Evaluation Associates
A Milliman Company

MARKET REVIEW – APRIL 2010

GLOBAL ECONOMY

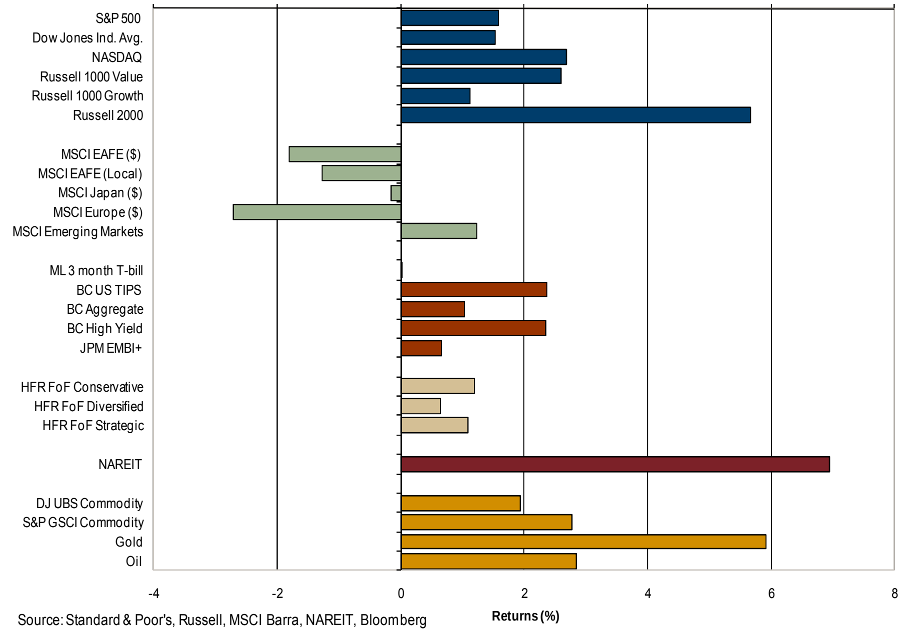
Economic Growth (Real GDP)			
Annualized Quarter % change	Q4 2009	Q1 2010	2010 (E)
United States	5.6	3.2	3.0
United Kingdom	0.4	0.2	1.3
Eurozone	0.0	*0.1	1.0
Japan	0.9	*1.3	2.1
China	10.7	11.9	10.1

Inflation (CPI)			
Year over Year % change	January 2010	February 2010	March 2010
United States	2.6	2.1	2.3
United Kingdom	3.5	3.0	3.4
Eurozone	1.0	0.9	1.4
Japan	-1.3	-1.1	-1.1
China	1.5	2.7	2.4

Unemployment Rate			
%	January 2010	February 2010	March 2010
United States	9.7	9.7	9.7
United Kingdom	7.8	8.0	*8.0
Eurozone	9.9	10.0	10.0
Japan	4.9	4.9	5.0

Source: Bloomberg **survey estimate*

GLOBAL MARKETS



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

- Global markets had a lot to digest in April. Signs of a sustained recovery and strong earnings kept the U.S. in positive territory, while European markets tumbled on sovereign debt worries. Gold increasingly became a safe haven.

- Concerns over the fiscal crisis in Greece, and contagion to eurozone peripheral markets, resurged as the month progressed. Rating agency Standard & Poor's cut the country's long-term credit rating to junk status and also notched down the ratings of Portugal and Spain.

- The euro fell 1.6% to a one-year low versus the U.S. dollar, ending the month at €1.33. The pound rose 0.6% to £1.53, and the yen slipped 0.4% to ¥93.85.

- In the U.S., first quarter growth of 3.2% (annualized) was driven by an increase in consumer spending. Unemployment held steady at 9.7%, though payrolls expanded. Housing data showed tentative signs of a recovery.

- Investment bank Goldman Sachs came under pressure with allegations that it had fraudulently failed to provide certain disclosures to investors of a subprime mortgage security the bank had underwritten. The incident gave momentum to the Financial Reform Plan debate currently underway and raised the prospect for increasing regulatory scrutiny in the banking industry.

- China reported first quarter year-over-year growth of 11.9%, leading to further measures by its central bank to rein in loan growth. Speculation increased that China would soon revalue the renminbi.

- Most central banks in the developed economies kept interest rates unchanged in view of anemic growth. Australia, however, raised rates for the fifth time since October. Inflation continues to be more of a concern within emerging economies where India and Brazil both raised rates.

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GLOBAL EQUITY MARKETS

U.S. Equity Returns (%)	1 Month	3 Month	12 Month
S&P 500	1.58	11.05	38.85
S&P 400	4.26	17.52	48.92
Russell 1000 Growth	1.12	10.64	38.16
Russell 1000 Value	2.59	12.72	42.29
Russell 2000	5.66	19.40	48.95
Russell 2000 Growth	4.20	17.38	45.20
Russell 2000 Value	7.00	21.28	52.40
NASDAQ Composite	2.68	14.87	44.65

S&P Sector Returns (%)	1 Month	3 Month	12 Month
Consumer Discretionary	6.10	20.66	51.84
Consumer Staples	-1.38	5.50	29.77
Energy	4.45	10.04	29.03
Financials	1.35	14.24	51.62
Healthcare	-3.83	-1.05	30.34
Industrials	4.15	19.16	52.73
Information Technology	1.79	13.28	43.49
Materials	0.47	13.10	36.12
Telecommunication Services	-0.11	4.11	8.24
Utilities	2.63	4.14	23.42

MSCI Non-U.S. Equity Returns ($)	1 Month	3 Month	12 Month
EAFE	-1.81	3.60	34.43
All Country World ex-US	-0.81	6.00	40.97
Japan	-0.16	6.00	25.57
Pacific ex-Japan	-0.14	10.45	60.78
United Kingdom	-1.12	3.25	40.05
Europe ex-UK	-3.46	0.72	30.20

MSCI EAFE Sector Returns ($)	1 Month	3 Month	12 Month
Consumer Discretionary	0.21	5.99	28.67
Consumer Staples	-1.39	2.70	45.17
Energy	-0.82	1.91	28.78
Financials	-2.31	3.63	35.24
Healthcare	-3.71	-2.36	29.50
Industrials	0.34	7.82	41.38
Information Technology	0.40	9.48	35.32
Materials	-3.94	7.26	50.63
Telecommunication Services	-3.35	-1.70	24.79
Utilities	-3.56	-2.44	13.38

MSCI Emerging Markets Equity Returns ($)	1 Month	3 Month	12 Month
Emerging Markets	1.23	9.82	57.55
Asia	2.36	10.35	52.42
Europe & Middle East	-1.08	4.22	65.51
Latin America	-0.33	11.19	67.88
South Africa	1.19	11.73	55.82

U.S. Markets

- All of the major indices posted gains for the month as upbeat sentiment and a strong earnings season offset global concerns. The NASDAQ Composite led the broad market indices with a return of 2.7% in April, while the S&P 500 (+1.6%) and the Dow Jones Industrial Average (+1.5%) followed closely behind.
- Value outperformed growth across market capitalizations during April, despite strong returns from more traditional growth sectors Technology and Consumer Discretionary. On a market capitalization basis, the Russell 2000 Value (+7.0%) was the best performer over the course of April. Overall, the month witnessed the outperformance of the lowest priced stocks and the non-earners.
- Consumer Discretionary, Energy, and Industrials were the best performing sectors in April. Consumer Discretionary stocks led the way as retail sales advanced 1.6% with strong demand for apparel, home furnishings and appliances. The Energy sector was driven by the positive performance of oil which rose close to 3% in the month. The Industrials sector benefited from an expansion in manufacturing.

Non-U.S. Markets

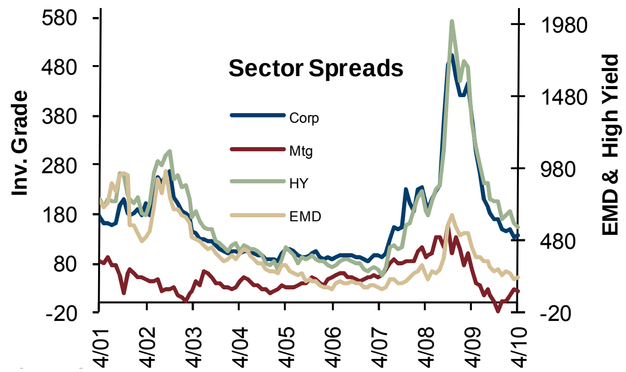
- European markets tumbled in April as concerns regarding the financial stability of Portugal, Italy, Ireland, Greece and Spain (the “PIIGS”) continued to weigh on investor sentiment. The U.K. (-1.1%) was dragged down by poor economic reports on GDP growth, unemployment, and inflation.
- Pacific Basin equity markets were mixed, but relatively stronger compared to Europe. Japan (-0.2%) fared relatively well on strong corporate results in the Technology and Financial sectors, while Australia (-0.6%) was boosted by its Financial companies following a 0.25% rise in interest rates.

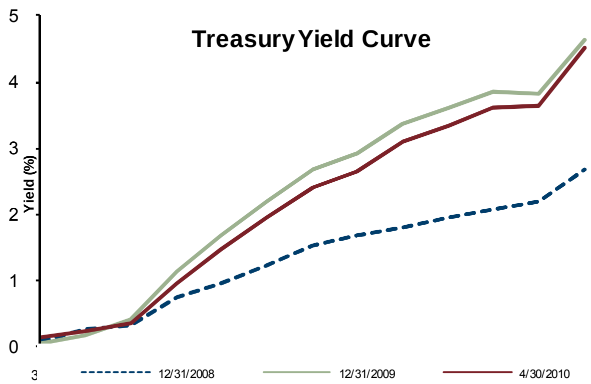
Emerging Markets

- Asian markets were also mixed, but led all other regions for the month. Despite strong first quarter GDP growth of 11.9%, China fell 0.3% as investors worried about a potential property bubble. Korea (+5.7%) rose on strong gains in its Technology sector.
- Latin American markets were mostly positive in April, but Brazil (-0.9%) stumbled on financing concerns surrounding a deal between oil giant PetroBras (-3.7%) and the Brazilian government.
- The performance of the European and the Middle Eastern markets varied. Israel (-7.2%) struggled as generic drug manufacturer Teva Pharmaceuticals (-7.9%) tumbled following a warning on manufacturing violations by the FDA.

GLOBAL FIXED INCOME MARKETS

U.S. Fixed Income Returns (%)	1 Month	3 Month	12 Month
Barclays Capital Aggregate	1.04	1.29	8.30
Barclays Capital U.S. Govt	0.95	0.61	2.18
Barclays Capital U.S. Credit	1.67	2.40	19.55
Barclays Capital MBS	0.60	0.81	5.54
Barclays Capital ABS	0.55	1.09	17.63
ML US HY Master II	2.24	5.57	44.20





Source: Bloomberg

Global Fixed Income Returns (unhedged, $)	1 Month	3 Month	12 Month
WGBI	-0.36	-1.81	5.88
Europe	-1.78	-3.03	5.63
Japan	0.24	-2.86	7.34
United Kingdom	1.56	-3.50	6.58
World BIG Ex-US	-0.92	-2.59	8.06
WGBI Non-U.S.	-0.86	-2.63	6.82
EMBI+	0.67	4.45	21.89

Broad Market Overview

- Interest rates declined and the yield curve flattened in the month of April. U.S. Treasuries returned 1.05% as investors became more risk averse over sovereign debt burdens in Europe. U.S. TIPS outperformed nominals returning 2.37%. The breakeven spread, a gauge of inflation expectations, increased 14 bps to 240 bps on the 10-year maturity.

U.S. Credit

- Investment Grade Credit returned 1.67% (41 bps excess over Treasuries) on positive first quarter earnings and as the U.S. economy showed continued signs of strength. Utilities were the best performing sector returning 2.35% (78 bps excess); Financials trailed returning 1.37% (28 bps excess) as an SEC lawsuit against Goldman Sachs weighed on the sector. Lower quality led higher quality with BBB-rated securities returning 2.04%.
- The Merrill Lynch High Yield Master II returned 2.24% as the economic recovery and low yield levels in other segments made high yield corporates particularly attractive. CCC-rated bonds did best returning 3.50%. The yield on the Index declined to 8.13% with the option adjusted spread declining by 23 bps to 561 bps.
- The Barclays Municipal Bond Index returned 1.21% as the prospect for higher taxes, cross segment relative value, and less tax-exempt supply on the long end of curve drove returns.

U.S. Mortgages

- Mortgage-Backed Securities (MBS) returned 0.60% (-11 bps excess) for April. Mortgages kept pace with Treasuries for the majority of the month, despite the Fed ending its purchase program, as investors searched for yield and supply of new issuance was low. Spreads widened by the end of the month as markets experienced flight to quality flows spurred by escalating debt problems in Greece.
- CMBS continued to outperform returning 2.53% (176 bps excess) on strong secondary market activity. Asset-Backed Securities (ABS) lagged most sectors returning 0.55% (-1 bp excess) with Utilities leading the sector returning 0.90%.

Global

- The Citigroup World Government Bond Index returned -0.36% on an unhedged U.S. dollar basis on concerns over Greek debt and quarrels among EU nations in constructing a bailout package. Greek debt plummeted (-16.44%). Yields declined in the eurozone, U.K., and Japan while the U.S. dollar strengthened.
- The J.P. Morgan EMBI+ Index returned 0.67% as investors, looking to diversify away from debt-ridden European countries, shifted their focus to emerging economies with good fundamentals. Panama, the best performing country, returned 2.38% on projections of strong growth due to infrastructure spending.

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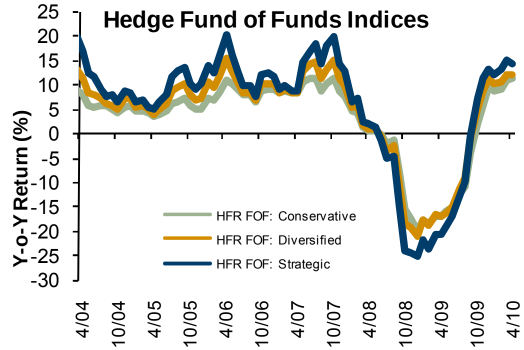
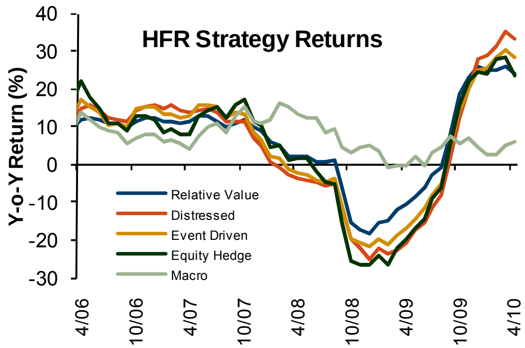
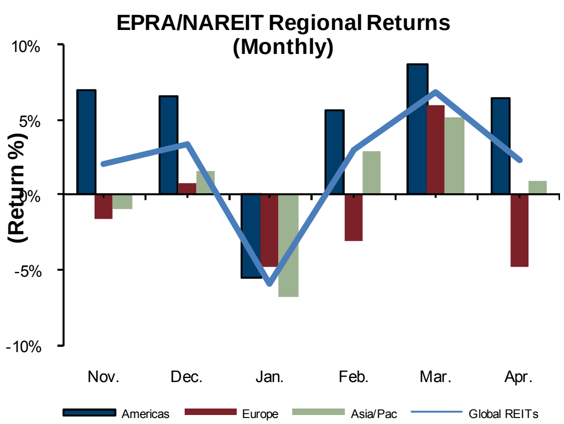
LIQUID ALTERNATIVES



Source: Hedge Fund Research



Source: Hedge Fund Research



Source: FTSE EPRA/NAREIT

Hedge Fund of Funds

- All hedge fund of funds strategy types posted positive results for the month of April with the broad index, as represented by the HFR FOF Index, up 1.0%. Generally, the more long equity exposure a fund had the lower the returns. Equity markets were volatile with lower quality stocks performing better than higher quality resulting in Equity Long/Short funds of funds (+1.1) lagging other segments. Lower volatility managers, who generally have more credit and distressed exposure, outperformed for the month, returning 1.2%. This compares to broad Multi-Strategy managers, which were up a more modest 0.6%.

Hedge Funds

- Hedge fund managers, as represented by the HFR Weighted Composite, were up 1.3% for the month. The best performing strategies for the quarter were Convertible Arbitrage (+2.3%), Distressed (+1.8%), Event Driven (+1.4%), Relative Value (+1.6%) and Equity Long/Short (+1.4%). The worst performing strategy for the quarter was Short-biased funds (-3.7%).
- Within the Distressed and Event Driven space the continued rally in lower quality credits drove returns as did the decline in the corporate default rate, which is currently running at 4.6% according to Moody's. Relative Value strategies performed well as asset backed securities and convertibles rallied and spreads continued to normalize.
- Managers in the Equity Long/Short space dealt with some volatility during the month and saw gains from Consumer Discretionary, Industrials, and Technology; security selection thus was key. Short-biased managers continued to struggle this year as lower quality companies have rallied and market prices have not yet fully reflected underlying fundamentals.

Commodities

- Commodity indices were positive for the month with oil (+2.9%) and gold (+5.9%) generating positive performance. Gold prices rose over the month on demand for a safe haven against currency deterioration amid Europe's debt crisis. The S&P GSCI Index was up 2.8% while the DJ-UBS Index was up 1.9%.

REITs

- Global property securities continued to advance into the second quarter, up 2.5% for the month of April. Performance was mixed across regions. The Americas (+6.4%), led by the U.S. (+6.9%), outperformed Europe (-4.9%) and Asia/Pacific (+0.9%) by wide margins. REITs advanced in the U.S. based on improving economic data, while the Greek crisis in Europe and China policy concerns in Asia/Pacific hampered performance in those regions. While global REITs may be volatile reflecting capital markets uncertainty going forward, the path to recovery for real estate fundamentals continues with recent positive macroeconomic tailwinds.

STATISTICAL SUMMARY

As of April 30, 2010

EQUITY MARKETS

US Markets	Total Return Month	3 Mos	YTD
S&P 500	1.58	11.05	7.05
S&P 500/CG Growth	1.27	10.73	5.03
S&P 500/CG Value	1.88	11.35	9.11
S&P 400	4.26	17.52	13.74
Russell 1000	1.85	11.67	7.65
Russell 1000 Growth	1.12	10.64	5.82
Russell 1000 Value	2.59	12.72	9.55
Russell MIDCAP	3.76	16.65	12.75
Russell MIDCAP Growth	2.97	15.47	10.86
Russell MIDCAP Value	4.50	17.76	14.54
Russell 2000	5.66	19.40	15.01
Russell 2000 Growth	4.20	17.38	12.13
Russell 2000 Value	7.00	21.28	17.73
NASDAQ Composite	2.68	14.87	8.74
S&P 500 Sectors			
Consumer Discretionary	6.10	20.66	17.17
Consumer Staples	-1.38	5.50	4.36
Energy	4.45	10.04	5.09
Financial	1.35	14.24	12.65
Healthcare	-3.83	-1.05	-0.56
Industrials	4.15	19.16	17.77
Information Technology	1.79	13.28	3.73
Materials	0.47	13.10	3.36
Telecommunication Services	-0.11	4.11	-4.42
Utilities	2.63	4.14	-1.00

Sources: Standard & Poor's, Russell, Bloomberg

Non-US Markets	Total Return Month	3 Mos	YTD
EAFE	-1.81	3.60	-0.96
EAFE Growth	-1.63	4.71	0.29
EAFE Value	-1.99	2.49	-2.23
EAFE Small Cap	1.70	7.61	6.55
AC World Ex-US	-0.81	6.00	0.83
Japan	-0.16	6.00	8.02
Pacific Ex-Japan	-0.14	10.45	2.95
United Kingdom	-1.12	3.25	-1.72
Europe Ex-UK	-3.46	0.72	-5.76
Emerging Markets	1.23	9.82	3.72
MSCI EAFE Sectors			
Consumer Discretionary	0.21	5.99	3.26
Consumer Staples	-1.39	2.70	0.75
Energy	-0.82	1.91	-4.28
Financial	-2.31	3.63	-3.02
Healthcare	-3.71	-2.36	-5.20
Industrials	0.34	7.82	6.01
Information Technology	0.40	9.48	12.36
Materials	-3.94	7.26	-1.72
Telecommunication Services	-3.35	-1.70	-7.55
Utilities	-3.56	-2.44	-7.42

Sources: MSCI, Bloomberg

FIXED INCOME MARKETS

Key Rates	U. S. Yields 02/28/10	03/31/10	04/30/10	Euro 4/30/10	Japan 4/30/10	U.K. 4/30/10
Overnight	0.00	0.00	0.00	1.00	0.10	0.50
3- Month	0.08	0.13	0.16	0.37	0.14	0.51
2- Year	0.82	0.82	0.97	0.77	0.17	1.13
5- Year	2.33	2.31	2.42	1.97	0.47	2.65
10-Year	3.59	3.62	3.66	3.02	1.29	3.85

Sources: Merrill Lynch, Bloomberg

Sectors	Total Return % Month	3 Mos	YTD	Mod.Adj. Duration	Weighting Basis Duration	MktVal
BC Universal	1.11	1.63	3.17	4.71	--	--
BC Aggregate	1.04	1.29	2.84	4.72	100.00%	100.00%
BC U.S. Government	0.95	0.61	2.07	4.75	38.70%	38.44%
BC U.S. Credit	1.67	2.40	3.99	6.33	30.87%	23.00%
BC Mortgage Backed	0.60	0.81	2.15	3.70	27.47%	35.02%
BC Municipal Bond	1.21	1.95	2.48	8.15	--	--
BC U.S. TIPS	2.37	1.32	2.95	5.35	--	--
ML US HY Master II	2.24	5.57	7.17	4.62	--	--

Sources: Barclays Capital, Merrill Lynch

Markets/Regions	U.S. Dollars % Month	3 Mos	YTD	Local Currency % Month	3 Mos	YTD
United States	1.03	0.57	2.14	--	--	--
WGBI	-0.36	-1.81	-1.68	0.37	0.88	1.50
WGBI Non-US	-0.86	-2.63	-2.95	0.14	0.96	1.28
EMBI+	0.67	4.45	4.30	--	--	--
EMLI+ (local currency index)	0.15	1.92	1.56	0.23	0.81	1.07
Euro Zone	-2.35	-3.23	-5.90	-0.62	1.16	1.54
United Kingdom	1.56	-3.50	-3.56	0.65	1.03	1.75
Japan	0.24	-2.86	-0.27	0.85	0.74	0.71

Sources: Barclays Capital, Citigroup, JP Morgan, Bloomberg

LIQUID ALTERNATIVE STRATEGIES

	Total Return % Month	3 Mos	YTD	1 Yr	3 Yr	5 Yr	7 Yr
Commodities							
S&P GS Commodity	2.77	10.59	1.86	30.56	-7.86	-4.62	3.38
DJ UBS Commodity	1.94	4.42	-3.18	21.98	-6.64	0.22	5.04
Hedge Fund of Funds							
HFRI Fund of Funds	0.98	2.82	2.44	12.58	-1.91	3.40	4.59
HFRI FOF Conservative	1.20	2.72	3.11	11.47	-2.25	2.32	3.26
HFRI FOF Diversified	0.64	2.38	2.26	12.02	-1.96	3.35	4.58
HFRI FOF Stategic	1.08	3.27	2.33	14.41	-2.42	3.95	5.85
Hedge Funds							
HFRI Fund Weighted	1.29	4.67	3.89	19.91	1.99	6.65	8.10
HFRI Equity Hedge	1.37	5.85	4.51	23.77	0.24	5.82	7.57
HFRI Event-Driven	1.42	5.20	5.84	27.96	1.31	6.57	9.33
HFRI Distressed	1.75	5.12	7.01	33.76	0.75	6.03	9.73
HFRI Relative Value	1.55	3.25	4.84	23.47	4.11	7.03	6.60
HFRI Macro	1.01	4.01	2.20	7.53	6.70	7.56	8.42
Real Estate/NAREIT							
U.S. Equity REITS	6.94	24.12	17.66	68.70	-8.57	4.12	10.84
Global REITS (Developed)	2.53	13.07	6.59	56.77	-12.51	3.70	12.15

Sources: HFR, Bloomberg

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