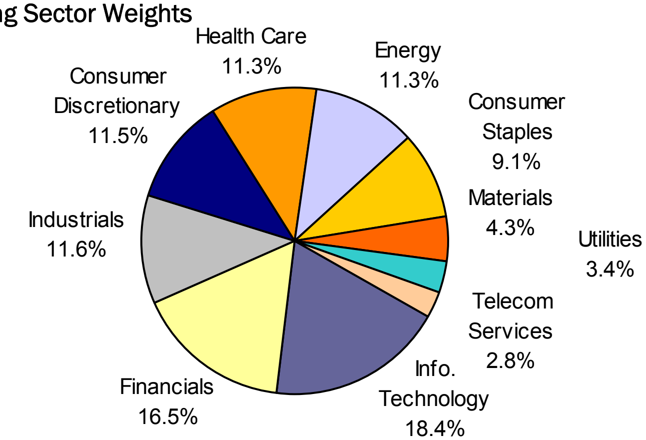
DOMESTIC MARKETS

Domestic Equity - Russell 3000

- The Russell 3000 Index gained 11.6% during the fourth quarter of 2010. Every sector within the Russell Index posted positive returns, with six sectors returning double digits. The greatest sector contributors to quarterly performance included Energy, Information Technology, and Consumer Discretionary. These sectors account for just under half of the index weight.

- In a continuation of the third quarter's success, all sectors reported positive returns over the trailing 12 months. The most influential sectors for the trailing one-year time frame were Consumer Discretionary, Industrials, Energy, and Information Technology — which aggregated, make up over half of the index. They returned 30.1%, 27.3%, 21.8%, and 12.8%, respectively, and as a result, had the largest positive impact on returns.

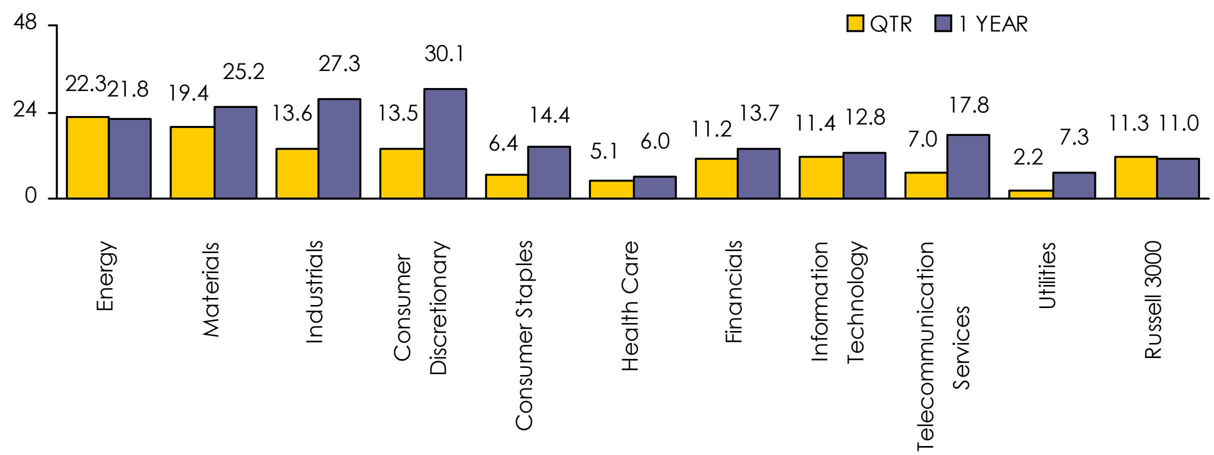
Ending Sector Weights



Characteristics

Div. Yield (%)	1.7
P/B Ratio	2.21
P/E Ratio	16.3
Fundamental Beta	1.01
Market Cap $(MM)	72,270

Sector Returns (%)



Contribution to Return:

Qtr.	2.5	1.1	1.2	1.7	0.7	0.5	1.5	1.8	0.4	0.1
1 Yr.	2.4	1.1	3.1	3.5	.3	0.7	2.2	2.4	0.5	0.3

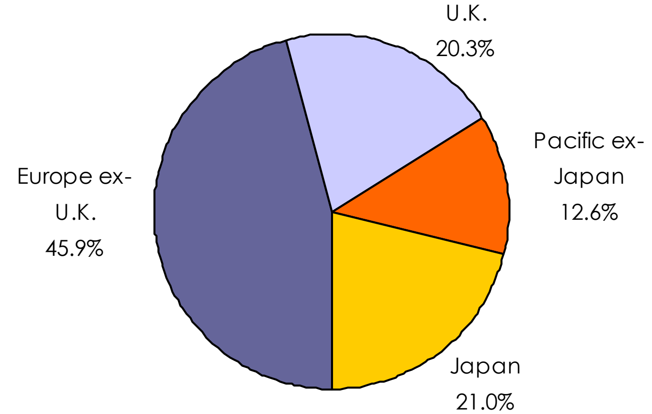
INTERNATIONAL MARKETS

International Equity—MSCI EAFE (Net)

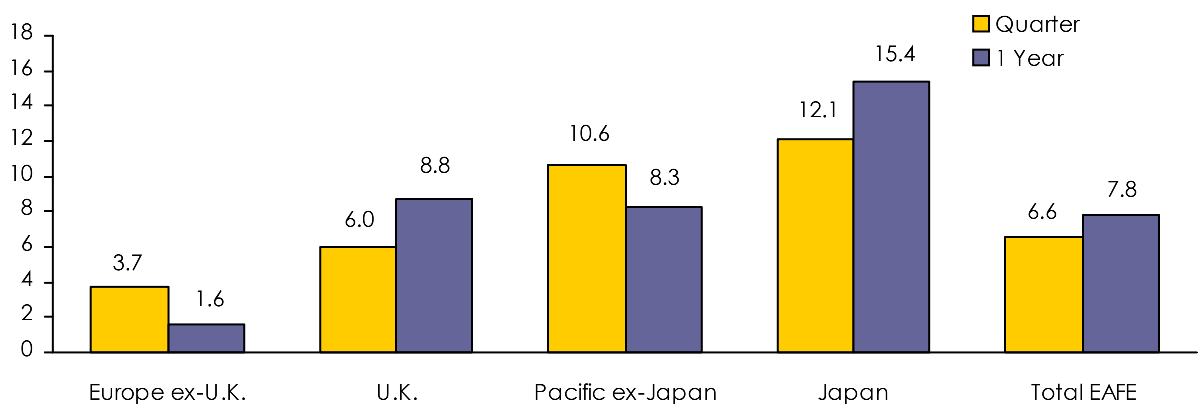
- The MSCI EAFE Index posted positive returns for two out of the three months in the quarter: October returned 3.6%, November dropped off 4.8%, and December came back to finish up 8.1%. The return for the fourth quarter of the 2010 was 6.6%. The Nordic Countries continued to perform well, particularly securities in Norway (11.6%), Sweden (7.4%) and Denmark (7.0%). The "PIIGS" countries however, are still struggling to secure their footing after debt concerns soured the markets earlier this year. The drag on performance caused by the "PIIGS" countries, mainly Greece (-10.8%) and Spain (-10.1%), was still outweighed by the majority of the countries in the index posting strong positive returns throughout the quarter.

- One year returns were strong, as the EAFE Index returned 8.2%. Top performing countries in Europe were based in the Nordic region, especially Sweden (31.3%), and Denmark (29.8%). The EAFE one-year rolling return was modest compared to that of emerging markets due to the recent debt troubles within Euro-zone markets. Greece (-46.4%), Spain (-25.4%), and Ireland (-19.7%) are still reeling from their respective fallouts earlier this year.

Ending Regional Weights



Regional Returns (%)



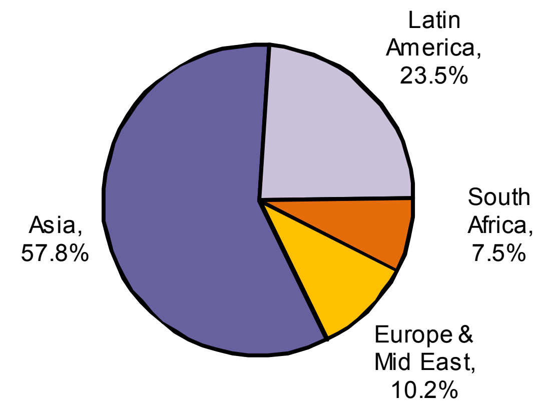
Contribution to Return:

Qtr.	1.6	1.3	1.1	2.6
1 Yr.	0.7	4.6	1.6	4.7

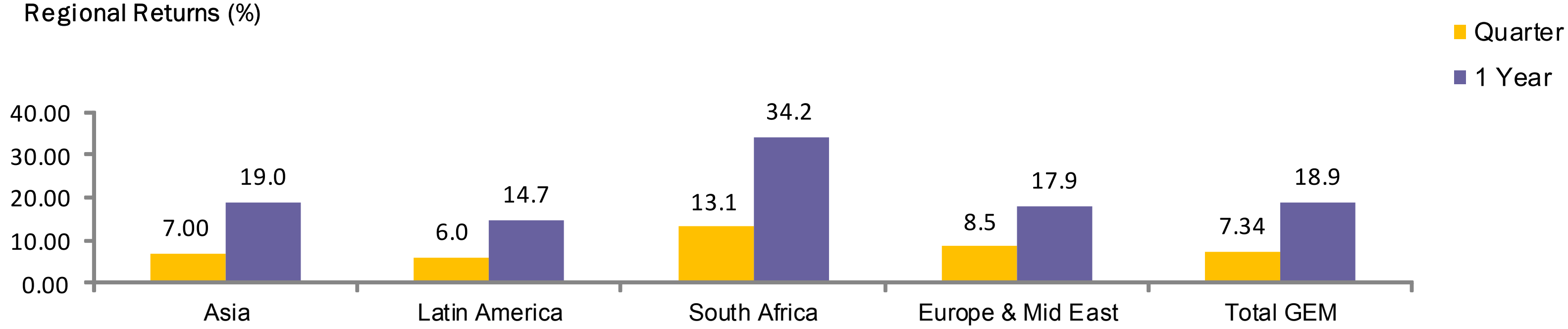
Emerging Markets Equity - MSCI EM (Net)

- The MSCI Emerging Markets ("EM") Index gained 7.4% in the fourth quarter, which brings its 12 month gain to 18.9% for the period ending December 31, 2010.
- Asia and Latin America based securities provided the greatest contribution to return over the quarter and one-year trailing periods. Key contributors in Asia included gains from securities domiciled in India and Korea, returning 21.0% and 26.7%, respectively. The biggest contributors in Latin America were Peru (53.3%) and Chile (44.2%).
- The majority of emerging markets countries (excluding Hungary and the Czech Republic) posted large positive returns over the trailing one year. The average country return during the year was 21.6%, dwarfing the EAFE average return of 2.7%.

Ending Regional Weights (%)



Regional Returns (%)



Contribution to Return:

Qtr.	4.0	1.4	1.0	0.9
1 Yr.	10.6	3.5	2.4	2.4

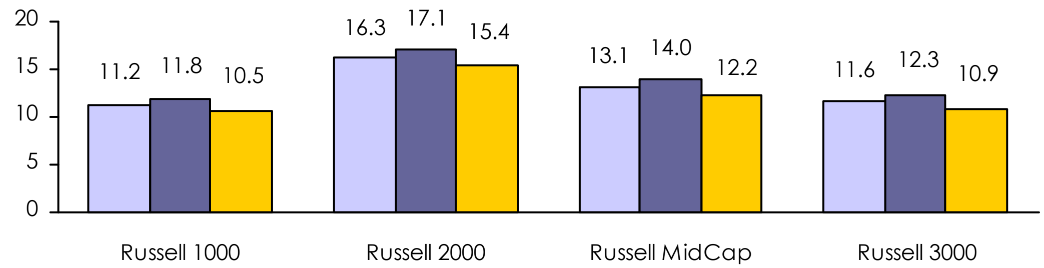
EQUITY BY STYLE & CAPITALIZATION

Style & Capitalization Returns

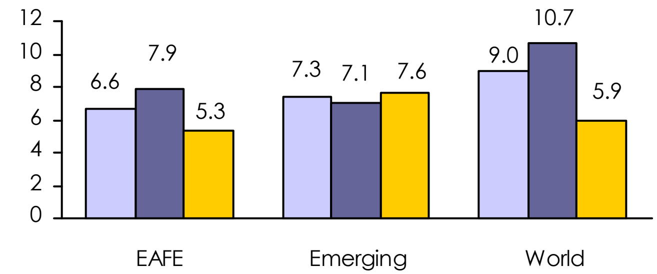
- The major indices within the worldwide markets continued their upswing during the fourth quarter of 2010, particularly growth indices within all of the cap spectrums of the domestic markets. The Russell 1000, 2000, 2500, and 3000 Growth Indices all outperformed their Value counterparts by 129, 175, 216, and 134 basis points, respectively. To illustrate the buoyancy of the fourth quarter, the Russell 1000 Value Index was the poorest performing Russell index but still increased by 10.5% over the period ending December 31, 2010. Overseas, the MSCI EAFE Growth and World Growth Indices each outperformed their value counterparts by 255 and 475 basis points, respectively, but the MSCI EM Growth Index trailed the Value Index by 40 basis points.

- Over the past 12 months, non-U.S. growth markets have shown significant outperformance over value markets. The MSCI EAFE and World Growth Indices outperformed their value indices by 249 and 223 basis points, respectively. The MSCI EM Growth Index however, underperformed its value counterpart, but by a more modest 50 basis points

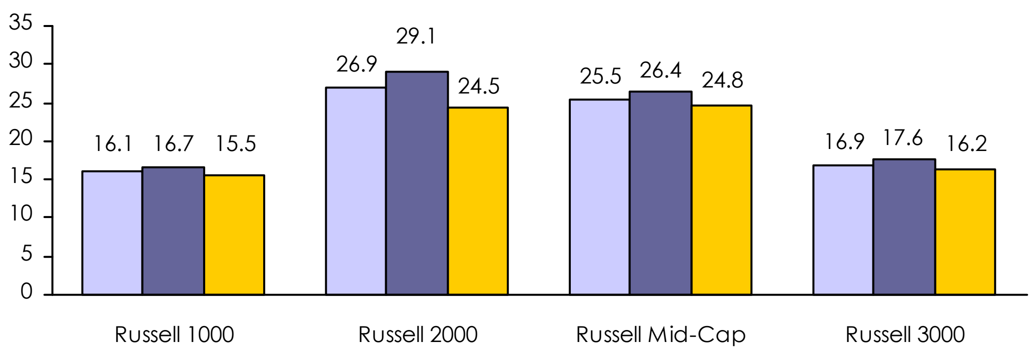
Russell U.S. Style Returns Quarter



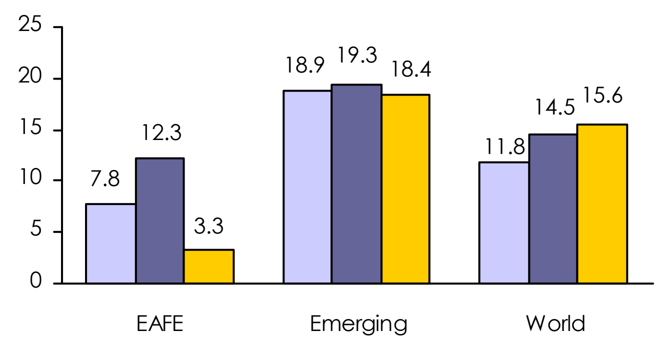
MSCI Non-U.S. Style Returns Quarter



Russell U.S. Style Returns - 1 Year



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



Neutral Growth Value

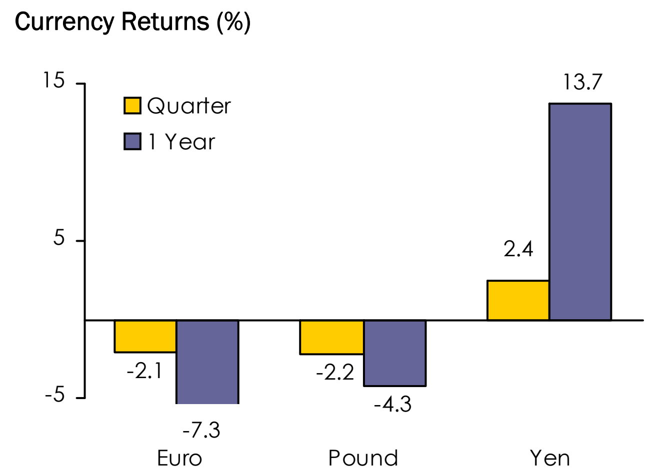
Currency Markets

- The Bank of England and the European Central Bank held key lending rates at historic lows during the entire calendar year, keeping them at 0.5% and 1.0%, respectively. Rising inflation rates however, are adding pressure for the Banks to start raising interest rates.

- The U.S. Federal Reserve also kept its key lending rates at historic lows to allow for further recovering of the economy.

- Currency markets were relatively quiet in the fourth quarter of 2010. Much of November and October performance offset each other's returns, particularly the USD/JPY. With news of another European debt crisis, this time Ireland, investors looked for refuge in the U.S. dollar. As a result, both the pound and Euro were slightly negative during the fourth quarter, returning –2.2% and –2.1% respectively.

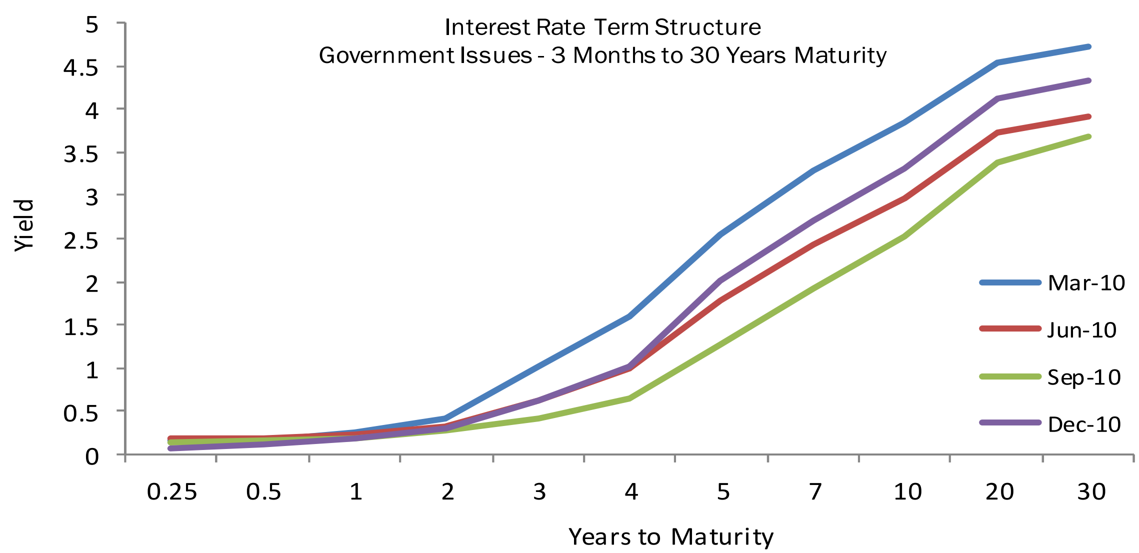
- During the calendar year, the U.S. dollar gained 7.3% relative to the Euro and 4.3% with respect to the Sterling, while the Japanese Yen rose 13.7% against the dollar. Some foreign currency analysts are expecting a potential "currency war". Several countries could potentially devalue their currencies to ensure competiveness. There likely will be pressure on Asian countries to devalue their strengthening currencies.



Yield Curve

- Yields on nominal treasury securities increased significantly during the fourth quarter but have yet to reach the levels attained at the beginning of 2010.

- At the December 14th meeting of the Board of Governors to discuss the discount rate, the directors of the Federal Reserve Bank indicated that the U.S. is seeing a slower pace of recovery than originally anticipated. The minutes reflected that the Federal Reserve plans to "purchase $600 billion of longer-term Treasury securities by the end of the second quarter of 2011 ... in order to foster maximum employment and price stability."

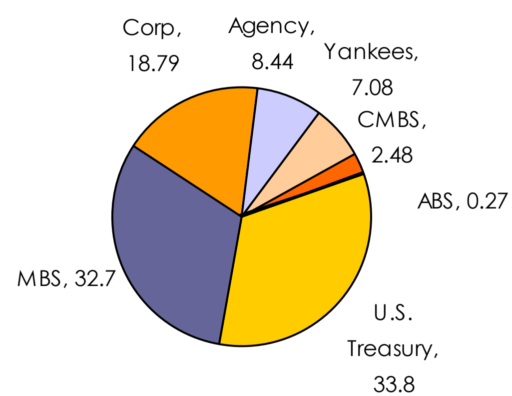


BOND MARKETS

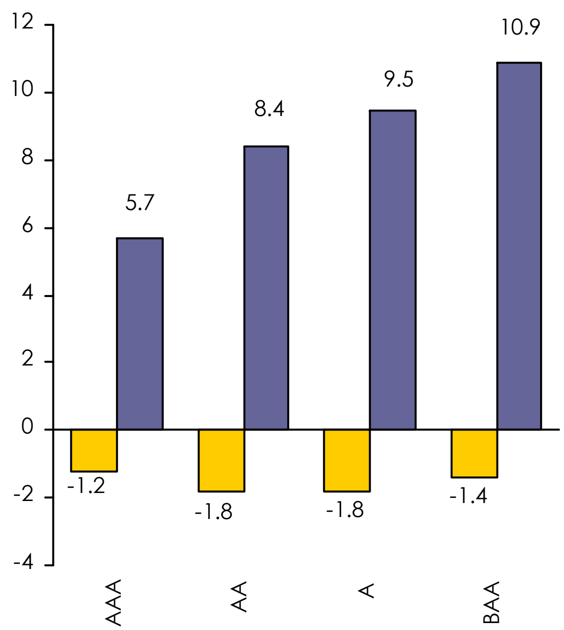
U.S. Bond Market Returns - Barclays Capital Aggregate

- While the equity markets surged at the end of 2010, the bond markets retreated. The Barclay's Capital Aggregate Bond Index lost 1.3% in the fourth quarter 2010, but still gained 6.5% over the past 12 month period.
- Commercial-Backed Bonds and Mortgage-Backed Securities were the only two sectors with positive, albeit modest returns this quarter, at 0.9% and 0.2%, respectively.
- Both CMBS and Corporate paper were additive over the past 12 months, returning 20.4% and 9.0%, respectively. Instruments with short maturities (1-3 years) experienced the strongest performance during the quarter (0.3%), but over the longer 12 month trailing period, longer-dated bonds (7-10 years) were more successful, returning 9.9%.
- Bonds across all quality spectrums lost value during the fourth quarter, with AA and A rated securities losing the most, at 1.8% each. However, over the past year, less favorably rated bonds performed better, with BAA rated issues returning 10.9%.

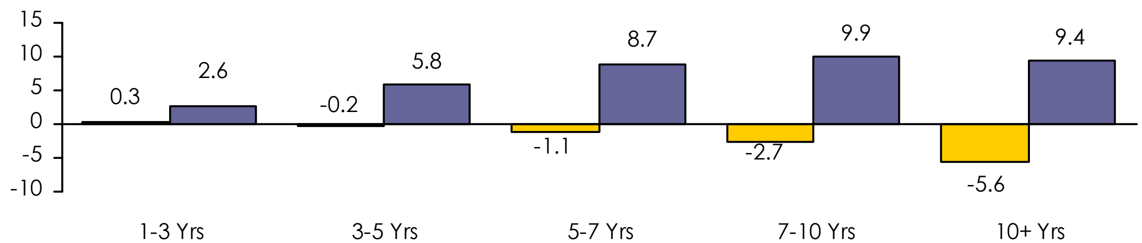
Sector Weights (%)



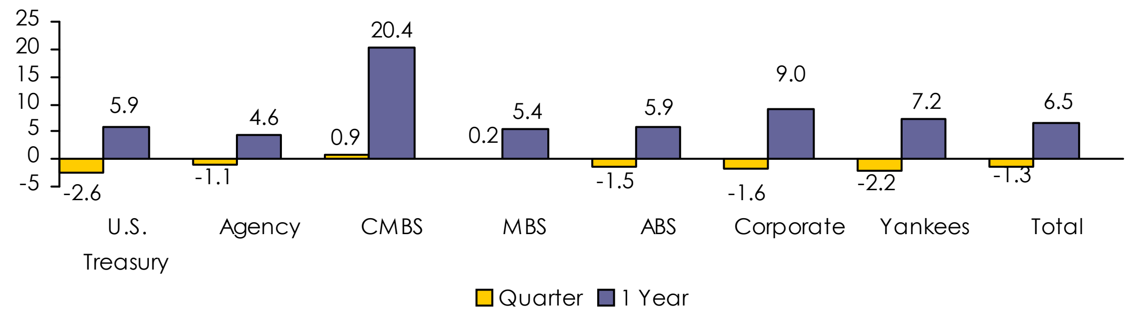
Quality Performance (%)



Duration Performance (%)



Sector Performance (%)



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