TFC Financial Management

July 14, 2011

QUARTERLY INVESTMENT LETTER – SECOND QUARTER, 2011

From Washington to Athens, Beijing, Tokyo, and Sacramento: Searching the Planet for Signs of Intelligent Life and Political Will

As the saying goes, all politics is local, but politics, of course, is also about economics (i.e., dividing "the pie"), power and perception. Democracy, as Churchill once said, is the worst form of government, except all the others that have been tried. Globally, as always, the political forces and conflicts at play are important factors in our assessment of the variables in the investment equation. Dispute resolution in Europe's northern vs. southern tiers, crises in the Middle East, China, Sacramento, and Madison will determine the backdrop against which future economic and investment outcomes emerge. As unsettling as the "Arab Spring" seems, and even allowing for China's "peaceful emergence," as the consumer-based emerging country economies (now more than 50% of the world's economy) evolve, they will be the economic drivers and the source of expanding future demand for developed country exports.

Worldwide, our interconnected investment markets are information-discounting forums, minute-by-minute attempting to assess the probable outcomes of what the media serves up as news and our attempt to discover the facts behind the stories. What are the investment markets today seeming to indicate? In the short run, the global equity markets are buffeted by shifting investor sentiment, and in the U.S. today (60-65% of average daily stock turnover volume) dominated by high frequency super-computer nanosecond trading programs, mostly implemented by hedge funds. In essence these are institutional "day traders" using sophisticated computer programs to uncover and close-out minute arbitrage opportunities; speculators who are second-by-second, in a game of financial musical chairs. How can mere individual investors assure themselves (or, on your behalf, firm's like TFC) that there will always be a chair to sit in if the music should stop? Although as an approach debased by the media and Wall Street, a well reasoned strategic mixture of asset classes or said another way, a diversified portfolio periodically rebalanced back to one's appropriate asset class policy mix, still seems the best approach to us. Over the short-term, reflecting rapid shifts in sentiment, markets can be quite volatile. In the long run, relatively free investment markets work for those who take the extended view and prudent risk.

Since late 1999, declining stock market *earnings valuations* around the world have reflected diminished investor expectations and the sense that investment risk was increasing. Throughout the past 11 years, the price-to-expected-earnings ratio for the companies in the US-based S&P 500 Index has declined from a peak of 26X to today's roughly 12X estimated 2012 earnings ($110). Although during this period our client accounts have fared comparatively better than the market averages, this sea change in what investors today are willing to pay for a dollar of earnings after adjusting for the risk expected (i.e., price volatility) has produced only minimal returns for most common stock investors.

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Amid a background of constant "negativity"* given all the bad news, one might be tempted to ask why stock markets around the world haven't declined further? The suggestion would be that the equity markets, despite all the short-term noise, still focus on longer-term corporate earnings growth patterns. And the outlook for corporate profits during the next 12-18 months continues encouraging.

What's In Your Wallet? Fed Chairman Bernanke's Attempt to Bulk Up Our National Personal Balance Sheet

Since announced last August, pouring liquidity into our banking system via quantitative easing (QE2) the Federal Reserve Bank has attempted to reinflate the U.S. economy. The expectation had been that if the Fed flooded the economy with cash (by printing money and purchasing U.S. Treasury debt) investors would invest in equities and consumers would consume; ergo, a rising stock market would rebuild household balance sheets and the *positive wealth effect* would put voters in the correct frame of mind as November 2012 approached.

How has this openly-professed, transparent attempt by our supposedly apolitical central bank to rebuild Main Street's confidence and feeling of economic well-being worked? In the short run (e.g., from the March 2009 U.S. stock market bottom through April of this year) as an immediate palliative for stressed financial markets, QE2 can be judged a moderate success. However, tracking the perhaps unintended consequences of QE2's affect, it has become evident that most of this latest liquidity injection went into emerging country stock markets, commodities, and onto U.S. large bank balance sheets as excess reserves. And in the latter instance, due to the heavy burden of increased regulatory requirements (i.e., Dodd-Frank) very little of this torrent of liquidity has found its way into the real economy via increased consumer or commercial lending. In a financial crisis, monetary stimulus may stem the tide near term, but durable economic growth comes only from private investment and the freedom to innovate.

Who Benefits from Increased Portfolio Complexity? How Do The Super-Rich Diversify Their Investable Wealth?

The latest edition of the *World Wealth Report* indicates that globally the 10.9 million people with $1 million or more *investable* in their portfolios have allocated roughly 40% to equities and placed one third outside their home countries. The same report (sponsored by U.S. Trust Company and Merrill Lynch, both owned by Bank of America) concludes "…now is the time to sell clients on other products and services that large financial services offer like unique investments through our investment bank…" Earlier last week, a full page ad in the *Boston Globe Sunday Magazine* suggested that ("…following your green line, personalizing one's portfolio with more complex investments, will make his/her portfolio work harder.")

These institutional marketing, PR, advertising, and sales campaigns dovetail nicely with a raft of new doomsday fund offerings. Aimed initially at the super-rich, but destined (when Wall Street's promoters get on board this latest fad) for the mass affluent market, the sell-side is

to quote our departed, much-revered political nabob and accomplished wordsmith, Vice President Spiro Agnew

gearing up. We will be hearing more about the insurance and protective features of these complex products. These "bet-against-the-world," or "Black Swan," "Tail Risk," funds (one calling itself the Armageddon Fund) claim to cover investors against that remote possibility of a replay of a 2008-2009 financial market melt-down. Black Swan events are by definition impossible to predict, but nonetheless the regulators will no doubt miss or overlook this minor labeling inconsistency. The one certainty is that such complexity and "insurance" will not be inexpensive for those who choose to purchase such protection.

What are the odds this coverage will pay off in the event some low-probability financial market calamity occurs? As most likely will be the case, one will need to read the footnotes and exclusions and in the end conclude the answer to this is indeterminable. In 1987, John Obrien's "portfolio insurance" programs were widely in vogue with the media, but in early October of that same year when sophisticated pension and endowment fund managers attempted to close out their promised protective trades, that side of the stock market disappeared. There was no liquidity to complete the insurance aspect of the transaction. Also, fresh in the minds of most investors today are the late fall 2008 instances of hedge funds refusing to return investor cash. Worse, many of the managers of these complex investments wouldn't reveal their net exposure or holdings. And all this at a cost of a 2% annual management fee, plus 20% (or more) of any profits. On a fully disclosed, cost-adjusted, comparative basis, the average hedge fund's risk-corrected performance during the recent "lost decade" (i.e., 2000-2010) has left a great deal to be desired.

Investment vehicle complexity might make one's portfolio work harder, but will it generate excess net returns? One can surely expect one result; such complexity is guaranteed to be more expensive and less transparent.

<u>Trolling for Positive Political and Economic Signals (What Might Go Right?)</u>

For individual investors today suffering under the constant media din of what's wrong with everything, the negatives are easily discerned and incorporated into what parades as conventional wisdom. But, although faint and barely detectable, there may be a few signs emerging which might indicate a move back toward a more even playing field for business and capital investment. Insignificant as it may seem, the Supreme Court's recent decision to narrow the scope of class action suits and the Supreme's 8-0 finding remanding to Congress the politically-charged global warming debate, offer some hope of a more balanced dialogue on these two contentious issues. In Madison, St. Paul, Trenton, Indianapolis, and even Boston, questions of what public employees' benefit coverage packages should be, and how much each participant should contribute, are on the table. And in Washington, the heretofore forbidden subject of entitlement reform is now part of the fiscal policy debate. Naive as it may seem to pay attention to these apparent shifts, the possibility remains that the average citizen is beginning to become aware of these issues. Perhaps a more informed (if not civil) discussion will be the outcome?

The Federal deficit debate has also surfaced a few of Washington's more blatant subsidy programs. The ethanol import tariff and alternative fuel corn price support arrangement appear to be on the way out. One result of this Congressional subsidy cancellation may be a freer market for America's largest grain crop, corn, which could be headed for record output levels this year. Other grains are priced against corn which is also a widely used animal feed grain. Although China has just initialed a major purchase program, continuation of recent price weakness in this staple commodity could have a salutary influence on many related products ranging from cereal to beef and pork to gasoline at the pump. The implications for near-term food price moderation could further contribute to reduced inflationary expectations in the U.S. and around the world.

For the financial markets, the mere absence of additional bad news could be just as much a relief as an indication that the economy could be at a significant turning point. Although faced with nuclear power and transmission-grid problems, as Japan's economy moves back to more normal production and output levels, "just-in-time" supply chains worldwide will begin to operate more efficiently. Globally, worker productivity should improve as a result. Investor expectations have been lowered to such an extent that any evidence of a political breakthrough in the U.S. deficit and global sovereign debt debates, or minor improvements in the economic outlook, could produce an unanticipated lift in sentiment.

A Recap of TFC's Portfolio Strategy for Second Quarter 2011

"The (Federal Open Market) Committee continues to anticipate that economic conditions (including low rates of resource utilization and a subdued outlook for inflation in the medium run) are likely to warrant exceptionally low levels for the federal funds (interest) rate (0 to ¼ percent) for an extended period." *Chairman Ben Bernanke's Press Conference, June 22, 2011.*

During the past quarter, investor fears were fueled by a deluge of negative geopolitical news and weak economic data; slower-than-expected economic growth in the U.S., the unresolved (and violent) sovereign debt crisis in Greece, production and supply chain disruption from the Japanese earthquake/tsunami, inflationary pressures in developing countries (China, Brazil, etc.), malaise in the U.S. job and housing markets, the end of QE2, and many other headlines.

In late April, global stock markets reflected this renewed risk-aversion and the MSCI All Country World Index fell by 7% through mid-June. However, with the welcome news of additional funding (second bailout) for Greece by the EU and IMF in late June, equity markets rebounded sharply for a few days and the quarter ended with flat (+0.2% for the MSCI All Country World Index, +0.1% for the S&P 500 Index) to slightly negative returns (-1.6% for the Russell 2000 small cap Index, -1.1% for the MS Emerging Markets Index). The MS Commodity-Related Index dropped by 5.4% in the second quarter, reflecting the retrenchment in energy and commodities prices.

Fixed Income:

With fears of a "double-dip" recession upon us again, U.S. government bonds rallied and already low yields declined further. Despite the looming debt default deadline, U.S. sovereign debt remains the safe-haven, AAA-rated investment for now. The Barclays Intermediate Government/Credit Index gained 2.1% in the second quarter.

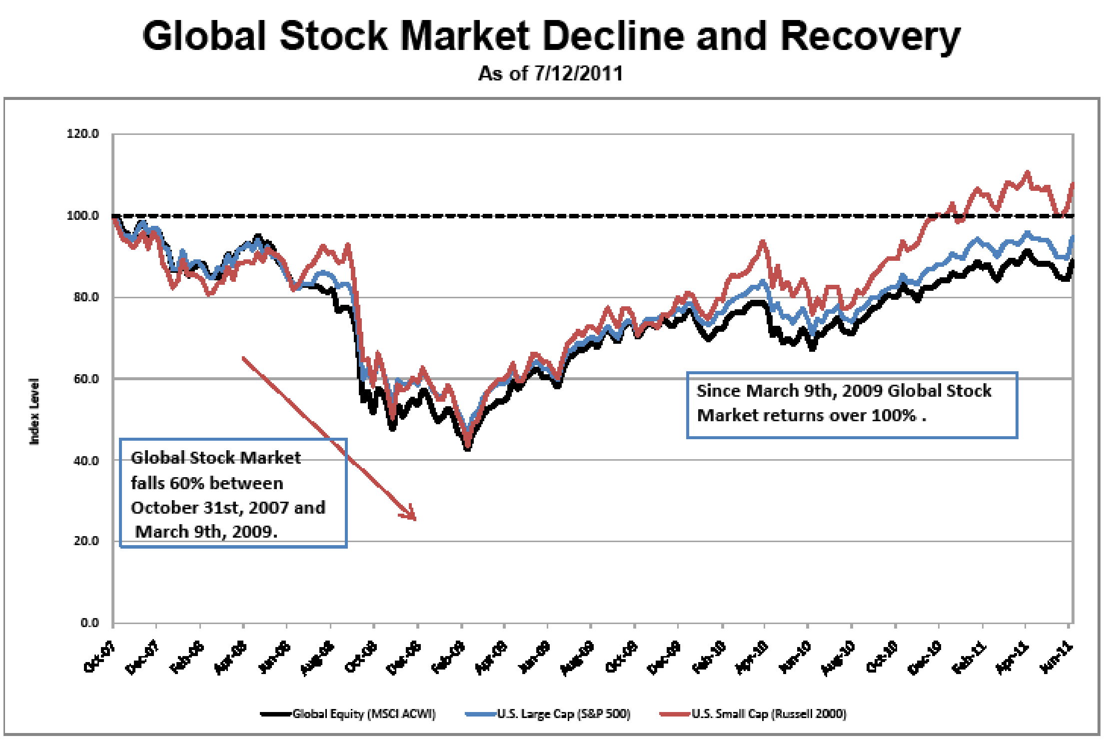
In retrospect, shortening bond maturities/duration in our clients' fixed income portfolios earlier this year in anticipation of rising interest rates was premature. However, the yield spread (differential) between (high quality) short-term and intermediate-term bonds remains minimal; for example, the current yield for a two-year Treasury note is 0.35%, 0.6% for a three-year note and 1.5% for a five-year Treasury bond.

Maintaining a short duration, high quality fixed income portfolio during this period of increased equity market volatility and increased political and policy risk (in the U.S. and Eurozone) continues to be a prudent investment strategy in the near term. (Note: Our fixed income portfolios have no direct sovereign debt exposure in Greece, Spain, Portugal, or Ireland.)

<u>Equities</u>:

Surprisingly to many, global equity markets, represented by the MSCI All Country World Index (ACWI), have rebounded by over 100% from March 2009 (bottom) and are only about 13% below previous peaks. U.S. small company stock (Russell 2000 Index) performance has already exceeded previous peak levels. Chart 1 below illustrates global and U.S. equity market returns since October 2007.

Chart 1

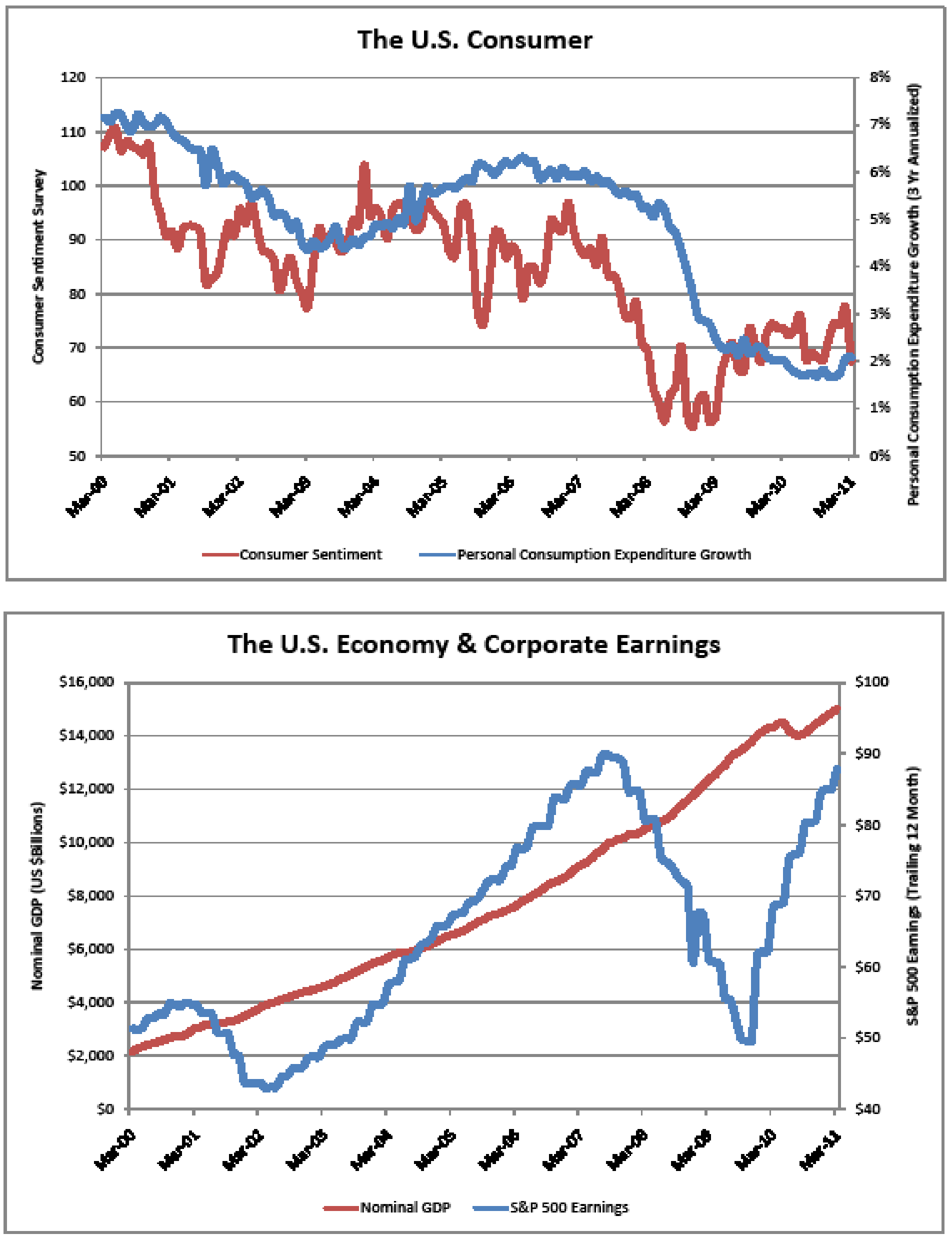


Global Equity Returns (MSCI All Country World Index)			
Peak to Trough = -58.4%	Trough to Today = 108.5%	Peak to Today = -13.2%	Today Back to Peak = 15.3%

Source: Bloomberg

Clearly, there is a glaring disconnect between sentiment on "Main Street" (U.S. consumers), the economy and "Wall Street" (corporate America) which is illustrated in Chart 2 referenced below. The graph on the top panel of Chart 2 tracks Consumer Sentiment (red line, left-hand scale) and Consumer Spending Growth (blue line, right-hand scale) since 2000. Neither measure has recovered since the "Great Recession" ended in June of 2009. The graph on the lower panel reflects nominal U.S. GDP and trailing 12-month earnings for the S&P 500 index companies, which are on track to exceed previous peak levels in 2007.

Chart 2



Perhaps savvier investors recognize that stock markets, post rebound and initial recovery phases, are currently valued at very reasonable levels (12X forward earnings for the MSCI ACWI), corporate profits, which ultimately drive stock prices, are growing, global economic growth will continue, albeit unevenly, and dividend payouts, an important component of equity investing, are generally increasing. Through June 30th, all global equity asset classes have posted positive returns, with U.S. REITs generating the best relative performance (+9.7%).

Not so surprisingly, with the extension of the Fed's zero interest rate policy possibly going into next year, the U.S. Dollar fell by 2% against most foreign currencies this past quarter and has declined by over 11% in the past 12 months. Our U.S. to international equity allocation is presently at 55% / 45%.

In this past quarter, we have reduced our overweight to U.S. small cap stocks by 5% (from 40% to 35% of U.S. equities) in favor of higher quality, more valued-oriented, larger capitalization equities.

Strategically, we are in the process of evaluating and possibly increasing our policy allocation to global real estate and/or global natural resources (which we label "alternative" investments), currently at 5% and 8% of total equities respectively.

As always, we welcome your comments and questions.

Sincerely,

Jim — Renée

James L. Joslin
Chairman, CEO & CCO

Renée Kwok
President

TFC Financial Management
Equity Funds
Sorted by YTD Performance
As of 6/30/11

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2010	2009	2008
DFA REAL ESTATE SECS PORT	Specialty-Real Estate	-3.3	3.7	10.5	34.4	43.1	5.7	2.0	28.7	28.2	-37.4
TURNER EMERGING GROWTH FD-IV	Small Growth	-2.0	-0.7	10.5	45.2	27.4	2.9	4.6	29.4	26.8	-43.0
VANGUARD S/C GROWTH INDX-INS	Small Growth	-1.9	-0.5	10.2	46.6	32.0	9.6	7.5	31.0	42.1	-39.9
ISHARES DJ US REAL ESTATE	**Specialty-Real Estate**	**-3.1**	**2.4**	**9.7**	**32.6**	**40.8**	**4.8**	**1.3**	**26.6**	**30.5**	**-39.9**
MORGAN STANLEY INS US REAL-I	Specialty-Real Estate	-2.7	3.3	9.5	33.9	40.7	6.0	2.8	29.9	29.6	-38.1
ALGER SMID CAP GROWTH FUND-A	Small Growth	-2.0	-0.6	9.4	39.9	26.5	6.2	6.6	23.3	44.0	-48.6
RUSSELL 2000 GROWTH IDX	**Small Growth**	**-2.1**	**-0.6**	**8.6**	**43.5**	**27.7**	**8.4**	**5.8**	**29.1**	**34.5**	**-38.5**
DFA US L/C VALUE PORTFOLIO	Large Value	-1.8	-0.8	8.4	36.1	26.3	3.9	1.7	20.2	30.2	-40.8
VANGUARD DIVIDEND GROWTH -IV	Large Blend	-0.7	3.2	8.2	29.5	18.5	5.6	5.8	11.4	21.7	-25.6
DFA TAX MNGD US MKTWIDE VAL	Large Value	-1.8	-1.0	7.8	36.2	26.7	4.8	1.7	21.6	31.1	-41.6
DFA US SMALL CAP PORTFOLIO	Small Blend	-1.6	-1.3	7.3	40.7	30.4	11.2	5.2	30.7	36.3	-36.0
DFA TAX MNGD US SMALL CAP PO	Small Blend	-1.6	-1.6	7.1	39.2	26.6	6.1	2.6	28.6	26.3	-38.4
GMO QUALITY FUND-III	Large Blend	-1.9	3.5	7.1	27.0	14.5	5.2	4.1	5.5	19.8	-24.1
RUSSELL 1000 GROWTH INDX	**Large Growth**	**-1.4**	**0.8**	**6.8**	**35.0**	**21.7**	**5.0**	**5.3**	**16.7**	**37.2**	**-38.4**
FMI LARGE CAP FUND	Large Blend	-1.7	1.8	6.7	25.4	19.3	6.3	5.5	11.4	29.7	-26.9
RUSSELL 2000 INDEX	**Small Blend**	**-2.3**	**-1.6**	**6.2**	**37.4**	**26.8**	**7.8**	**4.1**	**26.9**	**27.2**	**-33.8**
VANGUARD LARGE CAP IDX-SIGNA	Large Blend	-1.8	0.2	6.2	31.7	21.1	3.7	n/a	15.8	27.8	-37.0
EPRA/NAREIT Dev TR USD	**Specialty-Real Estate**	**-2.5**	**2.9**	**6.1**	**33.4**	**27.2**	**2.3**	**1.5**	**20.4**	**38.3**	**-47.7**
S&P 500 INDEX	**Large Blend**	**-1.7**	**0.1**	**6.0**	**30.7**	**20.4**	**3.3**	**2.9**	**15.1**	**26.5**	**-37.0**
VANGUARD 500 INDEX FUND-ADM	Large Blend	-1.7	0.1	6.0	30.7	20.4	3.4	2.9	15.1	26.6	-37.0
DFA US LARGE COMPANY PORT	Large Blend	-1.7	0.0	6.0	30.6	20.3	3.5	3.0	15.0	26.6	-36.8
VANGUARD GROWTH INDEX FD-SIG	Large Growth	-1.4	0.9	6.0	34.7	21.5	4.3	n/a	17.1	36.4	-38.2
RUSSELL 1000 VALUE INDEX	**Large Value**	**-2.1**	**-0.5**	**5.9**	**28.9**	**21.2**	**2.3**	**1.2**	**15.5**	**19.7**	**-36.9**
DFA US MICRO CAP PORTFOLIO	Small Blend	-2.2	-2.4	5.5	37.3	27.9	9.0	3.1	31.3	28.1	-36.7
MS CMDTY RELATED EQUITY	**Specialty-Natural Res**	**-2.1**	**-5.4**	**5.4**	**47.1**	**27.4**	**3.0**	**13.2**	**25.7**	**54.8**	**-41.2**
MORGAN STANLEY INS GLBL RE-I	Specialty-Real Estate	-2.3	2.8	5.4	32.3	24.6	4.1	n/a	20.2	41.0	-45.0
TIAA-CREF SOC CHOICE EQ-RTL	Large Blend	-1.7	0.5	5.3	29.5	21.4	4.4	3.5	15.7	32.2	-36.2
DFA TAX MGD US TARGET VAL PO	Small Value	-2.0	-2.6	5.2	37.7	29.9	6.3	1.5	30.4	27.6	-37.8
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	-1.4	1.3	5.2	31.7	15.4	-1.2	2.4	9.3	30.6	-41.4
DFA US TARGETED VALUE	Small Value	-2.1	-3.1	5.1	37.4	29.7	9.2	3.5	29.0	31.9	-33.8
MSCI Daily TR Net EAFE USD	**Foreign Large Blend**	**-1.3**	**1.6**	**5.0**	**30.4**	**15.6**	**-1.8**	**1.5**	**7.8**	**31.8**	**-43.4**
T ROWE PRICE INTL DISCOVERY	Foreign Small/Mid Growth	-0.9	2.9	4.9	34.6	22.4	4.4	6.0	20.5	55.7	-49.9
DFA INTERNATIONAL VALUE	Foreign Large Value	-1.4	0.1	4.8	33.3	17.3	0.1	2.7	10.6	39.5	-46.3
DFA US S/C VALUE PORTFOLIO	Small Value	-1.8	-3.7	4.8	40.1	31.1	9.0	2.5	30.9	33.6	-36.8
MSCI AC World Daily TR Net USD	**Large Blend**	**-1.6**	**0.2**	**4.7**	**30.1**	**19.0**	**0.9**	**3.2**	**12.7**	**34.6**	**-42.2**
WALTHAUSEN SMALL CAP VALUE	Small Value	-2.2	-3.8	4.7	38.1	40.4	20.3	n/a	41.9	42.4	n/a
SCOUT INTERNATIONAL FUND	Foreign Large Blend	-1.2	1.5	4.6	31.9	20.0	2.0	6.0	13.2	35.5	-38.1
DFA INTERNATIONAL CORE EQTY	Foreign Large Blend	-1.8	0.3	4.5	33.8	18.0	1.3	3.1	13.9	39.3	-44.0
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	-1.7	-0.5	4.4	32.8	16.7	0.7	3.1	10.2	37.8	-44.4
MSCI EAFE SMALL CAP	**Foreign Small/Mid Value**	**-1.6**	**1.0**	**4.1**	**37.0**	**21.6**	**3.7**	**2.9**	**22.6**	**47.4**	**-46.7**
DFA INTL SMALL CAP VALUE PT	Foreign Small/Mid Value	-2.2	-1.5	4.0	36.2	19.6	3.0	3.8	18.1	39.5	-41.7
DFA INTERNATIONAL SMALL CO	Foreign Small/Mid Value	-2.0	-0.2	3.9	36.9	22.0	3.7	4.5	23.9	42.0	-43.9
RUSSELL 2000 VALUE IDX	**Small Value**	**-2.5**	**-2.7**	**3.8**	**31.4**	**25.8**	**7.1**	**2.3**	**24.5**	**20.6**	**-28.9**
VANGUARD TOTAL INT ST IDX	Foreign Large Blend	-1.5	0.7	3.7	30.9	16.8	-0.4	3.3	11.1	36.7	-44.1
MORGAN STANLEY INS INTN RE-I	Specialty-Real Estate	-2.1	2.3	2.5	32.9	19.0	-1.2	-1.8	9.5	46.5	-50.0
VAN ECK GLOBAL HARD ASSETS-I	Specialty-Natural Res	-3.0	-6.1	1.7	48.7	23.7	-3.3	n/a	28.9	53.2	-44.5
DFA EMERGING MKTS PRTFOLIO	Diversified Emerging Mkts	-1.2	-0.6	1.4	30.5	24.9	6.9	12.8	21.8	71.8	-49.2
TEMPLETON DEVELOPING MKTS-AD	Diversified Emerging Mkts	0.0	-0.3	1.3	30.7	24.6	4.8	8.5	17.7	74.4	-53.8
MSCI Daily TR Net Emerging Mar	**Diversified Emerging Mkts**	**-1.5**	**-1.1**	**0.9**	**27.8**	**23.6**	**4.2**	**11.4**	**18.9**	**78.5**	**-53.3**
IVY GLBL NATURAL RESOURCE-Y	Specialty-Natural Res	-6.8	-10.0	0.8	42.4	19.2	-8.8	3.8	17.2	75.1	-61.3
LAZARD EMERG MKT EQY PORT-IN	Diversified Emerging Mkts	-0.8	0.5	-0.3	26.8	24.3	5.6	12.5	22.8	69.8	-47.9
DFA EMERGING MRKTS VALUE	Diversified Emerging Mkts	-2.0	-2.4	-1.7	28.0	25.4	6.9	14.3	22.1	92.3	-53.9
TEMPLETON FRONTIER MARKET-AD	Diversified Emerging Mkts	-2.4	1.3	-2.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Bloomberg

TFC Financial Management
Equity Asset Classes
Sorted by YTD Performance
As of 6/30/11

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2010	2009	2008
VANGUARD DIVIDEND GROWTH -IV	Large Blend	-0.7	3.2	8.2	29.5	18.5	5.6	5.8	11.4	21.7	-25.6
GMO QUALITY FUND-III	Large Blend	-1.9	3.5	7.1	27.0	14.5	5.2	4.1	5.5	19.8	-24.1
FMI LARGE CAP FUND	Large Blend	-1.7	1.8	6.7	25.4	19.3	6.3	5.5	11.4	29.7	-26.9
VANGUARD LARGE CAP IDX-SIGNA	Large Blend	-1.8	0.2	6.2	31.7	21.1	3.7	n/a	15.8	27.8	-37.0
S&P 500 INDEX	**Large Blend**	**-1.7**	**0.1**	**6.0**	**30.7**	**20.4**	**3.3**	**2.9**	**15.1**	**26.5**	**-37.0**
VANGUARD 500 INDEX FUND-ADM	Large Blend	-1.7	0.1	6.0	30.7	20.4	3.4	2.9	15.1	26.6	-37.0
DFA US LARGE COMPANY PORT	Large Blend	-1.7	0.0	6.0	30.6	20.3	3.5	3.0	15.0	26.6	-36.8
TIAA-CREF SOC CHOICE EQ-RTL	Large Blend	-1.7	0.5	5.3	29.5	21.4	4.4	3.5	15.7	32.2	-36.2
MSCI AC World Daily TR Net USD	**Large Blend**	**-1.6**	**0.2**	**4.7**	**30.1**	**19.0**	**0.9**	**3.2**	**12.7**	**34.6**	**-42.2**
RUSSELL 1000 GROWTH INDX	**Large Growth**	**-1.4**	**0.8**	**6.8**	**35.0**	**21.7**	**5.0**	**5.3**	**16.7**	**37.2**	**-38.4**
VANGUARD GROWTH INDEX FD-SIG	Large Growth	-1.4	0.9	6.0	34.7	21.5	4.3	n/a	17.1	36.4	-38.2
DFA US L/C VALUE PORTFOLIO	Large Value	-1.8	-0.8	8.4	36.1	26.3	3.9	1.7	20.2	30.2	-40.8
DFA TAX MNGD US MKTWIDE VAL	Large Value	-1.8	-1.0	7.8	36.2	26.7	4.8	1.7	21.6	31.1	-41.6
RUSSELL 1000 VALUE INDEX	**Large Value**	**-2.1**	**-0.5**	**5.9**	**28.9**	**21.2**	**2.3**	**1.2**	**15.5**	**19.7**	**-36.9**
DFA US SMALL CAP PORTFOLIO	Small Blend	-1.6	-1.3	7.3	40.7	30.4	11.2	5.2	30.7	36.3	-36.0
DFA TAX MNGD US SMALL CAP PO	Small Blend	-1.6	-1.6	7.1	39.2	26.6	6.1	2.6	28.6	26.3	-38.4
RUSSELL 2000 INDEX	**Small Blend**	**-2.3**	**-1.6**	**6.2**	**37.4**	**26.8**	**7.8**	**4.1**	**26.9**	**27.2**	**-33.8**
DFA US MICRO CAP PORTFOLIO	Small Blend	-2.2	-2.4	5.5	37.3	27.9	9.0	3.1	31.3	28.1	-36.7
TURNER EMERGING GROWTH FD-IV	Small Growth	-2.0	-0.7	10.5	45.2	27.4	2.9	4.6	29.4	26.8	-43.0
VANGUARD S/C GROWTH INDX-INS	Small Growth	-1.9	-0.5	10.2	46.6	32.0	9.6	7.5	31.0	42.1	-39.9
ALGER SMID CAP GROWTH FUND-A	Small Growth	-2.0	-0.6	9.4	39.9	26.5	6.2	6.6	23.3	44.0	-48.6
RUSSELL 2000 GROWTH IDX	**Small Growth**	**-2.1**	**-0.6**	**8.6**	**43.5**	**27.7**	**8.4**	**5.8**	**29.1**	**34.5**	**-38.5**
DFA TAX MGD US TARGET VAL PO	Small Value	-2.0	-2.6	5.2	37.7	29.9	6.3	1.5	30.4	27.6	-37.8
DFA US TARGETED VALUE	Small Value	-2.1	-3.1	5.1	37.4	29.7	9.2	3.5	29.0	31.9	-33.8
DFA US S/C VALUE PORTFOLIO	Small Value	-1.8	-3.7	4.8	40.1	31.1	9.0	2.5	30.9	33.6	-36.8
WALTHAUSEN SMALL CAP VALUE	Small Value	-2.2	-3.8	4.7	38.1	40.4	20.3	n/a	41.9	42.4	n/a
RUSSELL 2000 VALUE IDX	**Small Value**	**-2.5**	**-2.7**	**3.8**	**31.4**	**25.8**	**7.1**	**2.3**	**24.5**	**20.6**	**-28.9**
DFA L/C INTERNATIONAL PORTF	Foreign Large Blend	-1.4	1.3	5.2	31.7	15.4	-1.2	2.4	9.3	30.6	-41.4
MSCI Daily TR Net EAFE USD	**Foreign Large Blend**	**-1.3**	**1.6**	**5.0**	**30.4**	**15.6**	**-1.8**	**1.5**	**7.8**	**31.8**	**-43.4**
DFA INTERNATIONAL VALUE	Foreign Large Value	-1.4	0.1	4.8	33.3	17.3	0.1	2.7	10.6	39.5	-46.3
SCOUT INTERNATIONAL FUND	Foreign Large Blend	-1.2	1.5	4.6	31.9	20.0	2.0	6.0	13.2	35.5	-38.1
DFA INTERNATIONAL CORE EQTY	Foreign Large Blend	-1.8	0.3	4.5	33.8	18.0	1.3	3.1	13.9	39.3	-44.0
DFA TAX-MANAGED INTL VALUE	Foreign Large Value	-1.7	-0.5	4.4	32.8	16.7	0.7	3.1	10.2	37.8	-44.4
VANGUARD TOTAL INT ST IDX	Foreign Large Blend	-1.5	0.7	3.7	30.9	16.8	-0.4	3.3	11.1	36.7	-44.1
T ROWE PRICE INTL DISCOVERY	Foreign Small/Mid Growth	-0.9	2.9	4.9	34.6	22.4	4.4	6.0	20.5	55.7	-49.9
MSCI EAFE SMALL CAP	**Foreign Small/Mid Value**	**-1.6**	**1.0**	**4.1**	**37.0**	**21.6**	**3.7**	**2.9**	**22.6**	**47.4**	**-46.7**
DFA INTL SMALL CAP VALUE PT	Foreign Small/Mid Value	-2.2	-1.5	4.0	36.2	19.6	3.0	3.8	18.1	39.5	-41.7
DFA INTERNATIONAL SMALL CO	Foreign Small/Mid Value	-2.0	-0.2	3.9	36.9	22.0	3.7	4.5	23.9	42.0	-43.9
DFA EMERGING MKTS PRTFOLIO	Diversified Emerging Mkts	-1.2	-0.6	1.4	30.5	24.9	6.9	12.8	21.8	71.8	-49.2
TEMPLETON DEVELOPING MKTS-AD	Diversified Emerging Mkts	0.0	-0.3	1.3	30.7	24.6	4.8	8.5	17.7	74.4	-53.8
MSCI Daily TR Net Emerging Mar	**Diversified Emerging Mkts**	**-1.5**	**-1.1**	**0.9**	**27.8**	**23.6**	**4.2**	**11.4**	**18.9**	**78.5**	**-53.3**
LAZARD EMERG MKT EQY PORT-IN	Diversified Emerging Mkts	-0.8	0.5	-0.3	26.8	24.3	5.6	12.5	22.8	69.8	-47.9
DFA EMERGING MRKTS VALUE	Diversified Emerging Mkts	-2.0	-2.4	-1.7	28.0	25.4	6.9	14.3	22.1	92.3	-53.9
TEMPLETON FRONTIER MARKET-AD	Diversified Emerging Mkts	-2.4	1.3	-2.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MS CMDTY RELATED EQUITY	**Specialty-Natural Res**	**-2.1**	**-5.4**	**5.4**	**47.1**	**27.4**	**3.0**	**13.2**	**25.7**	**54.8**	**-41.2**
VAN ECK GLOBAL HARD ASSETS-I	Specialty-Natural Res	-3.0	-6.1	1.7	48.7	23.7	-3.3	n/a	28.9	53.2	-44.5
IVY GLBL NATURAL RESOURCE-Y	Specialty-Natural Res	-6.8	-10.0	0.8	42.4	19.2	-8.8	3.8	17.2	75.1	-61.3
DFA REAL ESTATE SECS PORT	Specialty-Real Estate	-3.3	3.7	10.5	34.4	43.1	5.7	2.0	28.7	28.2	-37.4
ISHARES DJ US REAL ESTATE	**Specialty-Real Estate**	**-3.1**	**2.4**	**9.7**	**32.6**	**40.8**	**4.8**	**1.3**	**26.6**	**30.5**	**-39.9**
MORGAN STANLEY INS US REAL-I	Specialty-Real Estate	-2.7	3.3	9.5	33.9	40.7	6.0	2.8	29.9	29.6	-38.1
EPRA/NAREIT Dev TR USD	**Specialty-Real Estate**	**-2.5**	**2.9**	**6.1**	**33.4**	**27.2**	**2.3**	**1.5**	**20.4**	**38.3**	**-47.7**
MORGAN STANLEY INS GLBL RE-I	Specialty-Real Estate	-2.3	2.8	5.4	32.3	24.6	4.1	n/a	20.2	41.0	-45.0
MORGAN STANLEY INS INTN RE-I	Specialty-Real Estate	-2.1	2.3	2.5	32.9	19.0	-1.2	-1.8	9.5	46.5	-50.0

Source: Bloomberg

TFC Financial Management
Fixed Income Funds
Sorted by YTD Performance
As of 6/30/11

Name	Fund Category	1 Month	3 Month	YTD	1 Yr	2 Yr	3 Yr	5 Yr	2010	2009	2008
VANGUARD INFLAT PROTECTED-IS	Inflation-Protected Bond	0.6	3.4	5.3	7.3	9.1	4.7	6.7	6.3	11.0	-2.8
BLACKROCK INTL BOND-INST	World Bond	0.2	3.1	4.6	13.8	7.4	5.2	6.1	5.4	6.1	2.7
VANGUARD MA TAX EXEMPT FD-IV	Muni Massachusetts	0.0	3.4	4.2	2.9	5.9	4.9	4.6	1.2	10.9	-1.3
DFA SELECT HEDGE GLOBAL F/I	World Bond	0.1	2.2	3.8	9.4	6.0	2.1	n/a	4.8	10.2	n/a
VANGUARD INTRM TRM BD IDX-IN	Intermediate-Term Bond	-0.5	3.4	3.6	5.4	10.4	8.1	7.7	9.6	6.9	5.1
VANGUARD INTM TERM INV G-ADM	Corporate Bond	-0.8	2.4	3.2	6.7	12.6	8.1	7.3	10.7	17.9	-6.1
VANGUARD LONG TERM BD IND-IN	Long-Term Bond	-2.0	3.4	3.0	2.9	10.5	8.1	7.8	10.5	1.8	8.9
DFA FIVE-YEAR GLBL FXD INC	World Bond	0.0	2.5	2.8	4.2	5.9	5.4	4.9	5.3	4.2	4.0
ISHARES INTERMEDIATE GOV/CR	**Intermediate-Term Bond**	**-0.1**	**2.1**	**2.4**	**3.3**	**5.8**	**5.4**	**n/a**	**5.5**	**2.0**	**8.2**
ISHARES BARCLAYS AGGREGATE	**Intermediate-Term Bond**	**-0.4**	**2.4**	**2.3**	**3.1**	**6.4**	**6.2**	**6.3**	**6.4**	**3.0**	**7.9**
VANGUARD LTD TERM T/E FD-ADM	Muni National Short	0.2	1.5	1.9	2.5	3.7	3.8	3.9	2.1	5.7	3.0
VANGUARD S/T INVEST GR-INS	Corporate Bond	-0.2	1.0	1.7	3.9	6.7	4.9	5.1	5.4	14.2	-4.6
VANGUARD S/T BOND INDEX-ADM	Short-Term Bond	0.0	1.5	1.6	2.7	4.4	4.5	5.3	3.8	4.4	5.5
VANGUARD SHORT TERM FED-ADM	Short Government	0.0	1.2	1.3	2.0	3.3	4.2	5.1	3.4	2.9	7.1
VANGUARD SHORT TERM TREAS-AD	Short Government	0.0	1.2	1.2	1.6	2.6	3.3	4.6	2.8	1.5	6.8
VANGUARD SHORT TERM T/E-ADM	Muni National Short	0.1	0.6	1.0	1.4	1.8	2.4	3.1	1.0	3.2	3.8
DFA 2-YR GLBL FIXED INC PORT	World Bond	0.0	0.4	0.6	1.2	1.6	2.3	3.3	1.7	2.1	4.1
FEDERATED GOVT ULTRA DUR-SS	Ultra Short Bond	0.0	0.0	0.1	0.3	0.6	1.1	2.5	0.6	1.6	2.4

Source: Bloomberg