Multltnomah
GROUP
Institutional Retirement Plan Consulting

Investment Performance Review

Capital Markets Review
Performance as of March 30, 2012

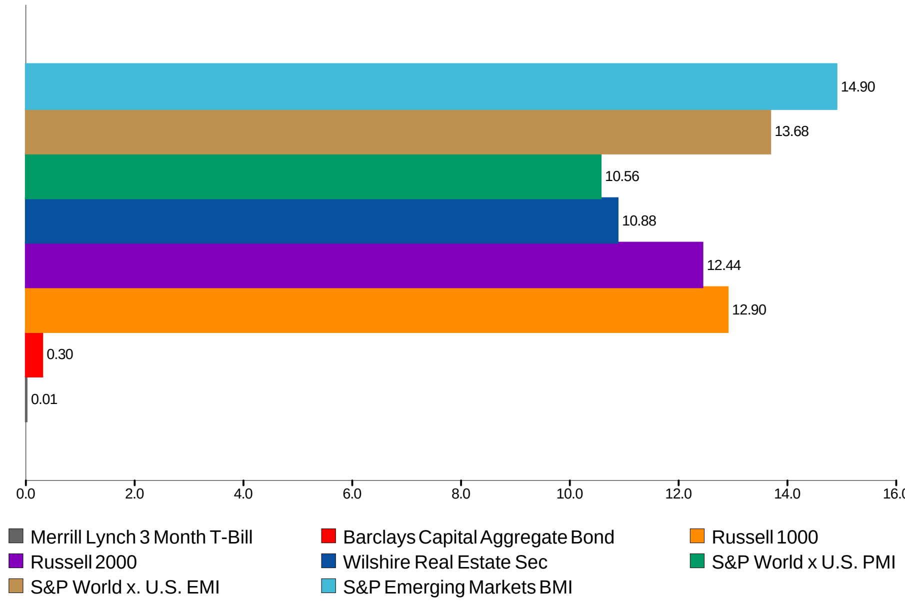
Global Markets Perspective

Market Overview

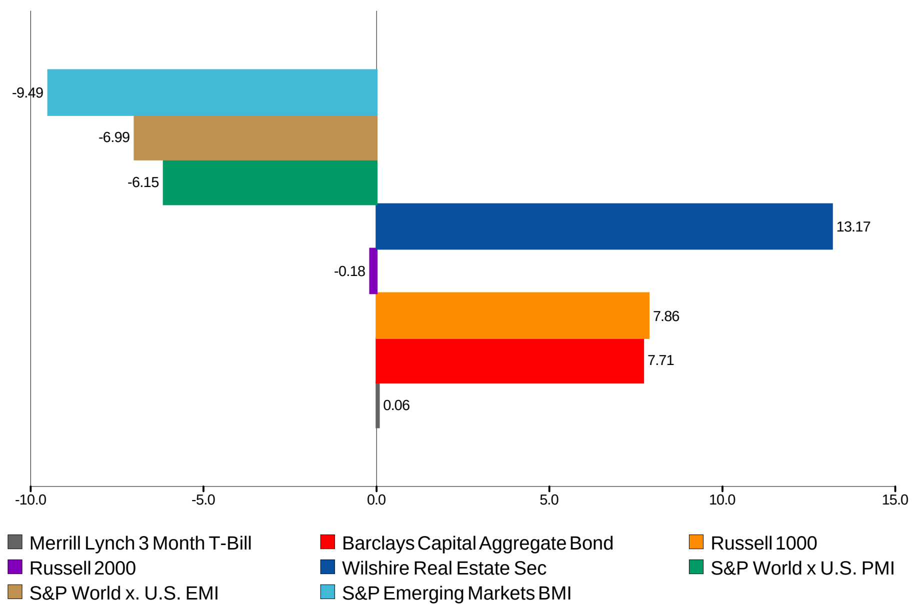
The strong global equity performance of the 4th quarter 2011 carried through into the 1st quarter as improving economic indicators increased investors' appetite for risky assets. For the past few years the market performance has been heavily dominated by investors' perception about global macroeconomic fears, with the market flip-flopping between risk aversion and risk acceptance. Last summer worries about the European sovereign debt crisis and the U.S. debt ceiling debate/S&P downgrade caused a massive sell-off in equities and a flight-to-quality that pushed down Treasury yields. Since early October, positive economic data has eliminated many of the fears about a double dip recession and has pointed towards a broadening recovery. This was coupled with progress in Europe on resolving the sovereign debt crisis that continues to hang over the euro zone.

While the market was buoyed by positive economic trends, there continue to be potential headwinds. The employment market has not fully recovered from the recession with only 3.9 million jobs having been created in the recovery versus 8.8 million jobs lost during the recession. Additionally, the housing market remains soft and high gas prices are eating into consumers' discretionary spending. Those headwinds create challenges but are not likely to derail modest economic growth in 2012.

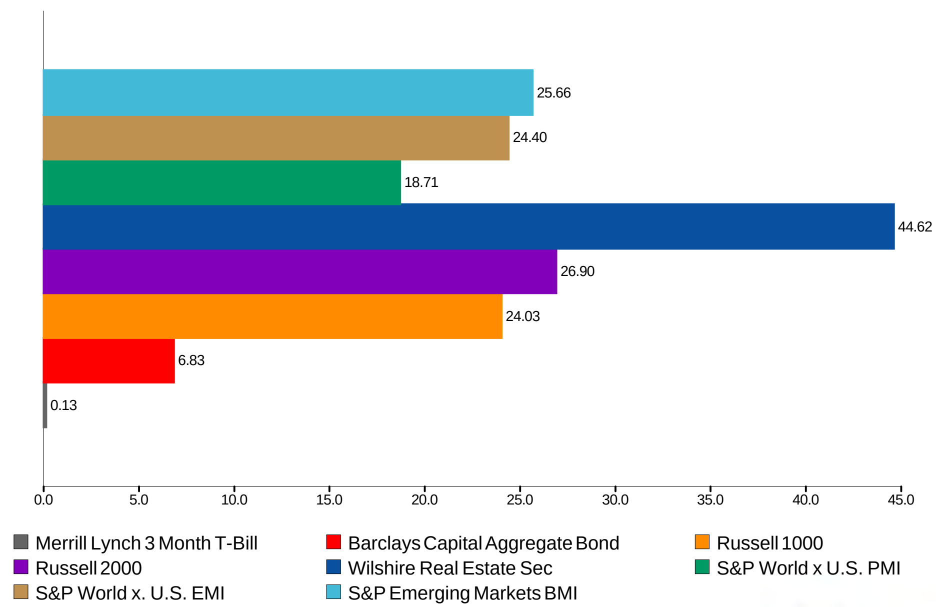
Last Quarter Performance



One Year Performance



Three Year Annualized Performance



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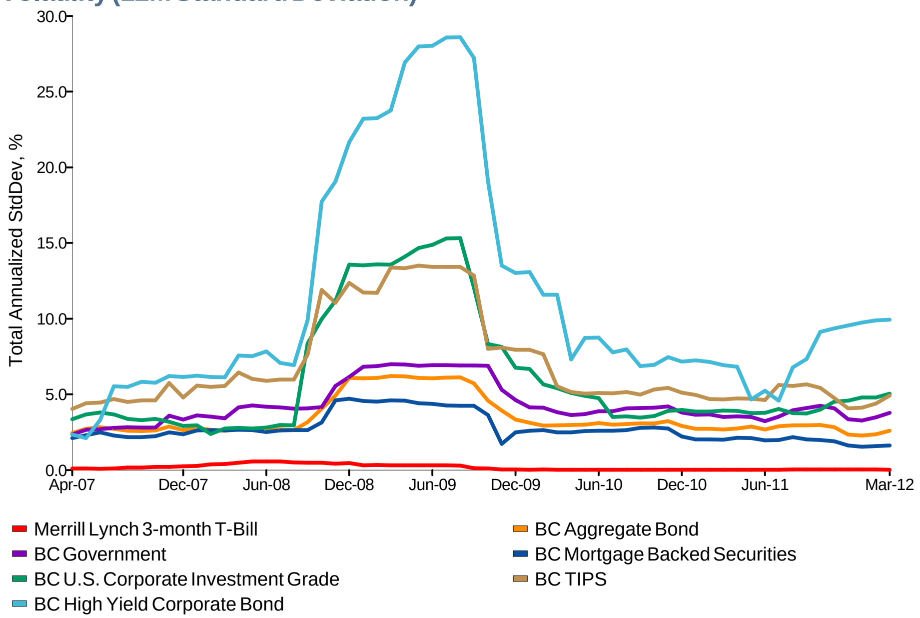
U.S. Fixed Income

Fixed Income Overview

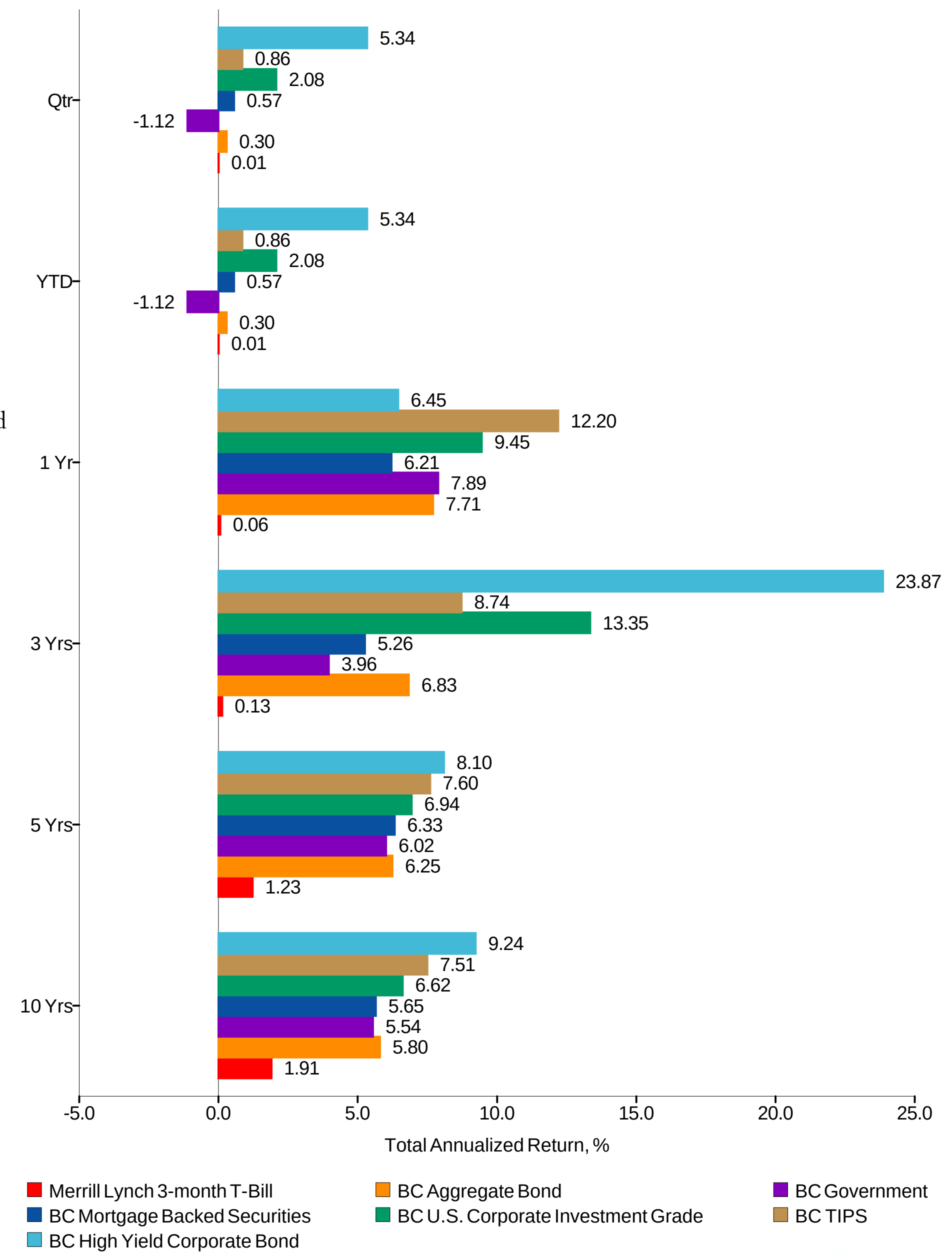
The broad investment grade fixed income market was flat during the quarter with the Barclays Capital Aggregate Bond Index gaining 0.3%. Within the Index there was a wide dispersion as Treasuries lost -1.3% and corporate bonds gained 2.1%. Treasuries were hurt by improving economic fundamentals and investors' demand for higher yielding assets. The 10-year Treasury yield increased from 1.89% at the end of 2011 to 2.23%. Even with the increased yield, Treasuries still barely kept pace with inflation with the 10-year Treasury having a real yield of 0.06%. The Fed expanded on its communications from last summer, indicating in January that they expected short-term interest rates to stay near zero through 2014. At the same time, they have been implementing “Operation Twist” to try to suppress long-term interest rates and stimulate economic growth.

As the economic recovery gains transaction it is likely that interest rates will continue to increase, putting pressure on bond returns. Investment grade corporate bonds and high yield corporate bonds should benefit on a relative basis since yield spreads will narrow as investors look for better yields than Treasuries. Any type of economic shock, either domestically or abroad, could push Treasury yields lower, but the current yields are inconsistent with the long-term average and expectations during a period of economic expansion.

Volatility (12M Standard Deviation)



Performance (Annualized)



U.S. Equity

U.S. Equity Overview

The S&P 500 Index posted a strong gain of 12.6% during the first quarter, fueled by investor optimism in the health of the U.S. economy. The quarter was marked by a transition away from the simplistic risk-on/risk-off mindset that has dominated the market over the past few years. On a sector basis there was a wide disparity between the best sectors (financials gained 22.0% and technology gained 21.5%) and the worst sectors (utilities lost -1.6% and telecommunications gained 2.1%). At a security level, the correlation among large cap stocks, which peaked during the sovereign debt crisis last summer at the highest level ever going back to 1926, declined precipitously and was only slightly above its historical average over the past 85+ years.

Corporate earnings growth has driven the gains in stocks as corporate earnings have rebounded from their recessionary lows. Most of the rebound in earnings in 2010 and 2011 was attributable to margin expansion rather than revenue growth. That may create challenges for companies as they have squeezed as much efficiency as they can out of their existing businesses and productivity gains are shrinking. On the positive side, consumer sentiment is improving which should help support revenue growth. Market valuations are still below their historical average. The trailing P/E ratio for the S&P 500 Index was 15.4 vs. 19.7 for the 20-year average, and the S&P 500 Index dividend yield was 2.1% for 1.7% for the 20-year average.

Returns by Style (Russell Style Indices)

Last Quarter

	Value	Blend	Growth
Large	11.12	12.90	14.69
Mid	11.41	12.94	14.52
Small	11.59	12.44	13.28

Last 1 Year

	Value	Blend	Growth
Large	4.79	7.86	11.02
Mid	2.28	3.31	4.43
Small	-1.07	-0.18	0.68

Last 3 Years

	Value	Blend	Growth
Large	22.82	24.03	25.28
Mid	29.18	29.13	29.16
Small	25.36	26.90	28.36

Last 5 Years

	Value	Blend	Growth
Large	-0.81	2.19	5.10
Mid	1.26	3.03	4.44
Small	0.01	2.13	4.15

Returns by Sector (S&P 500 Index Sectors)

	Cons Disc	Cons Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Svcs	Utilities	S&P 500 Index
Qtr (%)	15.96	5.54	3.88	22.05	9.06	11.31	21.46	11.19	2.08	-1.62	12.59
1 Yr (%)	17.53	17.34	-6.86	-1.76	16.41	1.75	20.21	-4.01	3.46	14.82	8.54
3 Yrs (%)	34.17	20.81	19.04	23.19	18.07	28.93	28.57	22.98	14.82	16.00	23.42
5 Yrs (%)	5.24	8.31	5.03	-13.02	4.39	2.46	8.15	2.17	0.39	1.55	2.01
10 Yrs (%)	5.14	6.69	11.09	-3.02	3.17	4.42	5.06	7.18	3.52	5.89	4.12

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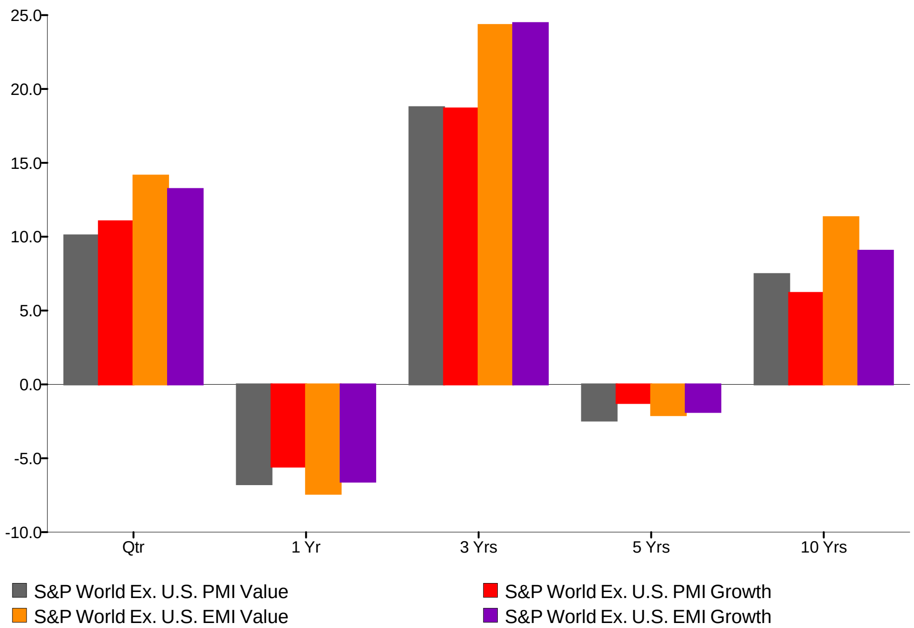
International Equity

International Equity Overview

International equity markets posted strong gains during the first quarter, even if developed international stocks lagged the U.S. slightly. European sovereign debt issues continued to dominate the headlines, with investors finding some comfort in the news during the first quarter. European political leaders reached a deal on fiscal policy that gave investors optimism that they were serious about fiscal discipline. Additionally, new European Central Bank President Mario Draghi implemented a program to provide euro zone banks with unlimited liquidity in the form of low-cost 3 year loans. The new liquidity program eased fears about European bank liquidity as institutions were becoming more reticent to lend to each other. Finally, a deal was reached for a Greek debt restructuring that avoided a messy default situation. The positive news aided European equity markets during the quarter but does not signal that Europe is out of the woods yet, as euro zone growth has been weak and sovereign debt issues still loom.

Emerging market equities rebounded from their poor showing in 2011, driven by the same increased appetite for risk that benefited developed market equities. Additionally, emerging market countries are generally benefitting from modest real policy rates encouraging growth, as well as from forecasts for future growth that exceeds the developed world.

Performance by Market Cap/Style (Annualized)



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Performance by Region (Annualized)

	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
Developed World	***12.02***	***0.29***	***22.10***	***0.16***	***6.06***
North America	***12.39***	***5.13***	***24.64***	***2.59***	***5.42***
Canada	6.89	-13.02	25.04	4.24	12.68
United States	12.96	7.28	24.65	2.48	5.02
Europe	***11.59***	***-7.38***	***19.13***	***-3.35***	***6.78***
Austria	17.36	-26.78	14.84	-13.62	10.07
Belgium	18.29	-2.83	21.37	-10.26	6.19
Denmark	18.80	-8.17	26.35	0.27	13.50
Finland	18.37	-20.25	13.35	-7.20	2.83
France	12.88	-13.72	14.04	-4.76	5.61
Germany	20.65	-7.67	20.88	-0.76	7.78
Greece	17.01	-55.85	-25.60	-31.21	-5.48
Ireland	17.43	10.32	21.48	-15.79	2.26
Italy	10.54	-26.41	4.98	-13.91	1.56
Luxembourg	8.02	-27.67	14.23	-9.75	NA
Netherlands	10.52	-13.33	19.53	-3.01	5.44
Norway	16.16	-7.34	30.28	-0.54	14.80
Portugal	1.44	-31.93	-0.02	-11.81	3.06
Spain	-2.89	-25.01	4.86	-8.50	7.56
Sweden	15.31	-8.32	33.99	1.32	12.12
Switzerland	10.18	1.31	20.62	1.94	8.98
United Kingdom	9.04	1.56	23.51	-1.96	6.57
Asia Pacific	***11.51***	***-2.05***	***19.07***	***-1.13***	***7.68***
Australia	9.94	-7.04	27.65	3.07	14.75
Hong Kong	13.04	-7.07	25.78	5.36	11.56
Japan	10.80	1.27	12.45	-4.72	4.43
New Zealand	12.51	10.76	25.91	0.10	13.39
Singapore	19.16	-0.80	34.02	4.67	11.46
Republic of Korea	13.12	-4.29	30.20	5.24	12.43
Emerging Markets	***14.90***	***-9.49***	***25.66***	***5.28***	***14.80***
European Emerging	19.66	-19.11	29.03	-3.76	14.68
Asia Pacific Emerging	14.16	-8.96	24.03	6.24	11.31
Latin America	15.14	-8.20	29.01	9.07	20.84
Mid-East and Africa	12.56	-2.41	24.20	6.75	18.63