

QUARTERLY MARKET OVERVIEW

MARCH 2010

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OVERVIEW OF GLOBAL MARKETS

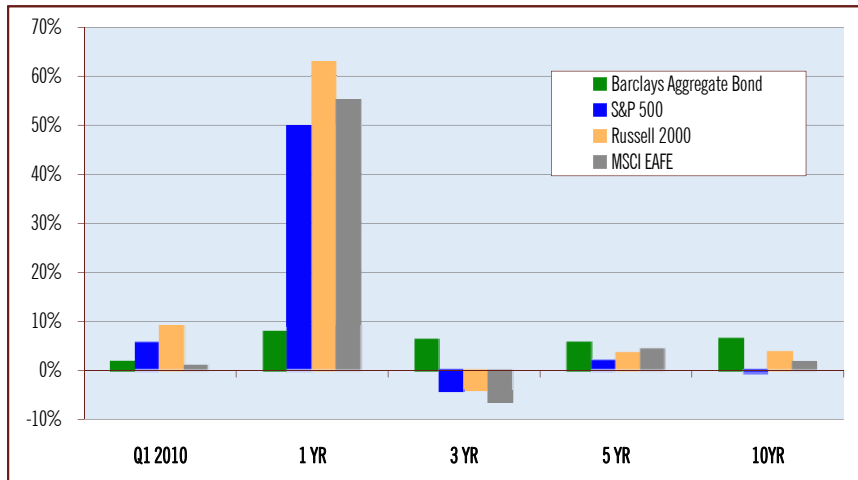
INDEX	1ST QTR RETURN	YTD RETURN	1-YEAR RETURN	3-YEAR RETURN*
EQUITY				
<i>U.S. Equity</i>				
S&P 500	5.39%	5.39%	49.77%	(4.17%)
Russell 1000	5.70%	5.70%	51.60%	(3.98%)
Russell 1000 Value	6.78%	6.78%	53.55%	(7.33%)
Russell 1000 Growth	4.65%	4.65%	49.75%	(0.78%)
Russell 2000	8.85%	8.85%	62.76%	(3.99%)
Russell 2000 Value	10.02%	10.02%	65.07%	(5.70%)
Russell 2000 Growth	7.61%	7.61%	60.32%	(2.42%)
<i>International Equity</i>				
MSCI EAFE	0.94%	0.94%	55.20%	(6.55%)
MSCI EAFE Value	(0.17%)	(0.17%)	59.49%	(7.83%)
MSCI EAFE Growth	2.04%	2.04%	51.18%	(5.33%)
MSCI Europe	(1.72%)	(1.72%)	57.18%	(7.24%)
MSCI Japan	8.25%	8.25%	38.04%	(8.91%)
MSCI EAFE Small Cap	4.82%	4.82%	70.59%	(7.93%)
MSCI Emerging Markets	2.45%	2.45%	81.55%	5.46%
<i>Alternative Equity</i>				
HFR Fund of Funds Composite	1.45%	1.45%	12.66%	(1.69%)
HFR Equity Hedge	3.10%	3.10%	28.75%	0.41%
REAL ASSETS				
DJ Wilshire Global Real Estate	5.14%	5.14%	88.92%	(13.78%)
DJ UBS Commodity	(5.03%)	(5.03%)	20.53%	(6.88%)
ARBITRAGE/CREDIT STRATEGIES				
HFR Fund of Funds Conservative	1.88%	1.88%	10.93%	(2.23%)
Barclays U.S. Corporate High Yield	4.62%	4.62%	56.18%	6.65%
FIXED INCOME				
Barclays U.S. Aggregate Bond	1.78%	1.78%	7.69%	6.14%
Barclays U.S. Treasury	1.12%	1.12%	(1.18%)	6.02%
Barclays U.S. Credit	2.27%	2.27%	20.83%	6.00%
Barclays Municipal Bond	1.25%	1.25%	9.69%	4.56%
Citi 3-Month Treasury Bill	0.02%	0.02%	0.13%	1.80%

* Three-year annualized return.

MARKET COMMENTARY

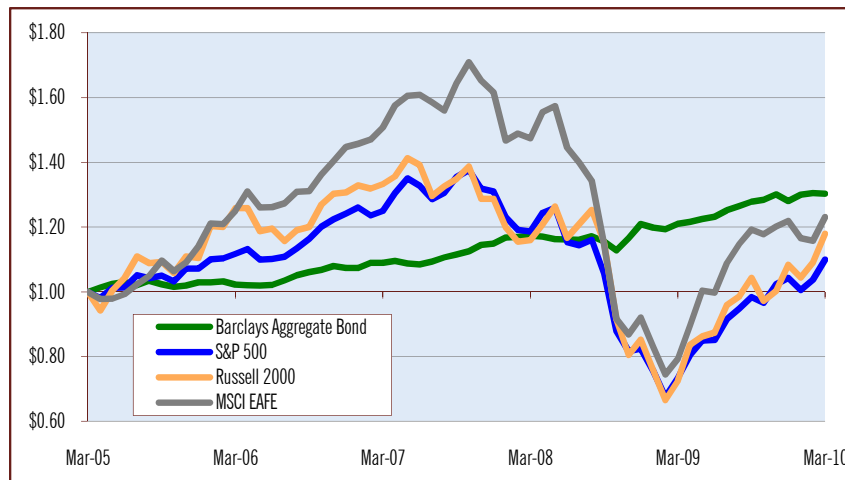
- **An improving economic backdrop helped the U.S. stock market rally through the one-year anniversary of its recent lows.** Investor confidence has been buoyed by a steady stream of good corporate earnings news illustrating resumed top line growth and improved balance sheets. The equity run-up has been impressive... at the end of the quarter, the S&P 500 was 73% above its lows seen in March 2009. **Economic concerns do remain on several fronts**, however, including unemployment, real estate, ongoing deleveraging and the threat of debt defaults in countries such as Greece.
- **For the second consecutive quarter, international equity markets lagged the U.S.** Downgrade warnings for several countries, including Greece which is struggling with its debt load and budget deficits, helped limit the gains in foreign stock markets. Sovereign debt worries also helped the dollar strengthen as the investors fled the euro.
- **Interest rates were mostly flat during the quarter**, though the yield on the benchmark 10-year Treasury note is flirting with the psychologically important threshold of 4%. Credit investors are balancing deflationary aspects (such as unused capacity and restrained consumer spending) against a long-term threat of ballooning debt and inflation prospects. Nevertheless, **investor flows into bond funds continue at a rapid pace**, particularly for higher yielding funds. Some see this as perhaps a secular shift in investor behavior that coincides with aging demographics and a reduction in household debt.

TRAILING PERIOD RETURNS THROUGH Q1 2010



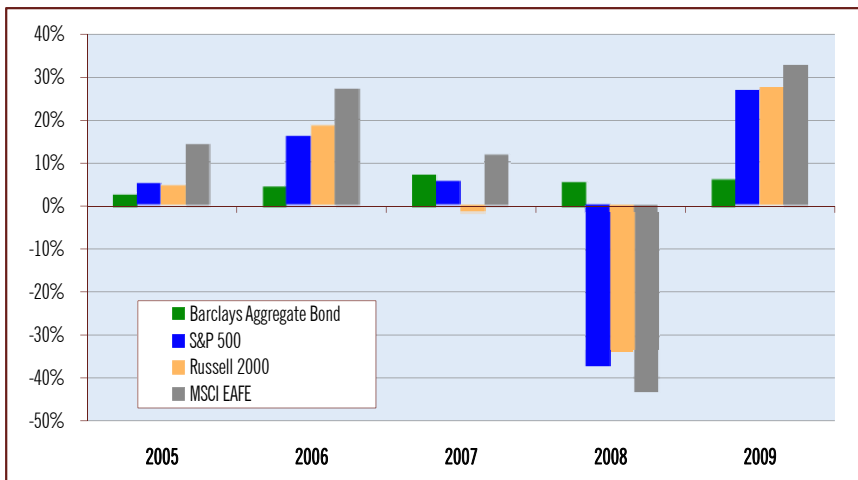
Despite the recent rally and strong one-year returns, the past decade was one of the worst in history for the U.S. stock market.

GROWTH OF \$1 OVER PAST FIVE YEARS



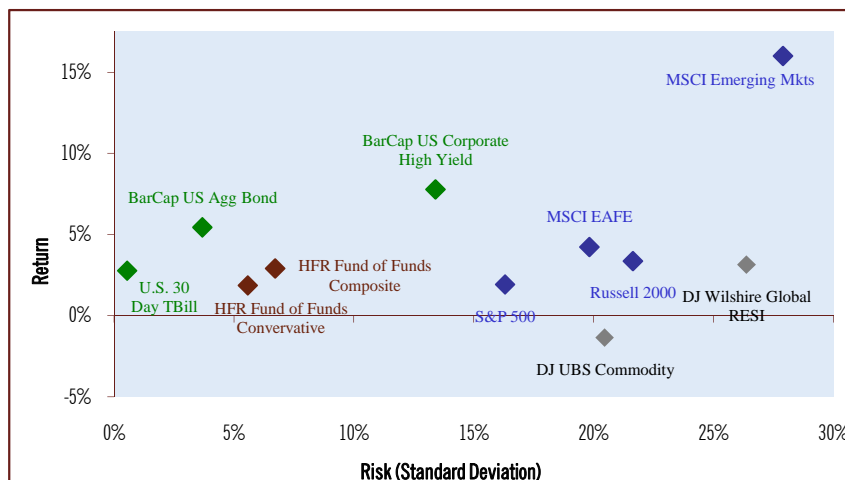
Over the trailing five-year period, bonds, as illustrated by the growth of a dollar, have been a steady performer while equities have endured significant amounts of volatility.

ANNUAL RETURNS 2005-2009



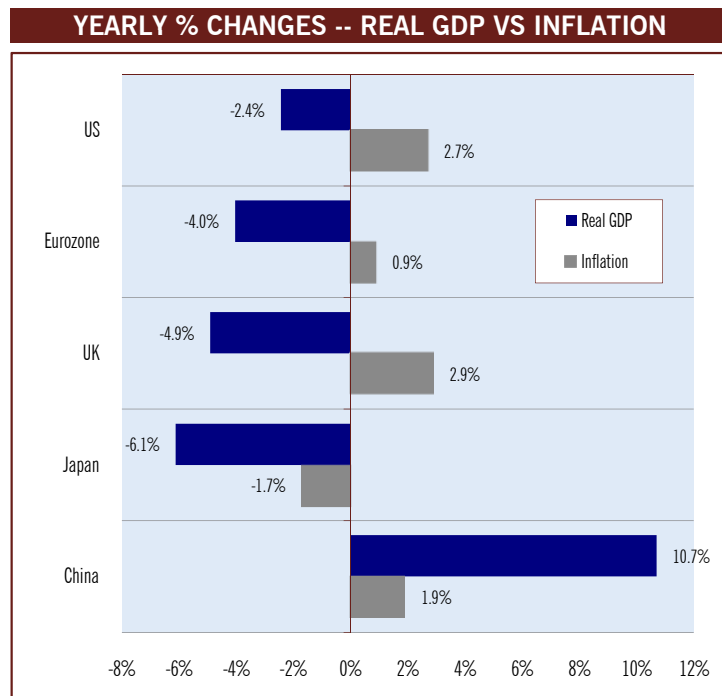
Following some of the steepest annual declines on record in 2008, nearly all asset classes rallied substantially in 2009 as economic recovery took hold. Most equity indices have not yet recouped all of their losses, however.

FIVE-YEAR ANNUALIZED RISK VS. RETURN



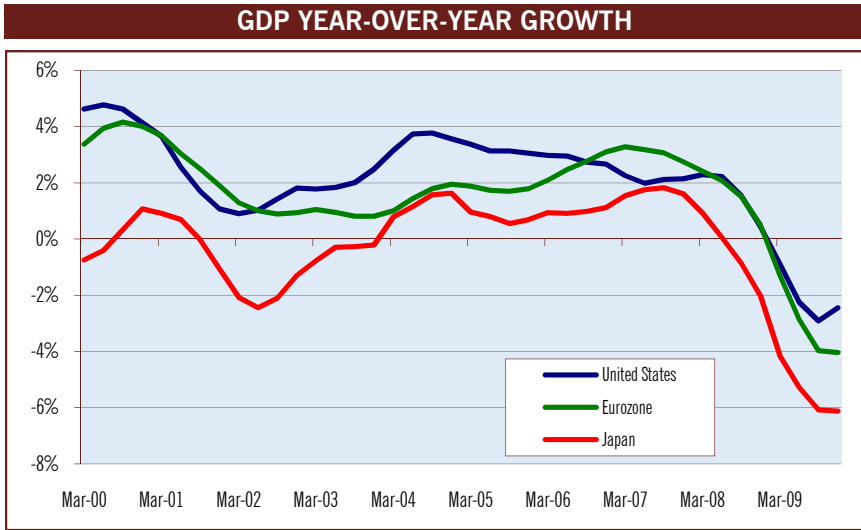
Other than emerging market equities and high yield bonds, not much has been wildly successful over the past five-year period. This period, of course, has included dramatic rallies and busts.

PROJECTED ECONOMIC GROWTH, INFLATION AND INTEREST RATES AS OF MARCH 31, 2010																		
Country/Region	Real GDP (Year-over-Year % Change)				Inflation (Year-over-Year % Change)				3-Month Interest Rates (Year-End)					Ten-Year Interest Rates (Year-End)				
	2008	2009	2010E	2011E	2008	2009	2010E	2011E	2008	2009	Current	2010E	2011E	2008	2009	Current	2010E	2011E
North America																		
United States	0.4%	(2.4%)	3.1%	3.1%	0.1%	2.7%	2.1%	1.9%	0.1%	0.0%	0.1%	0.6%	2.1%	2.2%	3.8%	3.8%	4.3%	4.7%
Europe																		
Eurozone	0.5%	(4.0%)	1.2%	1.8%	1.6%	0.9%	1.3%	1.6%	2.9%	0.7%	0.6%	1.6%	2.1%	3.7%	3.6%	3.3%	3.5%	3.9%
UK	0.5%	(4.9%)	1.2%	2.1%	3.1%	2.9%	2.5%	1.8%	2.8%	0.6%	0.6%	1.9%	2.5%	3.7%	4.1%	3.8%	4.1%	4.5%
Asia																		
Japan	(2.0%)	(6.1%)	1.9%	1.5%	0.4%	(1.7%)	(0.9%)	(0.2%)	0.8%	0.3%	0.2%	0.9%	0.9%	1.2%	1.4%	1.4%	1.6%	1.9%
China	6.8%	10.7%	9.8%	9.0%	1.2%	1.9%	2.7%	3.2%	0.9%	1.6%	1.8%	2.6%	3.7%	1.7%	4.1%	4.1%	N/A	N/A

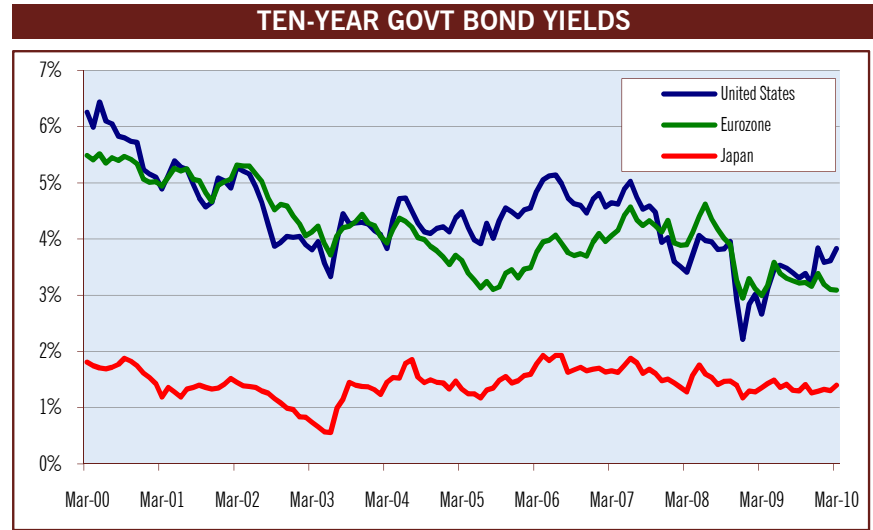


GLOBAL ECONOMIC COMMENTARY

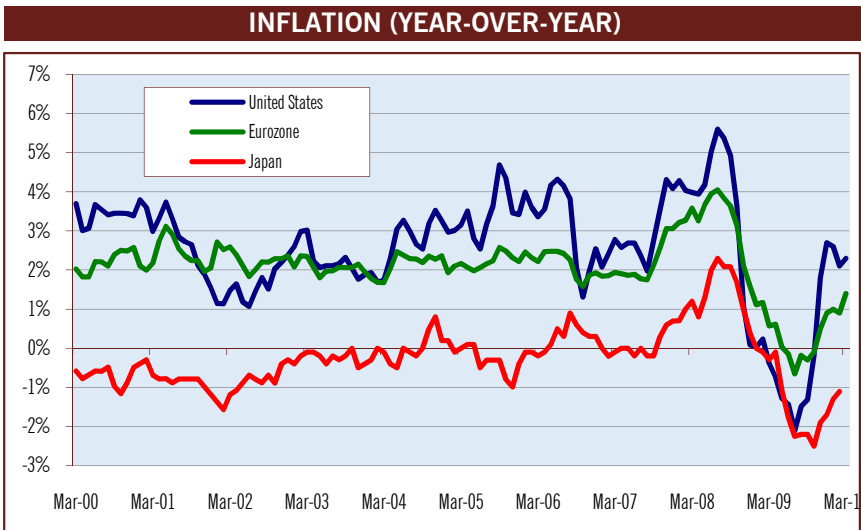
- **The U.S. economy, as measured by real GDP, grew at a 5.6% rate in the final quarter of 2009**, its second quarter in positive territory after a record four consecutive quarters of negative growth. While the recent growth indicated a healthy turnaround for the economy, the fading impact of government stimulus programs and inventory restocking, along with still high unemployment levels, record home foreclosures and lackluster consumer spending, have some concerned that further growth rates will be relatively muted. Nevertheless, for all of 2010 real GDP is expected to increase 3.1% on a year-over-year basis, just a bit below long-term trend rates.
- **The Federal Reserve has pledged to keep interest rates at record lows as the recovery gains traction.** Capacity in the labor markets, sluggish consumer spending and declining rents are expected to keep inflation (as measured by CPI) subdued and allow the Fed to keep its key policy rate in a range between 0.0% to 0.25% for most of 2010.
- In March, European leaders announced a plan to provide a safety net for Greece. Recovery in the region is likely to be slow, however.



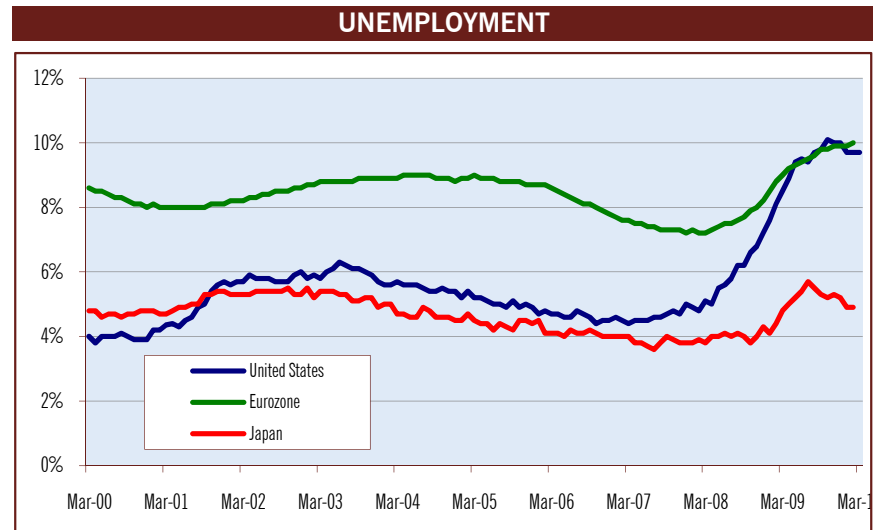
Gross domestic product, the value of all goods and services produced by the U.S., contracted by about 2.4% for the 2009 calendar year, the worst full-year contraction since 1946.



U.S. yields have bounced off last year's lows on increased supply and balance sheet issues. Still, many investors with renewed risk appetites have been looking to equities and other asset classes for increased yield and return potential.

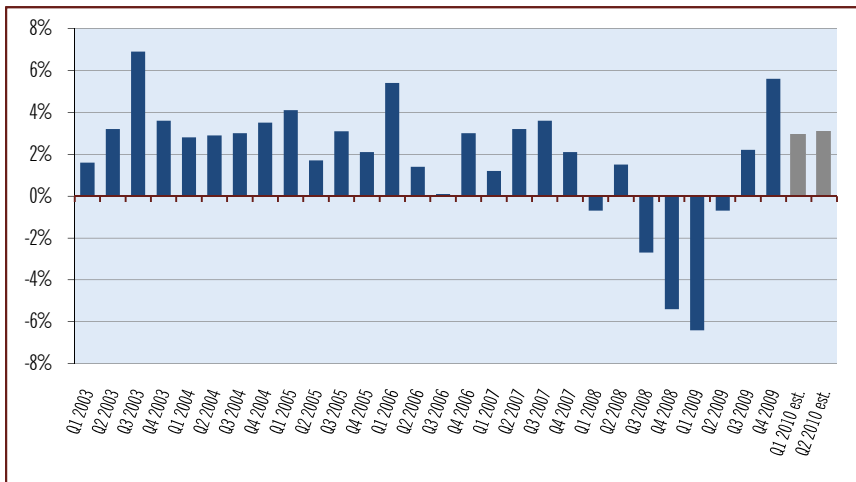


Despite a recent jump in U.S. inflation, due partially to weak year-over-year comparison points, economists project that the CPI will remain in check through 2010 due to slack in the labor markets.



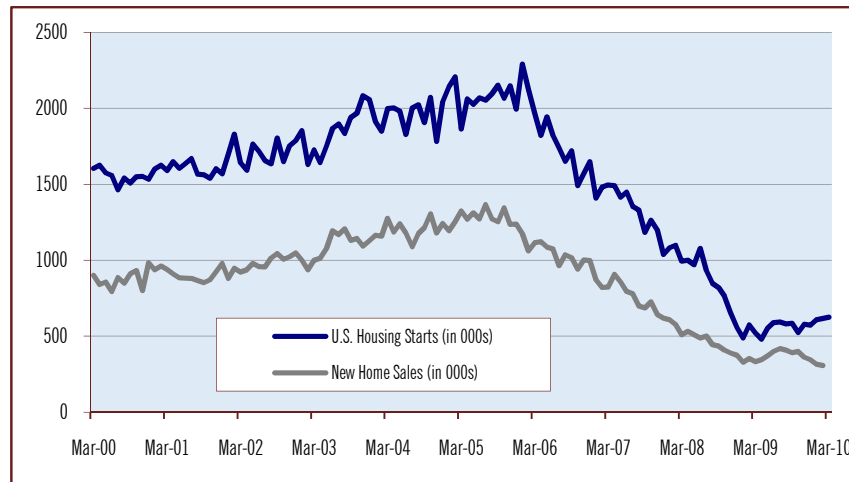
The U.S. unemployment rate remains stubbornly high and a risk to the economic recovery if it keeps consumers from spending and consumer default rates elevated. The labor market will likely be a key driver of when the Fed raises rates again.

U.S. REAL GDP -- QUARTERLY ANNUALIZED % CHANGE



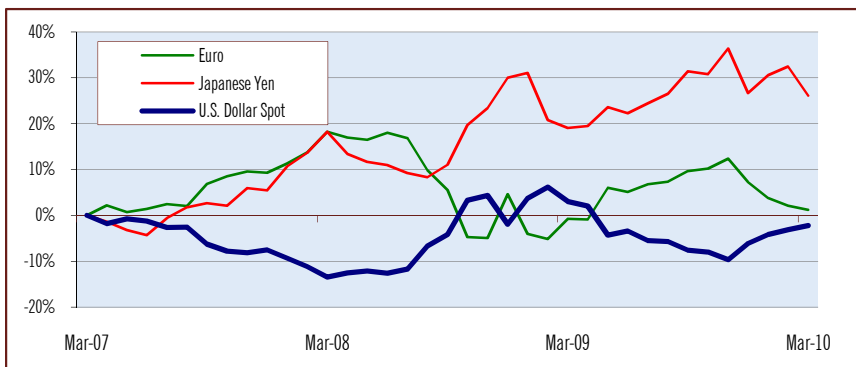
U.S. real GDP rebounded strongly at the end of last year, growing at a 5.6% rate in the fourth quarter, the fastest pace in more than six years. More modest growth is expected for 2010, however, as consumer spending remains constrained.

U.S. HOUSING STARTS AND NEW HOME SALES



The residential housing market appears to have at least temporarily stabilized. Home foreclosures are at record highs, however, and the end of home buyer tax credit program and rising mortgage rates may lead to waning demand.

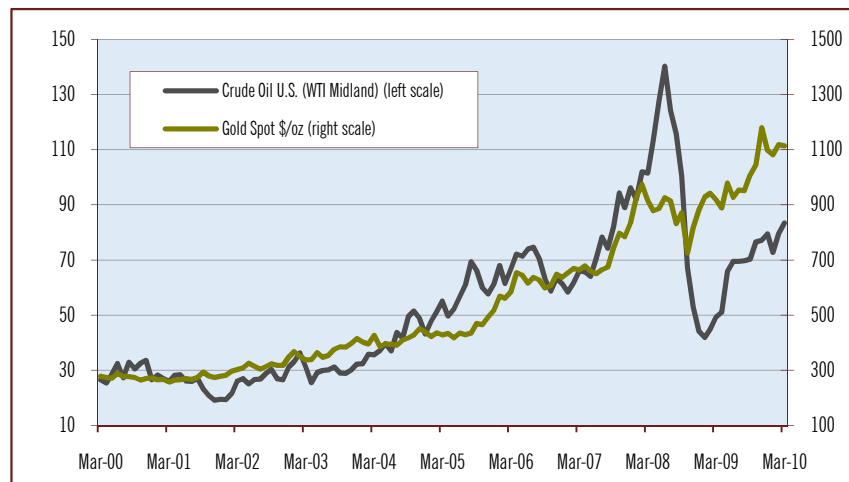
APPRECIATION VS U.S. DOLLAR OVER PAST THREE YEARS



EXCHANGE RATES FOR MAJOR CURRENCIES

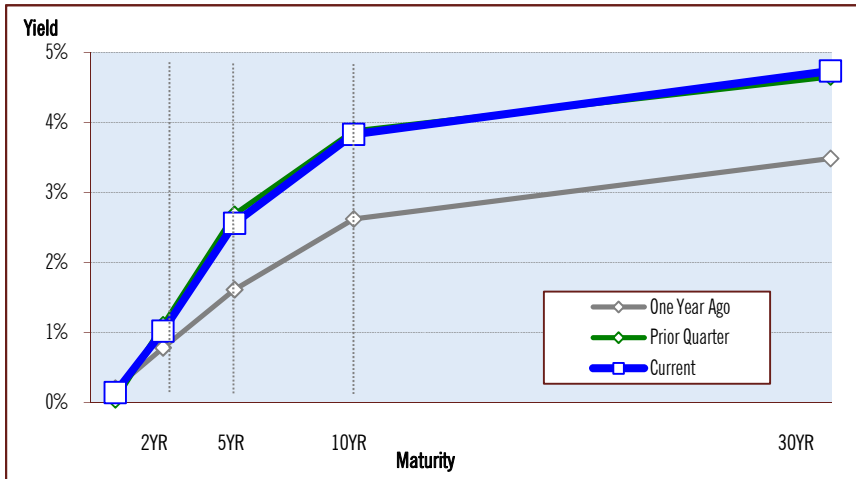
Currency	12/31/08	12/31/09	3/31/10
Euro (in U.S. dollars)	1.3971	1.4321	1.3510
Japanese Yen (per USD)	90.64	93.02	93.47
U.S. Dollar Index (DXY)	81.31	77.86	81.07

COMMODITY PRICES



Gold (and precious metals) was one of the stronger commodity segments, finishing the quarter above \$1100/oz, while oil surged back above \$80/barrel. Other commodity sectors, such as agriculture, lagged.

U.S. TREASURIES YIELD CURVE

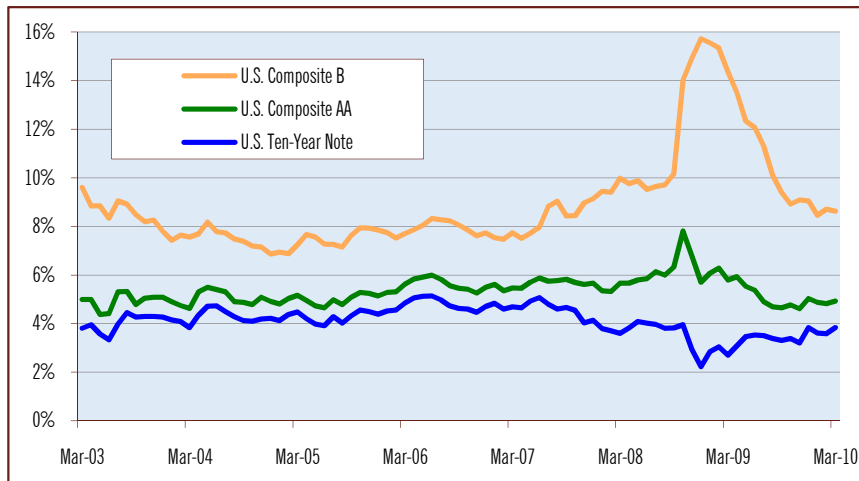


The benchmark of the U.S. Treasury yield curve, the ten-year note, yielded 3.8% at the end of March, similar to its yield at the end of the prior quarter but well above the 2.6% yield of a year ago. The short end of the curve remains historically steep.

U.S. FIXED INCOME COMMENTARY

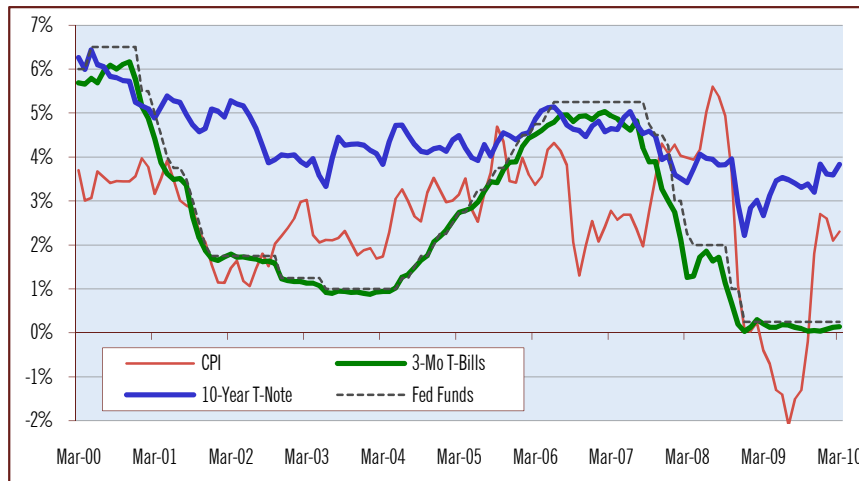
- **The Treasury yield curve remains at some of the steepest levels ever seen** as yields of longer-dated maturities are well above shorter-term rates. The slope between the two-year and ten-year Treasury ended the quarter at 281 basis points.
- **The Fed continues to maintain a zero percent short-term interest rate policy**, enticing many investors to reach for yield. That, and improved economic fundamentals, has helped risk assets such as high yield corporate debt continue to post strong returns.
- **Bond markets are facing several longer-term market risks that could put upward pressure on rates**, including an increase in supply, concerns about a decrease in foreign demand, inflation and ultimately stronger economic growth. In the short-term, however, slack in the economy could keep rates low or range bound.

U.S. HISTORICAL BOND YIELDS



Credit spreads (the gap between the yields of lower quality and investment grade bonds) continued to tighten as corporate bond investors, reflecting an improving economy, have priced in much lower default expectations for 2010.

U.S. T-BILL, INFLATION AND FEDERAL FUNDS YIELDS



Despite noting that economic conditions have been improving, the U.S. Federal Reserve continues to keep short-term interest rates near zero percent and has indicated that it will do so for an "extended period".

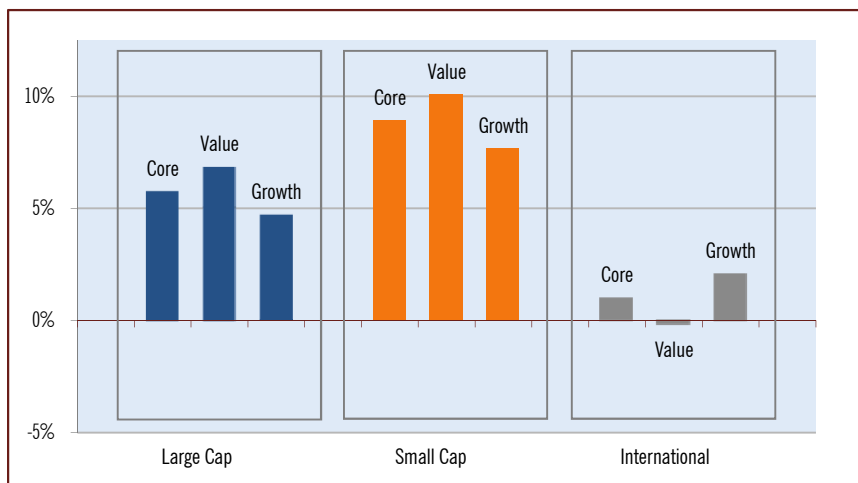
Q1 2010 PERFORMANCE: S&P 500 INDEX



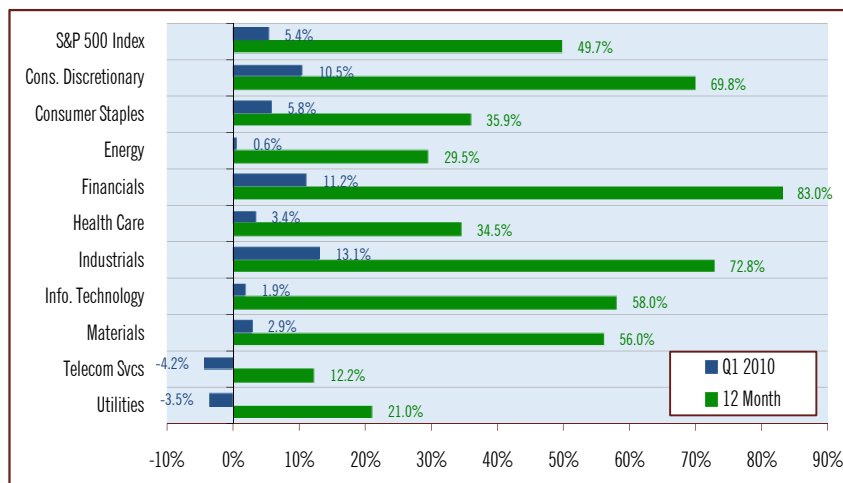
U.S. EQUITY COMMENTARY

- After a sluggish start and a selloff in February, domestic stocks bounced back to post their fourth consecutive quarter of gains. The market, which has also risen in 11 of the past 13 months, could be losing a bit of steam, however, as the recent quarter was the weakest of the past year. Unlike most of last year, value stocks outpaced growth in the quarter.
- Some see the market's relative tranquility (as compared to last year's wild swings) as a sign of investor acceptance of a moderate economic recovery. Others see improving corporate balance sheets that now appear to be in solid shape, along with not unreasonable valuations, as providing a backdrop for a sustained though not show-stopping rally.
- Retail investors continue to shun equity funds and funnel dollars towards fixed income markets, especially high-yield funds.

Q1 2010 PERFORMANCE: VALUE VS GROWTH



Q1 2010 S&P 500 INDEX: PERFORMANCE BY SECTOR



Domestic stocks posted strong returns in the first quarter, regardless of market style or capitalization, though small and value did perform best. International stocks fared less well, particularly in U.S. dollar terms.

Financials were among the best performing sectors in the quarter, as banks continue to repair their balance sheets. The energy sector, meanwhile, lagged despite oil exceeding \$80/barrel.

U.S. EQUITY cont.

LARGE CAP VS SMALL CAP -- GROWTH OF \$1



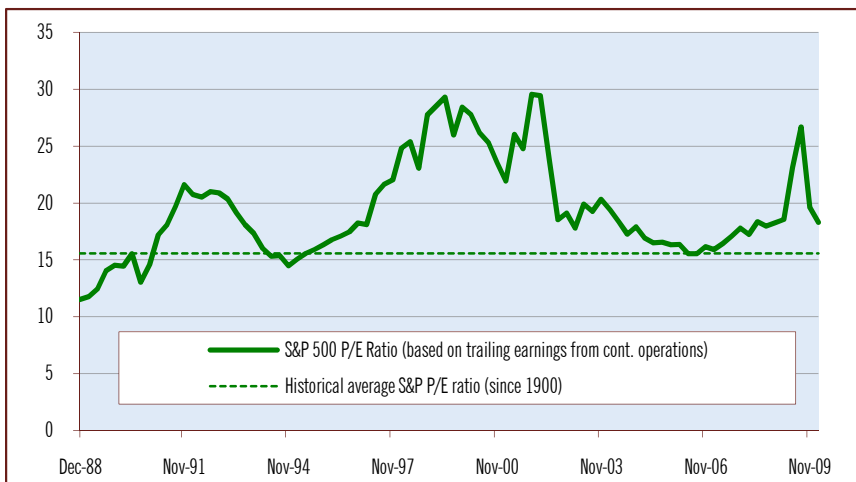
As the economy has rebounded, small caps (which benefit from increased financial exposure) have outperformed large by a slight margin.

S&P 500 METRICS

Statistic	5 Years Ago	3 Years Ago	1 Year Ago	Current
S&P 500 Index				
Price	1180.6	1420.9	797.9	1169.4
Dividend Yield	1.8%	1.8%	3.4%	1.9%
P/E Ratio (TTM Operating Earnings)	16.9	15.9	18.6	18.3
Trailing 12-Month (TTM) Op Earnings	69.8	89.4	43.0	63.9
Trailing Yr-over-Yr Earnings Growth	20.2%	12.8%	(44.0%)	48.7%
U.S. Yields				
Three-Month T-Bill Yield	2.7%	4.9%	0.2%	0.1%
Ten-Year Treasury Yield	4.5%	4.7%	2.7%	3.8%
AA Corporate Yield	5.2%	5.5%	5.8%	4.9%

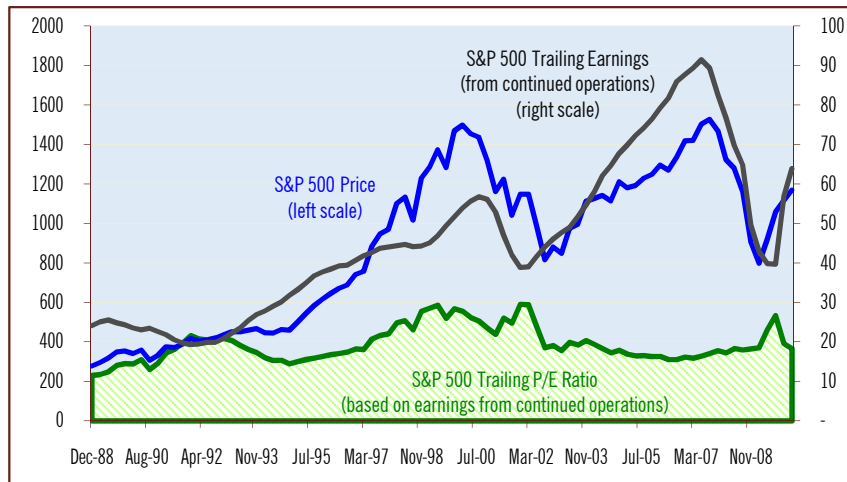
Valuations appear nearly full by many measures, and the recently strong earnings growth may face tougher headwinds in 2010 if interest rates rise while consumers are restrained in their spending.

S&P 500 P/E RATIO



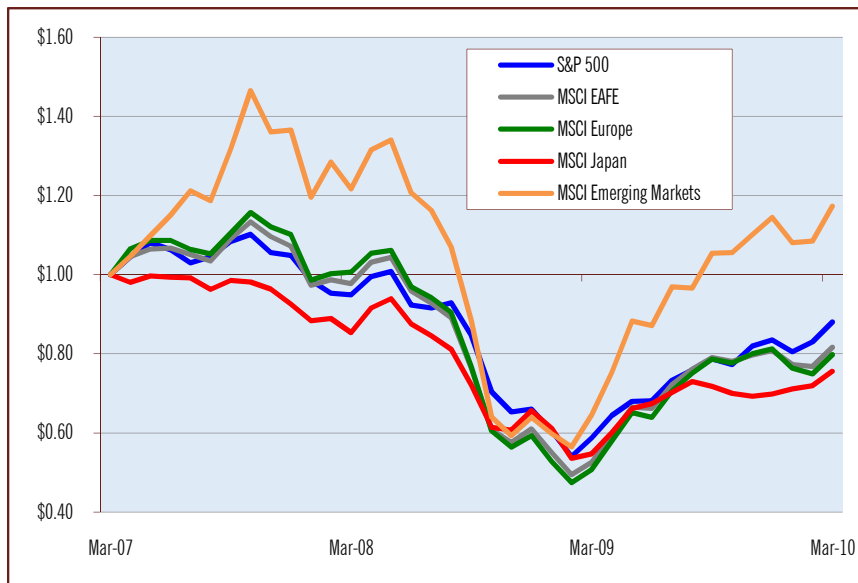
The price-earnings (P/E) ratio, a commonly used tool for determining whether stocks are reasonably priced, remains a bit expensive on a historical basis but is not considered unreasonable.

S&P 500 PRICE AND EARNINGS



Earnings and profits continue to rebound as companies have increased output while getting greater productivity from workers and little change in costs. Future growth, however, may depend on jobs growth and increased spending.

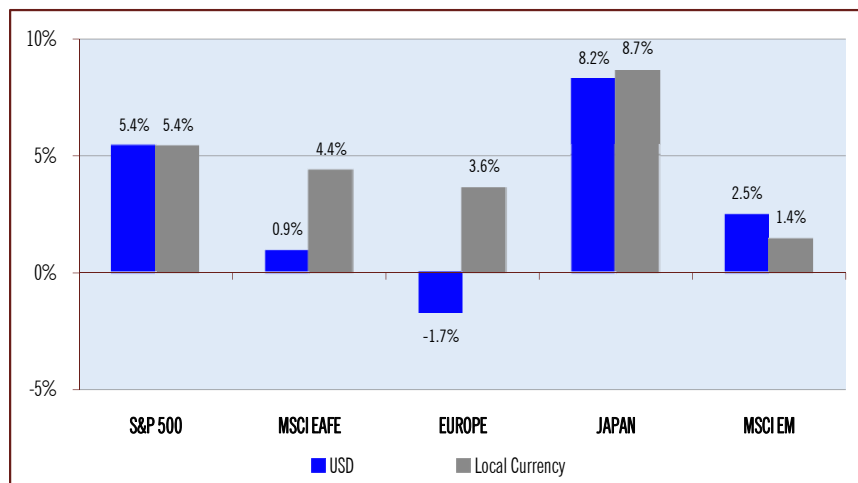
GROWTH OF \$1 OVER PAST THREE YEARS



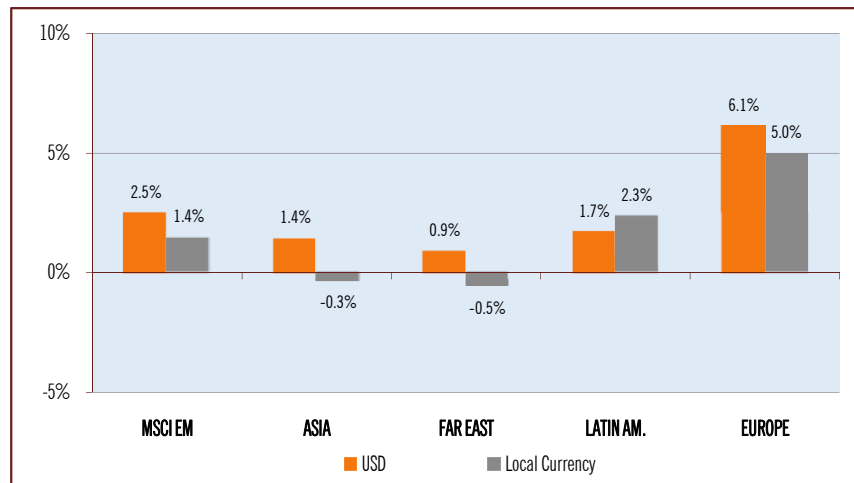
INTERNATIONAL EQUITY COMMENTARY

- **International equity markets were largely held in check** by negative news emanating from countries such as Greece and Portugal with regards to the default and credit ratings. A potential slowdown in China as authorities rein in credit also unnerved markets.
- **A surging U.S. dollar**, which benefited from safe-haven flows out of the euro, compounded the negative international equity effect for U.S. investors.
- **After dramatically outpacing developed markets throughout 2009, emerging market equities lagged** a bit as investors contemplated the removal of low interest rates and stimulus policies. Concerns about valuations have not helped, either. In contrast with last year's stellar gains, the MSCI China and Brazil indices both lost ground in the quarter, posting some of the worst quarterly performances of global benchmarks.

Q1 2010 PERFORMANCE: GLOBAL MARKETS



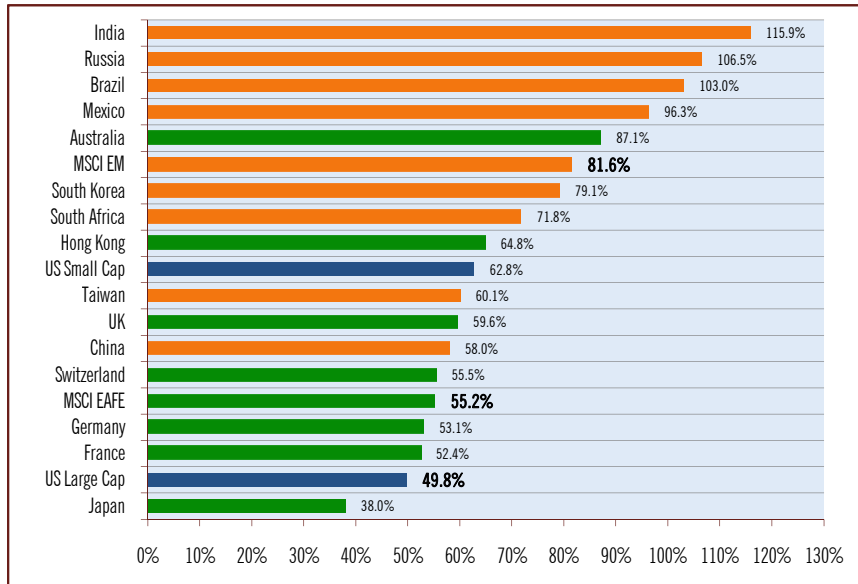
Q1 2010 PERFORMANCE: EMERGING MARKETS



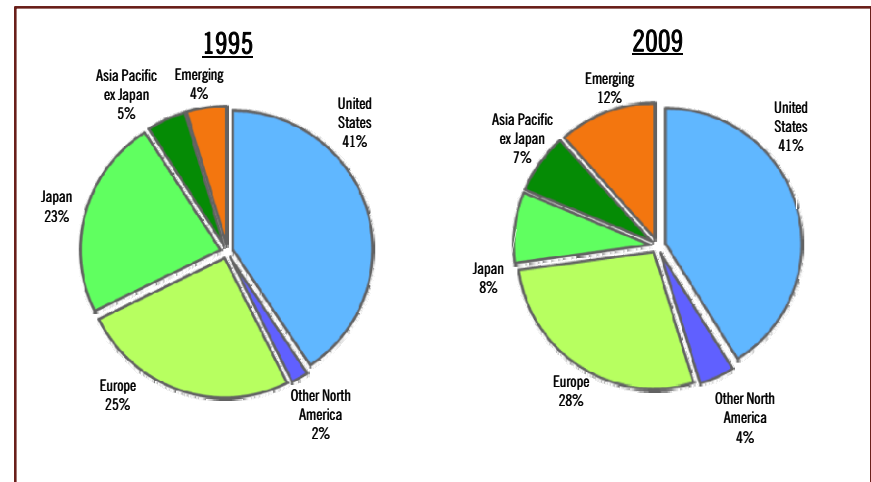
Outside of Japan, international stock markets lagged the U.S., particularly in dollar terms. Debt concerns in the euro zone helped drive some investors towards U.S. equities.

For the first time in over a year, emerging market equity indices did not outgain developed market benchmarks on a quarterly basis.

TRAILING ONE-YEAR GLOBAL EQUITY RETURNS (USD)

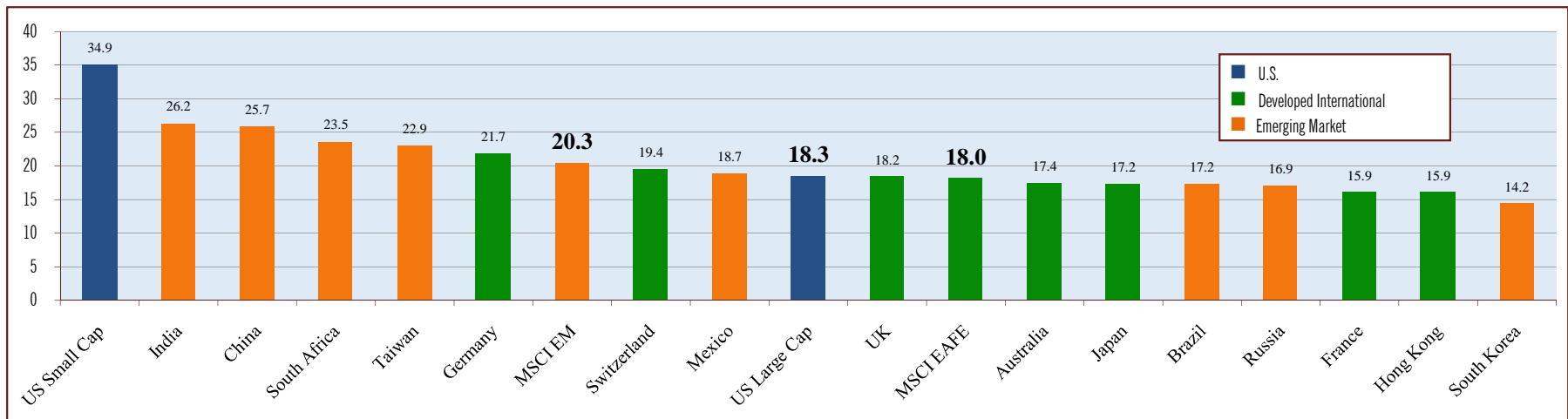


GLOBAL MARKET CAP



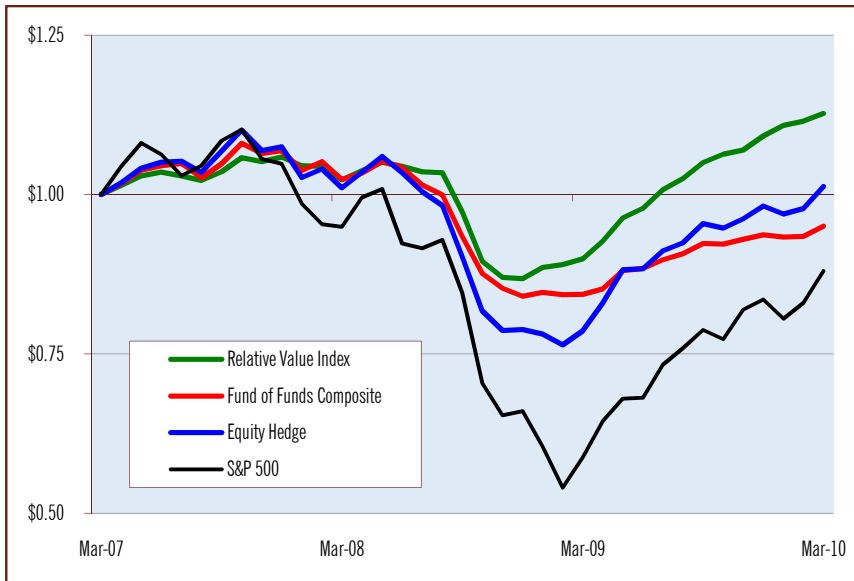
Global equity market capitalization shifted dramatically away from Japan in the late 1990s. More recently, the market capitalization of emerging market countries has increased significantly.

GLOBAL P/E RATIOS



The price-earnings (P/E) ratio is a commonly used tool for evaluating whether stocks are reasonably priced. The P/E ratios illustrated above are based on trailing 12-month earnings from continued operations. While there are many manners of calculating P/E ratios (such as based on as reported, operating or based on smoothed real earnings), unless using optimistic forward earnings stocks around the globe appear to be near full though not overly-rich valuations.

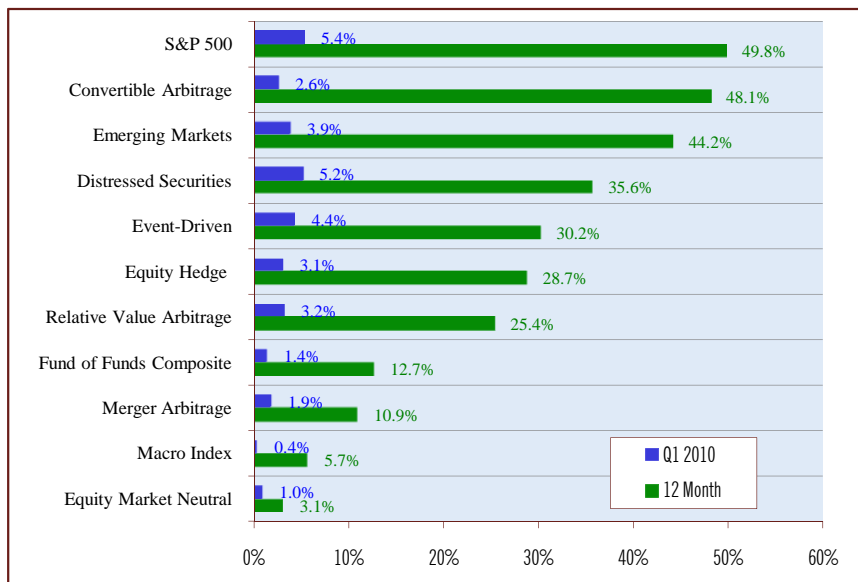
GROWTH OF \$1 OVER PAST THREE YEARS



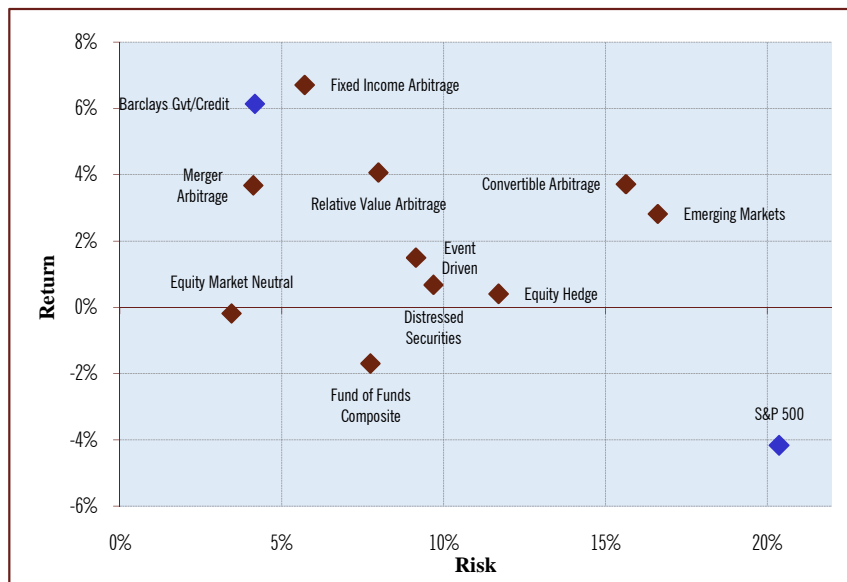
HEDGE FUND COMMENTARY

- **Hedge funds benefited from the continuing broad rally in risk assets**, with almost every strategy other than short-biased posting positive quarterly results.
- **Equity-oriented hedge funds remain fairly hedged** but have increased exposure in recent months. Given the market run-up, managers with higher long exposure levels and allocations to beta oriented sectors outperformed more conservative managers.
- **Distressed was the top performing strategy for the quarter**, despite few new bankruptcies. Hedge funds continue to generate gains from current holdings such as Lehman Brothers, Washington Mutual and General Growth Properties that are moving further along in the bankruptcy process. **Despite a strong March, macro strategies have lagged year-to-date**, as trends have been less consistent over the full course of the first quarter.

Q1 2010 HEDGE FUND PERFORMANCE

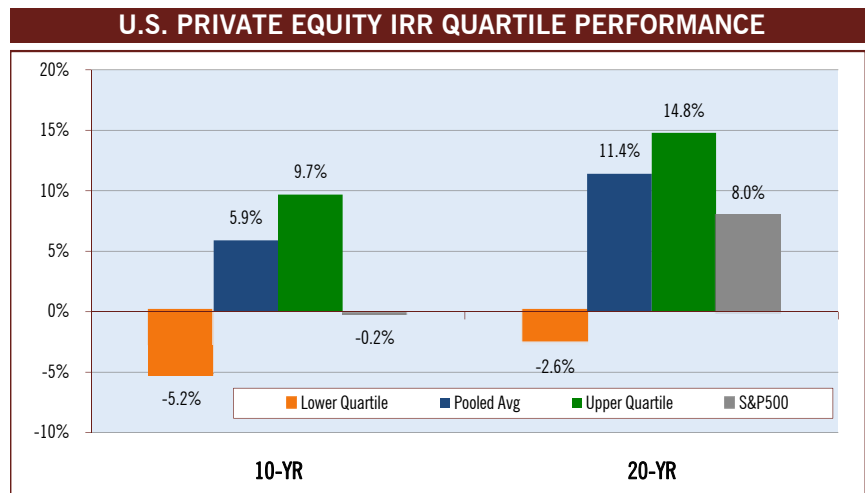


THREE-YEAR ANNUALIZED RISK VS RETURN



U.S. PRIVATE EQUITY PERFORMANCE					
INVESTMENT HORIZON POOLED IRR AS OF 09/30/09					
Sector/Stage	3rd Qtr Return	1 Yr Return	5 Yr Return	10 Yr Return	20 Yr Return
Early Stage VC	2.4%	(11.5%)	2.0%	8.8%	23.4%
Later Stage VC	1.8%	(5.9%)	8.2%	5.0%	14.7%
All Venture	2.6%	(10.8%)	5.4%	7.7%	17.4%
Small Buyouts	(5.3%)	(17.6%)	6.2%	3.9%	11.8%
Medium Buyouts	1.2%	(4.8%)	11.3%	5.9%	10.9%
Mega Buyouts	5.7%	(10.4%)	5.8%	4.7%	7.9%
All Buyouts	5.4%	(9.9%)	6.4%	4.8%	9.1%
Mezzanine	6.6%	(11.7%)	3.2%	3.9%	7.3%
All U.S. Private Equity	6.4%	(7.9%)	6.6%	5.9%	11.4%
European Private Equity	2.5%	(28.4%)	6.2%	6.2%	9.0%
S&P 500	15.6%	(6.9%)	1.0%	(0.2%)	8.0%
Russell 2000	19.3%	(9.5%)	2.4%	4.9%	7.9%

Source: Thomson Financial Venture Economics/NVCA. Return data generally is available with an approximate four month lag. European data as of 06/30/09.

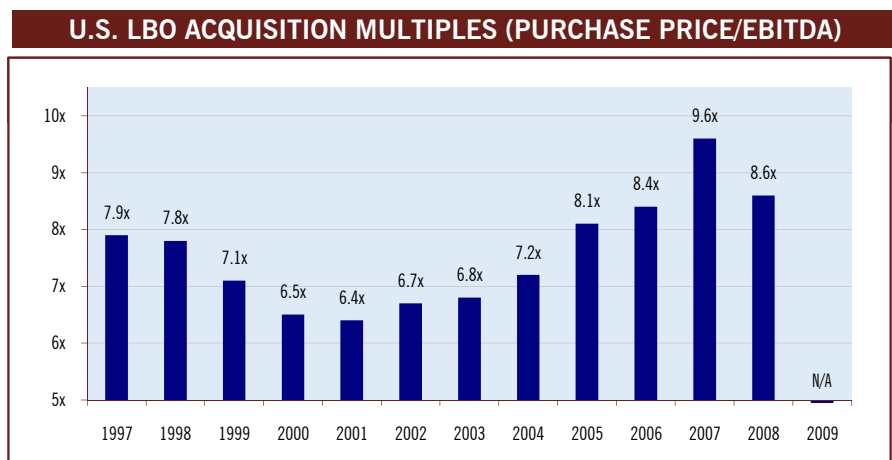


Private equity returns, particularly for upper quartile partnerships, have historically outperformed public equities as the private equity market is relatively inefficient and managers, who face little public market pressure, typically have their interests more closely aligned to those of investors.

Sources: Thomson Financial Venture Economics/NVCA, Dow Jones Private Equity Analyst, Bloomberg

PRIVATE EQUITY COMMENTARY

- **Private equity is showing signs of recovery** after last year's writedowns, at least in terms of valuations and exit markets starting to thaw. Fundraising remains slow, however.
- 2009 saw managers tending to existing portfolio companies. For many, operational improvement made at trough levels, such as cutting costs and improving balance sheets, should carry over into stronger holdings for the next few years. 2010, meanwhile, is seeing managers focus more on offense and putting some of the huge amount of unfunded commitments from recent years to work. Some investors worry that the pace of capital being called in 2010-2011 will be much more rapid than that of distributions.



U.S. FUNDRAISING STATISTICS (DOLLARS IN MILLIONS)

Sector	2004	2005	2006	2007	2008	2009
Buyouts	\$59,675	\$113,208	\$171,106	\$192,031	\$140,130	\$51,270
Mezzanine	\$5,679	\$4,682	\$10,666	\$4,840	\$35,263	\$1,790
Venture	\$17,006	\$25,113	\$25,496	\$30,648	\$20,510	\$9,768
Fund of Funds	\$7,191	\$14,654	\$16,759	\$18,795	\$9,373	\$6,950
Other	\$4,658	\$4,427	\$2,451	\$7,925	\$2,790	\$15,751
TOTAL	\$94,210	\$162,085	\$226,477	\$254,239	\$208,066	\$85,529

REAL ASSETS

REAL ASSETS INDEX TEN-YEAR HISTORICAL RETURNS

Statistic	NAREIT Equity (Public)	NCREIF Property (Private)	DJ UBS Commodity Index	S&P 500
Compound Annual Return	11.42%	7.23%	5.73%	(0.65%)
Risk (Standard Deviation)	25.75%	6.27%	19.64%	17.90%
Correlation to S&P 500	0.69	0.20	0.33	1.00

* Data for NCREIF Property Index through December 31, 2009. Calculations use quarterly total returns. Standard deviation figures for the NCREIF Property index understate the true volatility of the asset class due to serial correlation (as a result of appraisal-based valuations).

REAL ASSETS INDEX TEN-YEAR HISTORICAL RETURNS

Year	NAREIT Equity REIT Index	Dow Jones UBS Commodity Index	S&P 500
1994	3.17%	16.61%	1.31%
1995	15.27%	15.21%	37.43%
1996	35.26%	23.16%	23.07%
1997	20.29%	(3.39%)	33.36%
1998	(17.51%)	(27.03%)	28.58%
1999	(4.62%)	24.35%	21.04%
2000	26.36%	31.84%	(9.11%)
2001	13.93%	(19.51%)	(11.88%)
2002	3.81%	25.91%	(22.10%)
2003	37.14%	23.93%	28.70%
2004	31.58%	9.15%	10.87%
2005	12.16%	21.36%	4.91%
2006	35.06%	2.07%	15.80%
2007	(15.69%)	16.23%	5.49%
2008	(37.73%)	(35.65%)	(37.00%)
2009	27.99%	18.91%	26.46%
2010 YTD	10.02%	(5.03%)	5.39%

Real assets are generally seen as providing a portfolio with several potential benefits, including a hedge against inflation, diversification from stocks and bonds, and high income yields.

REAL ASSETS COMMENTARY

- **Commodities faltered in the first quarter** as some emerging markets (including China) took steps to corral overheated economic growth and inflationary fears. That could hurt demand for raw materials.
- **Metals held up in the quarter**, in part due to strong demand from China for copper. The agriculture and energy sectors, meanwhile, faltered. Sugar had a particularly wild quarter, hitting a 29-year high before closing the quarter with a near 40% loss as output in Brazil in India was seen being better than expected.
- **REITs continued to rebound, though commercial property worries remain.** While residential and commercial valuations have been fairly stable lately, fundamentals are still struggling through the cyclical effects of recession and high unemployment.

GROWTH OF \$1 OVER PAST TEN YEARS

