Private Wealth Management

Deutsche Bank

2Q10 Global Outlook

Looking for Value

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What a Difference a Year Makes!

		1Q08		1Q09		1Q10	Outlook
Economy	GDP (QoQ annualized)	-0.70%	↓	-6.40%	↑	4.5% (est.)	Recovery underway but weak in historical context.
	Fed Funds Rate	2.25%	↓	0 - 0.25%	→	0 - 0.25%	Fed tightening cycle expected to begin August 2010
	Unemployment Rate	5.10%	↑	8.60%	↑	9.70%	Unemployment rate likely to fall to 9.0% by year-end
Fixed Income	10-year Treasury Yield	3.43%	↓	2.69%	↑	3.86%	Deteriorating supply/demand dynamics to drive the 10-Year Treasury yield to 4.5% by year-end
	Investment Grade Spread	259	↑	482	↓	137	Approaching fair value. Healthy corporate balance sheets, rising earnings, and fund flows remain positive.
	High Yield Spread	781	↑	1514	↓	565	High coupons and falling default rates make sector attractive. Short-term EM debt similarly attractive.
	Cash In Money Market Accts (Billions $)	$3,507	↑	$3,856	↓	$3,013	While declining, the amount of cash on the sidelines remain heightened.
Equities	S&P 500	1323	↓	798	↑	1173	Improving fundamentals and rising risk appetite should push the S&P 500 to 1,235 by year-end.
	Quarterly Earnings (trailing 4 quarter sum)	$80.81	↓	$55.72	↑	$66.71 (est.)	Earnings bottomed in 3Q09 (trailing four quarters). 2010 S&P 500 earnings expected to be $76.
	Trailing P/E	15.2	↓	12.60	↑	18.0	P/E's likely to contract 12% in 2010. Equity returns reliant on earnings growth.
Commodities/ Dollar	Oil	$102	↓	$50	↑	$82	Continued global economic expansion likely to push oil to $90/barrel over the next 12 months.
	Gold	$916	↑	$925	↑	$1,104	Despite challenging environment, gold likely to rally to $1,150/ounce over the next 12 months.
	Trade Weighted Dollar	72	↑	86	↓	82	Dollar strength to continue against the developed currencies while weakening versus EM currencies.

Source: FactSet, EcoWin, U.S. PWM Investment Strategy Group. Date represents quarter end.

(003396.03/31/10)

U.S. Economy

Is This Time Different?

U.S. Economy Recovering: 2010 GDP estimate: 3.8%

Inflation Pressures Muted: 2010 CPI estimate: 2.0%

Fed Likely to Tighten in 2H10—Target of First Hike: August 2010

Risks Remain

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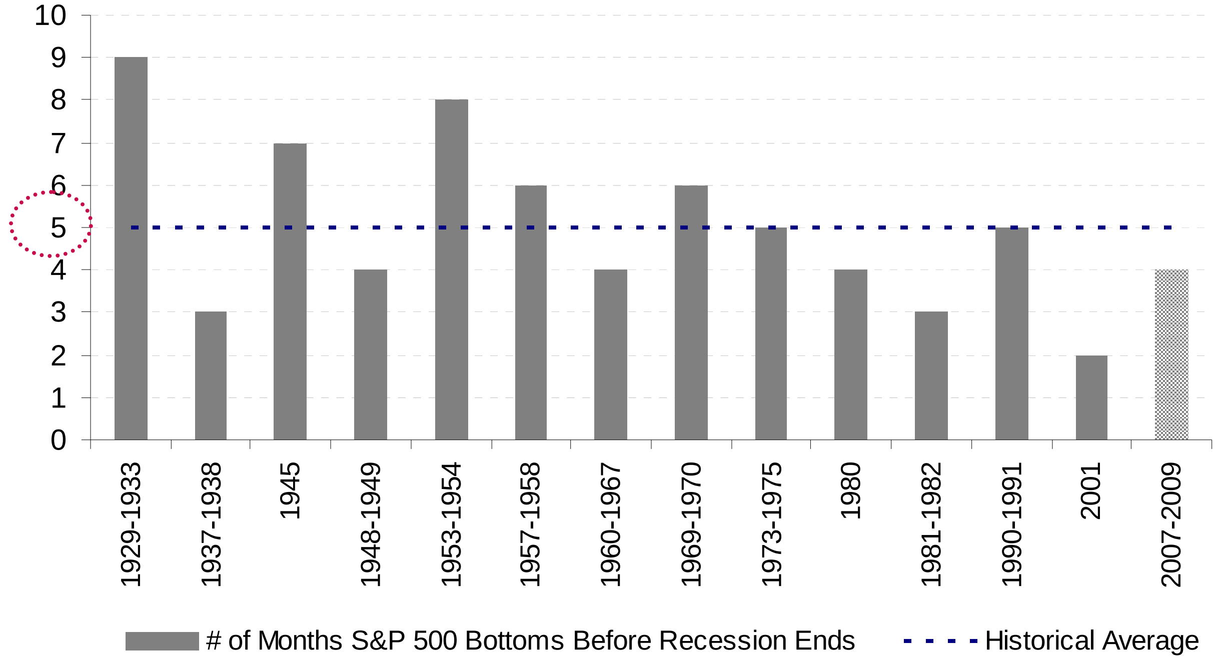
Is This Time Different? Some Things Remain the Same….

Historical Precedence	Base Case Scenario
Historically, average annual growth in real GDP four quarters after a recession ends has been 6.5%.	GDP will likely grow in excess of 4% during the four quarters after the most recent recession (estimated end=July 2009).
The economy has never experienced two consecutive quarters of real GDP growth in excess of 3% without positive job creation.	Assuming the U.S. economy grows in excess of 3% in 1Q10 (current estimate 4.5%), job growth is likely during 2Q10.
On average, the stock market troughs nine months prior to the peak in unemployment.	The stock market bottomed in March 2009 while the unemployment rate likely peaked in October 2009 = nine months.
After peaking, the unemployment rate generally does not plateau.	The unemployment rate has already fallen 0.4% and is expected to fall to 9% by year-end.
Low capacity utilization does not inhibit a recovery in capital spending.	Corporate spending continues to be robust as companies focus on productivity.
Bank lending growth typically lags the economic cycle.	Bank lending remains weak despite the steep yield curve. Demand remains soft in current deleveraging environment.
Productivity and inventory rebuilding are leading drivers of growth coming out of a recession.	Productivity is above average as inventories rebound from historically low levels.

Equity Performance as Leading Indicator

The S&P 500 Tends to Bottom In Advance of the Economy



- The S&P 500's 70% plus rally since March 9, 2009 began approximately four months before the "Great Recession" likely ended (in July 2009).

Source: FactSet, EcoWin

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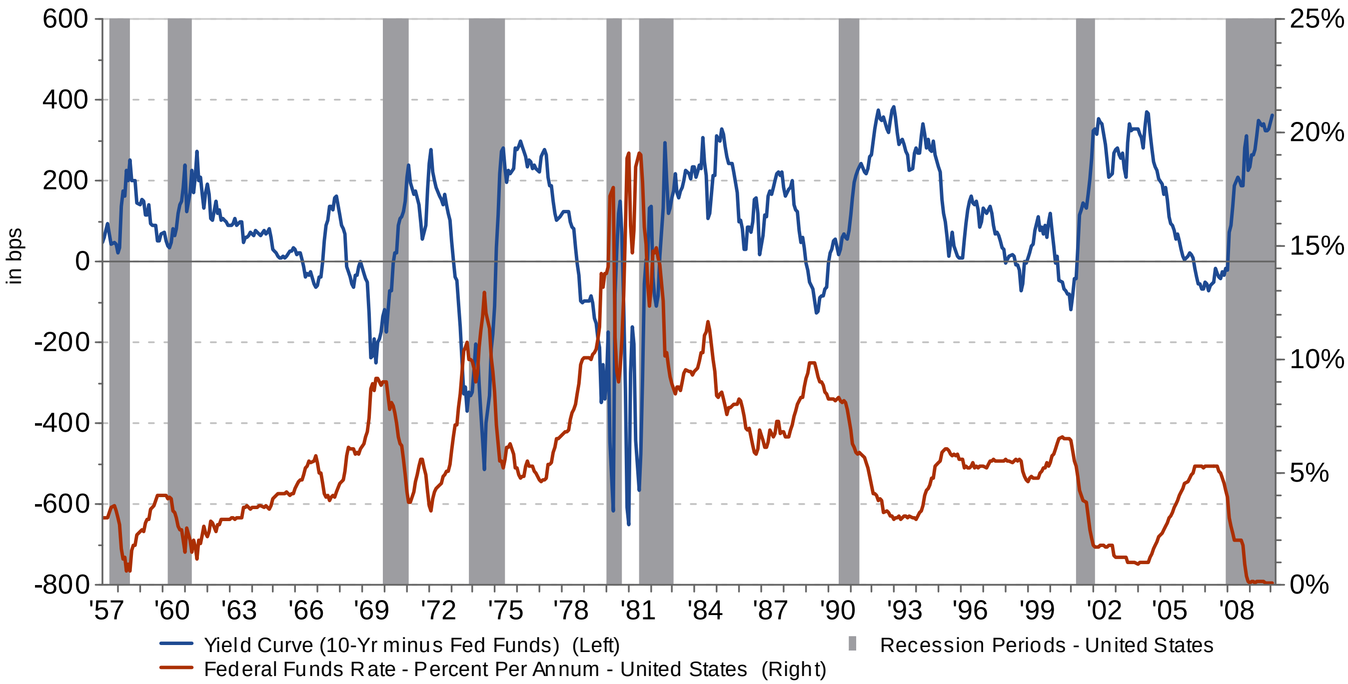
Increasing Steepness of Yield Curve Leads to Recovery

Monetary Recipe = Low Short Term Rates Lead to Steepening of the Yield Curve



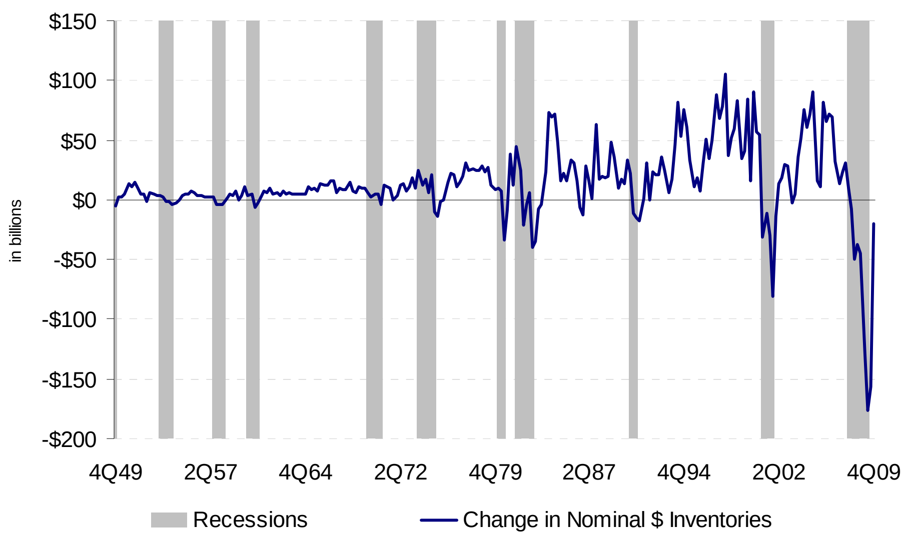
- Since 1957, the yield curve (difference between 10-year yield and Fed funds rate) tends to peak, on average, 12 months after the recession ends.

Source: FactSet, EcoWin

Early Cyclical Drivers of Growth

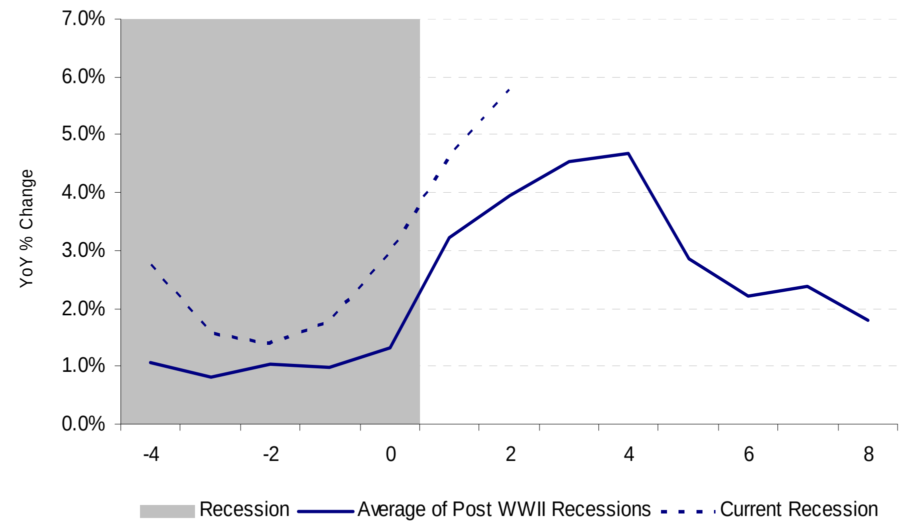
Inventory Restocking and Productivity to Spur Growth

Inventory Restocking from Depressed Levels



- As economic activity has improved, inventories have rebounded from record low levels.
- Inventories are expected to be a driver of GDP in 2010. In fact, in 4Q09 inventories added 3.8% to GDP, the biggest contribution since 4Q87.

Constrained Resources Has Led to Strong Productivity



- After the massive layoffs in 2008-2009, companies have increased productivity through existing workers.
- However, as growth continues to improve the record high levels of productivity is unsustainable and job growth will be necessary.

Source: FactSet, EcoWin.

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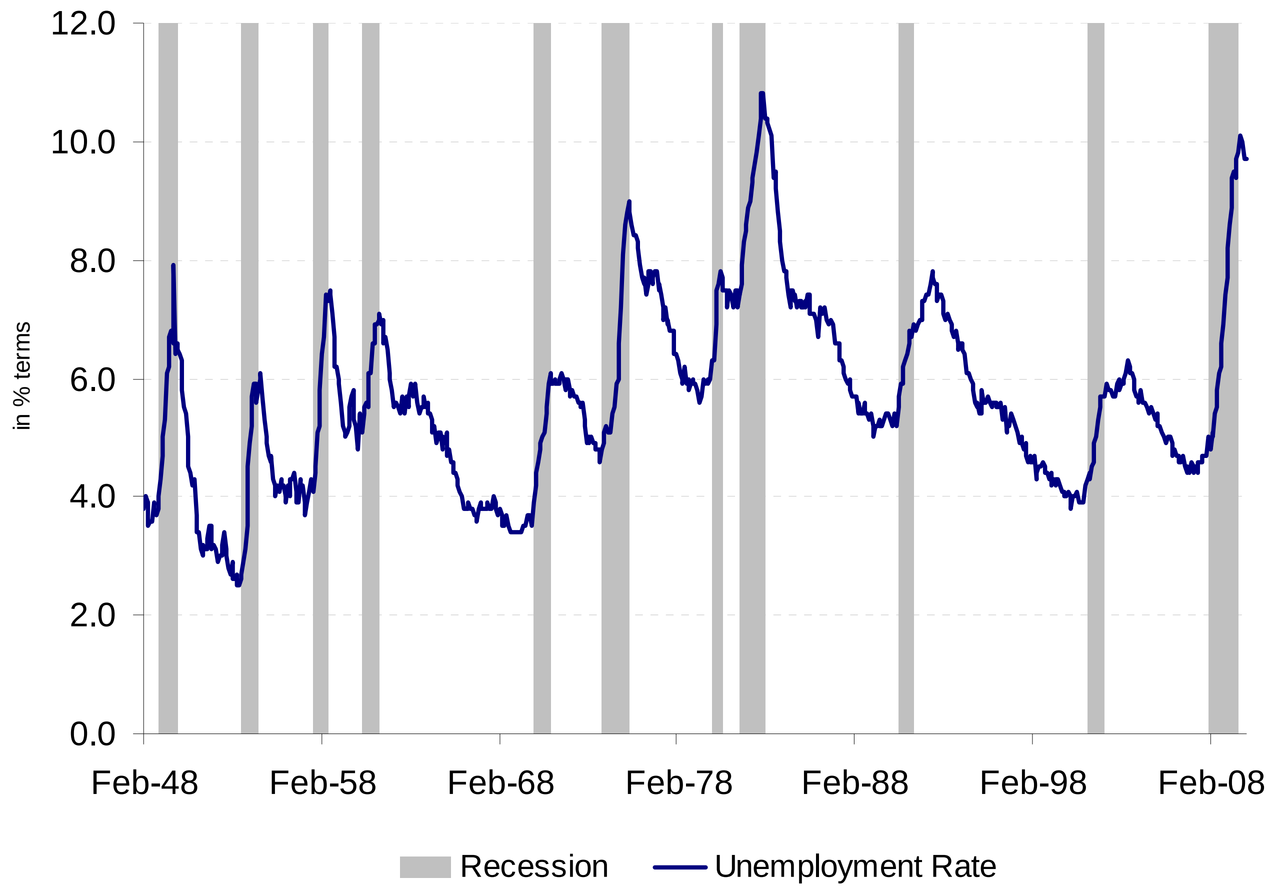
Unemployment a Lagging Indicator

Unemployment Rate Tends to Fall as Economy Recovers



- Since 1948, on average the unemployment rate peaks 4-5 months after the recession ends.
- Historically, 12 months after the rate peaks it has fallen on average by 1.6%.
- Therefore, if the unemployment rate peaked in October 2009 at 10.1%, our 9.0% year-end forecast could prove to be conservative.
- However, in most recent history (the past two recessions), the path of job creation has been less than stellar.

Source: FactSet, EcoWin

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…while Other Factors are Different...

Historical Precedence	Base Case Scenario
The economy has relapsed into recession within one year of exiting a recession only three times in 32 business cycles since 1854 (excluding the current one). Two of the three occurred before 1925.	Assuming our base-line forecast, the U.S. economy will likely not slip into a recession within one year of recovery. However, the post-election period could challenge growth prospects.
The U.S. usually leads the global economic recovery and the emerging markets are usually reliant on the U.S.	The economic recovery has been driven by the emerging markets, followed by the U.S., while Europe has lagged.
Consumer spending typically leads the economic recovery, especially as jobs recover.	There are many headwinds that will inhibit consumer spending, including the slow rebound in job growth, ongoing deleveraging and higher taxes.
Corporate spending and net exports usually lag in a recovery.	With corporate cash flow running near record high levels and earnings rebounding, businesses will likely increase spending.
The U.S. economy typically grows its way out of its fiscal deficit. State budget deficits lag the broader economy but rebound with the recovery.	The growth profile of the U.S. economy will require a combination of tax hikes and spending restraint. State budget cuts will likely become more drastic.

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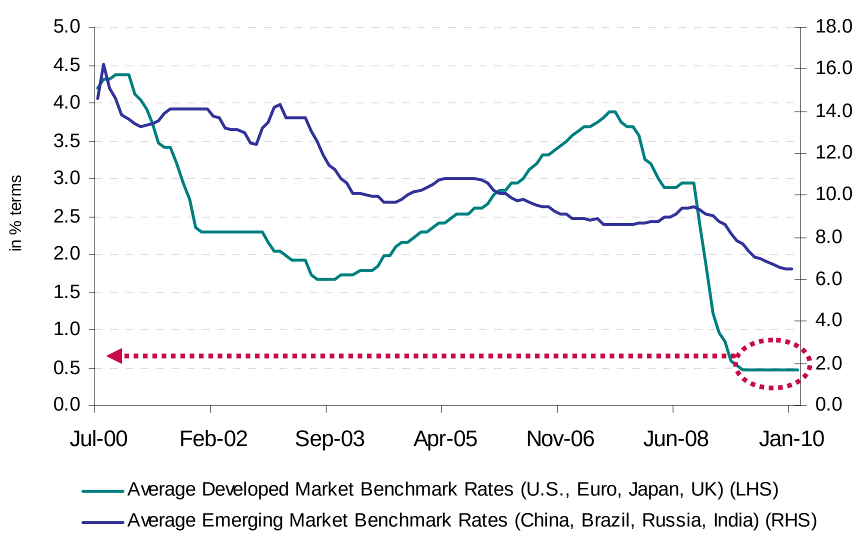
Emerging Markets Have Superior Growth Profile

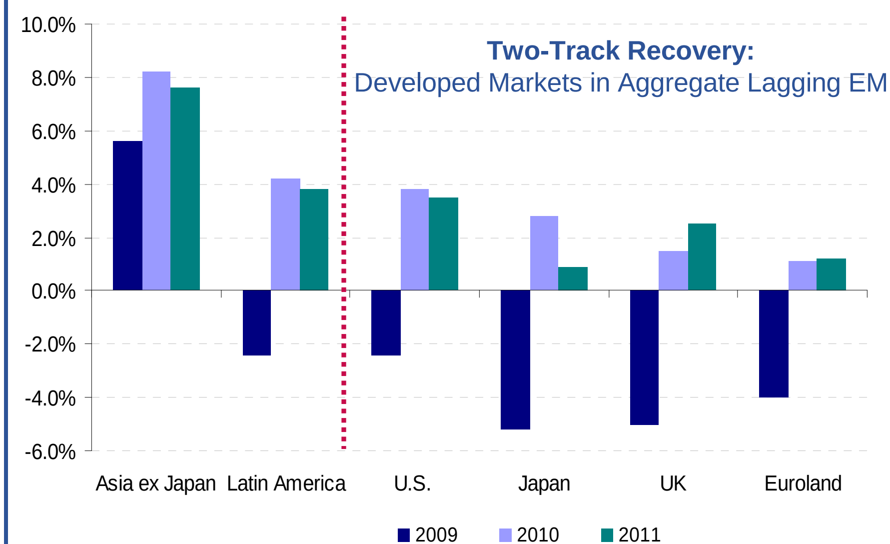
Emerging Markets to Lead World GDP in 2010

Developed Markets Have Limited Monetary Flexibility



■ With short term rates in excess of 6%, EM economies have more monetary flexibility to combat unforeseen economic weakness.

EM Growth Rates Outpace Developed Market Rates *



■ Emerging economies, particularly from Asia, continue to lead the economic recovery while the developed economies, particularly Japan and Europe, continue to lag.

Source: FactSet, EcoWin, First Call.

* Deutsche Bank Global Markets forecasts.

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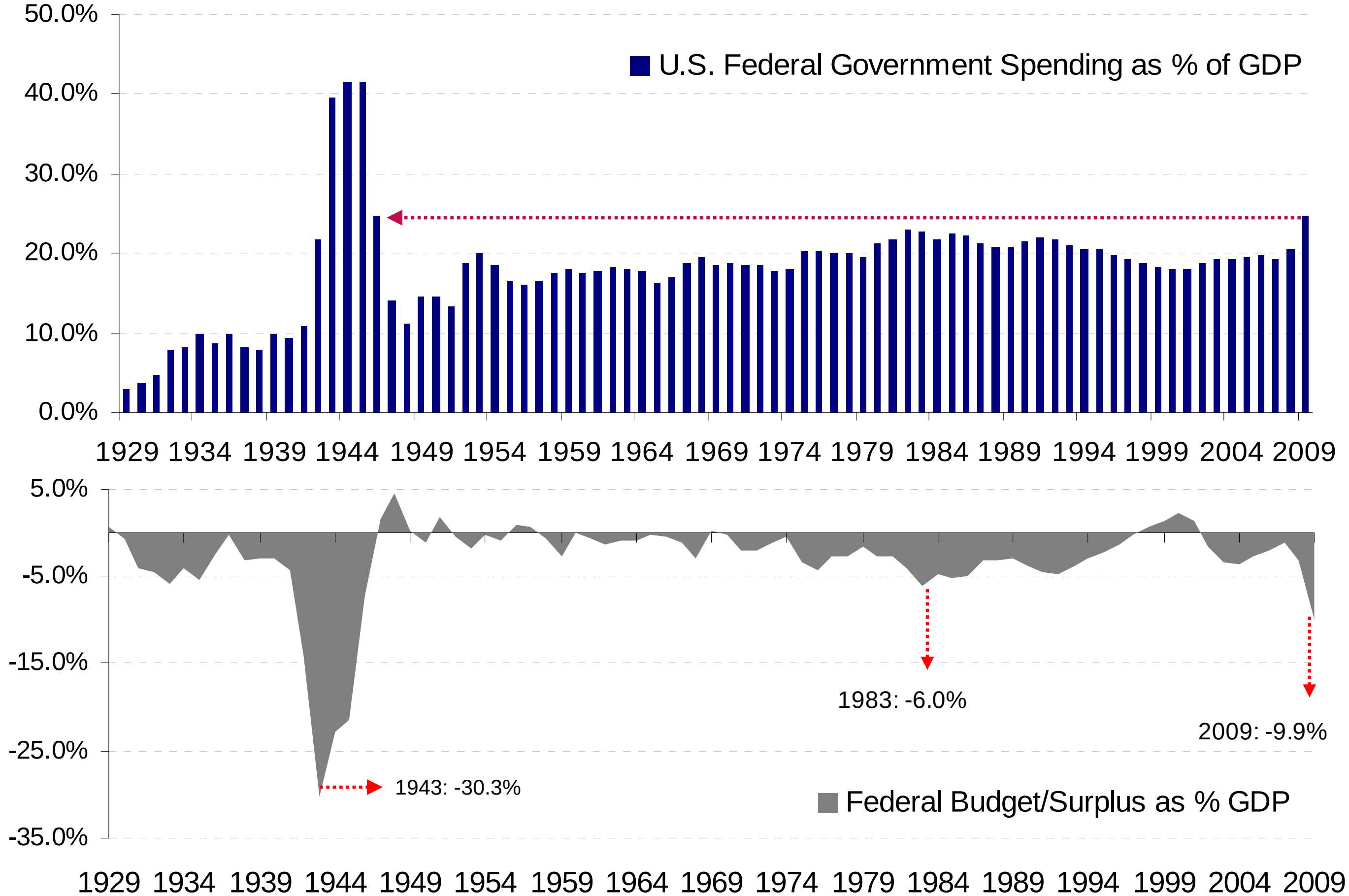
Fiscal Stimulus Has Been Intense

U.S. Government Spending Has Led to Record Deficits



- Government spending continues to take on a greater percentage of GDP.
- Fiscal deficits, while projected to improve, will remain close to $1 trillion for each year over the next decade.

Source: FactSet, EcoWin, Office of Management and Budget.

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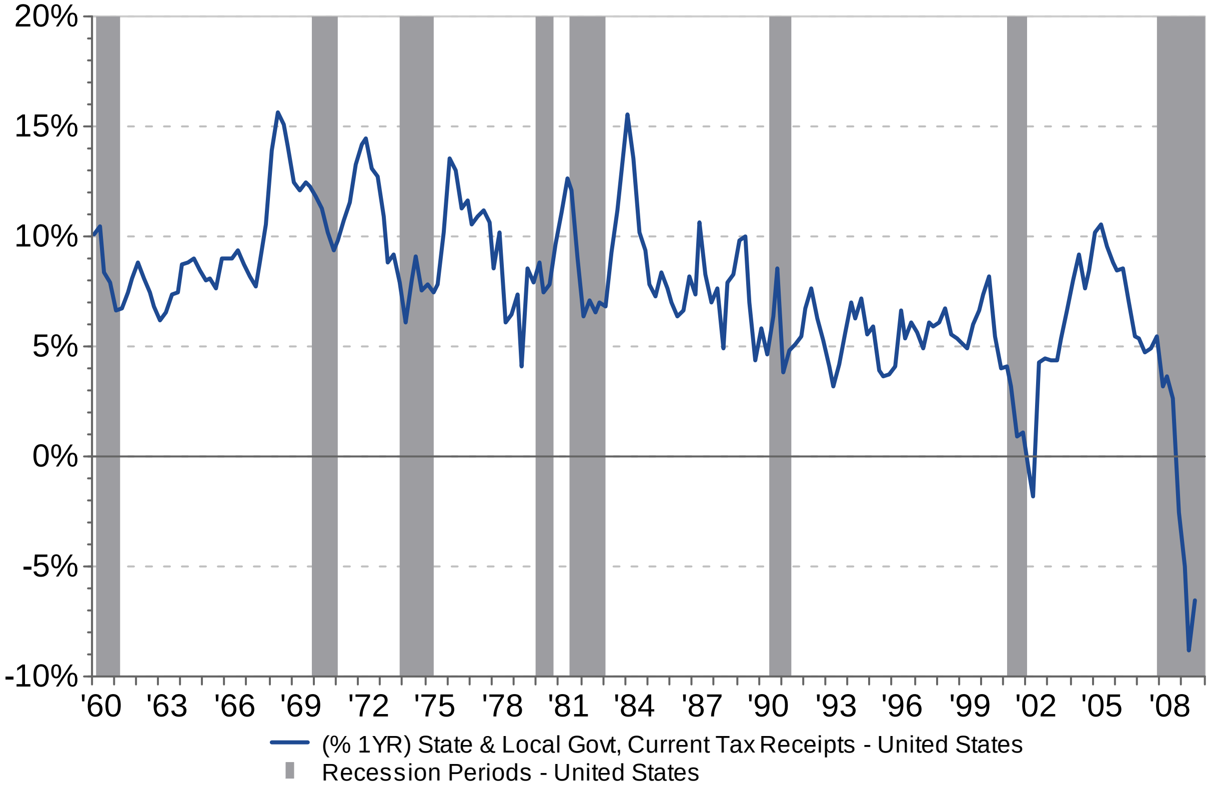
State Fiscal Challenges a Lagging Problem?

State Tax Receipts Suffering



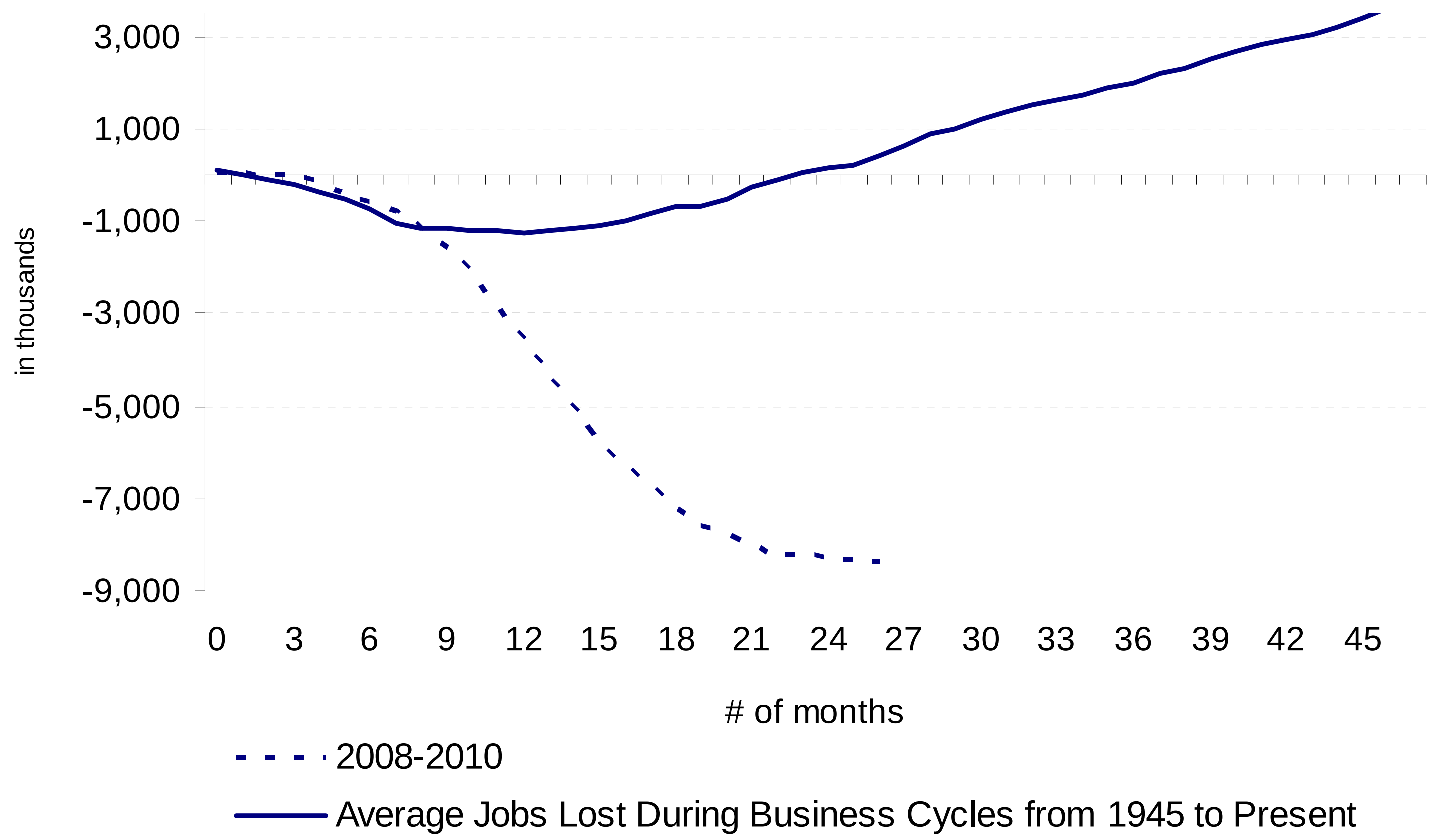
- As state budgets continue to deteriorate, taxes and fees are likely to increase to fund these deficits. In fact, according to the Center on Budget and Policy Priorities, 45 states were forced to cut services to residents in the 2009 fiscal year while 30 raised taxes.
- Current estimates project that 48 states are facing a fiscal deficit for the 2010 fiscal year. The deficits equate to a record $196 billion.*
- However, although still troublesome, estimates forecast a gradual improvement in the coming years ($180 billion in 2011 and $120 billion in 2012).*

Source: FactSet, EcoWin.

*Center on Budget and Policy Priorities released February 2010. Estimates for 2010 account for both initial and mid-year shortfalls.

Constrained Consumer?

Job Losses a Major Drag on Disposable Income

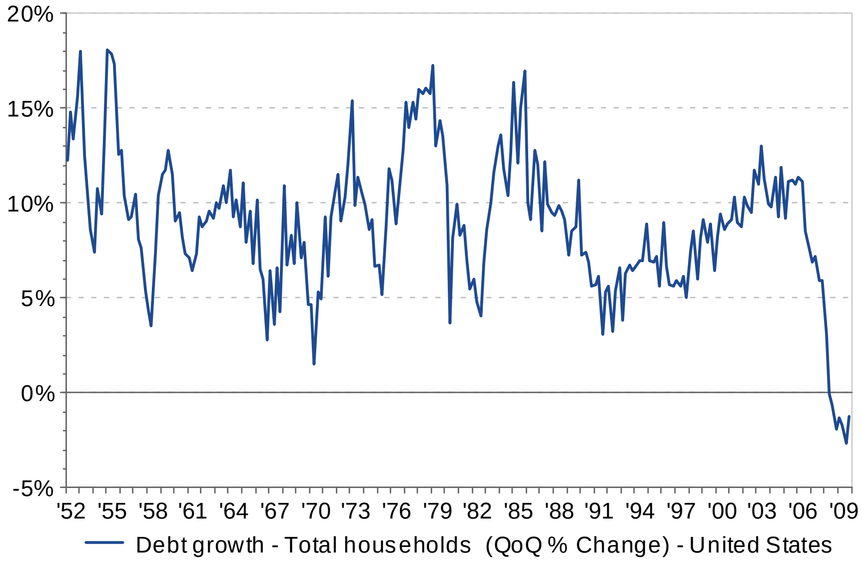


Source: FactSet, EcoWin

Lending Remains Lackluster

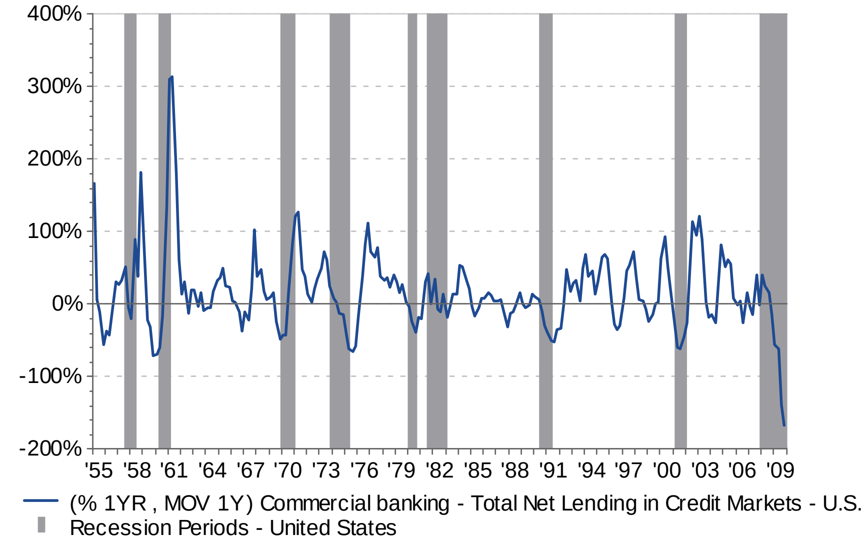
Substantial Contribution from the Consumer Unlikely in 2010

Consumers are Deleveraging…..



- Borrowing from households fell for the seventh consecutive quarter in 4Q09, posting the first period on record where total household borrowing declined. While mortgage borrowing has fallen, the bulk of the declines have been in consumer credit borrowing.
- As the labor recovery remains weak and is in its initial stages of recovery, we do not expect to see a substantial improvement in consumer borrowing.

…While Banks, in Aggregate, are not Lending



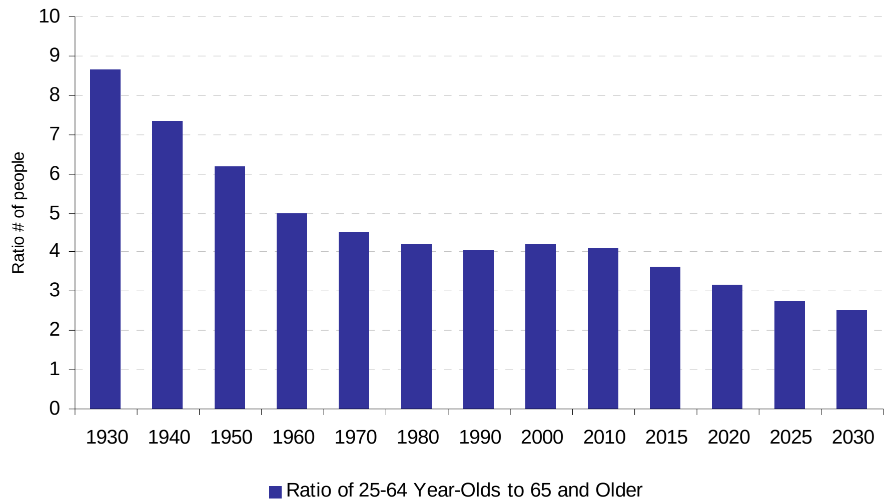
- In addition, banks remain hesitant to lend. Historically, an expansion in lending has helped our economy recover after a recession. Without this boost, our economic recovery will be tepid (by historical standards).

Source: FactSet, EcoWin.

An Aging Population

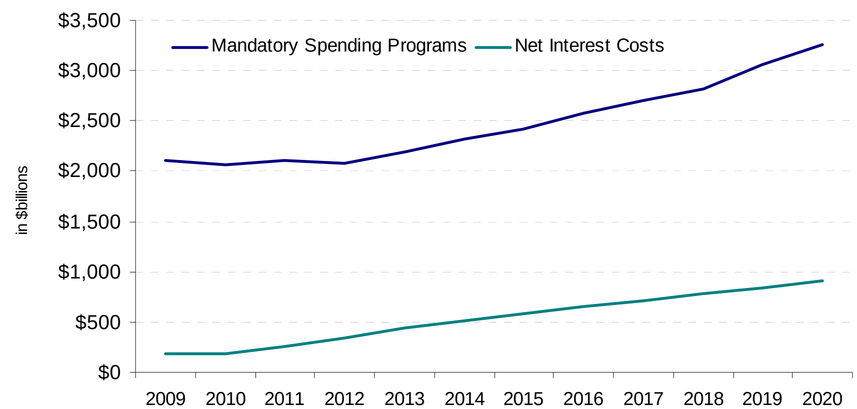
Demographics will Constrain Economic Growth

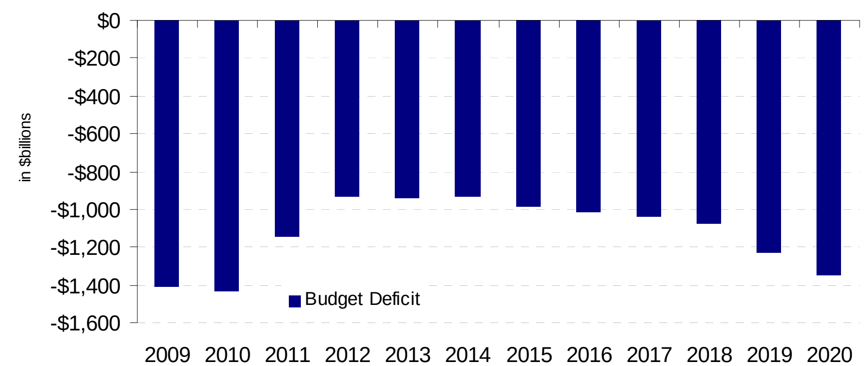
Demographics Present Difficulties Cutting the Deficit



- The amount of mandatory government spending is expected to rise in the coming years as the retiring “baby boomers” result in increased government spending on medicare and social security.
- In addition, net interest costs will rise as interest rates increase and government debt burdens remain high. This should result in deficits in excess of $1 trillion for the next 10 years which may challenge long-term growth.

Entitlement Spending Increasing*



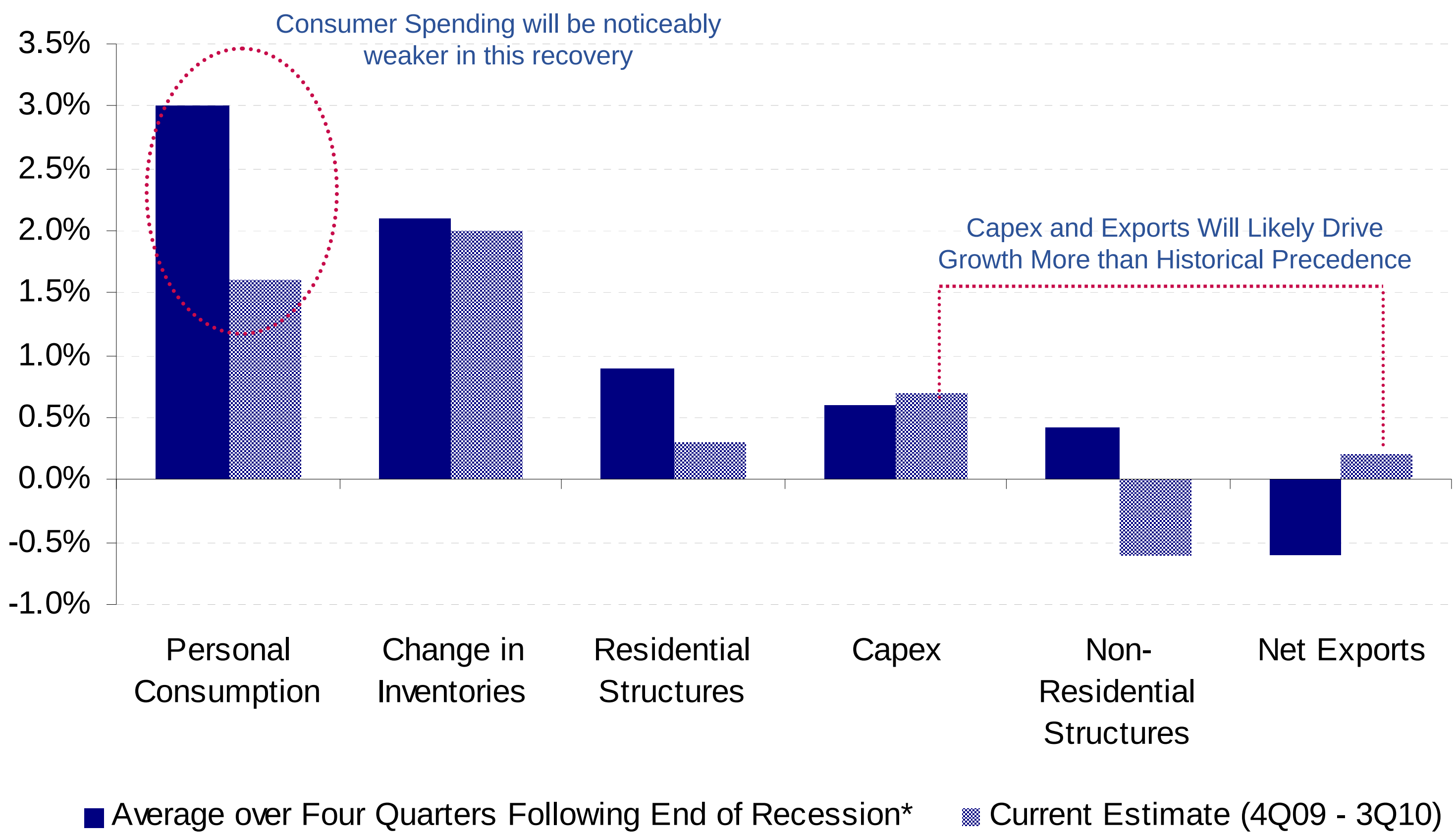


Source: U.S. Census Bureau, FactSet, EcoWin.

*Budget of the U.S. Government, Fiscal Year 2011. Office of Management and Budget

The Composition of GDP Growth Different

Growth to be Less Driven by the Consumer



Source: FactSet, EcoWin. *Average of the recessions from 1948-2001.

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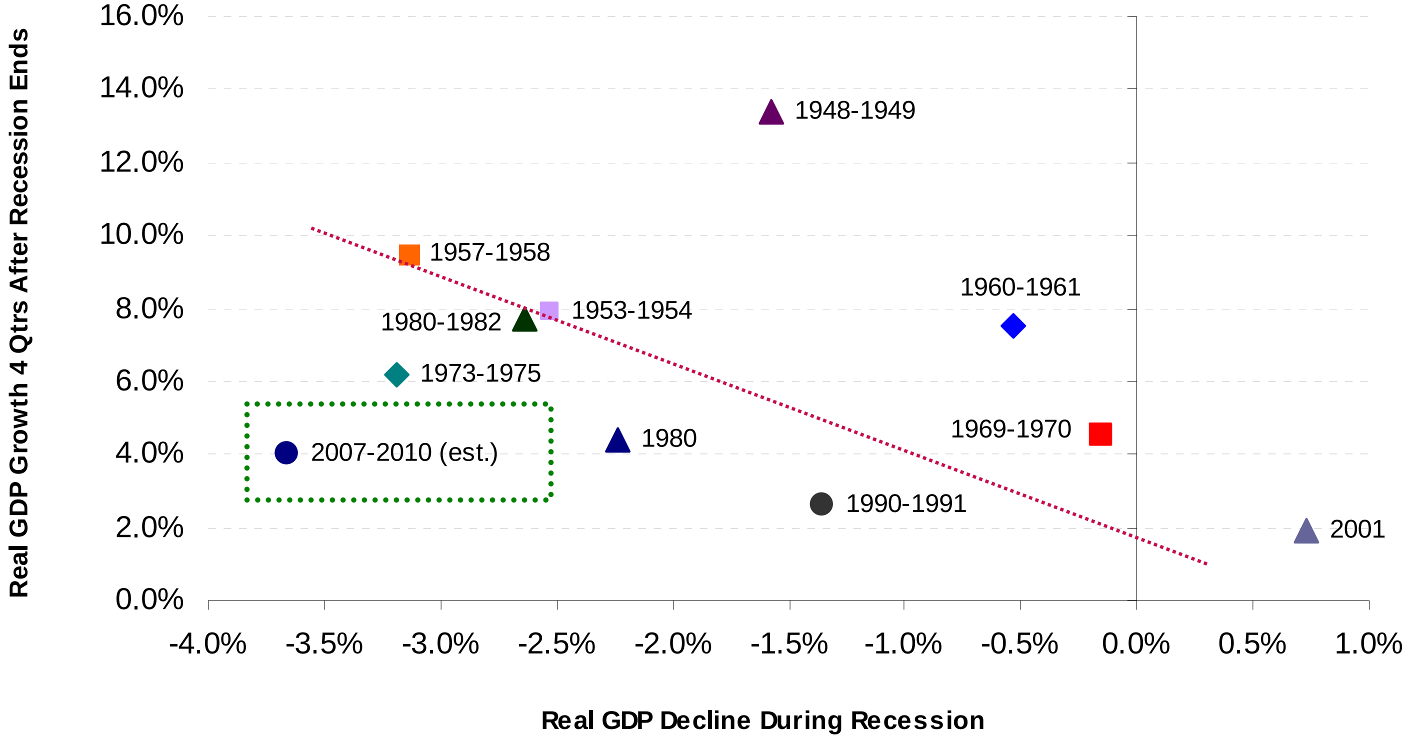
Recoveries Tend to Mirror Economic Declines

GDP Before and After Recession: This Recovery Will be Weak



- Typically, the strength of the recovery mirrors the economic decline during the recession. However, given the decline that occurred during the "Great Recession," this recovery is expected to be very muted.

Source: FactSet, EcoWin

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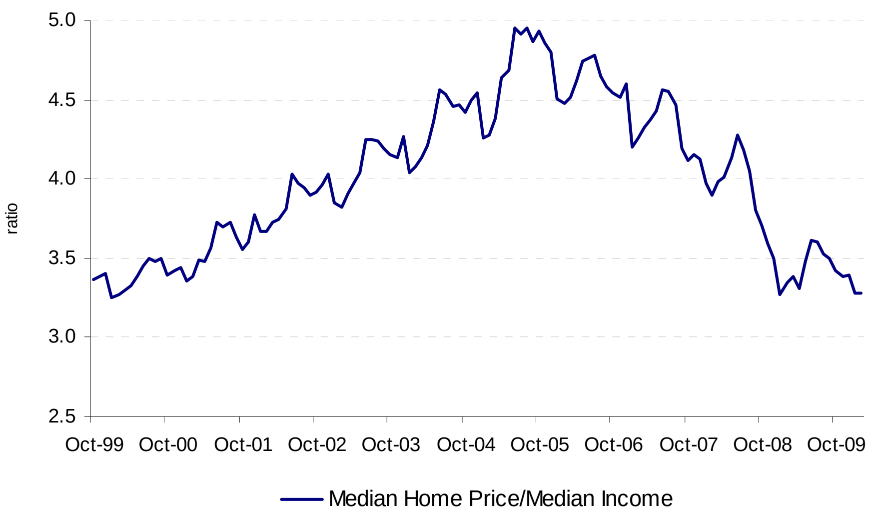
Signs of Stability in Housing

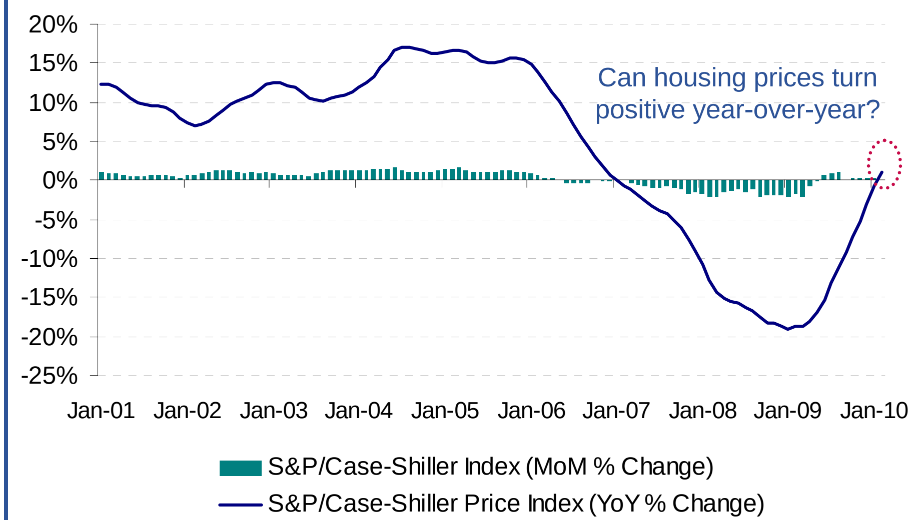
Has Housing Found a Bottom?

Price Versus Income*



- When using just the median home price and median income, homes are the most affordable since the early 2000's.
- As of February 2010 the median home price (existing home) remains 28% ($165K) below its high reached in July 2006 ($230K) while median income was $50.2K (annual) in 2008.

Home Prices Poised to Gain Year-over-Year



- Home prices have risen for eight consecutive months (through January 2010), bringing the year-over-year decline to only 0.7% (the slowest YoY decline since February 2007).
- In fact, given this gradual improvement, home prices on a year-over-year basis may post positive numbers as early as the February data. Even if home prices are flat for February, the year-over-year figure would rise 1.0%, the largest YoY rise since November 2006.

Source: FactSet, EcoWin, U.S. Census Bureau.

*2009 median incomes are not yet available so ratio is factoring 2008 median income ($50.3K).

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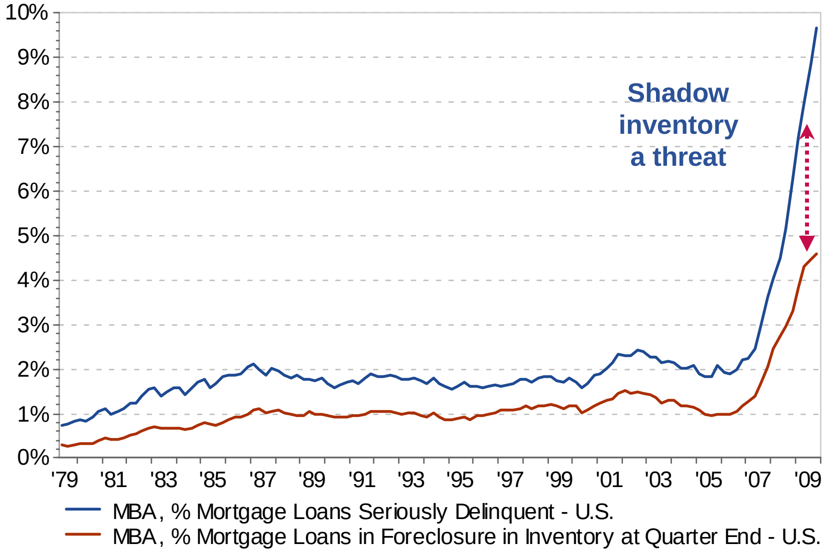
Housing Recovery Remains Fragile

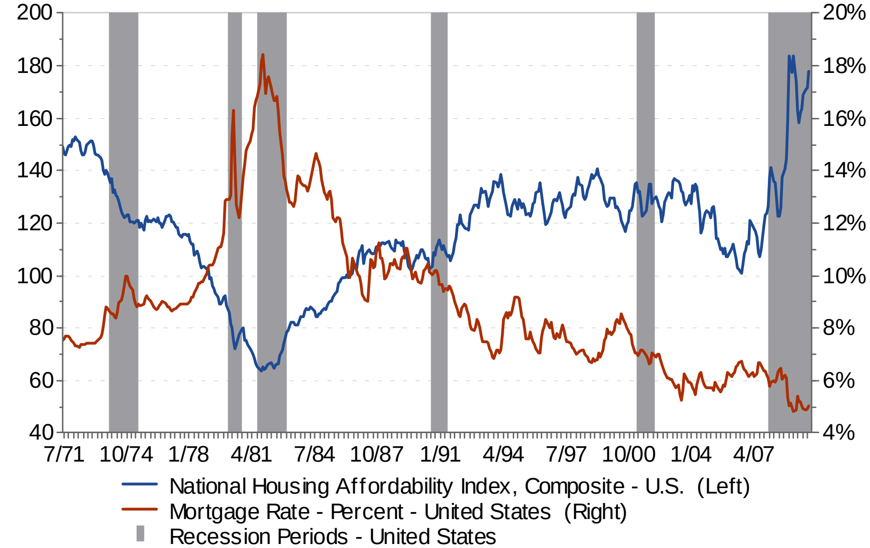
Despite Positive Data on Prices and Sales, Housing Recovery Remains Fragile

Shadow Inventory Remains a Threat



- If all the loans that are seriously delinquent (9.5%) end up going into foreclosure, the amount of mortgage loans in foreclosure may reach 14%.

Affordability at Record Highs...Close Eye on Rates



- Given the decline in home prices and attractive mortgage rates, homebuyer affordability remains near record highs.
- However, the mortgage rate deserves monitoring as any rapid increase due to the Fed's exit from their mortgage backed purchase program and rise in long-term Treasuries may disrupt the housing recovery.

Source: FactSet, EcoWin.

*Total mortgage market includes both residential and multi family residential loans outstanding at the end of 4Q09.

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Fixed Income

Investing in a Rising Rate Environment

Yields, in Aggregate, to Gradually Rise Through Year-End

Treasuries Driven Higher by Supply/Demand Imbalance and Economic Recovery

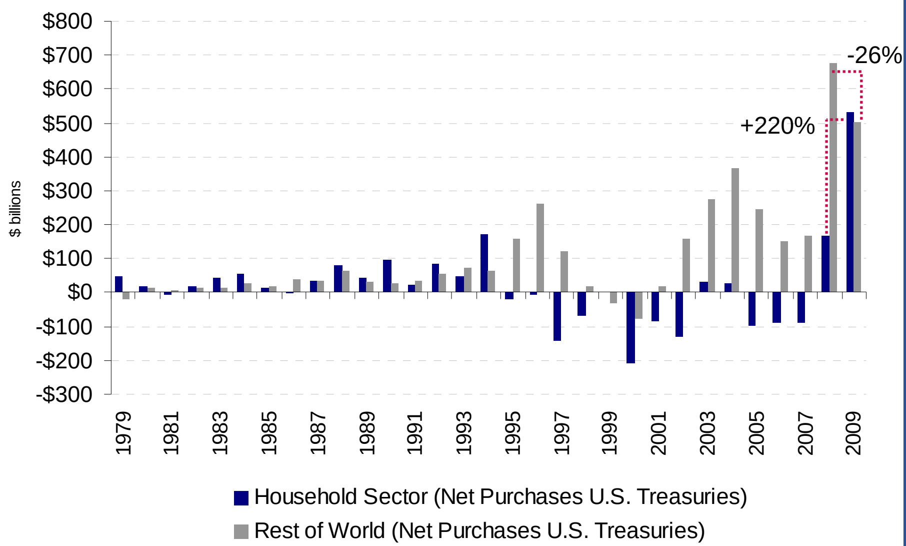
Spread Related Products Likely to Outperform Treasuries

EM Bonds: Attractive Fundamentals

Who Will Buy all the Treasury Debt?

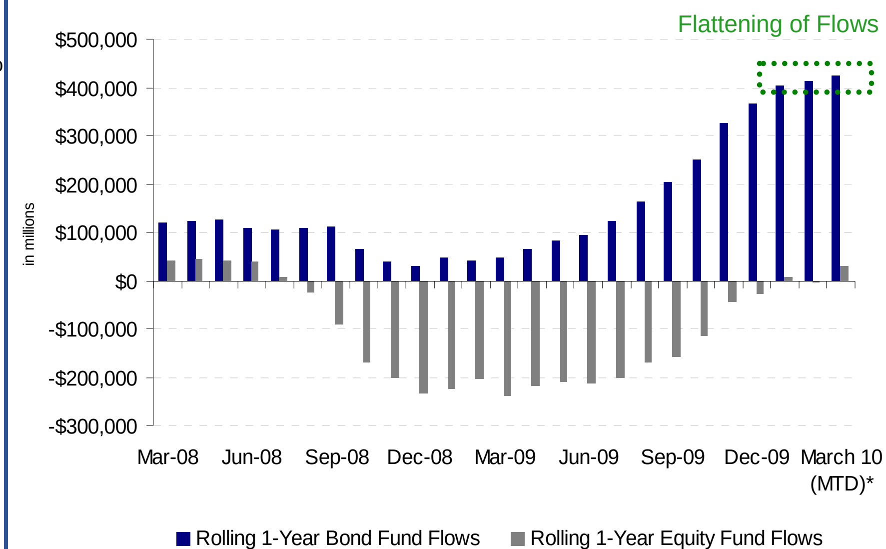
Demand in 2010 is Unlikely to Meet Supply

Households Made Significant Treasury Purchases



- The household sector bought the largest percentage of net new issuance of Treasury debt in 2009 outpacing the purchases by international investors.
- This is unlikely sustainable in 2010 as investor risk appetite increases and economic growth prospects improve. As a result, investors will likely be inclined to look for opportunities that offer better risk/reward potential.

Signs that Treasury Demand is Slowing



- In addition, after seeing fund flows into bonds surge at a record pace in 2009, signs that this growth in demand is “topping out” have materialized.

Data Source: FactSet, EcoWin, Federal Reserve Flow of Funds Report.

*MTD as of March 17, 2010.

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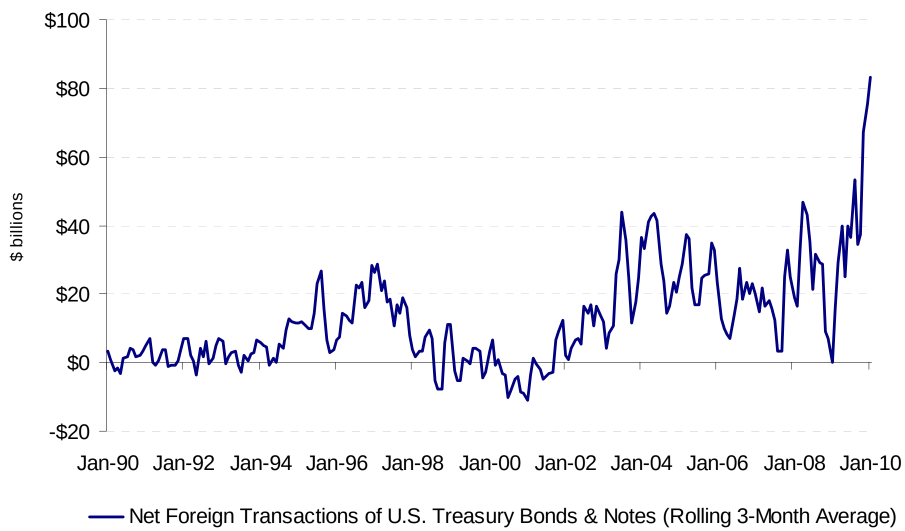
Demand is There...For Now

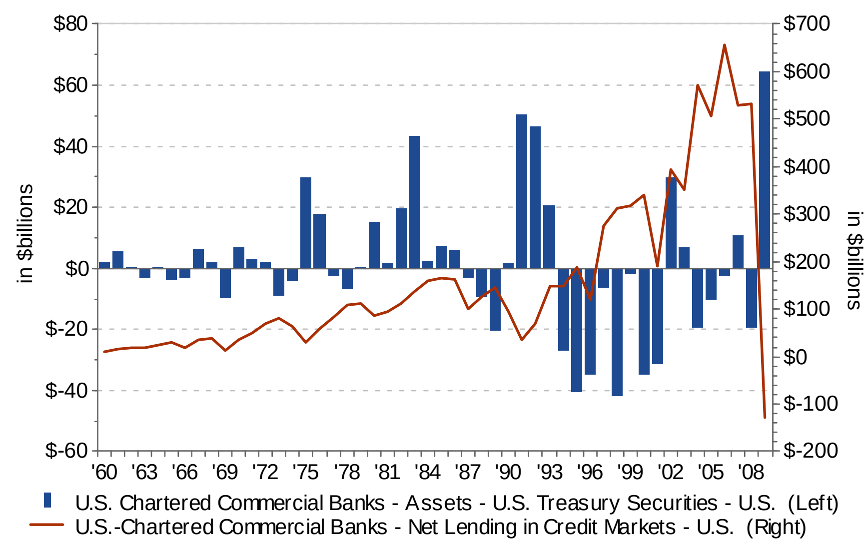
The Robust Demand for Treasuries is Likely to Moderate

Foreign Central Bank Demand Still Robust



- Despite recent speculation that foreign central banks were pulling away from the Treasury market, demand remains robust.
- However, as central banks diversify their dollar reserves, opt for better yielding investments and spend on domestic expansion, the demand for Treasuries should moderate.

Commercial Bank Demand Should Weaken



- In addition, as lending likely returns, commercial banks will have less need for holding Treasuries.

Data Source: Bloomberg Finance LP, FactSet, EcoWin.

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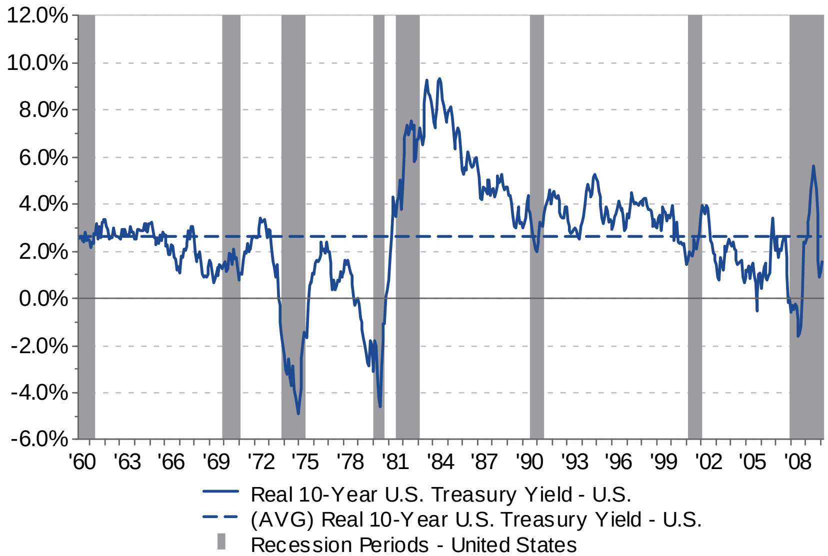
Real Rates Headed Higher

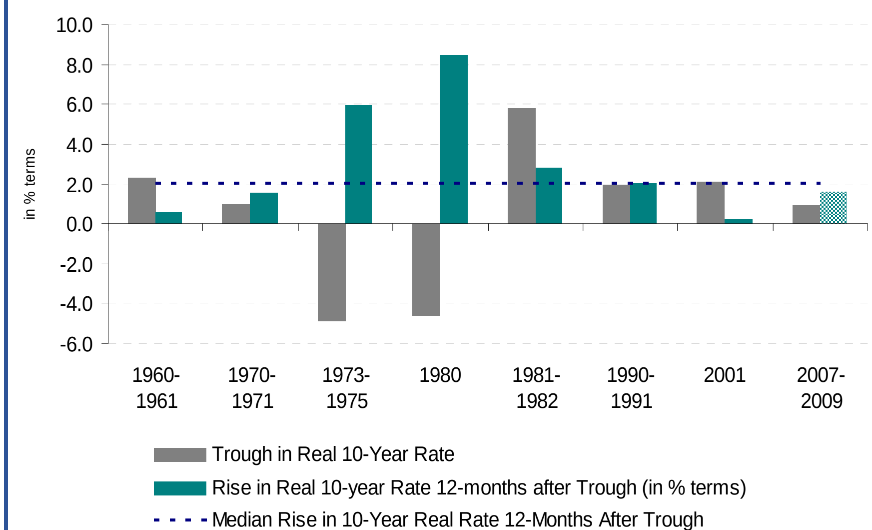
Real 10-Year Interest Rates Remain Well Below Average

Real Rates Below Average



- The historical real 10-year interest rate is 2.66% (on average). At the end of February 2010, the real interest rate was roughly 100 bps below the historical average (1.59%).
- Historically, real 10-year rates have troughed within 3-4 months before or after the recession has ended (depending on recession). In the current recession, aside from a brief dip in September 2008 the real rate we believe troughed in December 2009.

Path of Real Rates After Recessions



- Historically, 10-year real rates rise 200 basis (on average) 12 months after the real rate troughs.
- Therefore, our estimate for a 4.50% by year-end could be conservative. If 10-year real rates troughed at 0.89%, a 200 basis point move would bring the nominal rate to 4.89%.*

Data Source: FactSet, EcoWin.

*2.89% real rate plus a 2.0% inflation premium which reflects Deutsche Bank Global Markets 2010 inflation forecast.

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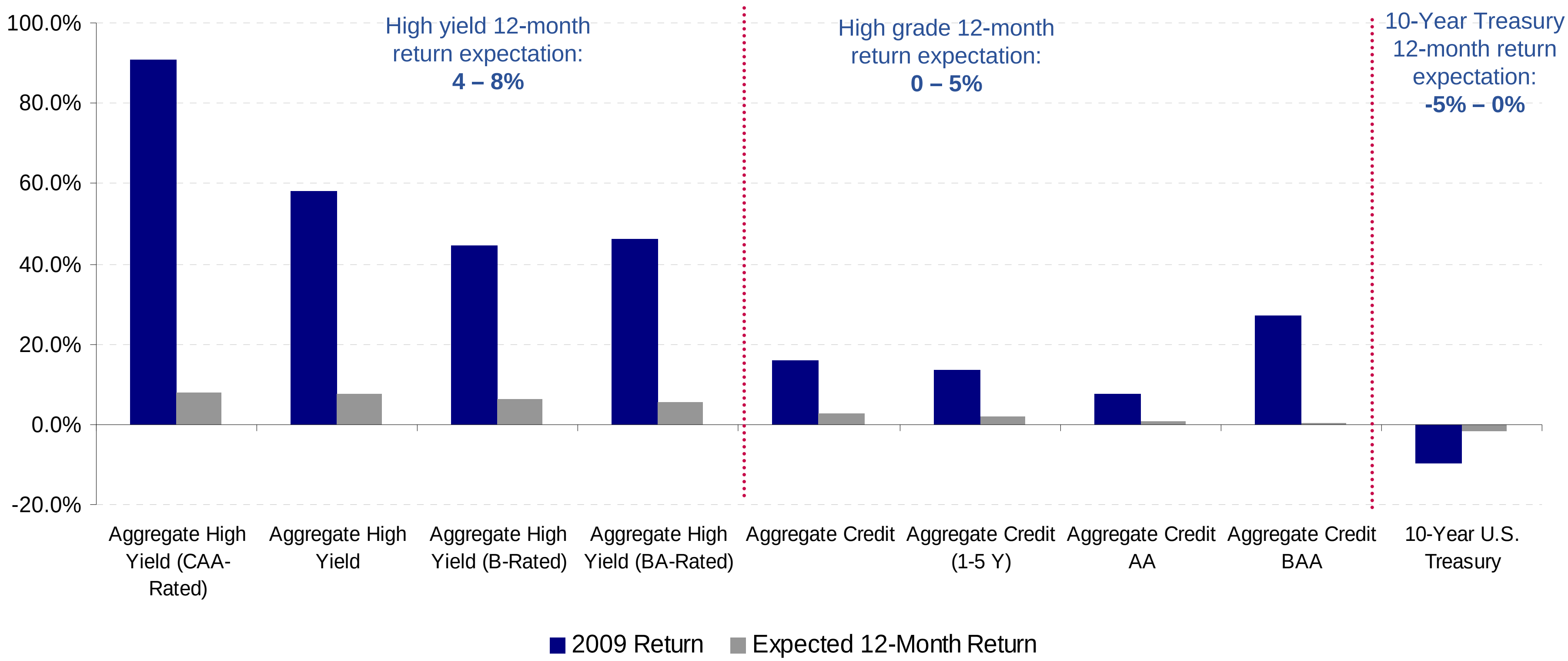
Where is the Opportunity in a Rising Rate Environment?

Focus on Low Duration/Higher Yielding Investments in Rising Rate Environment



Source: FactSet, EcoWin. Spread assumptions are made by the U.S. PWM Investment Strategy Group and return assumptions use a parallel shift in Treasury yields by 100 bps in 12 months. Returns represent the midpoint of our expected range. The indices used for current coupon, duration and yield are Barclays Indices and are as of March 29, 2010.

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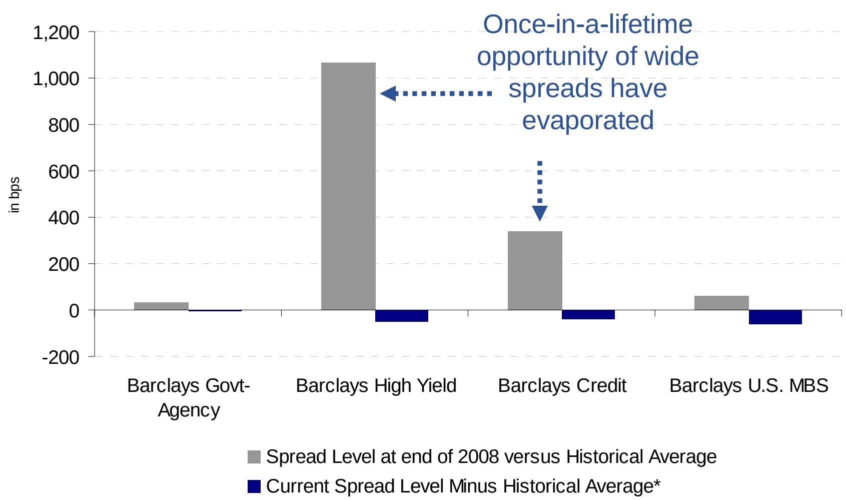
Are Spreads too Tight to Invest in Credit?

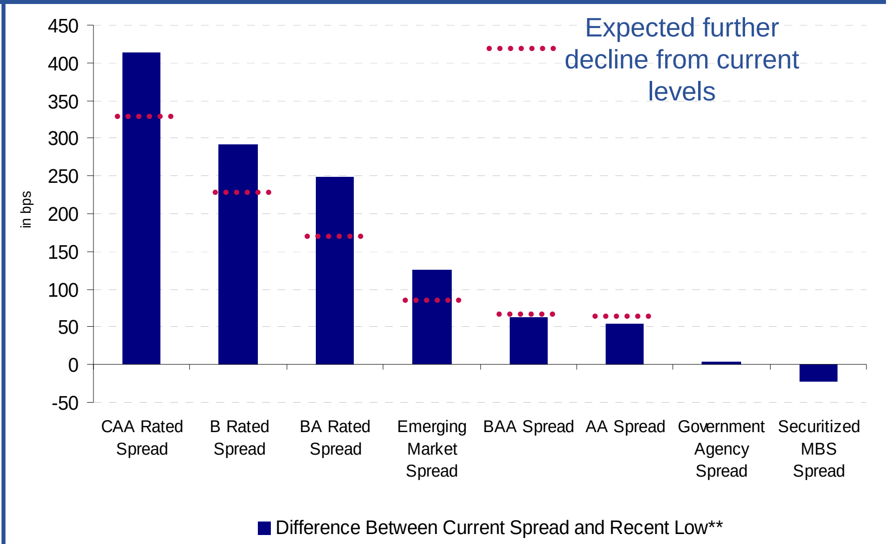
Once in a Lifetime Opportunity Evaporated

Easy Money Has Been Made in Credit



- The once-in-a-lifetime opportunity that occurred in credit during 2009 has dissipated. While, we still believe value can be made in the credit markets in 2010 we caution investors of extrapolating the record returns seen in 2009.
- Selectivity is paramount given that spreads have significantly narrowed.

Don't Expect Spreads to Fall to Pre-Crisis Levels



- Although spreads have narrowed to below average levels, in most cases they remain above the levels seen pre-credit crisis (2004-2007).
- While it is unlikely these spreads will revert to the record lows seen before the credit crisis began as the use of leverage has disappeared, some spread narrowing in specific sectors is justified.

Data Source: FactSet, EcoWin.

*Current spread as of March 29, 2010. **Recent lows are from 2004-2007 time period.

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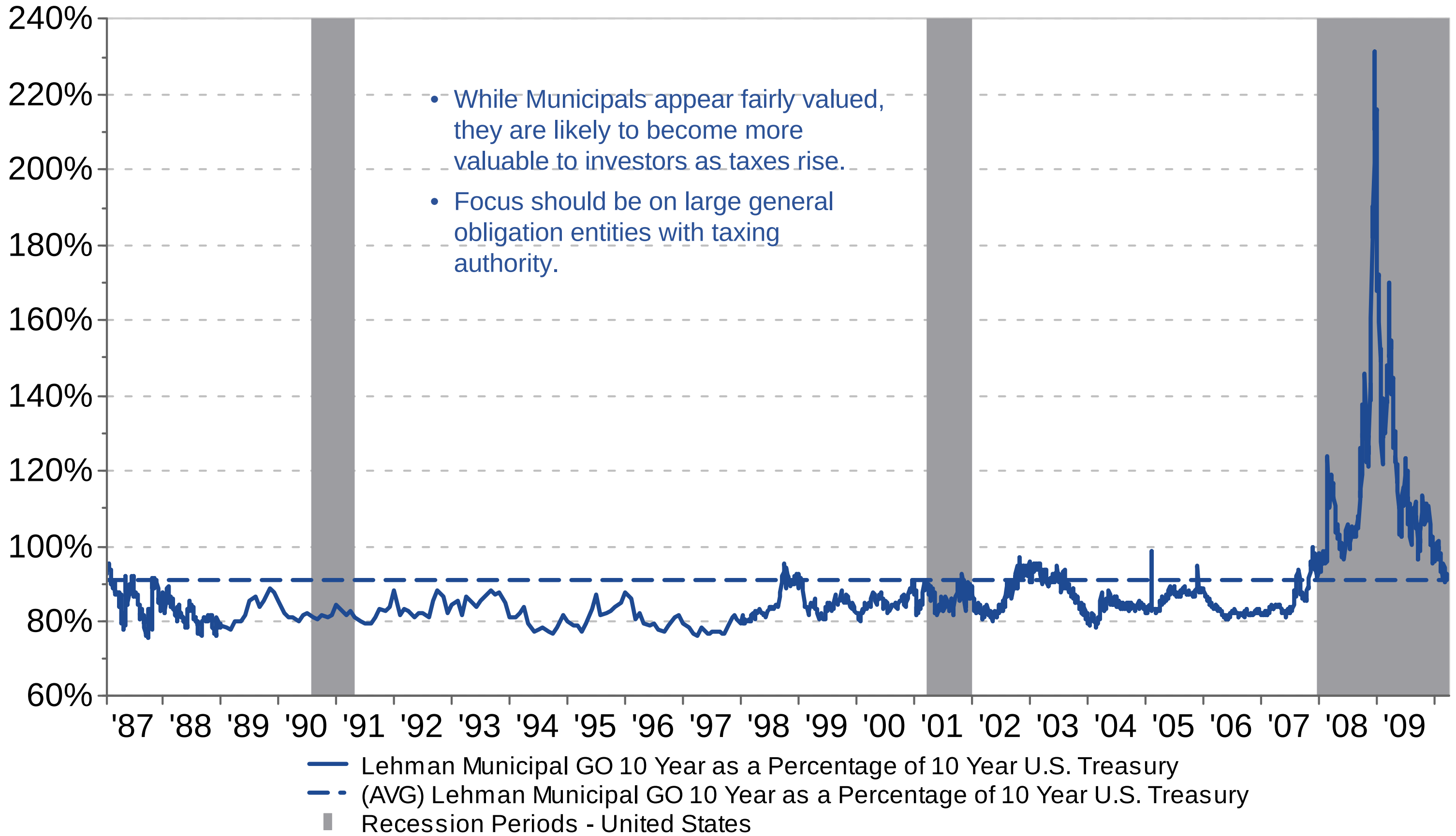
Is there Value in Municipals?*

Municipals Fairly Priced



Source: FactSet, EcoWin.

*Represents municipal yield as a percentage of U.S. Treasury yield.

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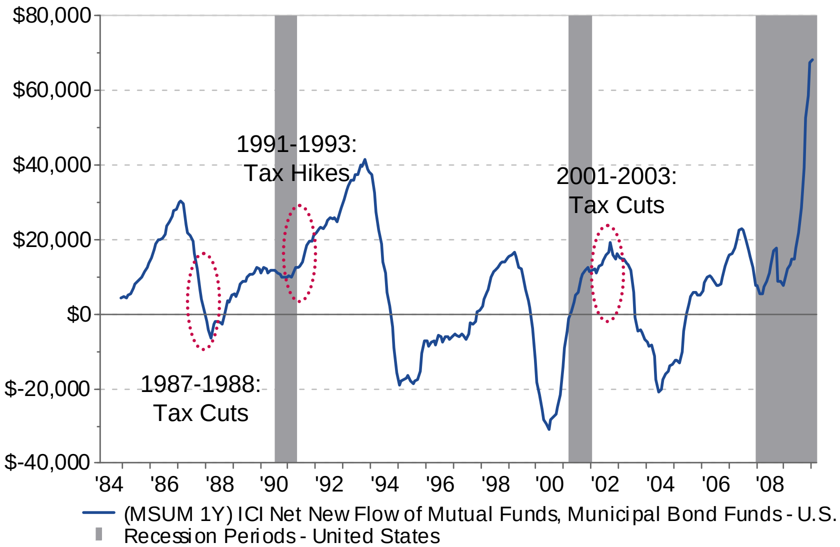
Municipals: Supply/Demand Imbalance

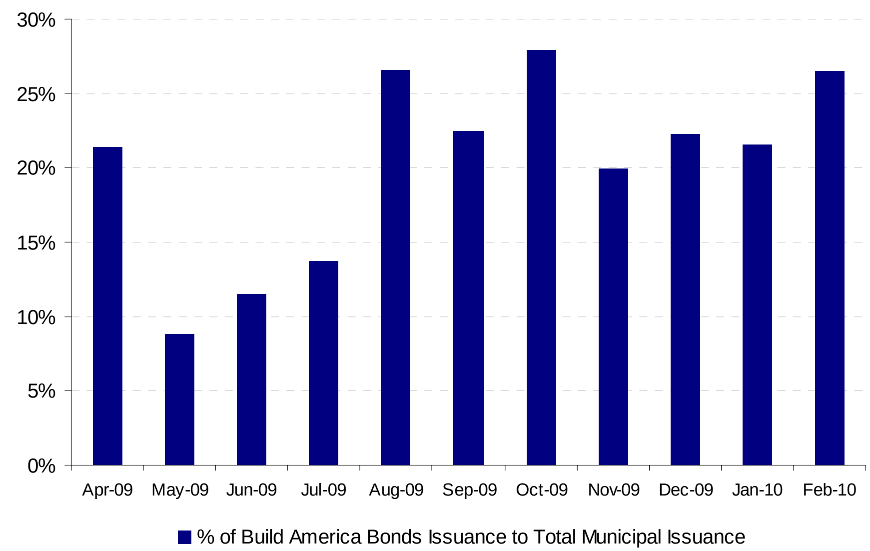
Demand Remains Strong for Municipal Bonds

Fund Flows to Municipal Bonds Funds at a Record Pace...



- Demand for municipal bonds has soared at a record pace despite ongoing state budget fears. The anticipation of the expiration of the Bush Tax cuts has likely served as a catalyst to the strong demand. In addition, attractive valuations have boosted demand.
- While the easy money has been made in the municipal market, the supportive factors remain in place in 2010 (e.g. tax hikes, supply/demand imbalance).

...while the Government BAB Program Reduces Supply



- Build America Bonds (began issuance in April 2009) has reduced supply in the traditional tax exempt market. A reduction of supply in coordination with increased retail demand has supported Municipal bonds and will likely support them through 2010.

Data Source: SIFMA, FactSet, EcoWin.

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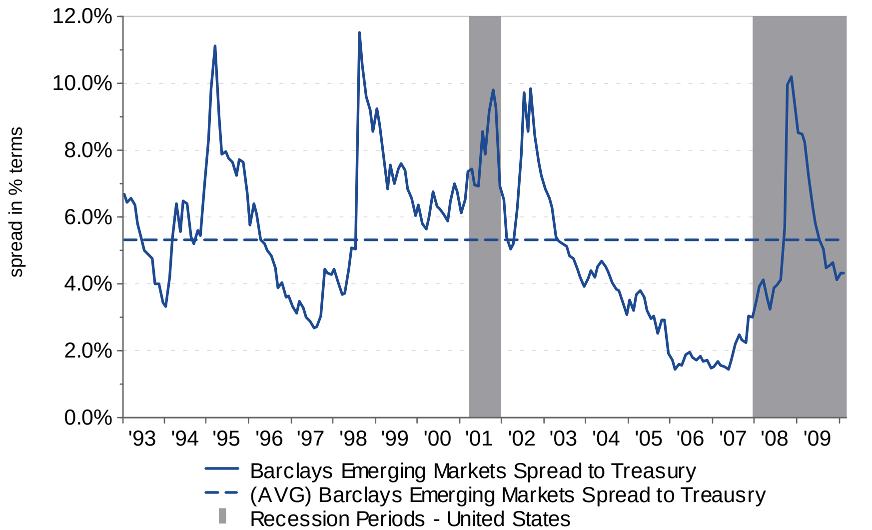
Emerging Market Bonds: Room for Appreciation

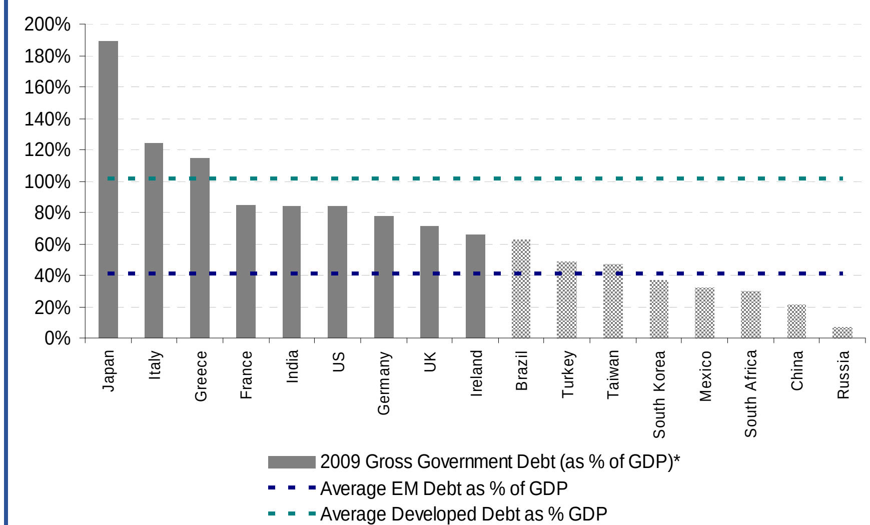
Current Valuations Remain Attractive

Spreads Can Tighten Further



- EM spreads have narrowed substantially, similar to credit in 2009. Although spreads have fallen below average, they remain higher than the cyclical low in May 2007 and higher than the level in 1997.
- Spreads remain wider than these two time periods despite improvements in the fiscal health and the potential for credit upgrades.

EM Government Balance Sheets Healthier



- The fiscal health of the emerging market economies is much healthier than the fiscal conditions in the developed markets.
- This supports further spread compression and appreciation in emerging market currencies.

Data Source: Deutsche Bank Global Markets, FactSet, EcoWin.

*Gross debt includes both external and internal debt.

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Equities

Grinding Higher With Increased Volatility

Upward Bias in Equities Expected Through Year-End

2nd Year Bull Market Returns More Muted

Increased Volatility Expected

Dividend Paying Stocks Attractive

Barbelled Sector Strategy

Selectivity and Nimbleness Paramount

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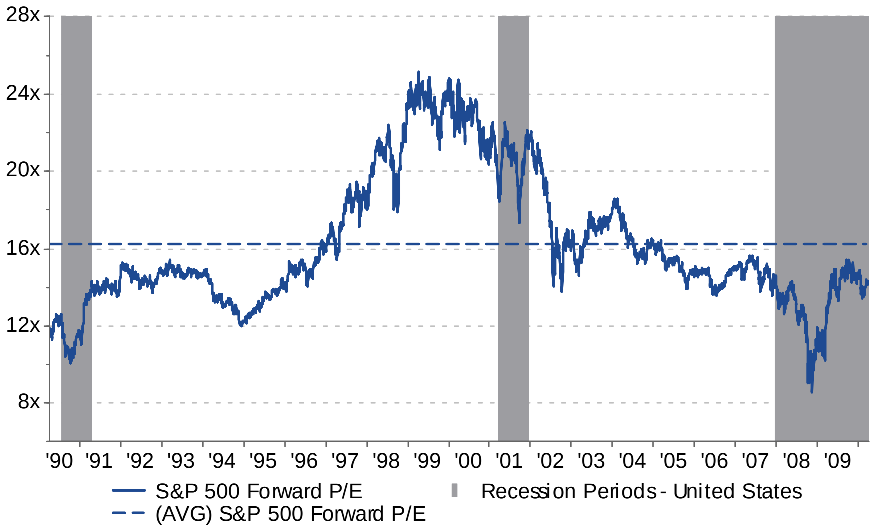
Fundamentals Remain Attractive

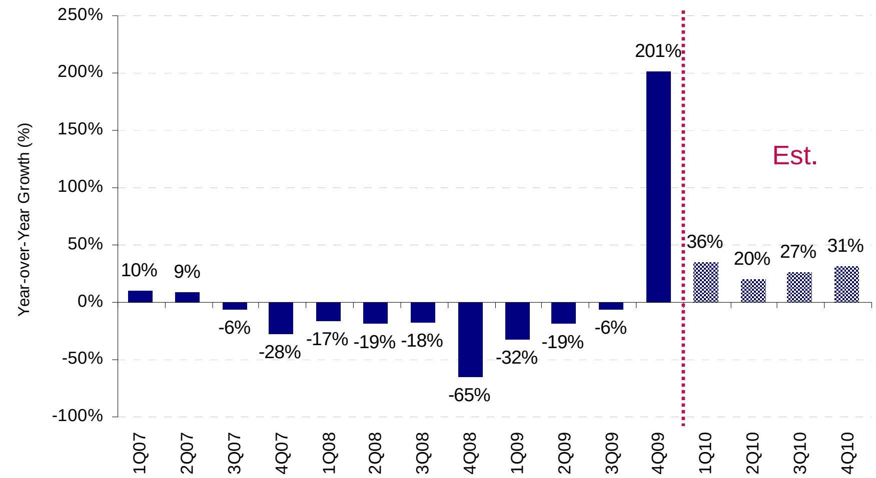
Attractive Valuations Validate Positive Bias for Equities

Valuations Attractive



- Valuations remain historically attractive. In addition, earnings for 2010 continue to be revised higher. Year-to-date, earnings for 2010 have been revised 3% higher.*

Earnings Rebounding



- Earnings rose at a record pace in 4Q09 and are expected to grow 20% or more in each quarter through 2010.
- In addition, top line revenue has returned with revenue growth of 7.2% (YoY) in 4Q09 and growth is expected to be 9.2% in 1Q10 (YoY).

Source: FactSet, EcoWin, First Call.

* Year-to-date through March 29, 2010.

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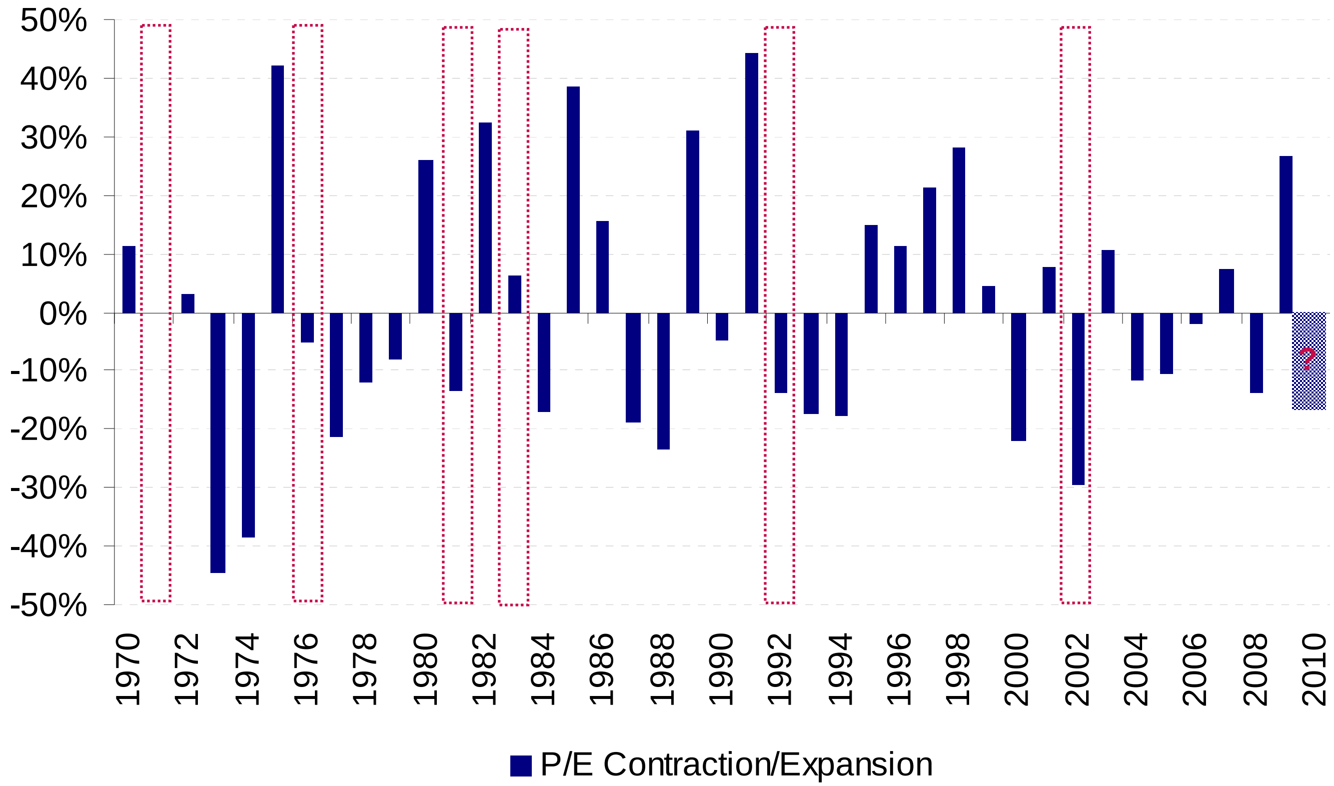
P/E Contraction on the Way?

Typically in the Year After a Recession Ends the S&P Experiences P/E Contraction



Source: FactSet, EcoWin

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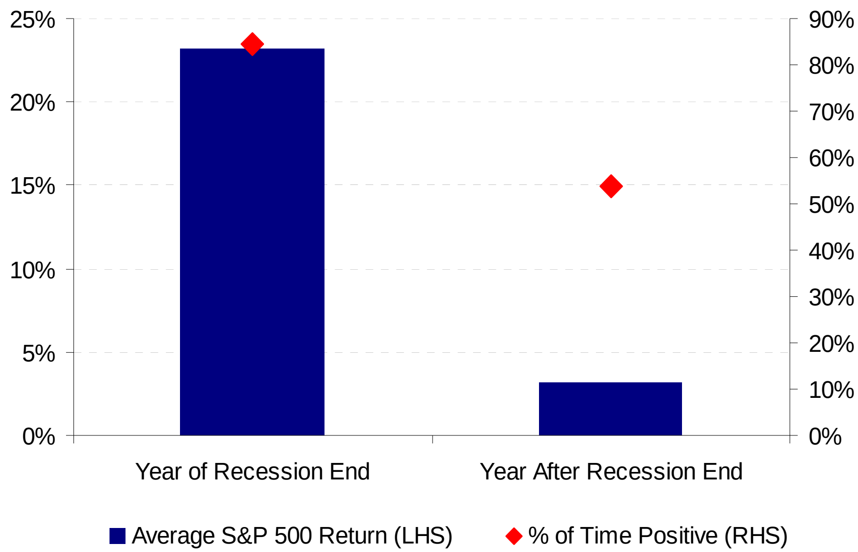
Expecting Muted Returns in 2010

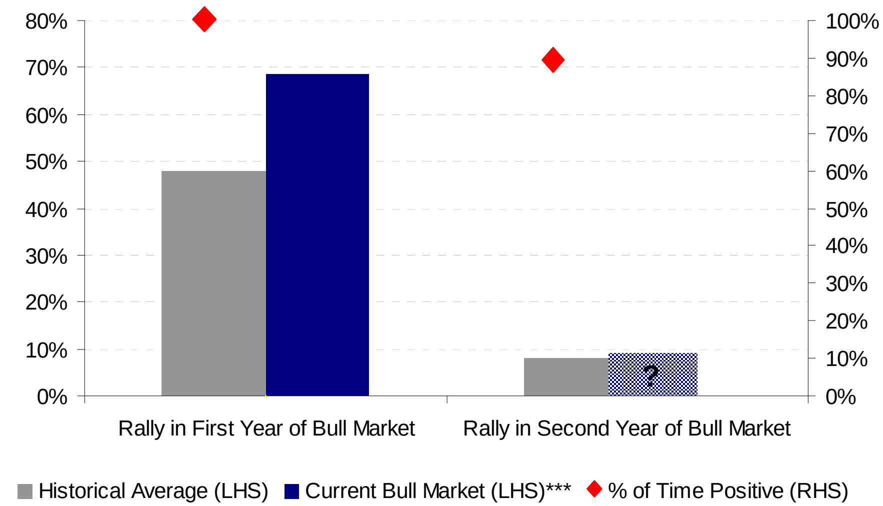
S&P 500 Returns are Typically Lower in Years After Recessions

S&P Returns in Year After Recession Ends Muted*



- Historically, as the economic recovery matures, returns for equities (S&P 500) are more muted.
- Going back to 1932, the average return for the S&P 500 in the year after the recession ends has been 3.2%. In the year that the recession ends the return has been more robust (+23.2% on average).

And in 2nd Year of Bull Market**



- Additionally, as the bull market matures equity returns (S&P 500) tend to be more muted.
- Using the last 10 bull markets as an indicator, the average return in the first year of the bull market is 48% and the S&P 500 is positive 100% of the time. However, the return is more muted in the second year (+7.9%) and the S&P 500 is positive 90% of the time.

Data Source: FactSet, EcoWin.

*Time period reflects 1932 to 2001. **10 bull markets include 1932, 1938, 1942, 1949, 1957, 1970, 1974, 1982, 1990, 2002. ***Current reflects return from March 9, 2009 to March 9, 2010.

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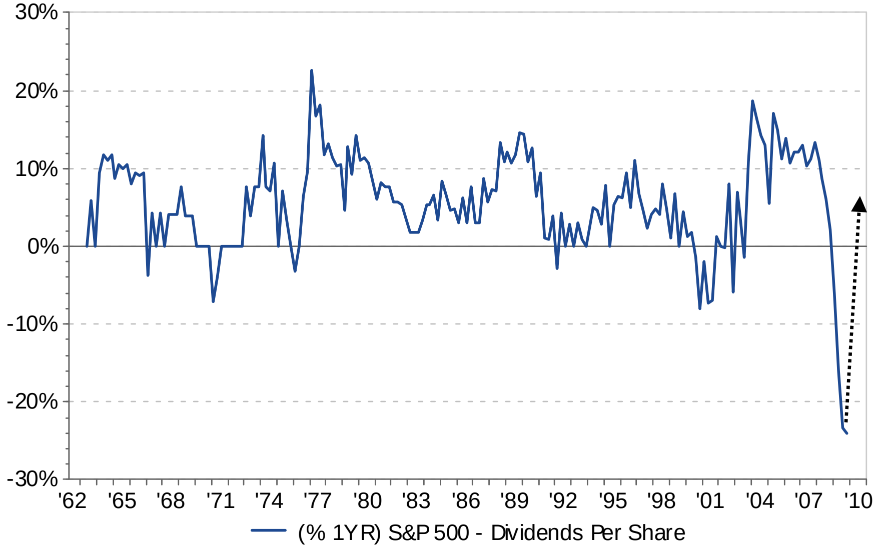
CEO Confidence Improving via Corporate Actions

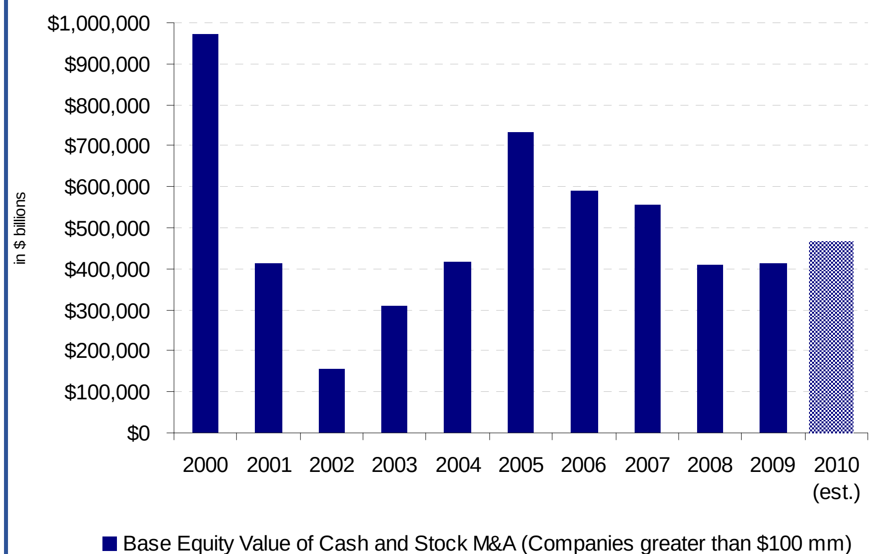
Supportive Factors in 2010

Dividend Increases*



- After being cut at a record pace in 2009, dividends have re-emerged in 2010. In fact, as of March 29th, there have been 74 companies that have raised their dividends while only two companies have cut dividends.

M&A Activity Increasing

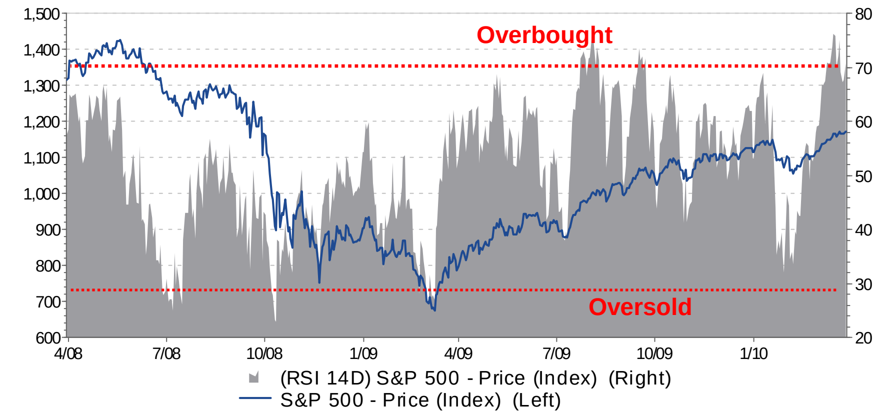


- M&A activity has increased year-to-date and is on pace to surpass the 2008 and 2009 levels. This is supportive of equity markets.

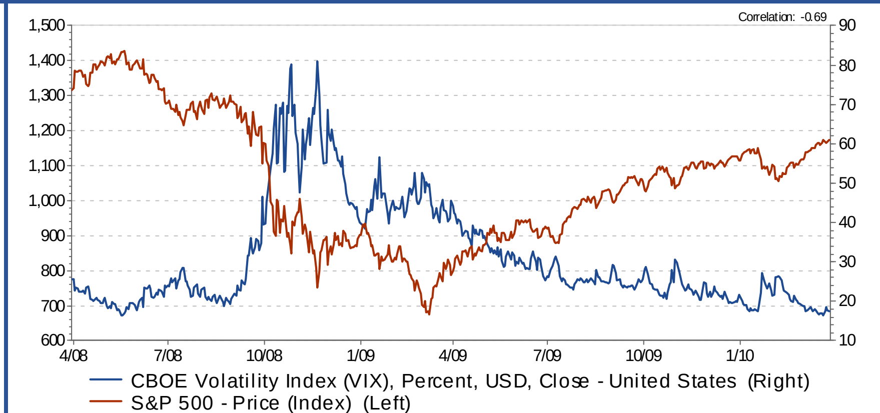
Source: FactSet, EcoWin, MergerStat. *2010 estimate based on annualized rate from Q1 activity.

Technicals Signal Near-Term Consolidation May be Expected

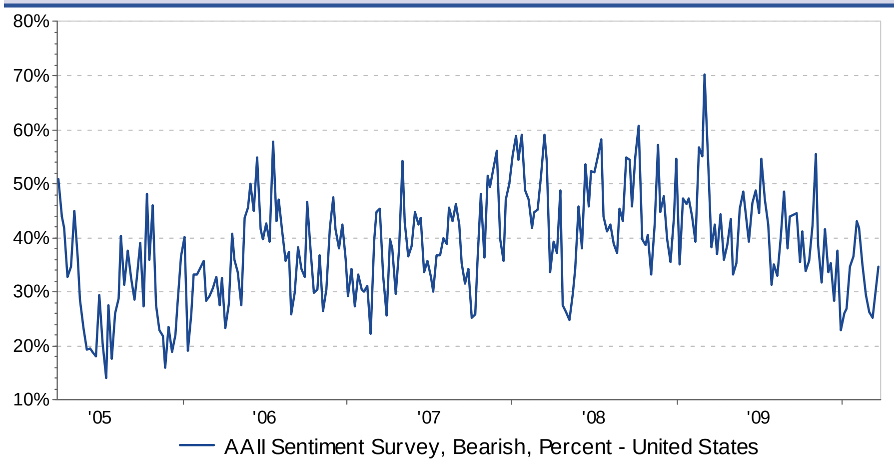
Relative Strength Index Signals Overbought Conditions



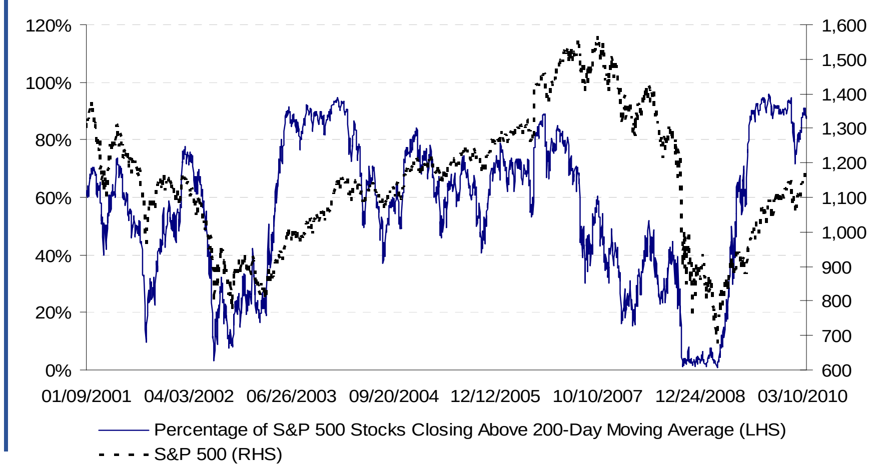
Volatility at Low Levels; Sign of Complacency?



Bearish Sentiment Low = Contrarian Indicator?



Companies Trading Above 200-Day Moving Average



Data Source: FactSet, EcoWin.

Scenario Analysis for Earnings Forecast

Earnings Estimates by Sector: Composite of Scenarios Leads to $76 Earnings Forecast

	Current Bottom-Up Consensus Estimates (2010 Earnings Growth)*	ISG Scenario #1 — More Muted Economic Recovery Than Anticipated	ISG Scenario #2 — Ongoing Trouble in Europe Causes Dollar Strength through 2010	ISG Scenario #3 — Greece Resolution Solidified, Economic Recovery & Expansion Progresses (Base Case Scenario)	ISG Scenario #4 — More Pronounced Economic Recovery	Average of ISG Scenarios
Energy	43%	30%	40%	50%	60%	
Consumer Staples	8%	5%	7%	10%	12%	
Materials	65%	40%	50%	65%	75%	
Utilities	2%	3%	3%	3%	5%	
Info Tech	32%	15%	25%	35%	40%	
Health Care	8%	4%	7%	10%	12%	
Industrials	11%	5%	8%	12%	20%	
Telecom Services	4%	2%	4%	5%	8%	
Consumer Discretionary	34%	15%	20%	30%	40%	
Financials	148%	25%	35%	85%	125%	
S&P 500 Forecasted 2010 Growth Rate	30%	12%	18%	27%	35%	**23%**
2010 Current Bottom Up Dollar Earnings Estimate	**$78**	**$67**	**$71**	**$76**	**$81**	**$74**
2010 ISG Earnings Estimate Conviction		5%	15%	60%	20%	**$76**
2009 S&P 500 Target with 17.5x multiple	1,364	1,177	1,236	1,334	1,416	**1,326**
2009 S&P 500 Target with 16.5x multiple	**1,286**	**1,110**	**1,165**	**1,257**	**1,335**	**1,250**
2009 S&P 500 Target with 15.5x multiple	**1,208**	**1,043**	**1,095**	**1,181**	**1,254**	**1,174**
2009 S&P 500 Target with 14.5x multiple	1,130	976	1,024	1,105	1,173	**1,099**
2009 S&P 500 Target with 13.5x multiple	1,052	908	953	1,029	1,092	**1,023**

Source: FactSet, EcoWin, IBES Aggregates, U.S. PWM Investment Strategy Group.

*Current bottom up consensus estimate from IBES Aggregates as of March 2010.

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Equity Models

P/E Model

Projected 2009 Year End Multiple	2010 Earnings Forecasts: $70.0	$72.0	$74.0	$76.0	$78.0	$80.0	$82.0
13.5	945	972	999	1026	1053	1080	1107
14.0	980	1008	1036	1064	1092	1120	1148
14.5	1015	1044	1073	1102	1131	1160	1189
15.0	1050	1080	1110	1140	1170	1200	1230
15.5	1085	1116	1147	1178	1209	1240	1271
16.0	1120	1152	1184	1216	1248	1280	1312
16.5	1155	1188	1221	1254	1287	1320	1353
17.0	1190	1224	1258	1292	1326	1360	1394

- Using our below consensus $76 earnings forecast and assigning a multiple near the historical average, our P/E model gives us a 1,216 2010 year-end target.

Corporate Bond Model

Intermediate Corporate Yield: Corporate Bond Yield	Comparable P/E	2010 Earnings Forecasts: $70.0	$72.0	$74.0	$76.0	$78.0	$80.0	$82.0
4.25%	23.5	1647	1694	1741	1788	1835	1882	1929
4.50%	22.2	1556	1600	1644	1689	1733	1778	1822
4.75%	21.1	1474	1516	1558	1600	1642	1684	1726
5.00%	20.0	1400	1440	1480	1520	1560	1600	1640
5.25%	19.0	1333	1371	1410	1448	1486	1524	1562
5.50%	18.2	1273	1309	1345	1382	1418	1455	1491
5.75%	17.4	1217	1252	1287	1322	1357	1391	1426
6.00%	16.7	1167	1200	1233	1267	1300	1333	1367

- Our corporate bond model delivers the most aggressive target of all three of our models.

Source: FactSet, EcoWin, U.S. PWM Investment Strategy Group

Equity Models

Dividend Discount Model

Periodic Dividend Growth Rate	*7.0%*	*6.0%*	*5.0%*	*4.0%*
Dividends In Year:	**2010**	**2011**	**2012**	**2013**
Time Factor	0.76	1.76	2.76	3.76
Expected Dividends=	$22.87	$24.24	$25.45	$26.47
Div Left in Current Year	$17.35	**Expected Terminal Value =**		
Present Value =	$16.62	$21.94	$21.77	$21.39
Current Intrinsic Value	**$1,057**	1	2	3
		$22.90	$22.72	$22.33
2010 Target (Start of '11)		**$1,106**	1	2
			$23.46	$22.48
2011 Target (Start of '12)			**$1,172**	1
				$24.39
2012 Target (Start of '13)				**$1,246**

Summary of Triangular Target Approach

Method	Forecasted Year End 2010 Target
P/E Model (using 16.0x P/E)	1216
Relative Value Versus Corporate Bonds (using a 5.50% corporate bond yield)	1382
Dividend Discount Model	1106
Average of Models	**1235**
Potential Range	**1210-1260**

- Standard and Poor's expects dividends to return to their 2007-2008 levels between 2012-2013. Therefore, from current levels that equates to between 7-10% dividend growth each year, well above the historical annual growth rate of 6.1%.*
- Our estimate is slightly lower given the ongoing uncertainty surrounding regulation and magnitude of the economic recovery. However, 2010 is likely to see a large rebound in dividends before trending lower.

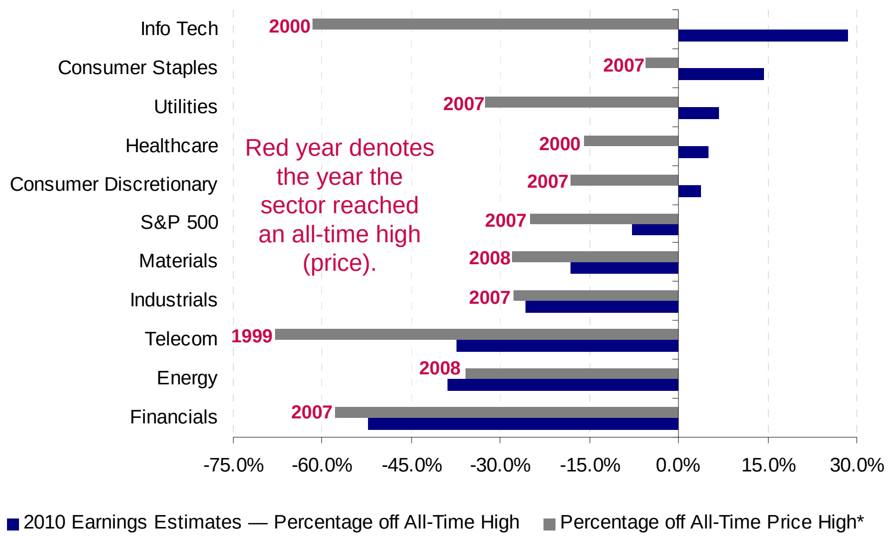
Source: FactSet, EcoWin, U.S. PWM Investment Strategy Group.

*Time period reflects 1964-2008, 2009 record decline is excluded from the historical average.

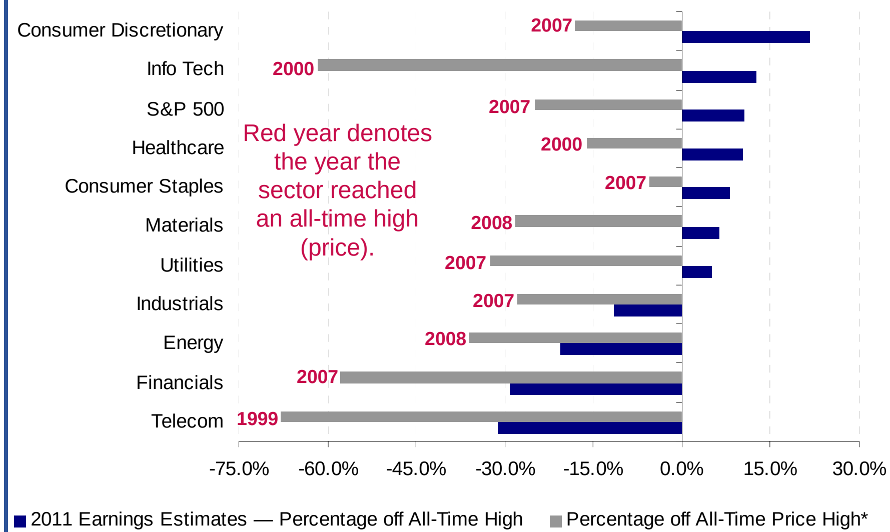
Record Earnings in 2010 & 2011?

Several Sectors Expected to Post Record Earnings in 2010...Even More in 2011

2010 Earnings — Percentage From All-Time High



2011 Earnings — Percentage From All-Time High



- Despite the massive decline seen in 2008-2009, earnings for several sectors are expected to rise to a record in 2010. Info tech leads the sectors with the expectation that it will be 29% above its high reached in 2008.
- In addition, in 2011 six of the ten S&P 500 sectors are expected to see earnings rise to a record. Consumer discretionary will lead in 2011 with the expectation that it will be 22% above its 2004 high.

Source: FactSet, EcoWin, IBES Aggregates.

*As of March 30, 2010

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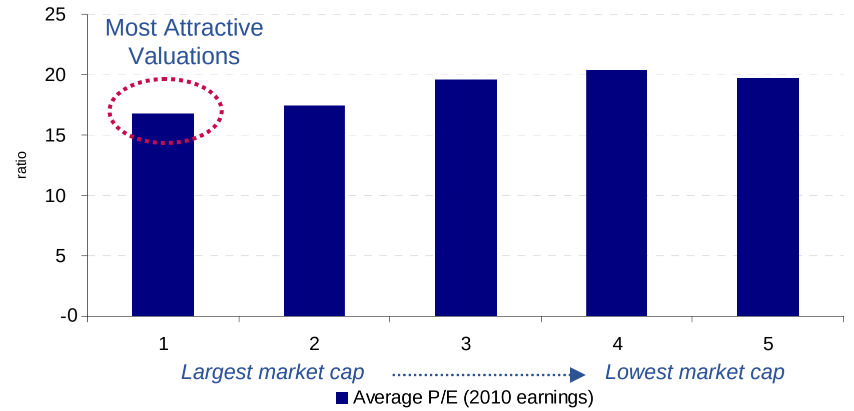
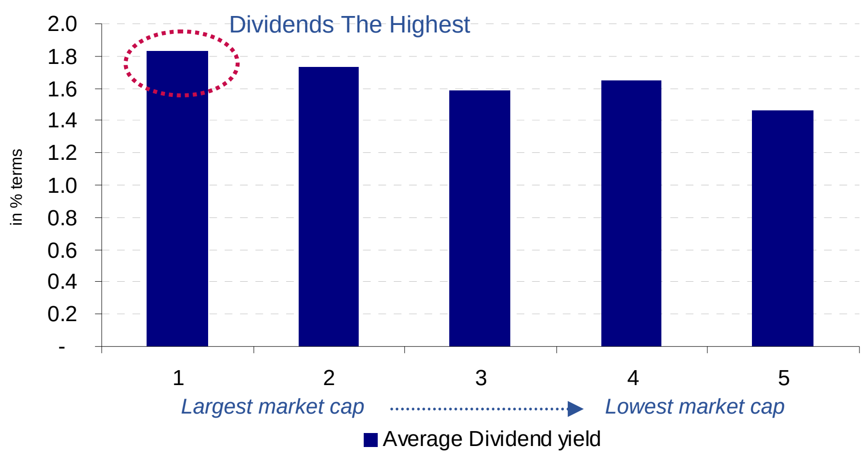
Why Large Caps?*

Large Caps Have More Favorable Valuations

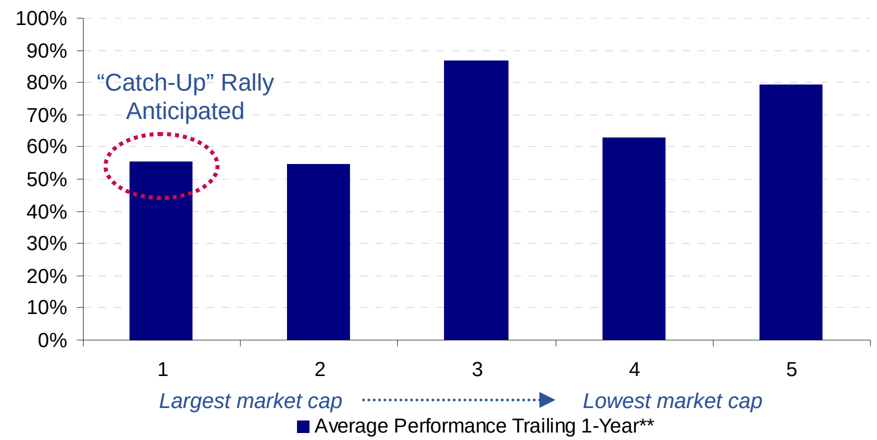


Large Caps Have More Overseas Exposure

Large Caps Have Highest Dividend Yield



Large Cap Stocks Have Lagged Rally

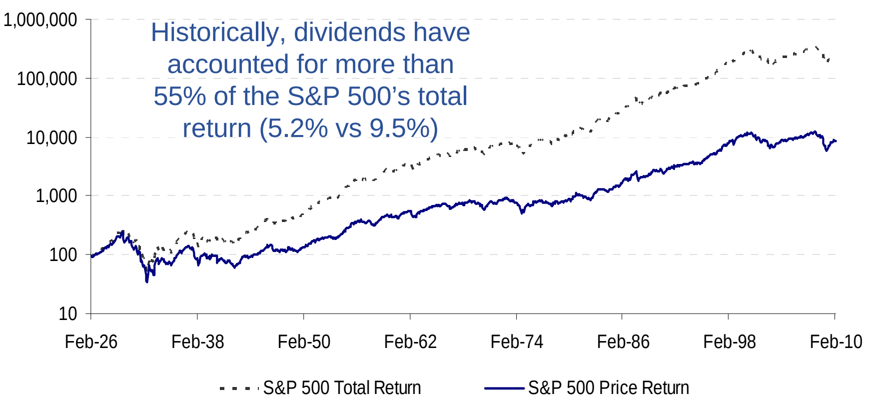


Data Source: FactSet, EcoWin.

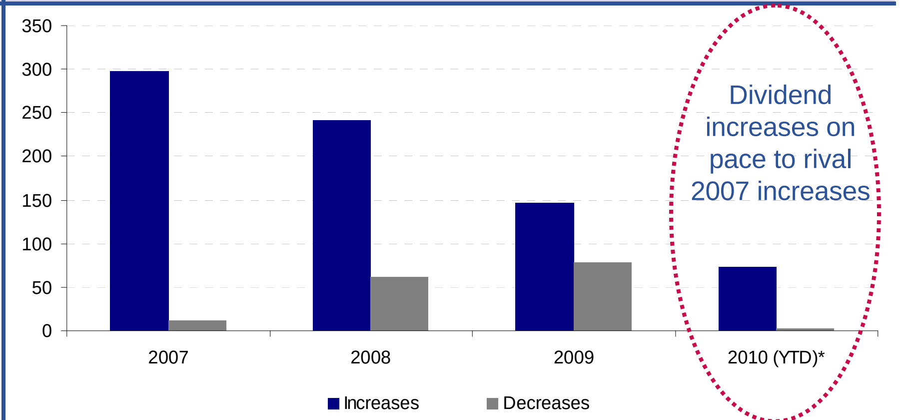
*Averages based upon the S&P 500 companies sorted by market cap. 1=Largest market cap companies, 5=Lowest market cap companies. **Trailing 1-Year as of March 26, 2010.

Why Dividend Paying Stocks?

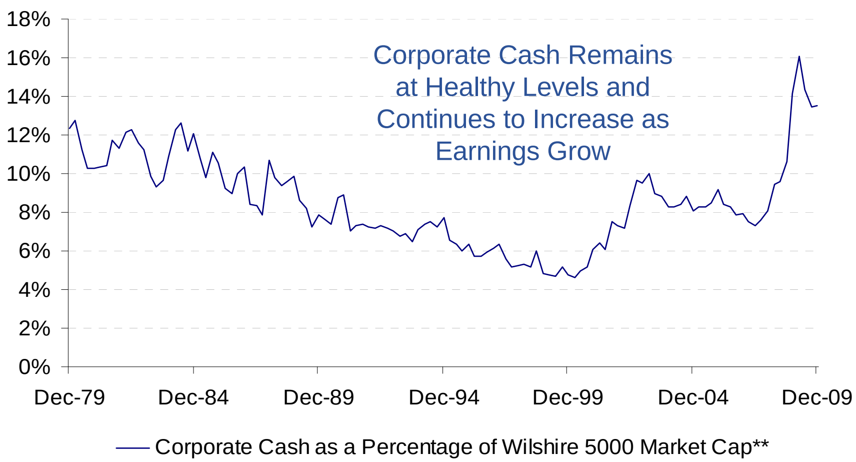
Dividends Increasingly Important to Equity Returns



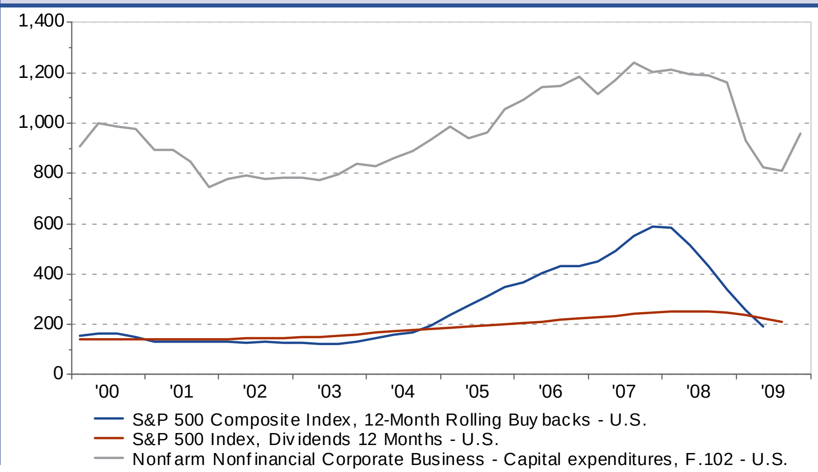
Dividend Increases Rebounding Year-to-Date



Corporate Cash Robust



Dividends, Buybacks, Capex…Oh My!



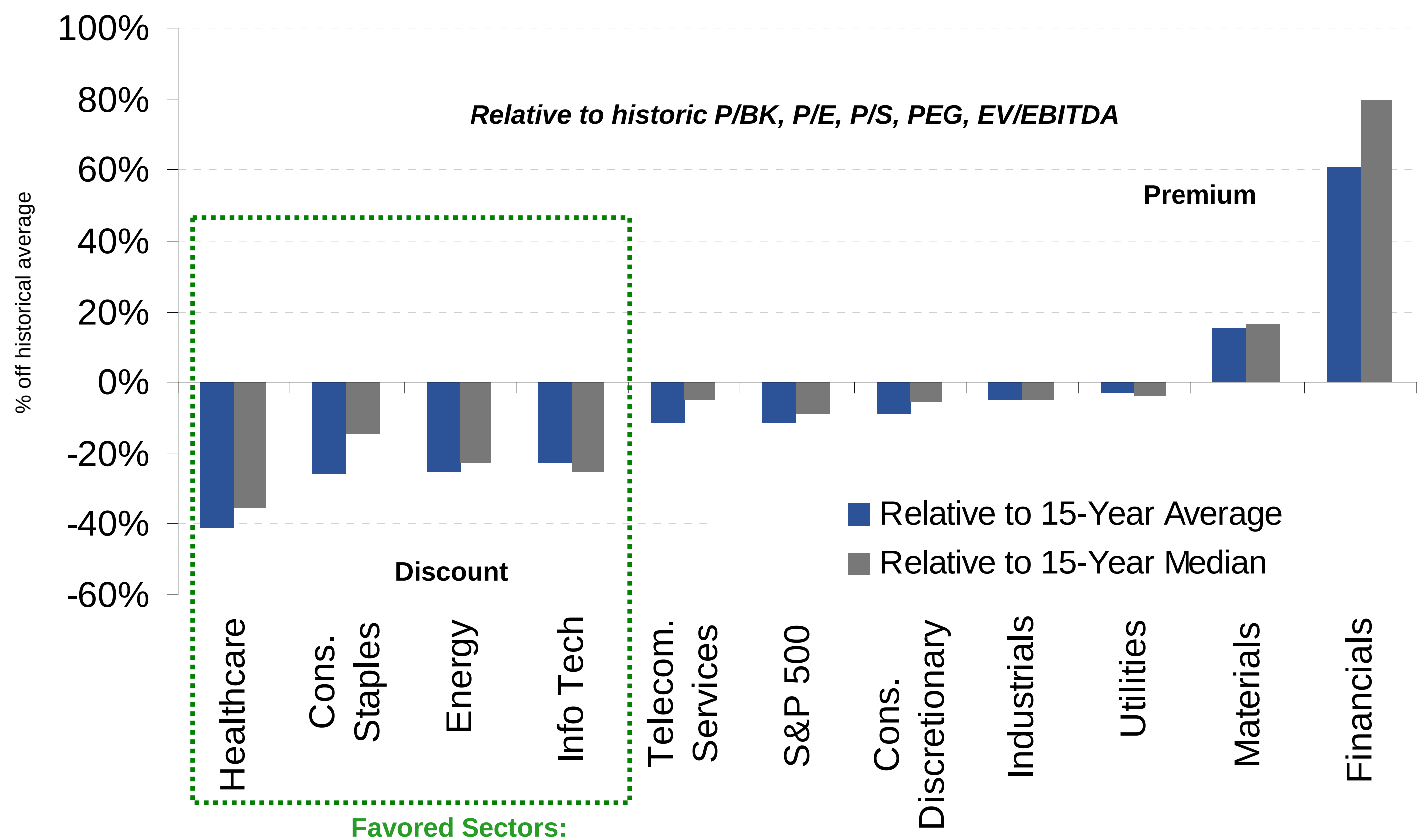
Data Source: FactSet, EcoWin.

*Year-to-date through March 26, 2010. **Corporate cash is nonfarm nonfinancial corporate cash from Federal Reserve Flow of Funds Report as of December 2009. Table L.102 lines 2-6

(003396.03/31/10)

Sector Valuations

Selectivity Paramount as Rally Matures



Favored Sectors:
Barbelled Sector Strategy
Mix of Cyclicals and Defensives

Source: FactSet, EcoWin

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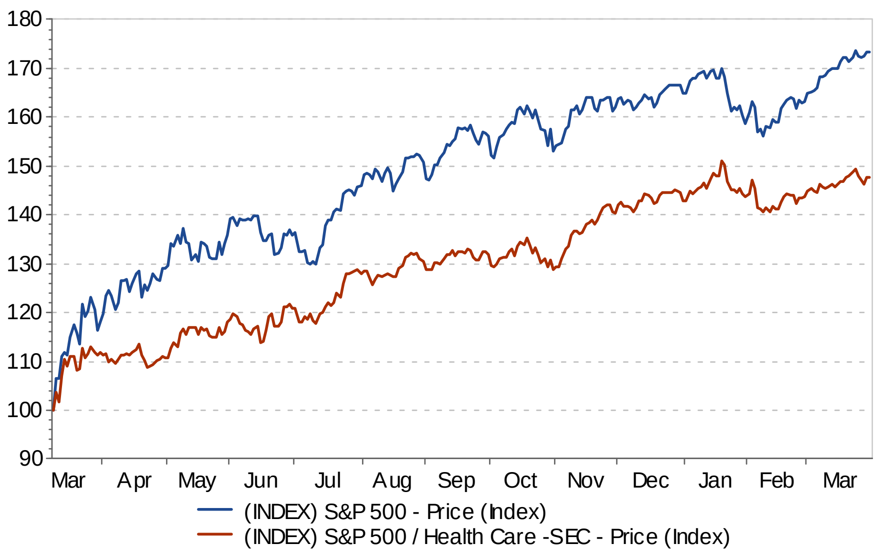
Healthcare Has Lagged the Rally

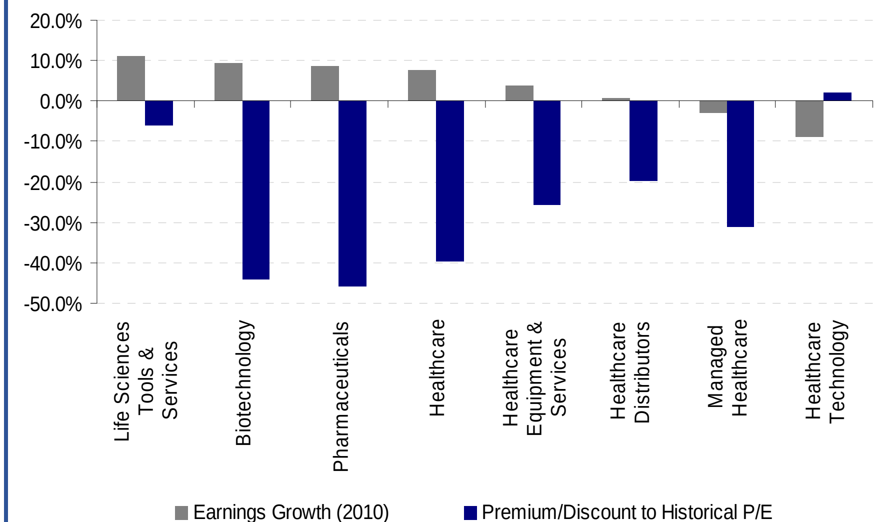
Uncertainty Behind Healthcare Reform Over...Room for Appreciation??

Healthcare Return Gap to Narrow?



- Given the uncertainty surrounding healthcare reform, the healthcare sector has lagged the S&P 500 since the March 2009 low by more than 25%.
- Now that the uncertainty regarding the passage of reform fades, favorable valuations and positive fundamentals will push the overall sector higher.

Valuations by Subsector/Industry



- Nearly all the subsectors we favor after the passage of healthcare are trading at significant discounts to their historical average P/E.
- In addition, three of the subsectors are estimated to have better earnings growth than the aggregate healthcare sector.

Source: FactSet, EcoWin

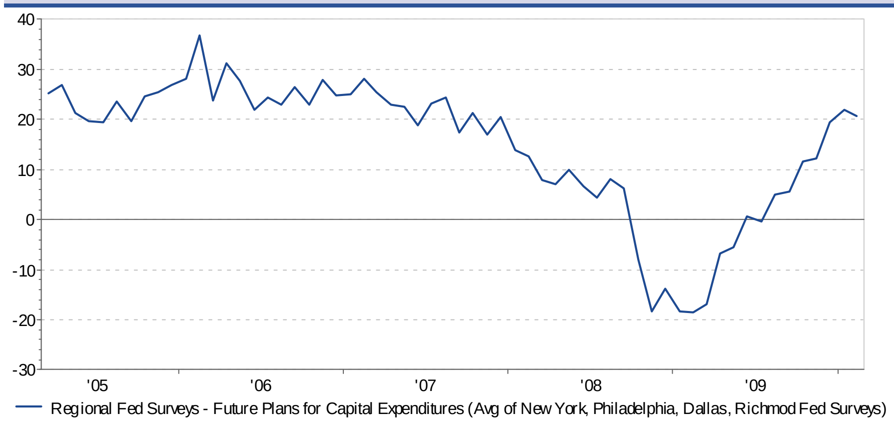
(003396.03/31/10)

Potential Opportunities from Healthcare Reform

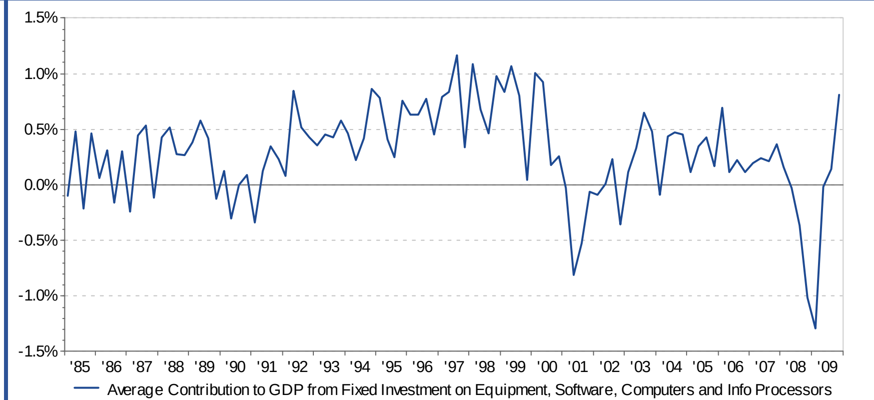
Sub-Sector/Industry	Rationale
Healthcare Facilities/Hospitals	• With 32 million patients estimated to be newly insured, this may help alleviate the bad debts and improve the financial health of hospitals.
Pharmacy Benefit Managers/Distributors	• These companies should benefit from increased prescriptions and higher utilization rates of generic drugs. This group was not targeted with an industry tax.
Biotechnology	• The 12 year exclusivity announced was longer than expected which is positive for biotechnology. In addition, this group was not subject to forced Medicaid pricing on dual eligibles (people qualifying for both Medicare and Medicaid). M&A activity likely.
Medical Technology	• An increase in procedure volumes through increased patient health care utilization is a positive for medical technology. In addition, the excise tax (2.9%) was less than anticipated and will likely be able to be passed on to patients.
Specialty Pharmaceuticals	• Although the industry tax, higher rebates and discounts may be negative in the short-term, the larger insured-patient population and increased health care system utilization should drive higher prescription trends over the long-term.
Life Sciences/Healthcare Information Technology	• Increased utilization of the health care industry should result in better spending on consumables that are manufactured by the life sciences industry. In addition, the incentive to promote electronic health records should be a positive to healthcare info tech.
Health Insurance/HMOs	• The gradual rise in the industry tax beginning in 2014 is a negative for this sector. However, it is likely companies will be able to pass the tax onto consumers. The group should benefit from increased coverage populations but expect some margin contraction.

Favor Technology on Attractive Fundamentals and Valuations

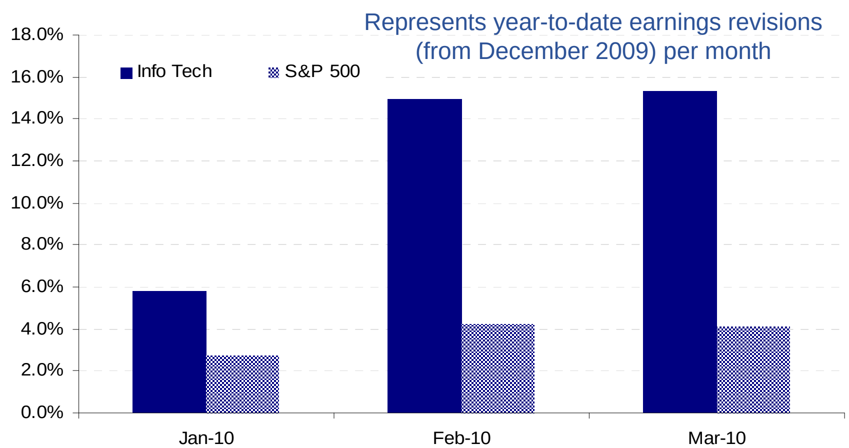
Regional Surveys Signal Future Capex Spending



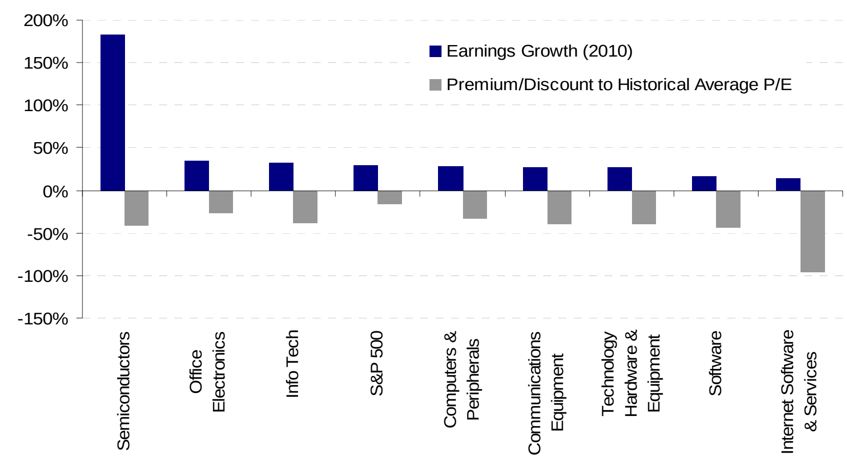
Investment in Tech Showing up in GDP



Upward Revisions Outpacing Broad S&P 500



Valuations Compelling



Data Source: FactSet, EcoWin, IBES Aggregates.

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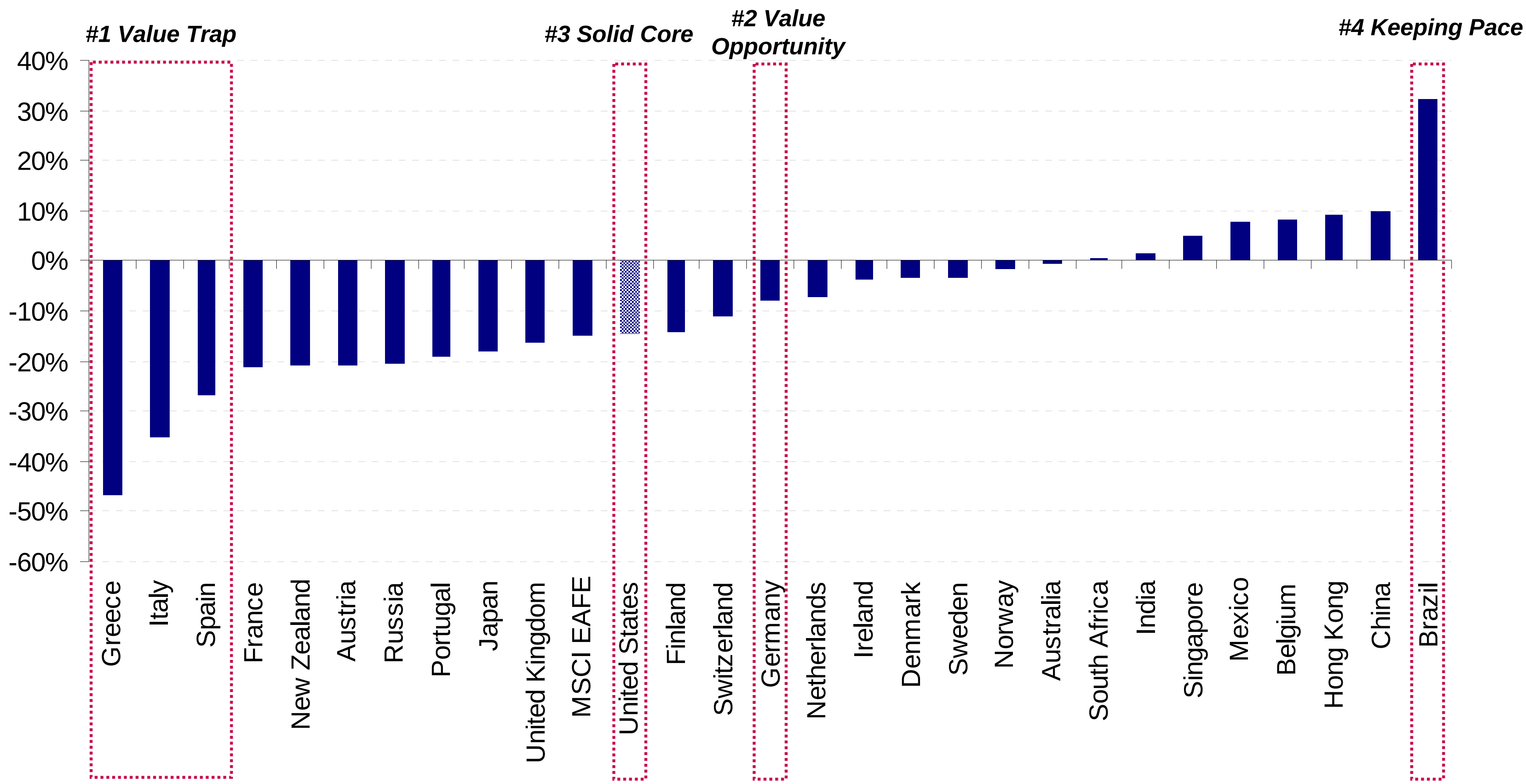
Global Valuations Lead to Opportunities

Valuation Variation*



Source: FactSet, EcoWin. *Valuation based off of an equally weighted average of each countries current P/E, P/BV and P/CF versus each indicators 15-year average.

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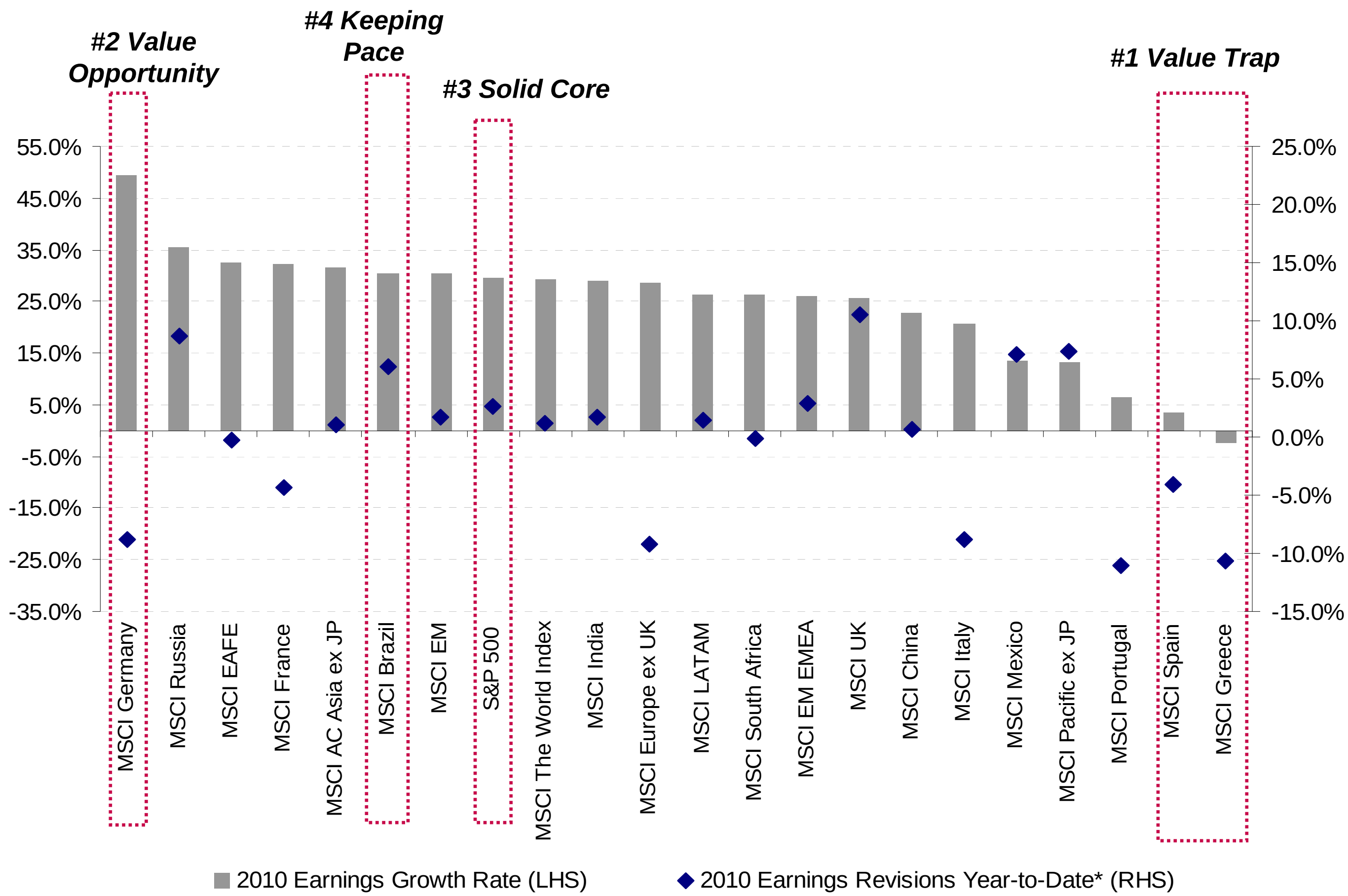
Earnings and Revisions Confirm or Deny

Earnings Growth Rates Across the World versus Earnings Revisions



Source: FactSet, EcoWin.

*Year-to-date as of March 29, 2010.

Commodities

Dependent Upon Incremental Demand

Favor Consumable Commodities vs. Safe Haven Commodities

Leading Indicators and Stabilization of Global Growth a Positive

Strength of Dollar Poses a Headwind for Commodities

Oil 12-Month Target: $90/barrel

Gold 12-Month Target: $1,150/ounce

Grains Likely to Rebound from Weak 1Q Performance

Commodities Tend to be Cyclical

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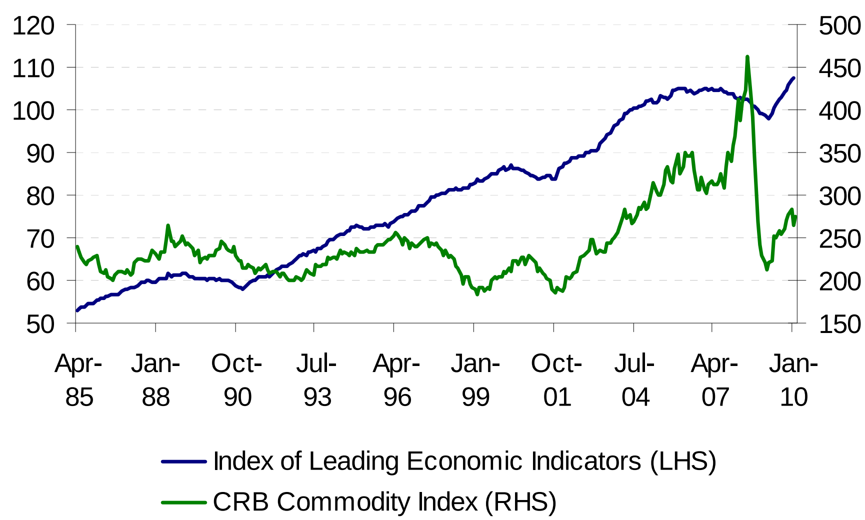
Improving Economic Climate Supportive of Commodities

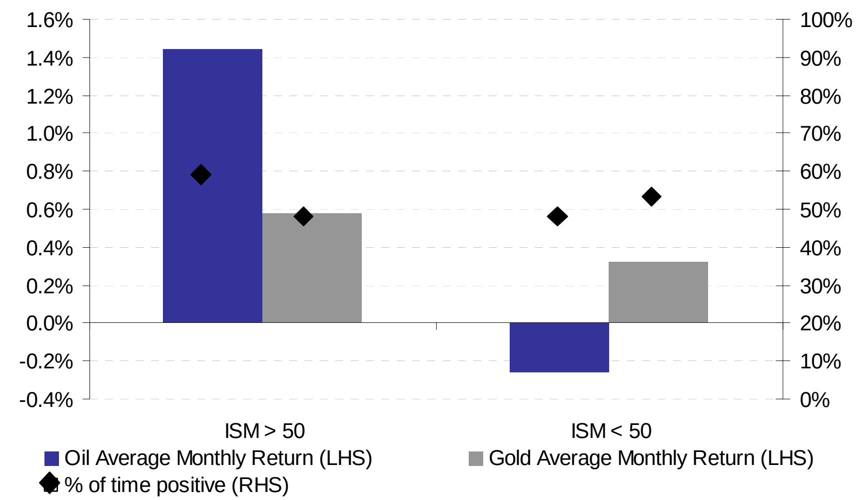
Continued Economic Expansion Driving Commodity Prices

Leading Indicators Rise



- Continued improvement in the Index of Leading Economic Indicators supports our expectation that the U.S. and global economies will continue to expand, driving commodity demand and resulting in higher commodity prices.

Manufacturing Sector Expansion



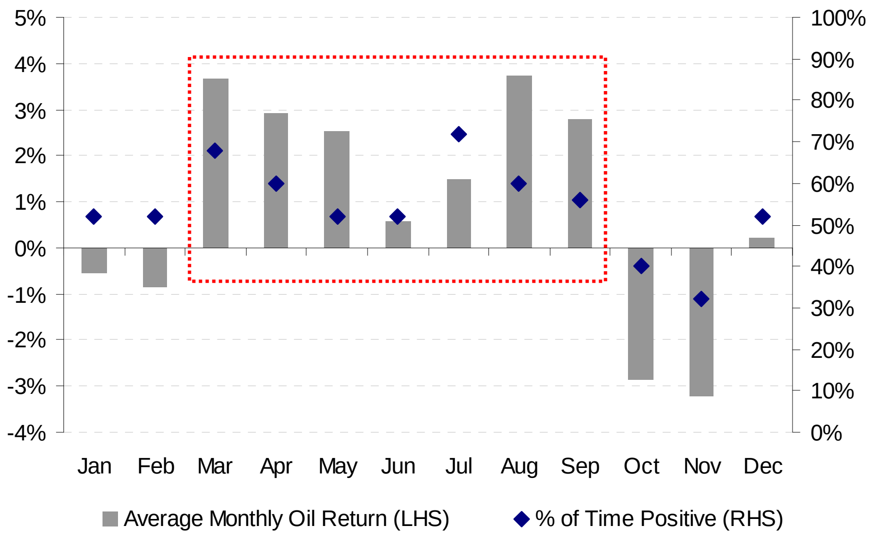
- The ISM Manufacturing Index has posted readings above 50 (the demarcation between expansion and contraction) for seven consecutive months (currently at 56.5). We expect this trend will continue which would imply oil will outperform gold.

Data Source: Bloomberg Finance LP, FactSet, EcoWin.

Seasonality Favors the Cyclical Commodities

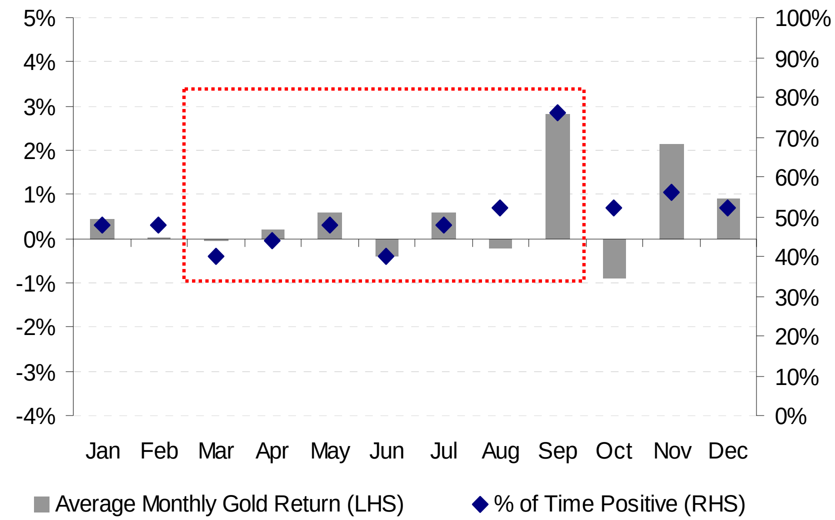
Spring and Summer Benefit Oil While Gold is Relatively Flat

Oil Seasonality*



- Historically, the spring and summer months have proven to be the best performing for oil, rising on average 19.0% from March through September.

Gold Seasonality*



- In contrast, gold returns are much more muted in the “warm months,” rising on average 3.6% from March to September.

Data Source: FactSet, EcoWin.

*Time period reflects 1985 - 2009

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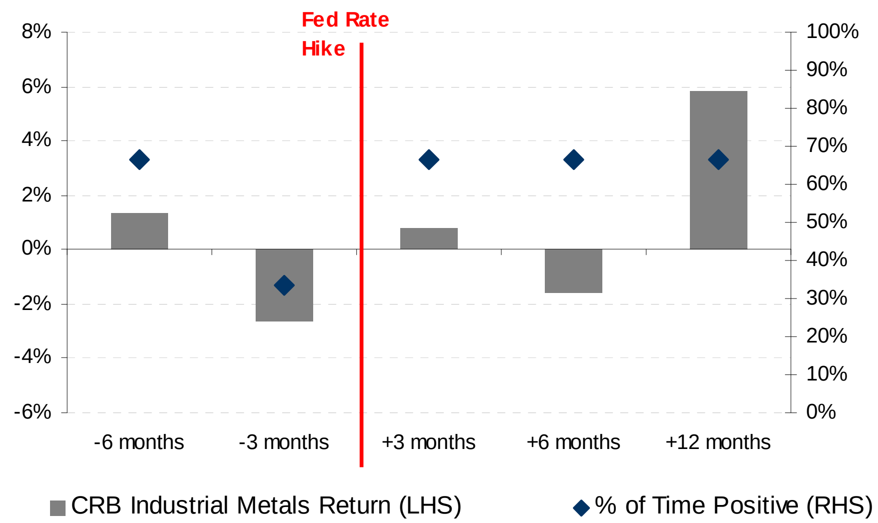
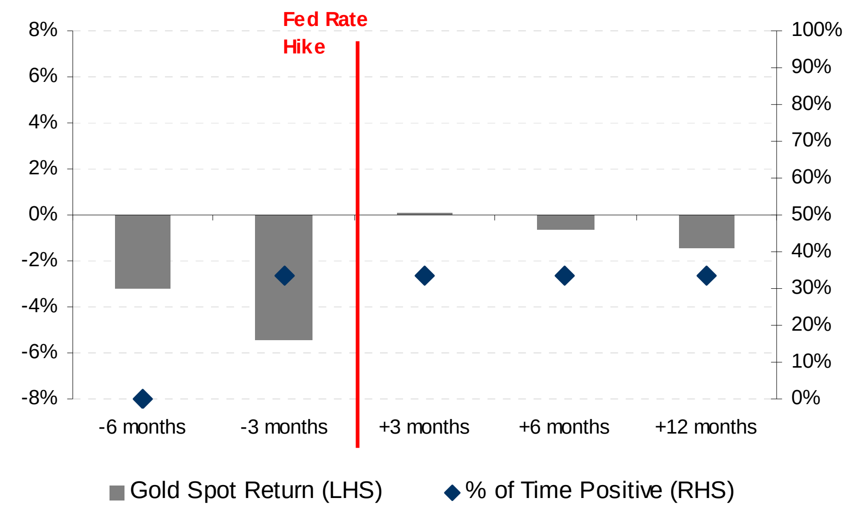
Industrial Metals Outperform During Monetary Tightening

Performance Surrounding Fed Rate Hikes*

Industrial Metals Performance



Precious Metals Performance



- Our expectation for a Fed rate hike in August makes a positive case for cyclical commodities, in general, and industrial metals specifically.
- Historically, gold has posted negative returns in the 12 months following a Fed rate hike as demand for “consumable” commodities replaces demand for “financial” commodities.

Data Source: Bloomberg Finance LP, FactSet, EcoWin.

*Reflects rate hikes in 1983, 1994 and 2004

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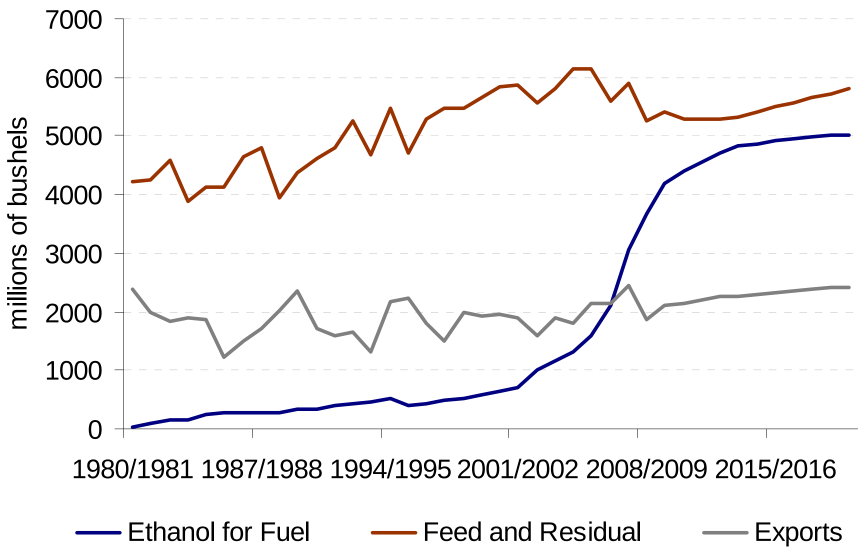
Grain Market Fundamentals Remain Tight

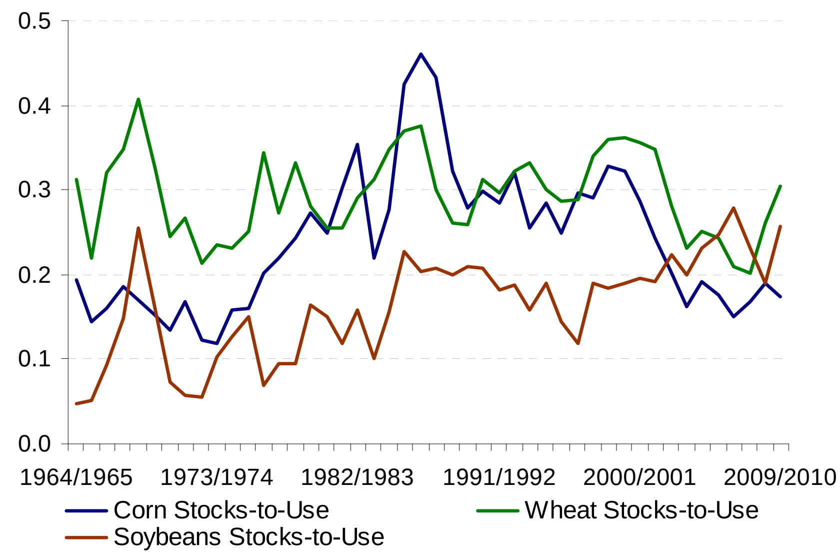
Rising Use in Alternative Fuels to Drive Future Demand

Corn Demand to Be Driven by Ethanol



- We continue to believe grains will perform well as corn used for ethanol will drive marginal demand growth. As we enter the spring planting/growing season, prices will be driven by weather and its effects on production.

Inventories Remain Historically Low

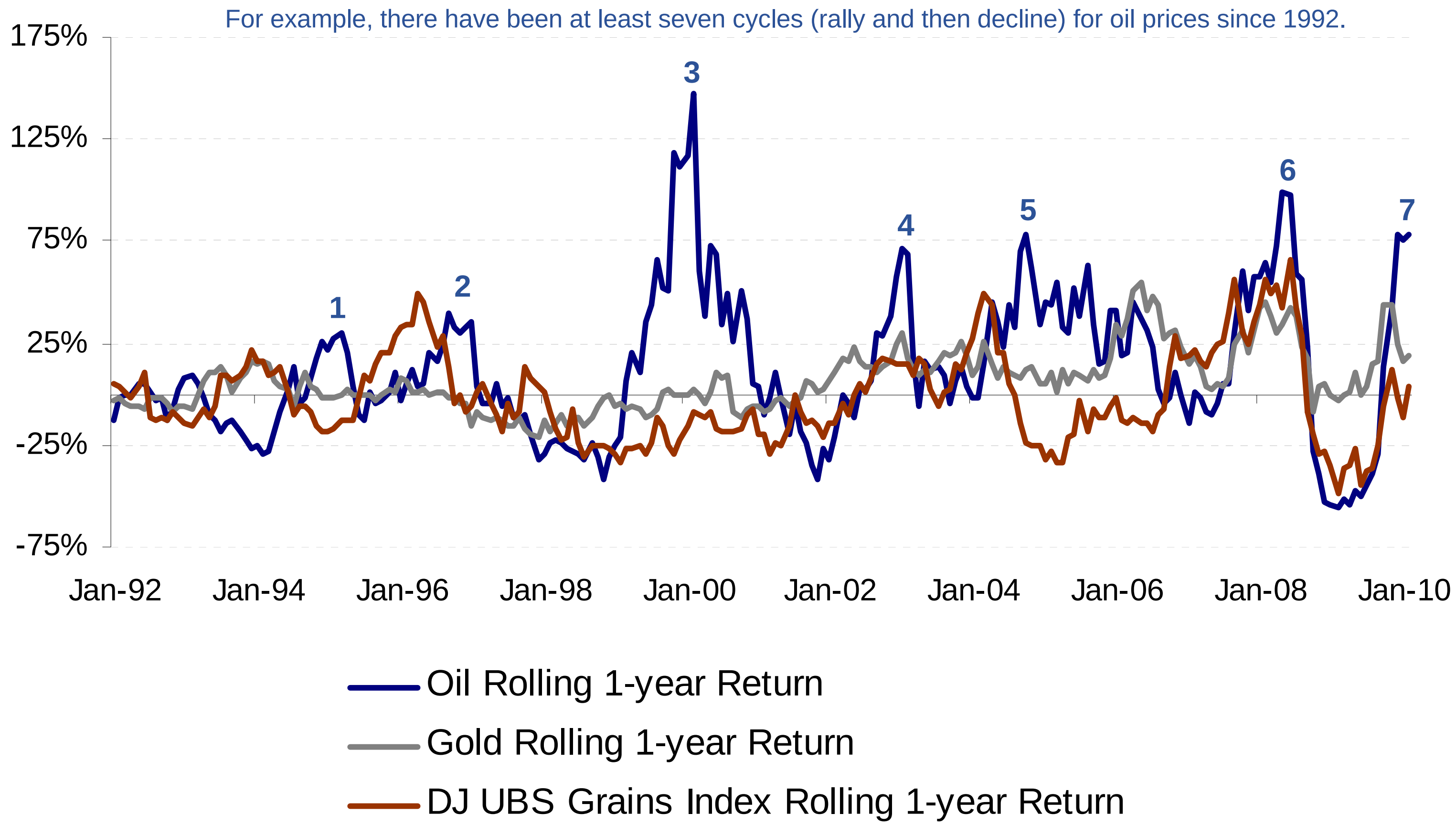


- Selectivity within grains will be important as inventory and demand levels are diverging. Currently, corn stocks-to-use are historically low and are expected to decline modestly while wheat and soybean stocks are in line with their historical average and are expected to rise this year.

Data Source: U.S. Department of Agriculture

Not All Commodities Created Equal

Volatility and Timing of Rallies Makes Selectivity Paramount



Source: Bloomberg Finance LP

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Hedge Funds

Increased Volatility and Selectivity
Favor Hedge Fund Vehicles

Alpha and Outperformance Over the Long Term

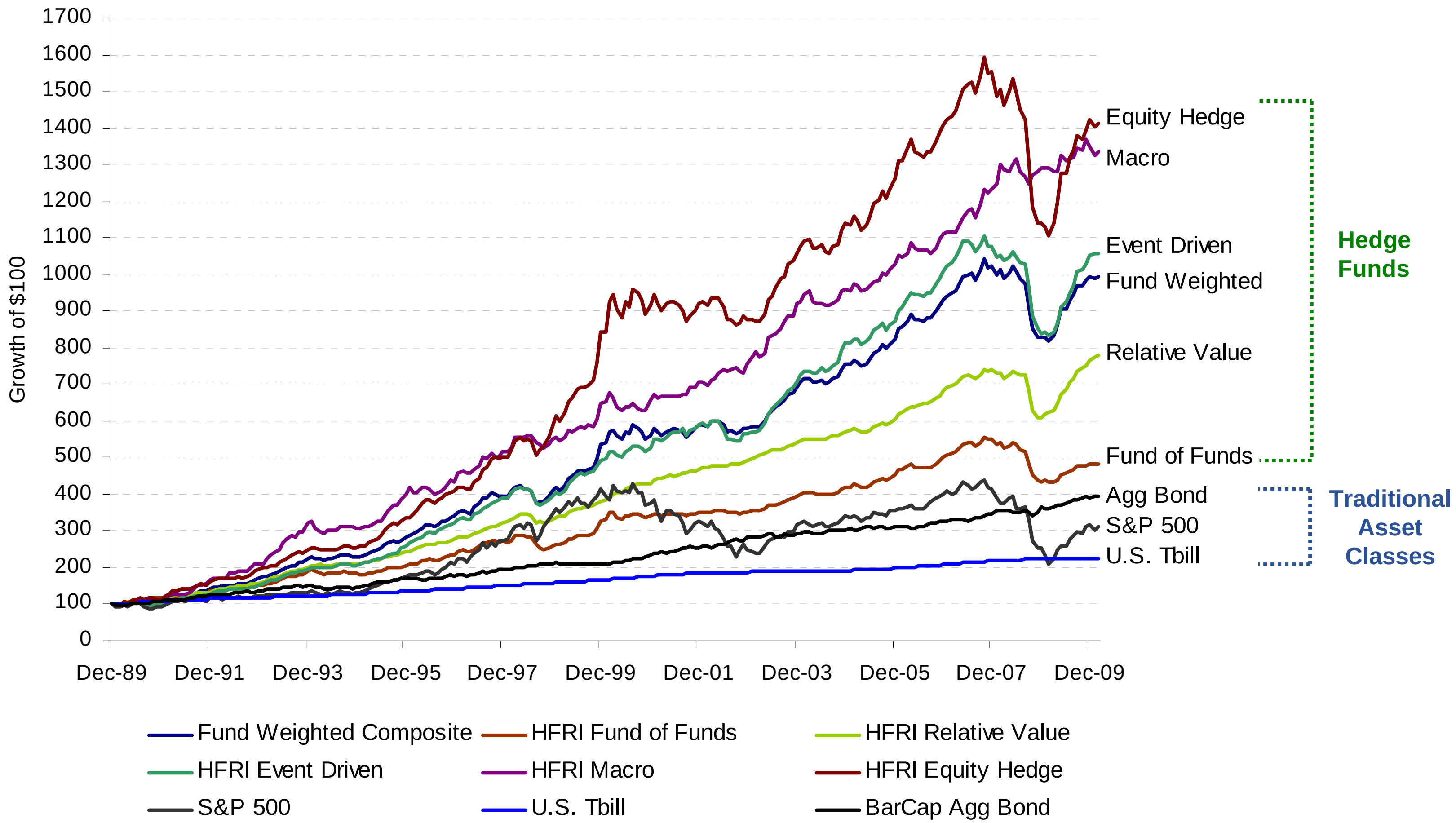
Not all Strategies Homogeneous

Institutional Allocations Remain Healthy

Rebound in Asset Flows

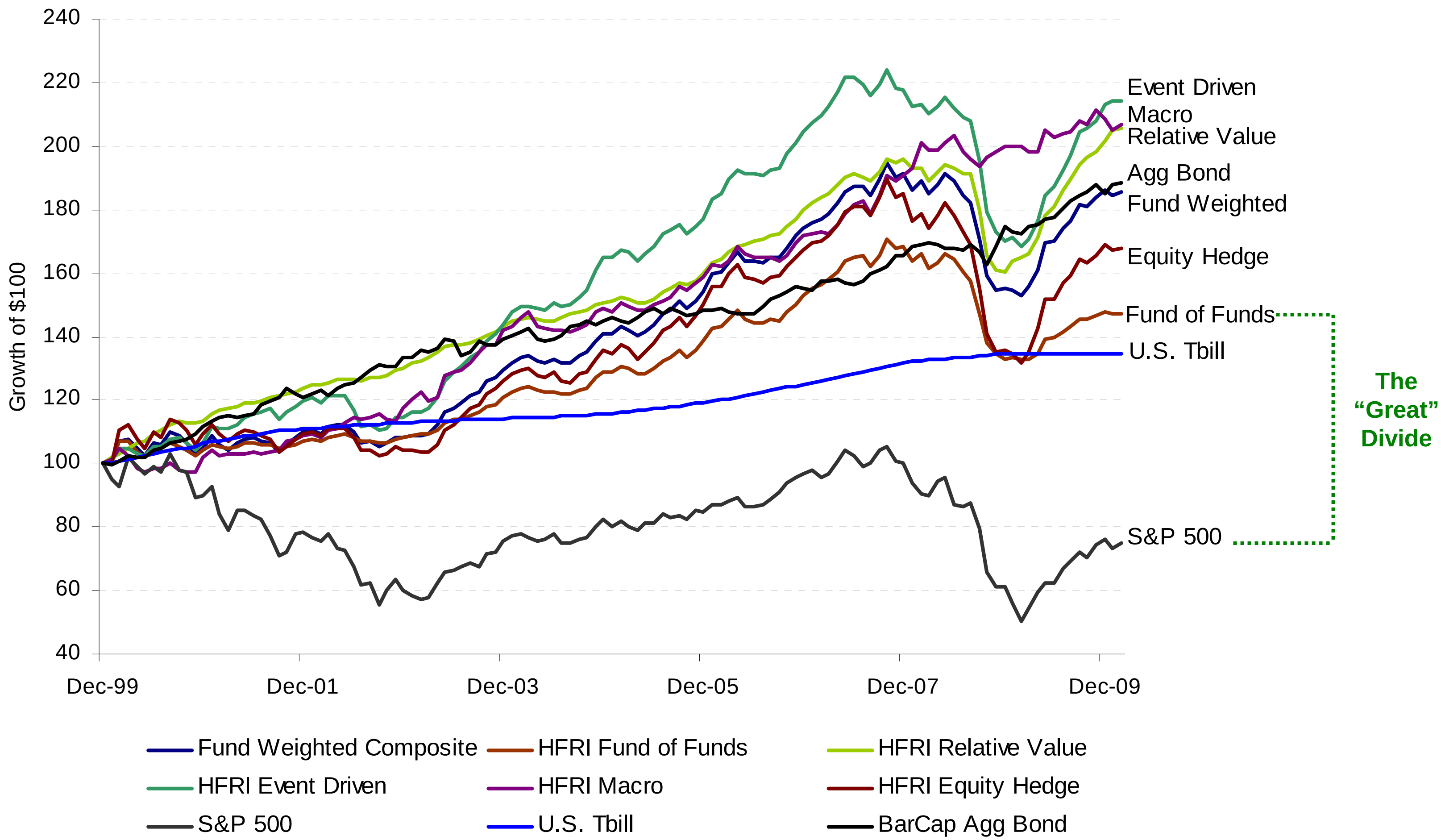
Favored Strategies Include: Long/Short Equity, Global Macro, Distressed

20-year Cumulative Returns



Data Source: Bloomberg Finance LP, FactSet, EcoWin, Hedge Fund Research Inc.

10-year Cumulative Returns

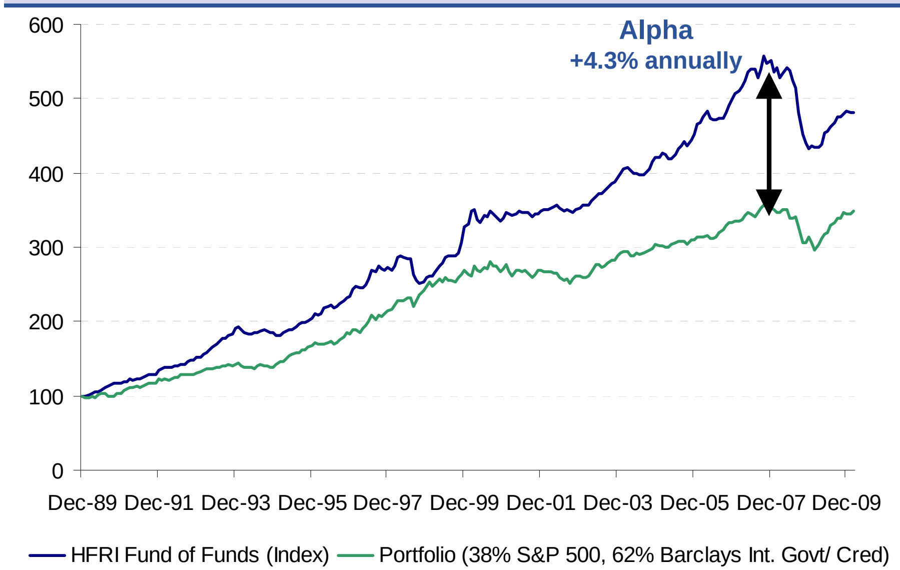


Data Source: Bloomberg Finance LP, FactSet, EcoWin, Hedge Fund Research Inc.

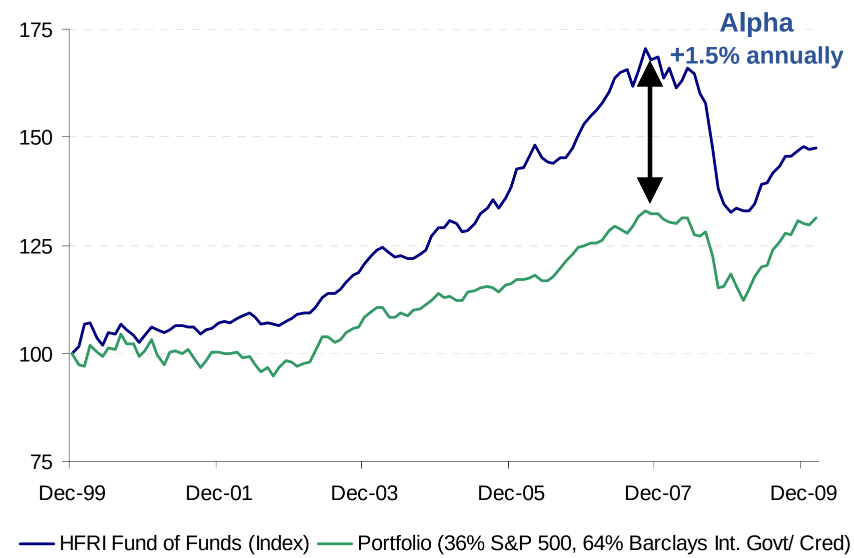
Historical Hedge Fund Alpha

Fund of Funds Outperform a Stock and Bond Portfolio with the Same Volatility

20-year Outperformance



10-year Outperformance

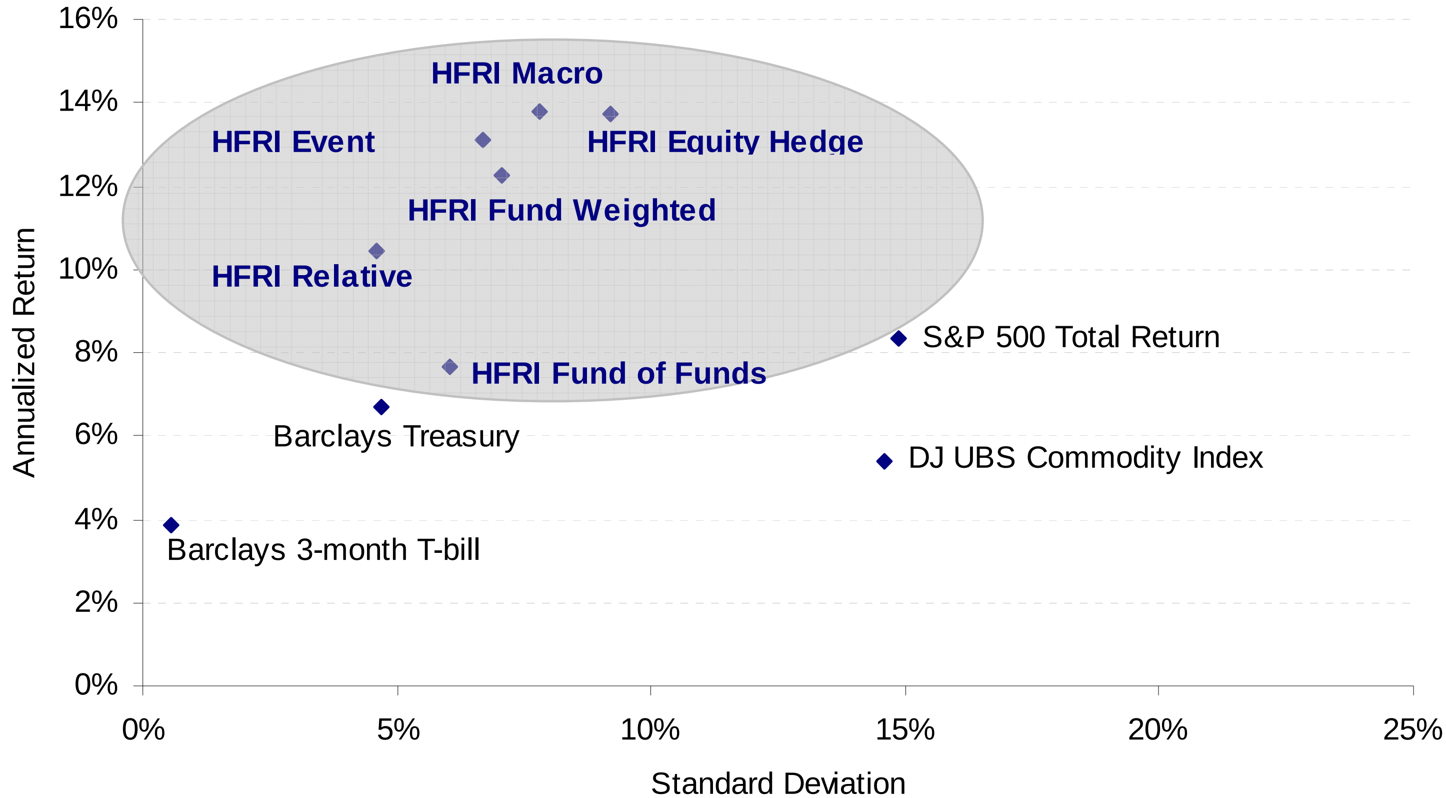


- Despite dramatic losses in 2008, hedge funds have provided investors outperformance in the long term in addition to offering the same volatility as a weighted portfolio of stocks (S&P 500) and bonds (Barclays Intermediate Government/Credit). Over the 20-year period, the HFRI Fund of Funds Index has outperformed the benchmark portfolio by 133% (+4.3% annually) and by 16.2% (+1.5% annually) over a 10-year period.

Data Source: Bloomberg Finance LP, FactSet, EcoWin., Hedge Fund Research Inc.

Hedge Funds Risk and Return*

Hedge Funds Exhibit a Favorable Risk/Reward Profile



Data Source: Bloomberg Finance LP, FactSet, EcoWin, Hedge Fund Research Inc.

*Time Period: 1991 to 2009

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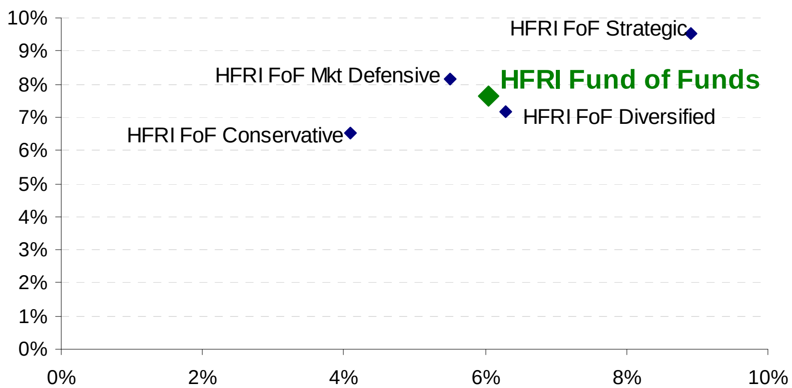
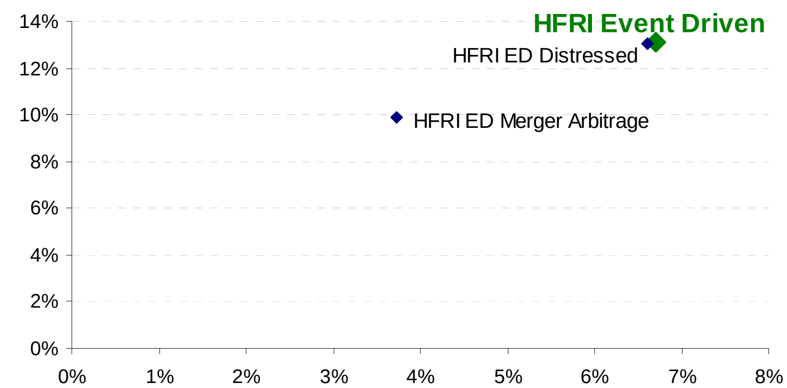
Heterogeneous Sub-strategy Risk and Return*

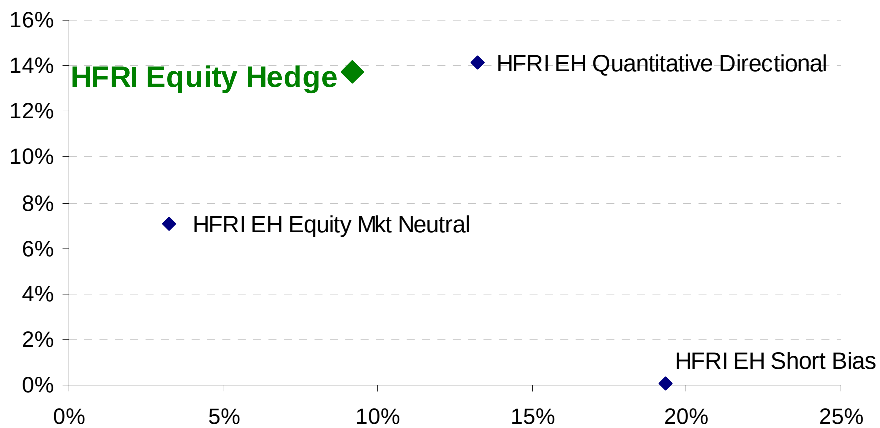
HFRI Fund of Funds Sub-Strategies



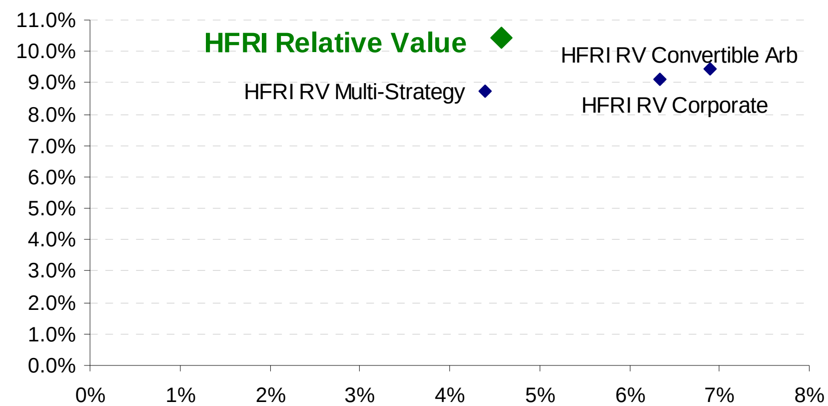
HFRI Event Driven Sub-strategies



HFRI Equity Hedge Sub-strategies



HFRI Relative Value Sub-strategies



Data Source: Bloomberg Finance LP, Hedge Fund Research Inc.

*Reflects time period from 1991-2009

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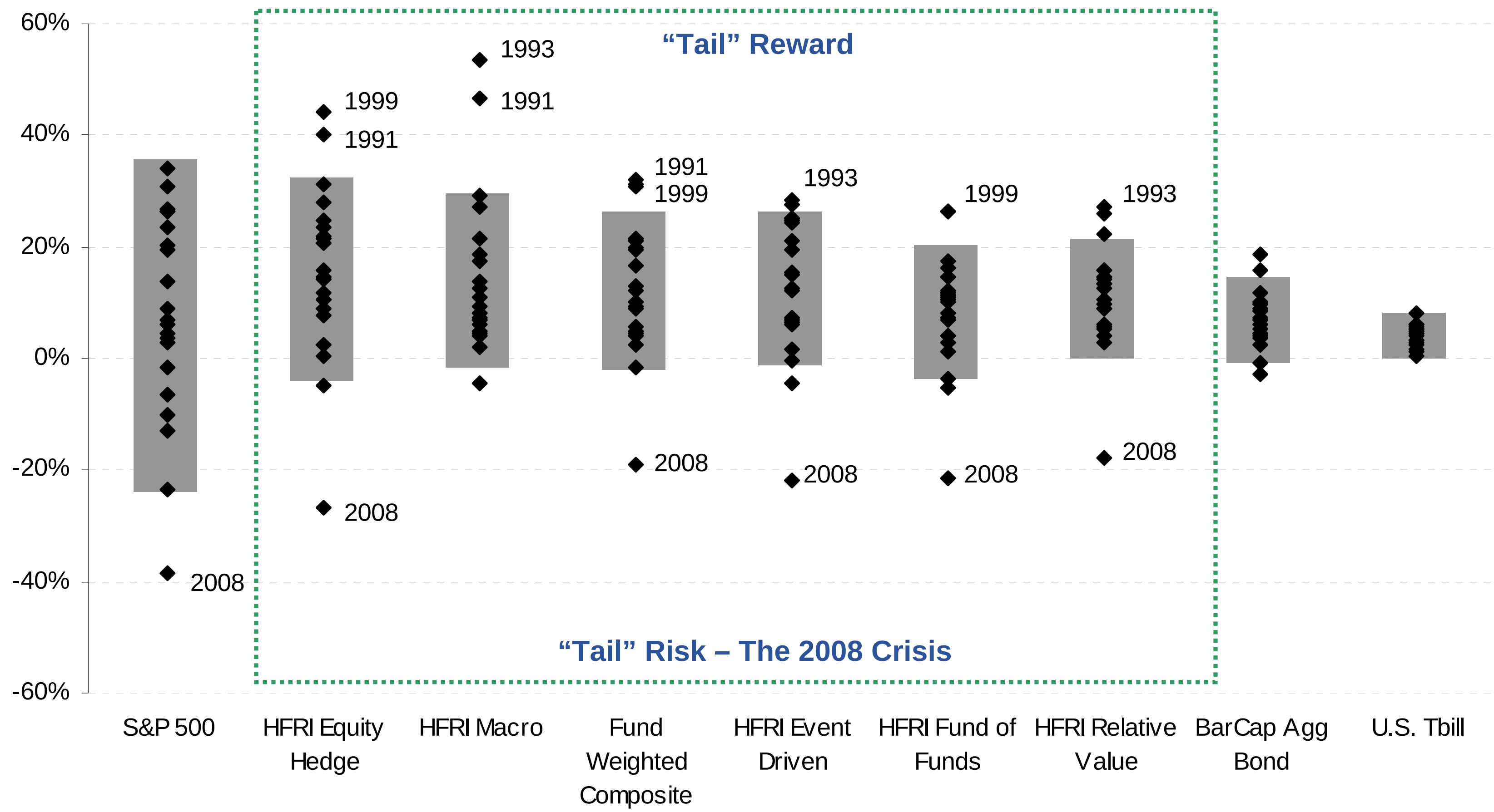
Annual Returns vs. Two Standard Deviation Bands*



Data Source: Bloomberg Finance LP, FactSet, EcoWin, Hedge Fund Research Inc.

*Reflects time period from 1990-2009

Institutional Investors Increasing Alternative Investment Exposure

Funds of All Sizes are Increasing Exposure

	$50-$100 Million Assets Under Management						
	2003	2004	2005	2006	2007	2008	2009
Domestic Equities	55	51	48	49	40	39	34
Fixed Income	24	21	21	19	19	18	21
International Equities	9	13	13	16	18	17	17
Alternative Strategies	9	12	14	13	19	23	22
Short-term securities/cash/other	3	3	4	3	4	3	6

	>$1 Billion Assets Under Management						
	2003	2004	2005	2006	2007	2008	2009
Domestic Equities	47	43	30	29	29	20	14
Fixed Income	20	18	16	15	14	10	10
International Equities	13	15	20	21	22	17	12
Alternative Strategies	14	22	25	25	30	52	61
Short-term securities/cash/other	6	2	9	10	5	1	3

- Institutional investors (pension funds, endowments, etc.) have steadily increased their allocations to alternative strategies at both large and small-scale funds over the past seven years. This has no doubt contributed to the unprecedented growth in assets over the past decade and will continue to support the industry in the aftermath of 2008.

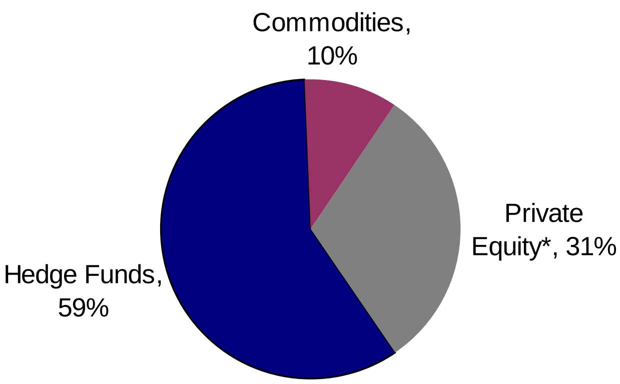
Data Source: NACUBO Commonfund Survey

Alternative Strategies Allocation Detail

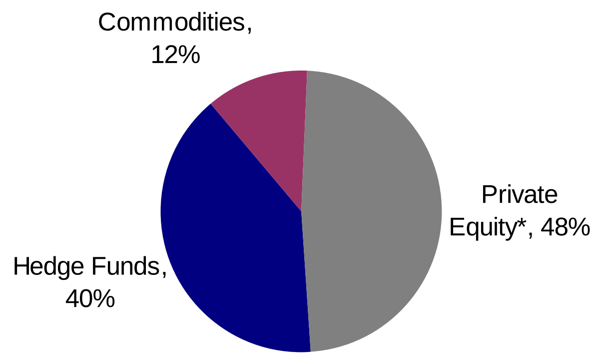
Hedge Funds and Private Equity Largest Allocations

$50-$100 Million Assets Under Management	>$100 Billion Assets Under Management

Of the 22% Allocation to Alternatives:



Of the 61% Allocation to Alternatives:



- Within the alternative strategies allocations among institutional investors, the majority of the money is put to work in hedge funds and private equity while a small portion is also allocated to commodities. Among the larger funds, where liquidity is not as much of an issue, the majority of funds are allocated to private equity funds, while smaller funds place most of the allocation in hedge funds.

Data Source: NACUBO Commonfund Survey.

*Private Equity is comprised of distressed debt, LBOs, mezzanine, venture capital and real estate funds

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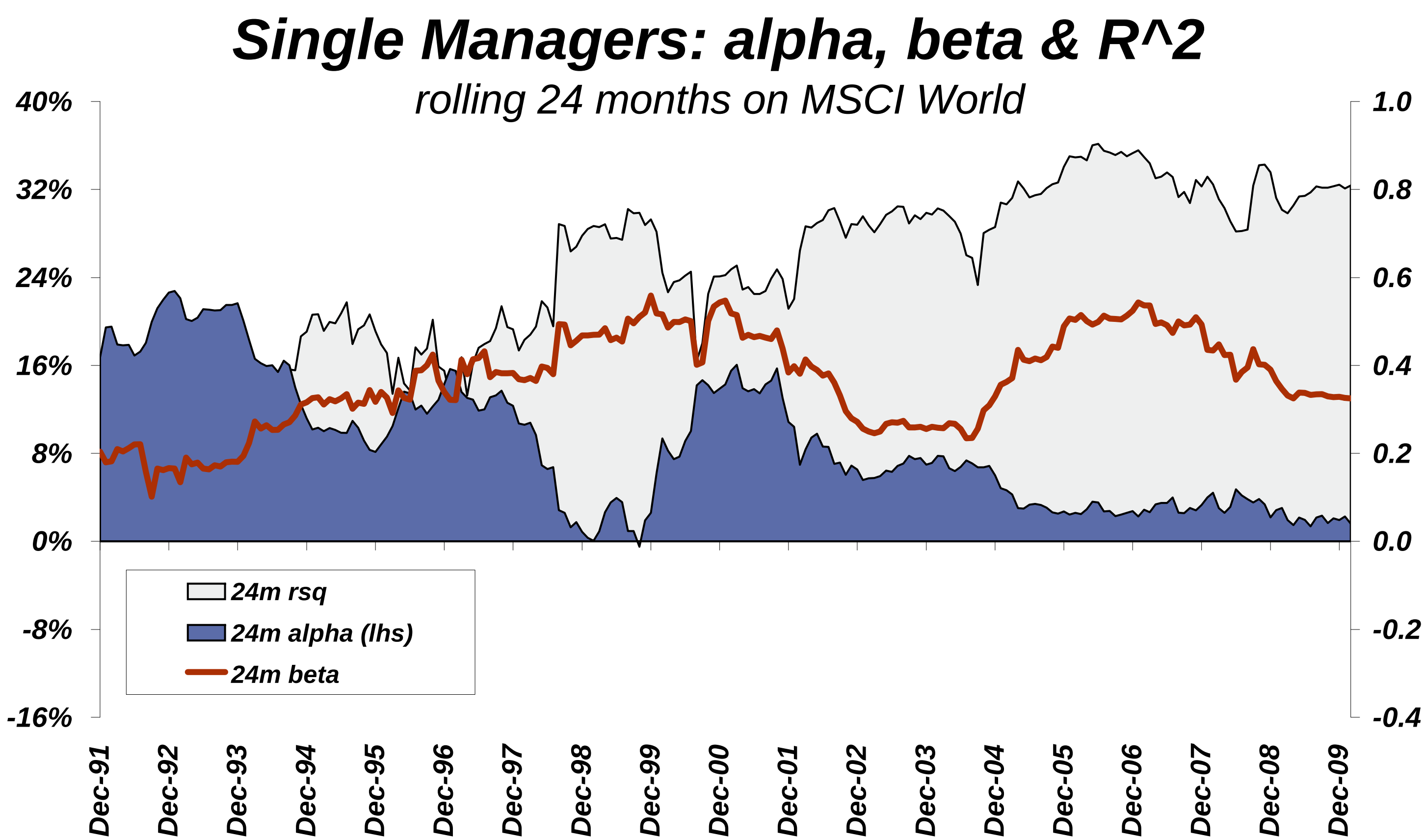
Hedge Fund Exposure and Statistics

Hedge Funds Correlated to Equities, Increase their Risk Profiles, and Selectivity Remains Critical Among Managers



Data Source: Hedge Fund Research Inc., Bloomberg Finance LP

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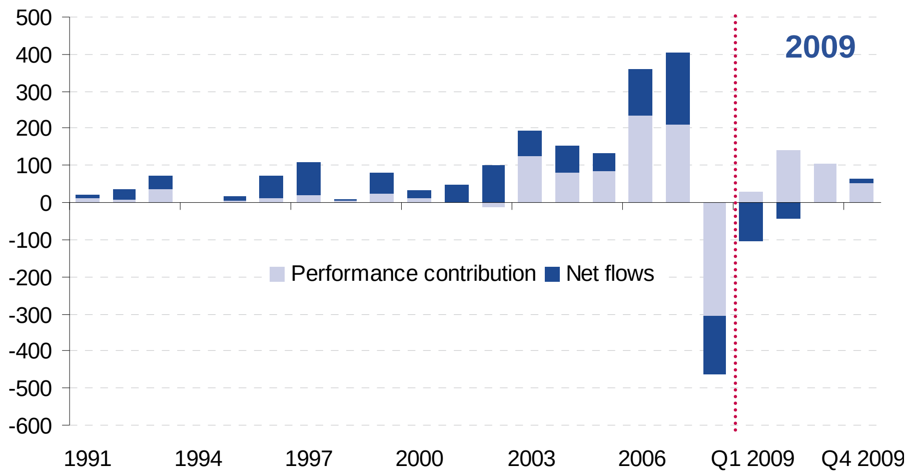
Hedge Fund Industry Growth

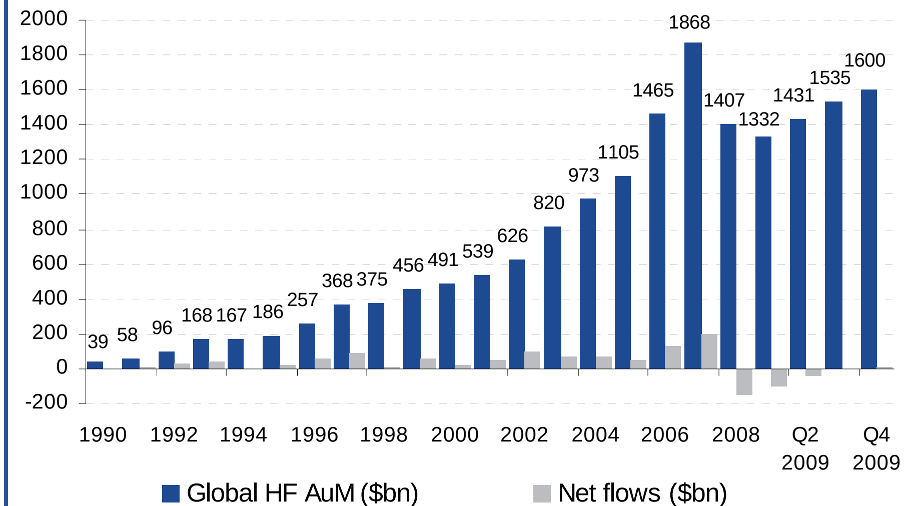
Hedge Funds Recover After 2008 Industry Consolidation

Fund Flows Have Turned Positive



- After nearly a year of detracting from hedge fund performance, fund flows have turned positive as investors' confidence begins to return.

Assets Under Management are Growing

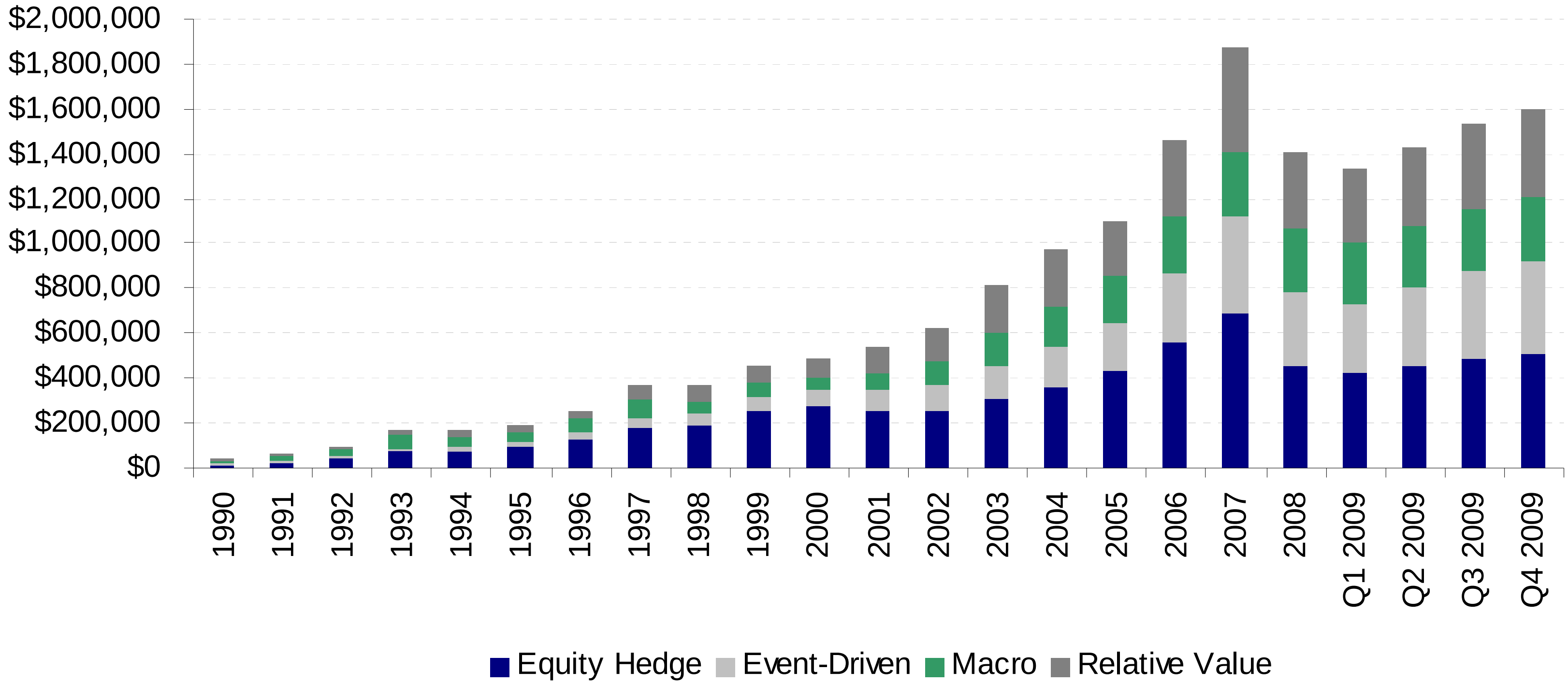


- In addition to the return of positive fund flows, hedge fund performance turned positive in 2010, which has also contributed to asset-under-management growth in the hedge fund industry.

Data Source: Bloomberg Finance LP, FactSet, EcoWin, Hedge Fund Research Inc.

Hedge Fund Subsectors Are All Growing

Investor Attitudes Toward Hedge Funds Are Improving*



Data Source: Hedge Fund Research Inc.

*Total assets under management

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Global Investment Committee Forecasts

GDP Growth	2009	2010	2011
Economic Recovery Underway			
World	-1.1%	4.3%	4.0%
USA	-2.4%	3.8%	3.5%
Euroland	-4.0%	1.1%	1.2%
UK	-5.0%	1.5%	2.5%
Japan	-5.2%	2.8%	0.9%
Asia ex Japan	5.6%	8.2%	7.6%
Latin America	-2.4%	4.2%	3.8%
EMEA	-5.5%	3.7%	4.3%

Inflation (CPI)	2009	2010	2011
*Return of Modest Inflation in DM; Inflation Risks in EM**			
USA	-0.3%	2.0%	1.9%
Euroland	0.3%	1.3%	1.3%
UK	2.2%	2.7%	0.7%
Japan	-1.4%	-1.2%	-0.6%
Asia ex Japan	0.8%	4.6%	4.0%
Latin America	6.0%	7.7%	8.1%
EMEA	7.8%	7.7%	7.5%

Current Account Balance	2009	2010	2011
as % of GDP			
USA	-2.9%	-2.8%	-2.9%
Euroland	-0.6%	0.2%	0.1%
UK	-1.1%	-1.0%	-0.8%
Japan	2.8%	4.4%	5.5%
Asia ex Japan	5.1%	3.8%	2.8%
Latin America	-0.7%	-1.3%	-2.2%
EMEA	1.0%	-1.4%	-1.4%

Fiscal Balance	2009	2010	2011
as % GDP			
USA	-10.2%	-8.6%	-6.3%
Euroland	-6.1%	-6.7%	-5.5%
UK	-12.1%	-11.3%	-8.5%
Japan	-5.6%	-6.2%	-6.4%
Asia ex Japan	-3.5%	-3.0%	-3.0%
Latin America	-3.2%	-2.2%	-2.2%
EMEA	-6.3%	-4.6%	-2.7%

Currencies	Current**	3-Month Forecast	12-Month Forecast
Dollar Strengthening Against Developed Currencies			
EUR/USD	1.34	1.30	1.30
USD/JPY	93.00	100	105
EUR/CHF	1.43	1.50	1.55
GBP/USD	1.51	1.55	1.52
EUR/GBP	0.89	0.84	0.86

Central Bank Rates	Current	3-Month Forecast	12-Month Forecast
Some Rate Hikes Expected by Year End			
USA (Fed funds)	0.00% - 0.25%	0.00% - 0.25%	1.25%
Euroland (Refi rate)	1.00%	1.00%	1.50%
UK (Repo rate)	0.50%	0.50%	0.75%
Japan (Money market rate)	0.10%	0.10%	0.10%

Commodities	Current	3-Month Forecast	12-Month Forecast
Economic Recovery Supports Commodity Prices			
Oil (WTI) in USD	82	80	90
Gold in USD	1105	1,100	1,150

10-Year Govt Rates	Current	3-Month Forecast	12-Month Forecast
Yields to Drift Higher			
USA	3.87	4.00%	4.50%
Euroland	3.11	3.50%	4.00%
UK	3.99	4.25%	4.75%
Japan	1.40	1.35%	1.50%

Equities	Current	3-Month Forecast	12-Month Forecast
Positive Bias in 2010			
USA (S&P 500)	1,173	1,210	1,250
Euroland (Euro Stoxx 50)	2,940	3,000	3,100
Germany (DAX)	6,142	6,200	6,500
UK (FTSE 100)	5,672	5,590	5,750
Japan (Nikkei)	11,097	11,000	11,800
Asia ex Japan (MSCI in USD)	493	515	540
Latin America (MSCI in USD)	4,133	4,200	4,400

Data Source: Deutsche Bank Global Markets Global Investment Committee.
*DM stands for developed markets while EM stands for emerging markets. **Current as of March 30, 2010.

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