

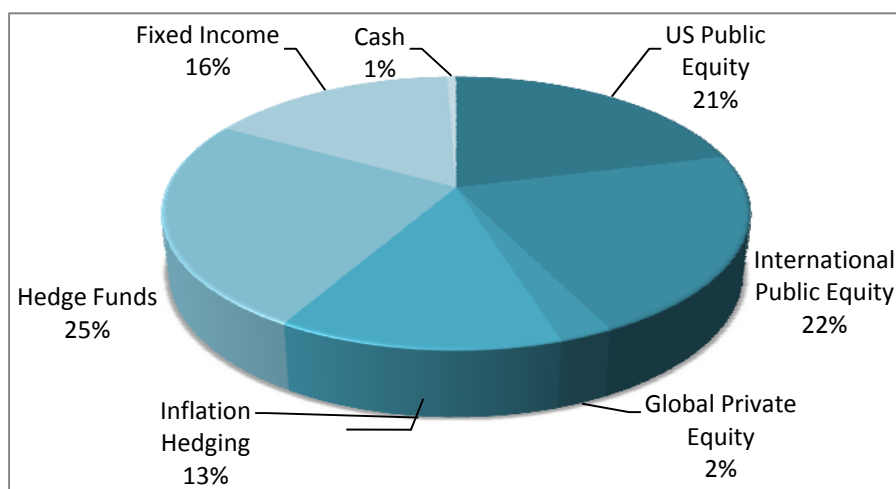
# Legacy Fund (Diversified Growth)

## Second Quarter, 2011 – Market Update

The second quarter of 2011 proved a difficult one for market participants as the specter of potential sovereign debt downgrades and defaults in the developed world overwhelmed continuing positive economic and corporate profitability news. Already on edge from disruptions in the Middle East and Japan, selling pressure took hold the first week in May and continued until the final week of June when bullish investors, feeling the market had been oversold, began to enter the market in force. Notably trading volume was relatively thin which led to a few names driving the pricing whether positive or negative.

With those sentiments vying for prominence, the average earnings yield of S&P 500 companies continues to exceed that of investment grade corporate bonds implying that, for high quality companies, stocks are comparatively cheap. Consequently, we have maintained our bias in the domestic public equity portfolio in favor of those high quality names. We continue to be concerned about inflation and bond valuations overweighting inflation sensitive assets, while staying invested in shorter term maturities with a bias to corporate bonds over US Treasuries. That said, we feel that sovereign debt in Europe is of greater concern than US Treasuries and have structured our cash and credit portfolios accordingly.

## Asset Allocation – 6/30/2011



## Investment Returns

	2 <sup>nd</sup> Quarter	YTD	1 Yr.	Since Inception (8/17/2009)
<b>Legacy Fund (Diversified Growth)</b>	-0.4	2.6	19.6	12.8
<b>CPI + 5%</b>	1.5	3.3	8.56	N/A
<b>S&amp;P 500 (65%)/Barclays Aggregate(35%)</b>	0.9	4.9	21.32	N/A