Multultnomah GROUP

Institutional Retirement Plan Consulting

Investment Performance Review

Capital Markets Review
Performance as of June 29, 2012

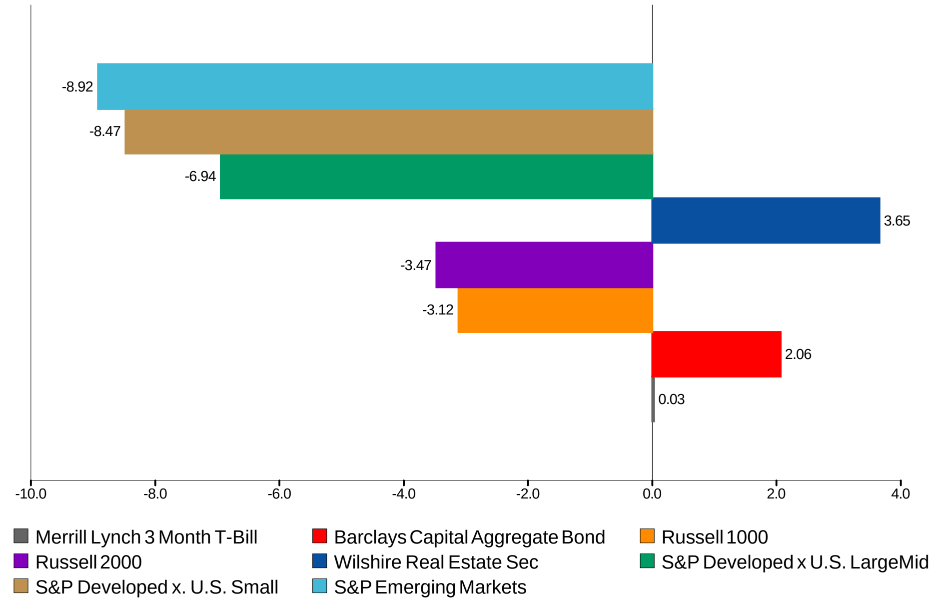
Global Markets Perspective

Market Overview

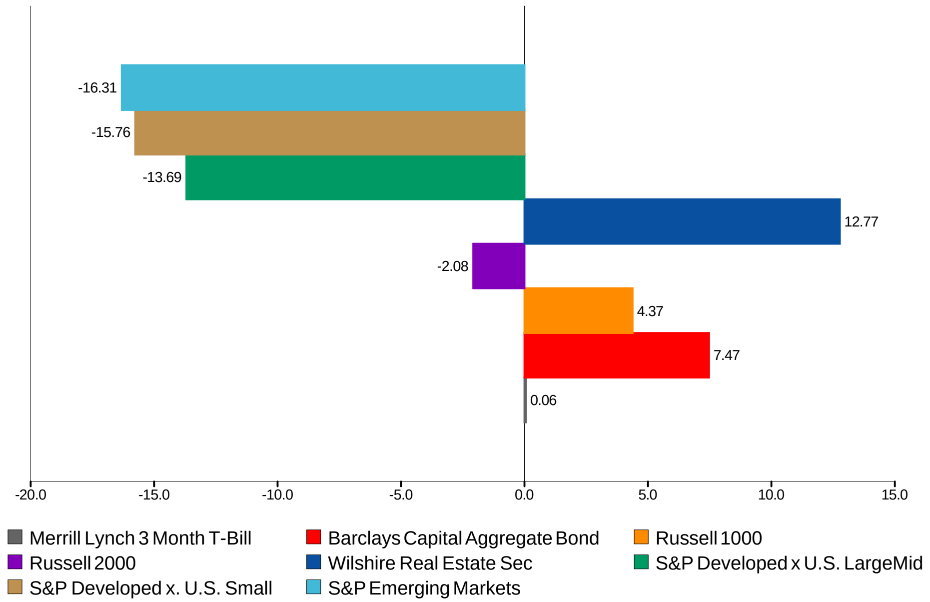
Europe continued to be the center of attention for investors globally. While there was positive momentum on the European crisis during the first quarter (i.e. fiscal policy reforms, the ECB liquidity program, and a Greek bailout), it all disappeared during the second quarter. Election results in Greece and France highlighted Europeans' frustrations with the austerity measures implemented over the past few years. The transition to new leadership also created uncertainty about the path forward, as the new French leader parted ways with Germany over plans to manage the ongoing crisis. At the same time, deep spending cuts are negatively impacting economic growth in the Eurozone and creating a global economic slowdown.

Momentum in the U.S. appears to be slowing as well. The latest monthly jobs numbers have disappointed and retail sales numbers fell for three straight months. Weak growth in the U.S. and the continuing Eurozone crisis combined to drive stocks lower during the quarter, and caused U.S. Treasuries to gain as investors continue to view them as a safe haven. The nominal yield on 10-year U.S. Treasuries was 1.67% at the end of June and the real, inflation-adjusted yield was -0.44%. This "flight-to-quality" continues to keep rates at historic lows, despite the all predictions of an "inevitable" rise in interest rates.

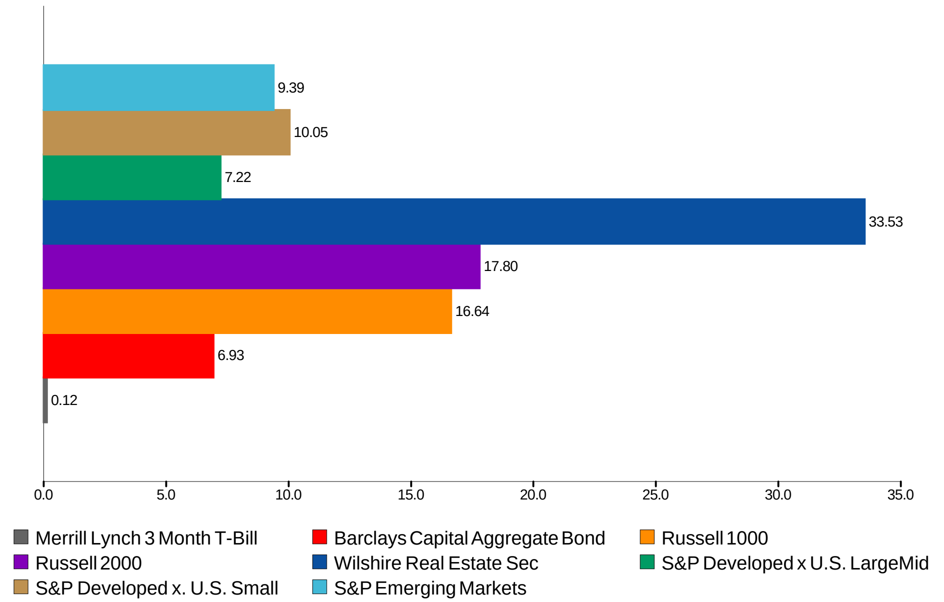
Last Quarter Performance



One Year Performance



Three Year Annualized Performance



As of June 29, 2012

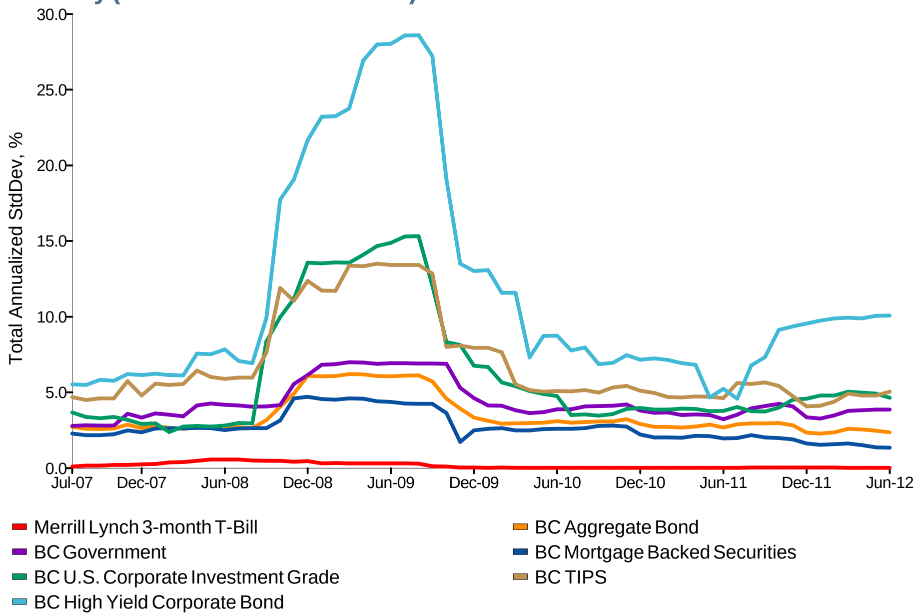
U.S. Fixed Income

Fixed Income Overview

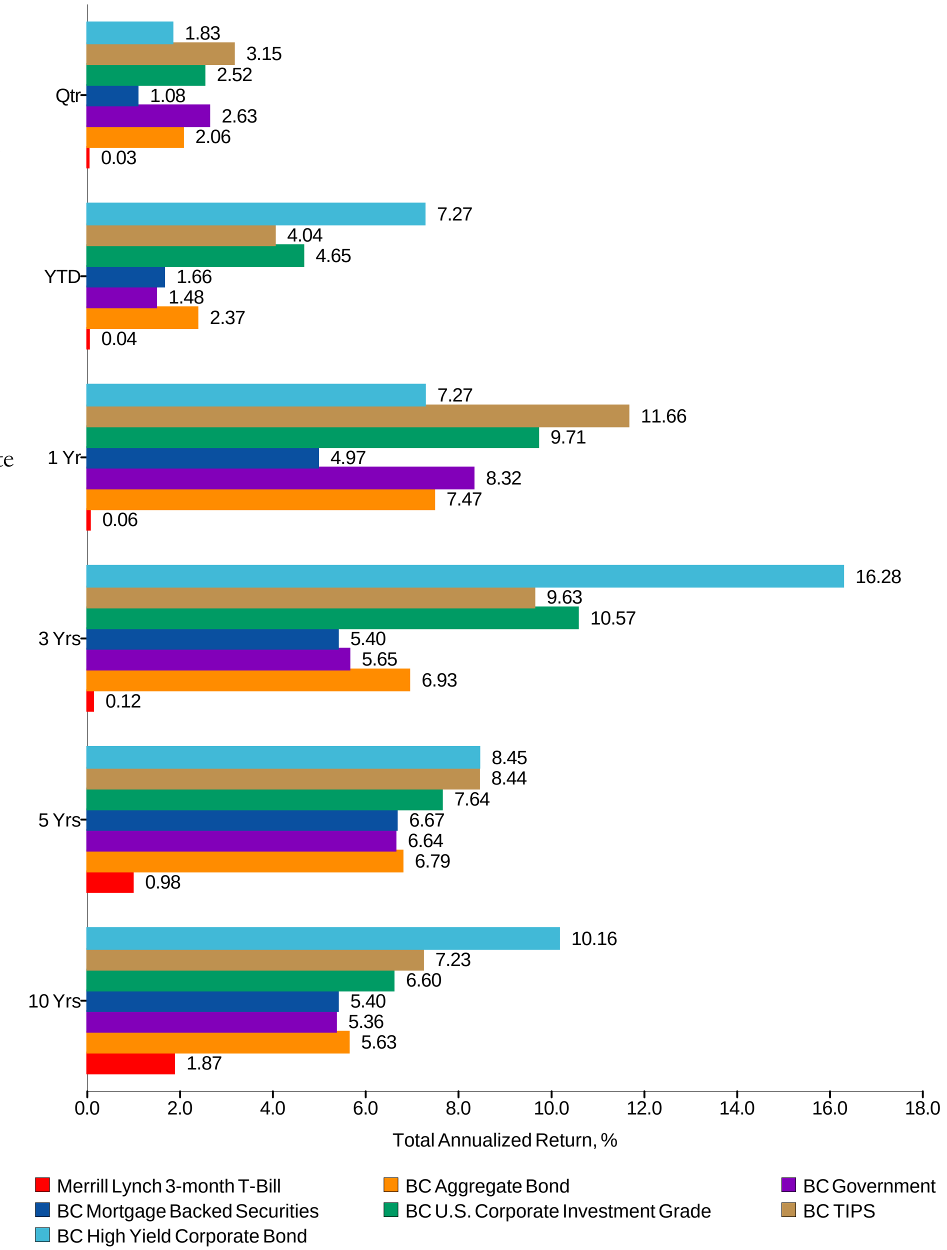
Re-emerging fears about the European debt crisis and weakening global growth drove investor demand for U.S. Treasuries. The 10-year benchmark yield for Treasuries declined by 0.56% during the quarter, pushing up bond prices across all sectors. Treasury Inflation Protected Securities (TIPS) led the way, followed by U.S. Treasuries and investment-grade corporate bonds. Mortgage-backed securities were the worst performing sector of the bond market, primarily because they benefit less from a decline in interest rates, but they still posted a positive return for the quarter.

The low rate environment continues to hurt risk-averse and yield-focused investors. Cash holders are earning zero, or near zero, yields on their holdings, resulting in a loss of purchasing power even though inflation remains modest. Investors seeking yield do not have many options: investment-grade corporate bonds were yielding 3.27% as of 6/30, and the yield on the Barclays Capital Fixed Rate MBS Index was only 2.44%. High yield corporate bonds offered relatively attractive yields (7.35% for the Barclays Capital Corporate High Yield Index) but carry greater credit risk. Weighing on all decisions about yield for investors is the exposure to interest rate risk and the trade-off that comes from seeking higher current yield versus protecting against future rate increases.

Volatility (12M Standard Deviation)



Performance (Annualized)



As of June 29, 2012

U.S. Equity Overview

The 2nd quarter was a volatile, and ultimately negative, quarter for U.S. stocks. Fears about a recession in Europe and a slowdown in U.S. economic growth concerned equity investors. Positive returns for stocks during the past few years have been driven primarily by strong growth in corporate earnings. In turn, much of the earnings growth was attributable to improved profit margins, a result of companies aggressively cutting costs in the downturn. Most of the strong earnings growth in 2010 and 2011 was a result of this margin expansion. However, the 2012 data indicates the margin expansion cycle may be complete. If true, companies will need to see top-line revenue growth to grow earnings per share.

The current environment creates challenges for equity investors. On the one hand, current valuations look reasonable, and by some measures downright cheap. The trailing P/E ratio for the S&P 500 Index is 14.4; below its average over the past 20 years of 19.6. And in an environment of low fixed income yields, the dividend yield on the S&P 500 Index is at 2.1%; above the 10 year Treasury yield. At the same time, if global economic growth stalls, and margin expansion has been maximized, future earnings growth may disappoint investors, justifying the current modest valuations.

Returns by Style (Russell Style Indices)

Last Quarter

	Value	Blend	Growth
Large	-2.20	-3.12	-4.02
Mid	-3.26	-4.40	-5.60
Small	-3.01	-3.47	-3.94

Last 1 Year

	Value	Blend	Growth
Large	3.01	4.37	5.76
Mid	-0.37	-1.65	-2.99
Small	-1.44	-2.08	-2.71

Last 3 Years

	Value	Blend	Growth
Large	15.80	16.64	17.50
Mid	19.92	19.44	19.01
Small	17.43	17.80	18.09

Last 5 Years

	Value	Blend	Growth
Large	-2.19	0.39	2.87
Mid	-0.13	1.06	1.91
Small	-1.05	0.54	1.99

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 (%)	-2.60	2.88	-5.99	-6.83	1.75	-3.56	-6.68	-4.19	14.13	6.55	-2.75
1 Yr (%)	10.66	14.69	-8.18	-2.71	9.80	-1.22	13.74	-7.22	15.64	15.26	5.45
3 Yrs (%)	25.81	18.21	12.73	8.67	15.43	20.24	18.32	15.30	18.66	14.71	16.40
5 Yrs (%)	3.94	8.35	0.93	-14.60	3.74	-0.16	4.58	-0.08	1.57	2.93	0.22
10 Yrs (%)	6.20	7.33	10.93	-2.95	5.22	5.65	7.53	6.95	7.73	8.56	5.33

As of June 29, 2012

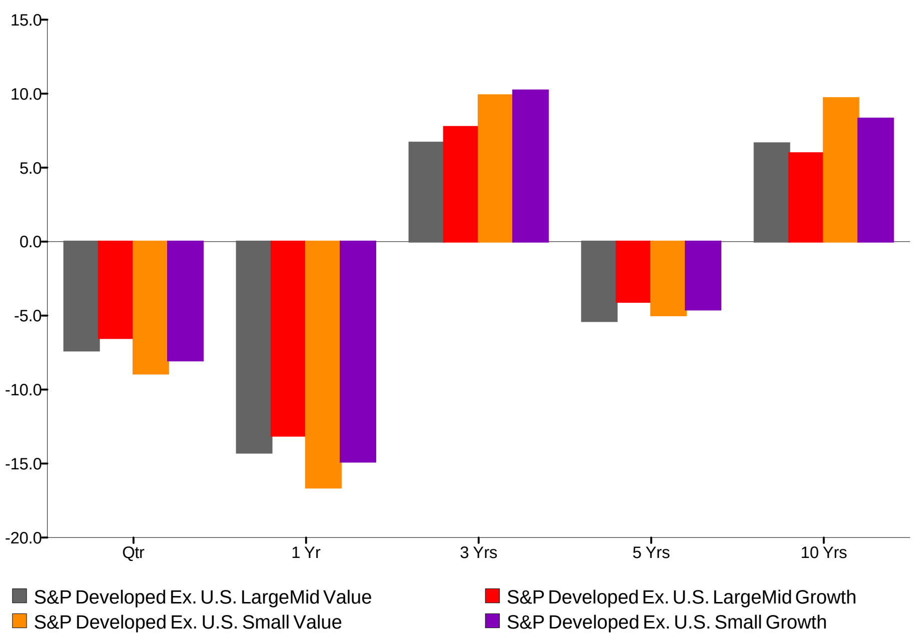
International Equity

International Equity Overview

Positive momentum on the European crisis disappeared in the second quarter. While the market was viewing the news coming out of Europe favorably at the start of the year (i.e. agreement on fiscal policy reforms, the ECB liquidity program, and the Greek bailout), that sentiment disappeared quickly. The ink was hardly dry on the Greek bailout when voters in France and Greece weighed in, rejecting leadership that supported the bailout. Concerns also spread about Italy and Spain, with their high debt levels and weak economies. The fears about sovereign debt of these countries pushed yields higher, increasing the borrowing costs for countries already feeling the burden of their current debt.

The financial crisis in Europe, and the austerity measures that were implemented, make it likely that Europe is entering another recession; putting pressure on global economic growth. Equity markets across the globe declined as a result of the weak economic outlook and the uncertainty that Europe can unite to solve their problems. The flight to quality caused the U.S. dollar to appreciate relative to the euro, as well as relative to a broad basket of currencies, causing further losses for international investors.

Performance by Market Cap/Style (Annualized)



Performance by Region (Annualized)

	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
Developed World	***-5.13***	***-5.39***	***12.18***	***-2.19***	***6.41***
North America	***-3.66***	***1.83***	***16.41***	***0.51***	***6.45***
Canada	-8.46	-16.54	11.05	-0.37	12.13
United States	-3.20	3.92	16.97	0.61	6.13
Europe	***-7.22***	***-16.42***	***7.37***	***-6.31***	***6.35***
Austria	-10.55	-34.59	-0.11	-16.21	7.64
Belgium	-0.78	-6.15	10.76	-11.38	5.60
Denmark	-4.08	-7.64	12.85	-2.18	12.86
Finland	-18.69	-31.49	-4.01	-13.48	2.85
France	-8.34	-25.27	3.60	-8.23	5.03
Germany	-11.42	-23.48	7.53	-5.97	7.02
Greece	-18.34	-57.48	-38.21	-35.12	-8.43
Ireland	-8.60	-4.65	8.72	-17.69	0.93
Italy	-12.06	-33.62	-7.99	-16.83	0.27
Luxembourg	-11.60	-36.67	-3.93	-13.21	NA
Netherlands	-7.02	-15.97	7.87	-6.17	4.92
Norway	-8.96	-13.45	15.12	-5.00	13.72
Portugal	-16.38	-42.91	-13.14	-18.08	0.98
Spain	-12.49	-35.23	-8.72	-11.60	6.56
Sweden	-7.59	-15.15	17.73	-1.88	12.52
Switzerland	-5.45	-11.02	11.82	0.06	8.07
United Kingdom	-4.09	-4.65	12.36	-4.08	6.64
Asia Pacific	***-6.70***	***-9.06***	***7.44***	***-3.26***	***6.51***
Australia	-6.61	-12.23	14.21	-0.48	13.90
Hong Kong	-6.04	-13.24	9.77	2.52	11.12
Japan	-6.89	-6.15	2.36	-5.88	2.93
New Zealand	-4.85	-3.49	16.29	-3.03	11.61
Singapore	-3.60	-6.81	15.62	1.66	13.08
Republic of Korea	-7.62	-13.30	17.19	-0.31	12.19
Emerging Markets	***-8.92***	***-16.31***	***9.39***	***0.51***	***14.99***
European Emerging	-10.82	-24.71	10.11	-6.84	13.50
Asia Pacific Emerging	-7.43	-15.23	8.32	1.03	11.63
Latin America	-12.30	-17.70	10.54	2.29	22.05
Mid-East and Africa	-5.32	-6.60	12.37	4.47	18.09

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