

July 8, 2010

QUARTERLY INVESTMENT LETTER – SECOND QUARTER, 2010

The Crisis in Confidence: Politics, Economics, and Financial Market Prospects

In the end, individual and professional investors are attracted to equities because of the promise of participating in the earnings of growing corporations, be they domestic or internationally located. The fortunes of most companies generally rise and fall with the economic and tax environment in which they compete. The credit and financial markets (fixed income as well as equity) reflect the collective outlook, discounted by all investors, for the perceived myriad factors affecting a corporation's future earnings prospects. Corporations usually report earnings quarterly, *investors* attempt to predict earnings-per-share growth a few years into the future, and speculators and high-frequency traders who use computer algorithms to track stock market cash flow patterns live in a nanosecond world.

The media, uninhibited by the need to be either well-informed or provide its viewers or readers with useful context, bombard us daily with headlines designed to attract our concerned attention. Always present in this limitless bazaar of ideas and emotional cross-currents is the policy effect of the various political battles continually being waged at the local, state, Federal, as well as global levels. So, you say, what's new about all this; hasn't it always been so? To a degree, yes, but "*it is different this time.*"

Social and Financial Engineering

The current majority political class is assuming the U.S. voter (investor) has provided it with a mandate for radical change. Since most politics traced to its origins generally has to do with economics, government fiscal policy has become increasingly important in our daily lives. In the U.S., with Sarbanes-Oxley and Health Care Reform behind us, Financial Market Reform seemingly in hand, and Cap and Trade environmental legislation (i.e., a carbon emission tax) ahead, the groundwork for Washington's further involvement in our lives will increase exponentially. In pure economic terms, for Americans, the scene has now been set for a new government spending and taxation policy framework which will require fully 30% of America's annual Gross Domestic Product (GDP) to cover projected costs (up from 21%, the average of the last few decades). In our \$14 trillion economy, this will have (already has had) a noticeable effect on individual attitudes and investor behavior.

Moreover, seemingly oblivious to the impact on financial markets today, and the generations ahead which will be required to shoulder the resulting debt explosion to pay for these mandated programs, Congress has “kicked down the road” any discussion of how to cover their costs. That is until now. With the November elections looming and 2012 on the horizon, the political plan is becoming evident.

Two commissions have been established to rationalize future tax policy to pay for all this. The party in power believes the only way to cover these program expenses is the institution of a Value-Added Tax (VAT), defined as a tax on consumption by proponents. The reports (timed to be submitted after the November election) generated by these two appointed committees of worthies will almost certainly feature the VAT as the proposed revenue source of choice. In the European economies where the VAT has been instituted, it has usually started at the 10-15% level, but somehow moves up incrementally (today in the UK it has been set at an “emergency level temporarily” at 23%). The point to remember is that a VAT is an add-on government revenue source. It raises the Federal government’s total tax take. There is no offset reduction or deduction on your personal tax return. In the top Federal income tax bracket in calendar year 2011, once the VAT is adopted, the combined state and Federal personal tax burden may approximate 60% of adjusted gross income.

Between now, the November elections, and the presentation of the “deficit committee” and Volcker economic advisory group reports, the current crisis in investor confidence serves a political purpose. Toss in also the possibility of another Eurozone sovereign debt-generated bond market episode and the betting in Washington today would seem to be that regardless of the November election outcome, next year the electorate will be panicked into accepting the VAT solution. The social engineering embarked upon will then have been accomplished, the re-orientation of the U.S. tax code will have taken place, and the radical change voters called for in the 2008 election will have been implemented.

This simplistic discussion of what appears to be happening and what lies ahead is an attempt to better understand the current U.S. equity market malaise. As discussed in probably too many previous letters, when the influence of such a pervasive government presence intrudes into peoples’ (investors’) economic circumstances, behavior changes. Today, individuals, professional investors, and certainly owners and managers of businesses, are taking a “wait-and-see” attitude, sitting on extraordinary amounts of cash earning very little return. Firms are loathe to hire since the all-in expense load of each new employee continues to escalate, so the unemployment rate languishes at 9.5%. And with a near 5,000-page, recently enacted Health Care and Financial Reform legislation (purposely ambiguous) to digest and apply, one can understand why the reaction on the part of investors might be a form of inertia.

The Crisis in Investor Confidence: Is There a Brighter Side?

The question today for investors, of course, is whether this current equity market angst is prologue to something leading to, or reflecting, the “death of capitalism,” as the gold bugs evangelize today; or merely a correction phase in a market that eventually will regain confidence

in the outlook, focus on the underlying sustained but moderate global economic recovery underway, and provide a reasonable return for the risks assumed. Despite the preceding discussion, and not to underestimate in any way the difficulty of this call, it strikes us that from present stock market valuation levels, the odds still favor remaining fully invested.

From its peak in April, the S&P 500 Index is down 15% and the MSCI All Country World Index stock market benchmark has declined roughly the same amount. Based on consensus corporate earnings per share estimates for this year, price-to-earnings ratios for the U.S. stock market today at 13x 2010 prospects, and 11x next year's projected earnings per share, would seem to be discounting most possible negative scenarios. At this point in time, with all the psychological signals seemingly pointing south, the understandable intuitive response would be to take cover and cash out. If you embrace this "Doomsday" scenario, then a move to riskless assets would be a reasonable course of action. But with your cash on the sidelines, should you hedge against a deflationary presumption or an inflationary expectation?

Although gaining some notice, the "Limbo" scenario in which the U.S. and European economies lapse into a Japanese-like slow growth and a pernicious deflationary spiral, wouldn't seem a probability for the U.S. at least. If the U.S. political pendulum swings back closer to the center in November (only 3 ½ months ahead), the emotional state of the financial markets could turn constructive; in which case both "Doomsday" and "Limbo" outlines would give way to a Slow Revival outlook. The latter is most likely, in our opinion, and is the premise upon which our current portfolio strategy is based.

A Recap of TFC's Portfolio Strategy for Second Quarter 2010

Fixed Income

Fueled by contagion fear of the sovereign debt crisis in Europe, there was an increased demand for U.S. government bonds as a safe haven investment, which raised Treasury bond prices and lowered (already very low) yields. Interest rates in the U.S. and Europe also remain low, at crisis levels.

Yields across all fixed income asset classes declined as investors continued to pour money into bond funds, liquidating money market funds earning 0%. Year-to-date through May 2010, inflows into taxable and municipal bond funds totaled nearly \$120 billion.

Our primary consideration for our fixed income strategy is principal protection, which we believe is best achieved by investing in a diversified mix of short-term, government-guaranteed agency, national municipal (for taxable accounts) and high-quality U.S. and international corporate bonds. Our average bond portfolio duration is approximately two years for taxable portfolios and three years for tax-deferred/retirement portfolios which include Treasury Inflation-Protected Securities (TIPS).

When interest rate and inflation expectations inevitably rise, bond prices will decline, exacerbated by a predictable mass redemption from long-term and intermediate-term bond funds. So today, we are willing to forgo some modest yield advantage offered by longer term and lower quality bonds in favor of price protection.

Equities

In contrast to significant inflows to bond mutual funds, there has been a net negative outflow of over \$9 billion from U.S. equity funds year-to-date through May, though inflows to international equity funds have been positive. However, in the month of May, investors liquidated nearly \$20 billion from both U.S. and international equity funds. This illustrates the volatile and emotionally-driven behavior of most investors fearing another bear market.

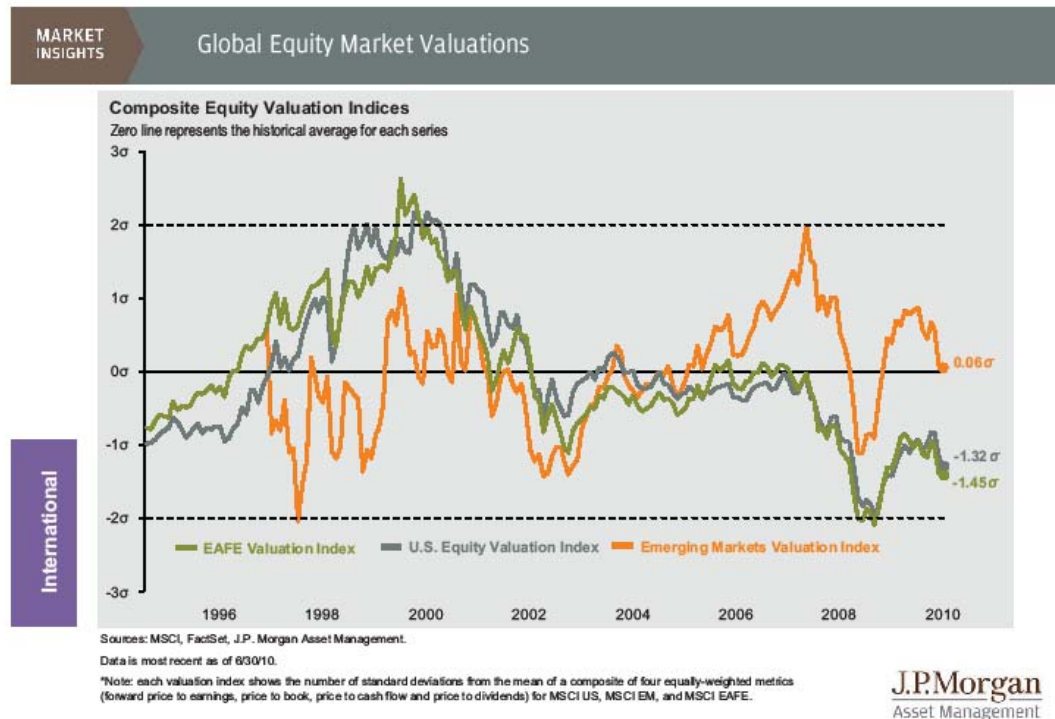
Market sentiment and psychology quickly shifted from cautious optimism to pessimism in May and June. The fundamental evidence of a continuing, albeit uneven global economic recovery, positive corporate earnings news, and reasonable equity market valuations in a low inflation environment failed to counteract the selling forces. All global equity asset classes lost value in the quarter.

The MSCI All Country World Index fell by 12% this quarter, down 9.4% year-to-date in U.S. dollar terms. In local currency, the index declined 10.5% and 6.7% respectively. The U.S. dollar, once again judged to be the world's safe haven reserve currency, appreciated by 16% vs. the Euro, 8% against the British Pound, 6% against the Yen, and 1% against the Chinese Yuan. (So far, the new "managed float" policy announced by the Chinese government to allow a gradual appreciation of their currency has not materialized.) This short-term dollar strength magnified the negative returns for U.S. investors from developed international equity markets.

We did not execute any strategic asset allocation shifts this quarter, as there were no material discrepancies in relative valuation multiples among global equity sub-asset classes. Global developed market equities are currently trading at prospective multiples of earnings, price-to-book, price-to-cash flow and dividend ratios below long-term historical averages. Emerging markets are trading in line with long-term averages, but with much more attractive growth prospects.

We are currently researching investment options in the newly-emerging countries (called frontier markets) and other more focused alternative investments in natural resources, such as timber and mining companies.

The accompanying chart, "Global Equity Market Valuations" on the following page illustrates the relative valuations amongst the three major equity market benchmarks, as compiled by J.P. Morgan.



Our current emerging markets exposure as a percentage of total equities is about 11% compared to 14% in the MSCI All Country World Index. A surprising statistic is that the aggregate Gross Domestic Product of emerging countries on a purchasing power parity basis is now 50% of global GDP. Further, future global growth and consumer and resource demand will be largely driven by emerging countries, particularly China, India, other Southeast Asian countries and resource-rich Latin America, whose fiscal debt levels (as a percentage of GDP) are significantly below those of developed countries. Therefore, we may be increasing our allocations to both asset classes slightly.

Aside from some minor shifts being contemplated, we are staying the course, staying fully-invested and globally-diversified in our equity portfolios.

A Message from Jack Bogle

Arguably, Chuck Schwab (age 72) and Vanguard's founder, Jack Bogle (age 81), are the two fathers of what *Bloomberg Business Week* terms the Golden Age of individual investing (the period between August of 1982 and March 2000). Our firm's close association with Schwab's

custodial services and mutual fund electronic marketplace is familiar to most clients. Today, TFC is one of Schwab's largest advisory firm clients in New England, and, in our view, Schwab's Institutional Division continues to perform exemplary custodial services supporting our efforts on behalf of our clientele. Chuck Schwab's early vision of providing individual investors access to the financial markets at discounted rates, and similar facilities to Registered Investment Advisors such as TFC, has proved to be a business model with lasting value for all.

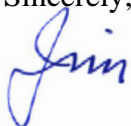
Just as significant, if not more so, for the individual investor has been Jack Bogle's efforts since the early 1970's to lower the cost of underlying mutual fund investment management fees for the public. Past client letters have discussed this. In a number of ways, our firm has incorporated many of Jack's insights into our investment philosophy and portfolio structuring process. So it was with a great deal of pleasure that we welcomed Jack to our 30 Federal Street offices in May at a small reception in his honor and celebrated TFC's 30th anniversary.

As passionate as ever, despite a heart transplant 15 years ago and a number of recent hospitalizations, Jack continues his missionary efforts on behalf of all investors, arguing for management fee reductions, more transparency, more reasonable portfolio manager compensation formulae, and a renewed commitment to fiduciary standards of conduct. This, of course, is a message not all that welcome in today's money management world. At his speech the next day before 1,500 investment professionals during the annual Chartered Financial Analysts (CFA) conference in Boston, his audience only politely acknowledged his contribution. Such is the reward for someone who serves as the conscience of an industry that has morphed into a business driven more by gathering assets than concerned shareholder stewardship.

However, Jack and his Vanguard Group have the practical proof of the relevance of his lifelong mission. Today, Vanguard is the largest mutual fund management company in the U.S. and took in 60% of the mutual fund industry's cash flow last year. Its fee structure, along with DFA's, remains the lowest in the U.S., and its shareholder support services are among the most attentive. Jack's legacy is secure in all respects, and his recently published book, Enough (with a preface by Bill Clinton), is a summing up worthy of a reading for many reasons. It was a great honor for us to host Jack for a couple of hours.

As always, we welcome your questions and comments.

Sincerely,



James L. Joslin
Chairman, CEO & CCO



Renée Kwok
President

TFC Financial Management
Equity Funds
Sorted by YTD Performance
As of 06/30/10

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2009	2008	2007
MORGAN STANLEY INS US REAL-I	Specialty-Real Estate	-5.4	-3.6	6.2	49.8	-11.1	-9.8	1.4	29.6	-38.1	-16.6
DFA REAL ESTATE SECS PORT	Specialty-Real Estate	-5.2	-3.9	5.8	54.4	-12.1	-9.6	-0.2	28.2	-37.4	-18.7
ISHARES DJ US REAL ESTATE	Specialty-Real Estate	-4.7	-4.3	4.7	51.2	-13.4	-10.7	-1.3	30.5	-39.9	-18.1
DFA US MICRO CAP PORTFOLIO	Small Blend	-7.2	-7.9	0.9	23.5	-6.8	-9.9	-0.4	28.1	-36.7	-5.2
DFA US SMALL CAP PORTFOLIO	Small Blend	-8.0	-9.4	-0.3	25.1	-3.4	-7.5	1.1	36.3	-36.0	-3.1
DFA TAX MGD US TARGET VAL PO	Small Value	-9.0	-10.6	-0.3	27.3	-13.9	-12.2	-1.4	27.6	-37.8	-8.5
DFA TAX MNGD US SMALL CAP PO	Small Blend	-7.7	-9.3	-1.0	19.7	-15.2	-11.3	-1.0	26.3	-38.4	-1.6
DFA US TARGETED VALUE	Small Value	-9.5	-11.7	-1.3	27.1	-6.5	-9.7	0.3	31.9	-33.8	-8.2
TURNER EMERGING GROWTH FD-IV	Small Growth	-6.7	-10.1	-1.6	15.8	-24.9	-9.4	0.8	26.8	-43.0	17.3
VANGUARD S/C GROWTH INDX-INS	Small Growth	-7.1	-9.8	-1.6	23.1	-11.0	-6.7	2.4	42.1	-39.9	9.8
RUSSELL 2000 VALUE IDX	Small Value	-8.7	-10.6	-1.6	25.1	-8.0	-9.8	-0.5	20.6	-28.9	-9.8
RUSSELL 2000 INDEX	Small Blend	-7.7	-9.9	-1.9	21.5	-10.0	-8.6	0.4	27.2	-33.8	-1.6
DFA US S/C VALUE PORTFOLIO	Small Value	-10.1	-12.5	-2.1	27.8	-8.9	-11.6	-0.7	33.6	-36.8	-10.7
RUSSELL 2000 GROWTH IDX	Small Growth	-6.7	-9.2	-2.3	18.0	-12.0	-7.5	1.1	34.5	-38.5	7.1
LAZARD EMERG MKT EQY PORT-IN	Diversified Emerging Mkts	-0.4	-9.0	-3.4	25.0	-7.3	-1.1	13.9	69.8	-47.9	33.0
ALGER SMID CAP GROWTH FUND-A	Small Growth	-6.6	-11.6	-3.5	18.3	-15.3	-7.8	4.3	44.0	-48.6	26.3
DFA TAX MNGD US MKTWIDE VAL	Large Value	-7.7	-12.3	-3.8	21.9	-15.7	-12.7	-1.2	31.1	-41.6	-1.8
EPRA/NAREIT Dev TR USD	Specialty-Real Estate	-1.9	-7.9	-4.2	25.1	-19.8	-13.6	0.4	38.3	-47.7	-7.0
DFA US L/C VALUE PORTFOLIO	Large Value	-7.6	-12.8	-4.2	21.2	-17.4	-13.0	-1.6	30.2	-40.8	-2.8
MORGAN STANLEY INS GLBL RE-I	Specialty-Real Estate	-2.2	-8.6	-4.3	21.5	-14.9	-12.2	n/a	41.0	-45.0	-7.9
RUSSELL 1000 VALUE INDEX	Large Value	-5.6	-11.1	-5.1	16.9	-16.8	-12.3	-1.6	19.7	-36.9	-0.2
FMI LARGE CAP FUND	Large Blend	-3.0	-10.3	-5.2	17.0	-3.9	-4.7	3.3	29.7	-26.9	4.1
DFA EMERGING MKTS PRTFOLIO	Diversified Emerging Mkts	0.2	-8.7	-5.3	23.6	-6.3	-2.3	12.5	71.8	-49.2	36.0
VANGUARD VALUE INDEX FD-INV	Large Value	-5.1	-10.9	-5.4	15.9	-14.8	-12.1	-1.3	19.6	-36.0	0.1
DFA INTERNATIONAL SMALL CO	Foreign Small/Mid Value	-0.2	-10.7	-5.9	13.8	-18.6	-11.4	3.1	42.0	-43.9	5.7
TIAA-CREF INST SOC CH EQ-RL	Large Blend	-5.7	-11.0	-6.0	17.6	-12.2	-8.1	n/a	32.2	-36.2	4.2
T ROWE PRICE INTL DISCOVERY	Foreign Small/Mid Growth	0.2	-9.0	-6.1	15.9	-15.6	-9.5	6.4	55.7	-49.9	16.6
MSCI Daily TR Net Emerging Mar	Diversified Emerging Mkts	-0.7	-8.4	-6.2	23.2	-13.7	-2.5	12.7	78.5	-53.3	39.4
DFA EMERGING MKRKS VALUE	Diversified Emerging Mkts	0.6	-9.3	-6.3	27.5	-4.5	-2.0	16.0	92.3	-53.9	45.6
VANGUARD LARGE CAP IDX-SIGNA	Large Blend	-5.4	-11.5	-6.6	14.8	-15.3	-9.3	n/a	27.8	-37.0	n/a
DOMINI SOCIAL EQUITY FD-INV	Large Blend	-4.9	-10.5	-6.6	16.8	-11.6	-9.3	-1.0	35.6	-37.9	1.5
S&P 500 INDEX	Large Blend	-5.2	-11.4	-6.7	14.4	-15.5	-9.8	-0.8	26.5	-37.0	5.5
VANGUARD 500 INDEX FUND-ADM	Large Blend	-5.2	-11.4	-6.7	14.5	-15.3	-9.7	-0.8	26.6	-37.0	5.5
DFA US LARGE COMPANY PORT	Large Blend	-5.2	-11.5	-6.7	14.4	-15.0	-9.7	-0.7	26.6	-36.8	5.5
MSCI EAFE SMALL CAP	Foreign Small/Mid Value	-0.4	-11.2	-6.8	12.8	-18.6	-12.6	1.8	47.4	-46.7	2.3
VANGUARD PACIFIC STK IND-ADM	Japan Stock	-2.4	-12.5	-6.9	5.7	-20.0	-10.1	2.1	21.2	-34.3	4.8
RUSSELL 1000 GROWTH IDX	Large Growth	-5.5	-11.7	-7.6	13.6	-14.4	-6.9	0.4	37.2	-38.4	11.8
VANGUARD GROWTH INDEX FD-ADM	Large Growth	-5.7	-12.1	-7.8	13.6	-15.9	-6.7	0.4	36.4	-38.2	12.7
DODGE & COX STOCK FUND	Large Value	-5.9	-13.7	-7.9	15.3	-18.5	-13.8	-2.4	31.3	-43.3	0.1
VANGUARD WINDSOR II FUND-INV	Large Value	-5.7	-13.8	-8.7	13.1	-14.1	-11.8	-1.6	27.1	-36.7	2.2
TEMPLETON DEVELOPING MKTS-AD	Diversified Emerging Mkts	0.1	-11.1	-8.8	23.2	-11.8	-6.2	8.1	74.4	-53.8	29.1
DFA INTL SMALL CAP VALUE PT	Foreign Small/Mid Value	-2.0	-14.1	-9.8	10.0	-20.1	-12.8	2.5	39.5	-41.7	2.9
MS CMDTY RELATED EQUITY	Specialty-Natural Res	-5.2	-14.1	-9.9	17.0	-25.1	-1.1	12.2	54.8	-41.2	45.2
SCOUT INTERNATIONAL FUND	Foreign Large Blend	-1.1	-12.4	-10.3	13.4	-19.4	-7.6	4.6	35.5	-38.1	17.8
DFA INTERNATIONAL CORE EQTY	Foreign Large Value	-1.7	-13.6	-11.0	9.1	-22.3	-12.4	n/a	39.3	-44.0	8.5
GMO QUALITY FUND-III	Large Blend	-3.6	-12.3	-11.1	6.0	-7.9	-6.4	-0.5	19.8	-24.1	6.0
HARBOR INTERNATIONAL FD-INS	Foreign Large Value	0.4	-12.3	-11.8	13.6	-24.0	-9.1	6.5	38.6	-42.7	21.8
VAN ECK GLOBAL HARD ASSETS-I	Specialty-Natural Res	-6.5	-15.1	-11.8	9.5	-38.5	-4.2	n/a	53.2	-44.5	43.2
VANGUARD TOTAL INTL STK INDX	Foreign Large Blend	-1.2	-13.3	-12.0	8.6	-24.3	-11.4	2.8	36.7	-44.1	15.5
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	-1.6	-14.1	-12.8	5.9	-26.4	-12.3	1.6	30.6	-41.4	12.4
DFA INTERNATIONAL VALUE	Foreign Large Value	-1.7	-14.8	-13.1	7.9	-24.7	-14.1	2.3	39.5	-46.3	10.2
MSCI Daily TR Net EAFE USD	Foreign Large Blend	-1.0	-14.0	-13.2	5.9	-26.1	-13.4	0.9	31.8	-43.4	11.2
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	-1.7	-14.7	-13.4	7.2	-23.1	-13.3	2.8	37.8	-44.4	10.8
MORGAN STANLEY INS INTN RE-I	Specialty-Real Estate	0.8	-14.7	-15.5	11.0	-27.5	-19.1	-2.4	46.5	-50.0	-17.6
VANGUARD EUROPEAN STK IND-IS	Europe Stock	-1.1	-15.7	-16.8	4.4	-30.4	-14.9	0.4	32.1	-44.6	13.9
IVY GLBL NATURAL RESOURCE-Y	Specialty-Natural Res	-4.9	-17.6	-17.1	4.9	-46.5	-12.8	4.4	75.1	-61.3	43.7

Source: Bloomberg

TFC Financial Management
Equity Asset Classes
Sorted by YTD Performance
As of 06/30/10

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2009	2008	2007
FMI LARGE CAP FUND	Large Blend	-3.0	-10.3	-5.2	17.0	-3.9	-4.7	3.3	29.7	-26.9	4.1
TIAA-CREF INST SOC CH EQ-RL	Large Blend	-5.7	-11.0	-6.0	17.6	-12.2	-8.1	n/a	32.2	-36.2	4.2
VANGUARD LARGE CAP IDX-SIGNA	Large Blend	-5.4	-11.5	-6.6	14.8	-15.3	-9.3	n/a	27.8	-37.0	n/a
DOMINI SOCIAL EQUITY FD-INV	Large Blend	-4.9	-10.5	-6.6	16.8	-11.6	-9.3	-1.0	35.6	-37.9	1.5
S&P 500 INDEX	Large Blend	-5.2	-11.4	-6.7	14.4	-15.5	-9.8	-0.8	26.5	-37.0	5.5
VANGUARD 500 INDEX FUND-ADM	Large Blend	-5.2	-11.4	-6.7	14.5	-15.3	-9.7	-0.8	26.6	-37.0	5.5
DFA US LARGE COMPANY PORT	Large Blend	-5.2	-11.5	-6.7	14.4	-15.0	-9.7	-0.7	26.6	-36.8	5.5
GMO QUALITY FUND-III	Large Blend	-3.6	-12.3	-11.1	6.0	-7.9	-6.4	-0.5	19.8	-24.1	6.0
RUSSELL 1000 GROWTH INDX	Large Growth	-5.5	-11.7	-7.6	13.6	-14.4	-6.9	0.4	37.2	-38.4	11.8
VANGUARD GROWTH INDEX FD-ADM	Large Growth	-5.7	-12.1	-7.8	13.6	-15.9	-6.7	0.4	36.4	-38.2	12.7
DFA TAX MNGD US MKTWIDE VAL	Large Value	-7.7	-12.3	-3.8	21.9	-15.7	-12.7	-1.2	31.1	-41.6	-1.8
DFA US L/C VALUE PORTFOLIO	Large Value	-7.6	-12.8	-4.2	21.2	-17.4	-13.0	-1.6	30.2	-40.8	-2.8
RUSSELL 1000 VALUE INDEX	Large Value	-5.6	-11.1	-5.1	16.9	-16.8	-12.3	-1.6	19.7	-36.9	-0.2
VANGUARD VALUE INDEX FD-INV	Large Value	-5.1	-10.9	-5.4	15.9	-14.8	-12.1	-1.3	19.6	-36.0	0.1
DODGE & COX STOCK FUND	Large Value	-5.9	-13.7	-7.9	15.3	-18.5	-13.8	-2.4	31.3	-43.3	0.1
VANGUARD WINDSOR II FUND-INV	Large Value	-5.7	-13.8	-8.7	13.1	-14.1	-11.8	-1.6	27.1	-36.7	2.2
DFA US MICRO CAP PORTFOLIO	Small Blend	-7.2	-7.9	0.9	23.5	-6.8	-9.9	-0.4	28.1	-36.7	-5.2
DFA US SMALL CAP PORTFOLIO	Small Blend	-8.0	-9.4	-0.3	25.1	-3.4	-7.5	1.1	36.3	-36.0	-3.1
DFA TAX MNGD US SMALL CAP PO	Small Blend	-7.7	-9.3	-1.0	19.7	-15.2	-11.3	-1.0	26.3	-38.4	-1.6
RUSSELL 2000 INDEX	Small Blend	-7.7	-9.9	-1.9	21.5	-10.0	-8.6	0.4	27.2	-33.8	-1.6
TURNER EMERGING GROWTH FD-IV	Small Growth	-6.7	-10.1	-1.6	15.8	-24.9	-9.4	0.8	26.8	-43.0	17.3
VANGUARD S/C GROWTH INDX-INS	Small Growth	-7.1	-9.8	-1.6	23.1	-11.0	-6.7	2.4	42.1	-39.9	9.8
RUSSELL 2000 GROWTH IDX	Small Growth	-6.7	-9.2	-2.3	18.0	-12.0	-7.5	1.1	34.5	-38.5	7.1
ALGER SMID CAP GROWTH FUND-A	Small Growth	-6.6	-11.6	-3.5	18.3	-15.3	-7.8	4.3	44.0	-48.6	26.3
DFA TAX MGD US TARGET VAL PO	Small Value	-9.0	-10.6	-0.3	27.3	-13.9	-12.2	-1.4	27.6	-37.8	-8.5
DFA US TARGETED VALUE	Small Value	-9.5	-11.7	-1.3	27.1	-6.5	-9.7	0.3	31.9	-33.8	-8.2
RUSSELL 2000 VALUE IDX	Small Value	-8.7	-10.6	-1.6	25.1	-8.0	-9.8	-0.5	20.6	-28.9	-9.8
DFA US S/C VALUE PORTFOLIO	Small Value	-10.1	-12.5	-2.1	27.8	-8.9	-11.6	-0.7	33.6	-36.8	-10.7
VANGUARD PACIFIC STK IND-ADM	Japan Stock	-2.4	-12.5	-6.9	5.7	-20.0	-10.1	2.1	21.2	-34.3	4.8
SCOUT INTERNATIONAL FUND	Foreign Large Blend	-1.1	-12.4	-10.3	13.4	-19.4	-7.6	4.6	35.5	-38.1	17.8
DFA INTERNATIONAL CORE EQTY	Foreign Large Value	-1.7	-13.6	-11.0	9.1	-22.3	-12.4	n/a	39.3	-44.0	8.5
HARBOR INTERNATIONAL FD-INS	Foreign Large Value	0.4	-12.3	-11.8	13.6	-24.0	-9.1	6.5	38.6	-42.7	21.8
VANGUARD TOTAL INTL STK INDX	Foreign Large Blend	-1.2	-13.3	-12.0	8.6	-24.3	-11.4	2.8	36.7	-44.1	15.5
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	-1.6	-14.1	-12.8	5.9	-26.4	-12.3	1.6	30.6	-41.4	12.4
DFA INTERNATIONAL VALUE	Foreign Large Value	-1.7	-14.8	-13.1	7.9	-24.7	-14.1	2.3	39.5	-46.3	10.2
MSCI Daily TR Net EAFE USD	Foreign Large Blend	-1.0	-14.0	-13.2	5.9	-26.1	-13.4	0.9	31.8	-43.4	11.2
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	-1.7	-14.7	-13.4	7.2	-23.1	-13.3	2.8	37.8	-44.4	10.8
VANGUARD EUROPEAN STK IND-IS	Europe Stock	-1.1	-15.7	-16.8	4.4	-30.4	-14.9	0.4	32.1	-44.6	13.9
DFA INTERNATIONAL SMALL CO	Foreign Small/Mid Value	-0.2	-10.7	-5.9	13.8	-18.6	-11.4	3.1	42.0	-43.9	5.7
T ROWE PRICE INTL DISCOVERY	Foreign Small/Mid Growth	0.2	-9.0	-6.1	15.9	-15.6	-9.5	6.4	55.7	-49.9	16.6
MSCI EAFE SMALL CAP	Foreign Small/Mid Value	-0.4	-11.2	-6.8	12.8	-18.6	-12.6	1.8	47.4	-46.7	2.3
DFA INTL SMALL CAP VALUE PT	Foreign Small/Mid Value	-2.0	-14.1	-9.8	10.0	-20.1	-12.8	2.5	39.5	-41.7	2.9
LAZARD EMERG MKT EQY PORT-IN	Diversified Emerging Mkts	-0.4	-9.0	-3.4	25.0	-7.3	-1.1	13.9	69.8	-47.9	33.0
DFA EMERGING MKTS PRTFOLIO	Diversified Emerging Mkts	0.2	-8.7	-5.3	23.6	-6.3	-2.3	12.5	71.8	-49.2	36.0
MSCI Daily TR Net Emerging Mar	Diversified Emerging Mkts	-0.7	-8.4	-6.2	23.2	-13.7	-2.5	12.7	78.5	-53.3	39.4
DFA EMERGING MKT'S VALUE	Diversified Emerging Mkts	0.6	-9.3	-6.3	27.5	-4.5	-2.0	16.0	92.3	-53.9	45.6
TEMPLETON DEVELOPING MKTS-AD	Diversified Emerging Mkts	0.1	-11.1	-8.8	23.2	-11.8	-6.2	8.1	74.4	-53.8	29.1
MS CMDTY RELATED EQUITY	Specialty-Natural Res	-5.2	-14.1	-9.9	17.0	-25.1	-1.1	12.2	54.8	-41.2	45.2
VAN ECK GLOBAL HARD ASSETS-I	Specialty-Natural Res	-6.5	-15.1	-11.8	9.5	-38.5	-4.2	n/a	53.2	-44.5	43.2
IVY GLBL NATURAL RESOURCE-Y	Specialty-Natural Res	-4.9	-17.6	-17.1	4.9	-46.5	-12.8	4.4	75.1	-61.3	43.7
MORGAN STANLEY INS US REAL-I	Specialty-Real Estate	-5.4	-3.6	6.2	49.8	-11.1	-9.8	1.4	29.6	-38.1	-16.6
DFA REAL ESTATE SECS PORT	Specialty-Real Estate	-5.2	-3.9	5.8	54.4	-12.1	-9.6	-0.2	28.2	-37.4	-18.7
ISHARES DJ US REAL ESTATE	Specialty-Real Estate	-4.7	-4.3	4.7	51.2	-13.4	-10.7	-1.3	30.5	-39.9	-18.1
EPRA/NAREIT Dev TR USD	Specialty-Real Estate	-1.9	-7.9	-4.2	25.1	-19.8	-13.6	0.4	38.3	-47.7	-7.0
MORGAN STANLEY INS GLBL RE-I	Specialty-Real Estate	-2.2	-8.6	-4.3	21.5	-14.9	-12.2	n/a	41.0	-45.0	-7.9
MORGAN STANLEY INS INTN RE-I	Specialty-Real Estate	0.8	-14.7	-15.5	11.0	-27.5	-19.1	-2.4	46.5	-50.0	-17.6

Source: Bloomberg

TFC Financial Management
Fixed Income Funds
Sorted by YTD Performance
As of 06/30/10

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2009	2008	2007
VANGUARD LONG TERM BOND INDX	Long-Term Bond	3.7	8.4	10.1	16.1	22.6	9.4	5.5	1.7	8.7	6.6
VANGUARD INTRM TRM BD IDX-IN	Intermediate-Term Bond	2.2	5.1	7.3	13.2	19.9	8.9	n/a	6.9	5.1	7.7
VANGUARD INTM TERM INV G-INV	Corporate Bond	1.6	3.2	6.7	16.3	18.0	7.4	5.4	17.7	-6.2	6.1
ISHARES BARCLAYS AGGREGATE	Intermediate-Term Bond	1.8	3.9	5.5	9.0	16.0	7.5	5.3	3.0	7.9	6.6
VANGUARD INFLAT PROTECTED-AD	Inflation-Protected Bond	1.4	3.9	4.4	9.6	7.2	7.3	4.8	11.0	-2.8	11.7
DFA FIVE-YEAR GLBL FXD INC	World Bond	0.7	2.0	3.9	6.6	12.3	5.1	4.1	4.2	4.0	5.2
VANGUARD S/T INVEST GR-ADM	Corporate Bond	0.5	0.8	2.8	8.5	11.2	5.1	4.7	14.2	-4.6	6.0
VANGUARD S/T BOND INDEX-ADM	Short-Term Bond	0.7	1.6	2.8	5.2	11.5	6.0	4.9	4.4	5.5	7.3
VANGUARD SHORT TERM FED-ADM	Short Government	0.6	1.5	2.6	4.1	11.2	6.0	5.1	2.9	7.1	7.5
VANGUARD SHORT TERM TREAS-IV	Short Government	0.5	1.3	2.1	3.0	8.4	5.4	4.5	1.4	6.7	7.9
VANGUARD MA TAX EXEMPT FD-IV	Muni Massachusetts	-0.3	1.6	2.1	7.4	12.2	4.9	3.9	10.9	-1.3	2.8
VANGUARD LTD TERM T/E FD-INV	Muni National Short	0.0	0.8	1.3	4.0	9.0	4.3	3.6	5.6	2.9	4.3
DFA 2-YR GLBL FIXED INC PORT	World Bond	0.3	0.5	1.1	1.9	5.9	3.3	3.6	2.1	4.1	5.3
FEDERATED GOVT ULTRA DUR-IS	Ultra Short Bond	0.0	0.2	0.5	0.9	3.5	2.5	3.3	1.7	2.5	5.3
BLACKROCK INTL BOND-INST	World Bond	1.9	-1.4	-3.1	2.9	1.9	5.5	3.5	6.1	2.7	9.4

Source: Bloomberg