TRIVANT
CUSTOM PORTFOLIO GROUP, LLC

April 2006

quarterly INSIGHTS

EXECUTIVE SUMMARY

First Quarter 2006

Europe, Telecom and US Small Cap Lead Strong Q1 2006

In the First Quarter, the domestic S&P 500 Index rose 4.21% while the MSCI EAFE Index (foreign) had an impressive 9.47% return. There were three primary trends to note regarding First Quarter 2006 performance:

- The European Union (EU) out-performed other regional markets
- The Telecom sector (the worst performing sector in 2005) led its category
- US small cap stocks dramatically exceeded the S&P 500 Index (US large cap stocks)

The Market Advanced Despite Growing Political Pressures

The market advanced despite several political pressures that caused President Bush's approval ratings to plummet:

- The situation in Iraq
- US immigration policy/secure border control
- Scandals in the White House

Due to mounting political considerations, we do not believe that the Federal Reserve Board will raise interest rates during the time leading up to the November midterm elections.

Large Caps Are Due

Traditionally, small cap stocks out-perform at the beginning of a bull market (this pattern was evident from 2003-2004). As economic growth slows, large cap stocks tend to out-perform (we saw evidence of a large cap recovery in 2005). In an economic downturn, small cap stocks tend to be devastated as investors flee to the safety of large cap stocks. Current GDP data and corporate earnings indicate a healthy yet slowing economy. Consequently, we will maintain our large cap focus.

In This Issue

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EXECUTIVE SUMMARY

Continued from Page 1

Four Reasons Why We Believe Large Cap Will Gain Favor Going Forward

Reason	Rationale
More attractive valuation	Small cap stock valuations are at historic premiums
Rising interest rates	Increased interest rates will pressure small cap stocks
Reduced speculation	Over-priced small caps are not attractive acquisition targets
A flight to quality	In a slowing economy, investors will seek large cap quality

We Maintain Our 2006 Equity Market Forecast

We continue to expect global equity markets to advance 9%-13% for 2006. Reasons for our optimism include accommodative interest rates, attractive price/earnings (PE) ratios, and continued corporate profitability levels. The market may subside for the next two quarters due to political pressures, but have positive momentum as the midterm elections approach and conclude.

Our portfolio performance has exceeded the S&P 500 Index. There has been no need to deviate significantly from our 2006 Market Forecast and 2006 Portfolio Strategy.

Fixed Income

In the First Quarter yields increased across the US yield curve, causing bonds to perform poorly. The Lehman Brothers Government/Corporate Bond Index, widely considered the broadest of the major US bond indices, fell 1.01% in total return in the quarter.

Global yield curves remain flat as indicated by the narrow spread between 2 and 10 year bond yields. Only Japan has a spread of more than 1.00% for developed markets. Flat yield curves indicate that economic growth should continue slowing.

We foresee stable to very modest increases in US bond yields for the remaining year. There are no anticipated changes in our fixed income strategy. We continue to maintain our fixed income portfolio position in shorter term maturity bonds and Treasury Inflation Protected Securities (TIPS), with an average duration of five years.

Equity Market Review

Europe, Telecom and US Small Cap Lead Strong Q1 2006

In the First Quarter, the domestic S&P 500 Index rose 4.21% while the MSCI EAFE Index (foreign) had an impressive 9.47% return.

There were three primary trends to note regarding First Quarter 2006 performance:

- The European Union (EU) out-performed other regional markets
- The Telecom sector (the worst performing sector in 2005) led its category
- US small cap stocks dramatically exceeded the S&P 500 Index (US large cap stocks)

Equity Index Performance	Q1 2006
S&P 500 (Domestic)	4.21%
MSCI EAFE (Foreign)**	9.47%
MSCI World	6.72%
MSCI Emerging Markets	12.12%
Russell 2000 (Small Cap)*	13.65%
MSCI Japan	6.82%
MSCI UK (United Kingdom)	8.29%
MSCI EMU (European Monetary Union)	13.00%

* Performance data does not include dividends ** Europe, Australia and the Far East

The Market Advanced Despite Growing Political Pressures

The market advanced despite several political pressures that caused President Bush's approval ratings to plummet:

- The situation in Iraq
- US immigration policy/secure border control
- Scandals in the White House

Due to mounting political considerations, we do not believe that the Federal Reserve Board will raise interest rates during the time leading up to the November midterm elections (See our Third Quarter 2005 Review, page 8, for a detailed discussion).

We Maintain Our 2006 Equity Market Forecast

We continue to expect that global equity markets will advance 9%-13% for 2006 (2006 Market Forecast, January 2006). Reasons for our optimism include accommodative interest rates, attractive price/earnings (PE) ratios, and continued corporate profitability levels. The market may subside for the next two quarters due to political pressures, but have positive momentum as the midterm elections approach and conclude.

Currency, Country, Sector & Market Cap Performance at a Glance

The US Dollar

The US Dollar slightly depreciated in the First Quarter. We continue to anticipate a relatively flat currency market throughout 2006.

U.S Dollar Appreciation vs. Foreign Currencies

Currency	Q1 2006	2005
US Dollar/Euro	-2.59%	10.82%
US Dollar/Japanese Yen	-0.03%	14.81%
US Dollar/British Pound	-1.04%	11.93%

Source: Discount Currency Exchange, MSCI

We stated the following in our 2006 Market Forecast, January, 2006, page 4:

> "We believe that US Dollar appreciation may end in 2006 for the following reasons:
>
> - Mr. Greenspan's replacement (Federal Reserve Board Chairman Ben Bernanke) may be less "hawkish" regarding inflation. (See our Third Quarter 2005 Review, page 8, Greenspan Reign Comes To An End And So Might Interest Rate Hikes")
> - Considerable US Dollar appreciation in 2005
> - Jean-Claude Trichet, The President of the European Central Bank (ECB), may feel pressure to raise interest rates with the fall of the Euro
> - The American Jobs Creation Act of 2004 (2004 Jobs Act) has expired. To benefit from special temporary tax incentives, American companies previously moved profits from their foreign subsidiaries to the US, which strengthened the dollar."

For political reasons, we continue to anticipate a pause in US rate hikes as the midterm elections approach. According to the Financial Times (April 7, 2006), European Central Bank (ECB) President Jean-Claude Trichet has hinted that a European rate increase may happen in June (versus April, as speculated). If both of these scenarios were to occur, we may see a relative rise in US interest rates (one more rate hike) shortly followed by a relative rise in European interest rates. These moves would likely neutralize each other in terms of currency market effects (US Dollar versus the Euro).

The US Dollar: Portfolio Strategy Considerations

We do not believe the US Dollar will fluctuate dramatically in 2006, and consequently do not currently view the US Dollar as an important factor to determine US versus foreign equity exposure. At the beginning of 2006, we slightly increased our US equity exposure due to our expectation of relatively higher 2006 US GDP (Gross Domestic Product) growth versus Europe.

Japan

The leading regional market performance of the Third Quarter 2005 (+19.22%) and Fourth Quarter 2005 (+11.86%) did not carry over into the First Quarter 2006 (+6.82%). However, reasonable anticipated GDP growth and strong return on equity (ROE) for Japanese companies translated to a decent, if not spectacular, quarterly performance.

Japan: Portfolio Strategy Considerations

We view Japan as attractive at this time and will maintain our current portfolio position.

Emerging Markets

Emerging markets finished a strong quarter with returns of over 12% (12.12%). Strong performance was attributable to high energy prices, commodity prices and telecom opportunities (these were the best-performing sectors in First Quarter 2006).

Emerging Markets: Portfolio Strategy Considerations

We continue to benefit from the outstanding performance of emerging markets. However, this asset category can be very volatile and is susceptible to economic slowdowns. It has a low correlation with developed markets but has become increasingly tied to the price of energy and commodities. We rebalanced our portfolio at the beginning of this year to keep our target portfolio weight at around 4%. From a risk control standpoint, we will maintain this current positioning.

Europe

European markets (+13.00%) outpaced the domestic S&P 500 Index (+4.21%). Reasons for this First Quarter trend may have included:

- Investors shifted money from US to foreign markets due to the fourth consecutive year (2005) of relative out-performance
- Stagnant EU interest rates helped the financial sector appreciate approximately 10% versus 2.5% for the S&P 500 Index (note: Financials represent 31% of the EU Index)
- Telecom (the highest performing sector) has a higher relative EU Index weighting
- The Euro appreciated +2.59% versus the US Dollar

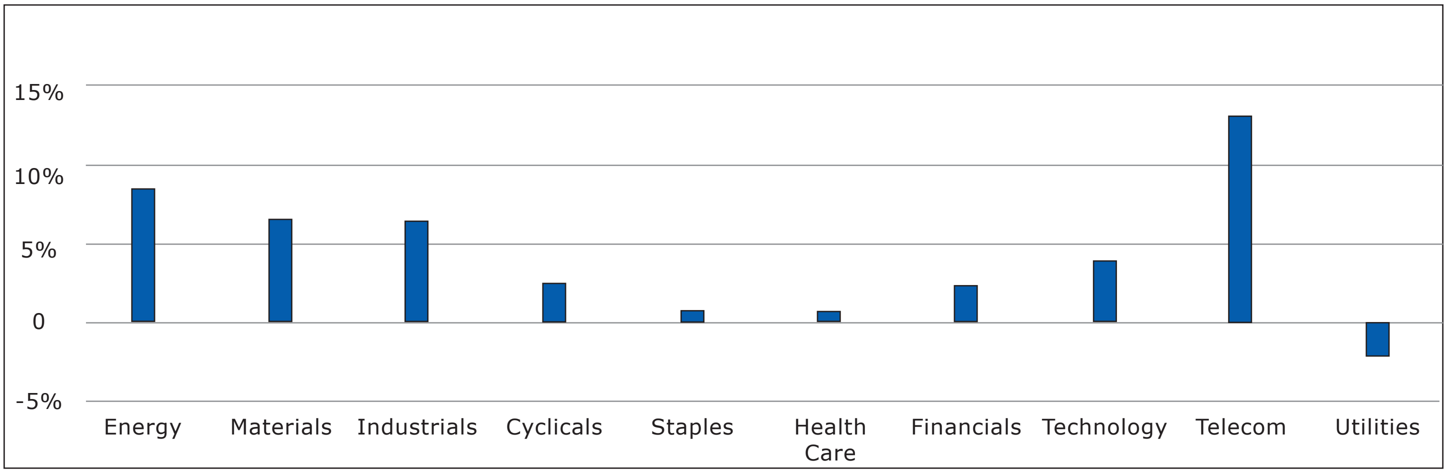
Europe: Portfolio Strategy Considerations

We do not expect the recent European market out-performance to continue. Any momentum from the recent upsurge in flow of funds has already been factored. EU interest rates are expected to rise, which will pressure financial stocks. We believe it may be opportune to reduce our exposure to this region because of its recent surge.

Sector Performance

With the exception of Utilities, all sectors had positive performances in the First Quarter 2006. The Telecom sector led the way (+13.39%), followed by Energy and Materials.

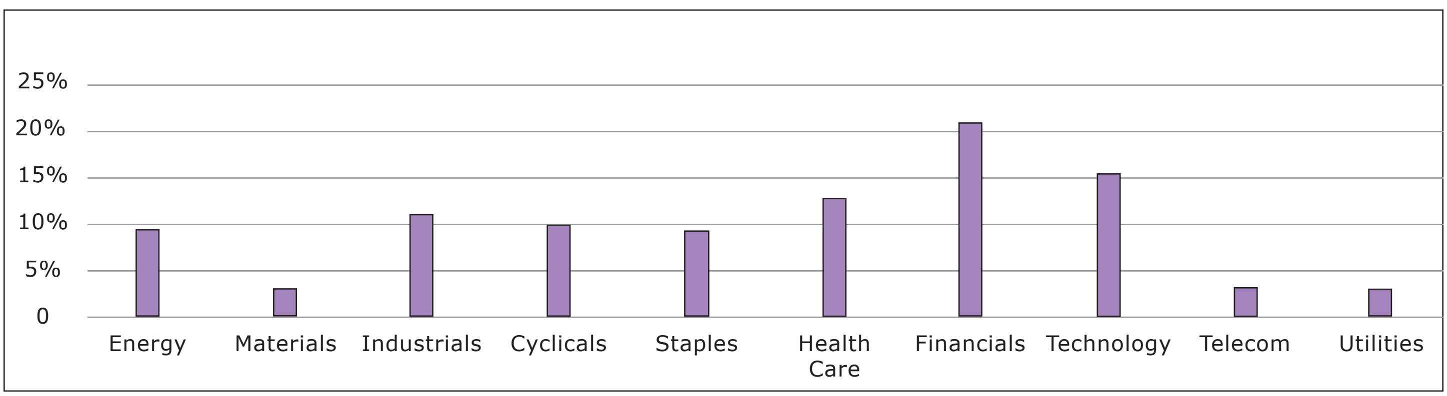
S&P 500 Index Sector Performance—Q1 2006



Source: Standard & Poor's

Sector performance was another reason why foreign stocks (MSCI EAFE) out-performed domestic stocks (S&P 500 Index) in the First Quarter 2006. The US economy is heavily dependent on Financials, Technology, and Health Care. These combined sectors comprised nearly half the market capitalization of the S&P 500 Index. None of these sectors were among the leading performers.

S&P 500 Index Sector Weights—Q1 2006



Source: Standard & Poor's

Sectors: Portfolio Strategy Considerations

We do not anticipate portfolio sector adjustments over the next few months. At the beginning of the year, we increased Telecom exposure due to its sector growth potential, over-funded pensions, and high dividends (See our 2006 Market Forecast, January 2006, page 6). Thus far, this has been a prudent portfolio adjustment. We believe increasing our exposure at this time to Energy is not a worthwhile risk/reward tradeoff. We continue to overweight Health Care and Technology, although these sectors were somewhat mediocre in the First Quarter. Health Care should prosper in a slower growth environment. Technology should benefit from deferred demand. A flat yield curve causes us to maintain our current portfolio underweight to Financials.

Market Cap Performance

Small cap US stocks significantly out-performed large cap US stocks in the First Quarter (see further discussion in Large Caps Are Due, pages 8-10). There was little First Quarter difference between foreign large cap and small cap performance.

Market Cap Performance

	First Quarter 2006
Large Cap Performance	
World	6.72%
Foreign	9.47%
USA	4.15%
Small Cap Performance	
World	11.74%
Foreign	10.67%
USA	12.88%

Source: MSCI

Market Cap: Portfolio Strategy Considerations

Our portfolio benefited from exposure to some small cap (less than $5 billion market capitalization) stocks, but the majority of our stocks exceeded this market capitalization. We continue to believe that large cap stocks are better positioned from a risk/reward standpoint and will maintain our large cap focus. Current portfolio average market cap is approximately $38 billion, which is slightly smaller than the S&P 500 Index and larger than the MSCI EAFE Index. (See our strategic rationale to maintain a large cap portfolio focus, "Large Caps Are Due", on page 8).

Style Performance

Growth stocks and value stocks had little performance differences in the First Quarter. This was also the case for 2005.

Style Performance

	First Quarter 2006	2005
US Growth	3.42%	5.42%
US Value	4.91%	5.99%
Foreign Growth	9.09%	13.64%
Foreign Value	9.85%	14.39%

Source: MSCI

Style: Portfolio Strategy Considerations

For the short term, we will maintain our growth bias due to another potential rise in domestic interest rates and slowing (but positive) economic growth. If interest rate hikes from the Federal Reserve Board pause in the near future due to political pressures (as we anticipate), we may reduce our exposure to growth stocks.

Large Caps Are Due

Last year we forecast that large cap stocks would be favorable to small cap stocks for three main reasons (See our 2005 Market Forecast, January 2005, page 6):

- Higher valuation based on discounted cash flow
- A flattening yield curve
- A better potential risk/return tradeoff

In 2005, US large and small cap performance was identical. Given the equal performance, we are pleased that we moved from a small cap focus in 2004 (average portfolio market cap of $25 billion) to a larger cap focus in 2005 (average market cap of $35 billion). This proved to be a better risk/return tradeoff.

US Market Cap Performance

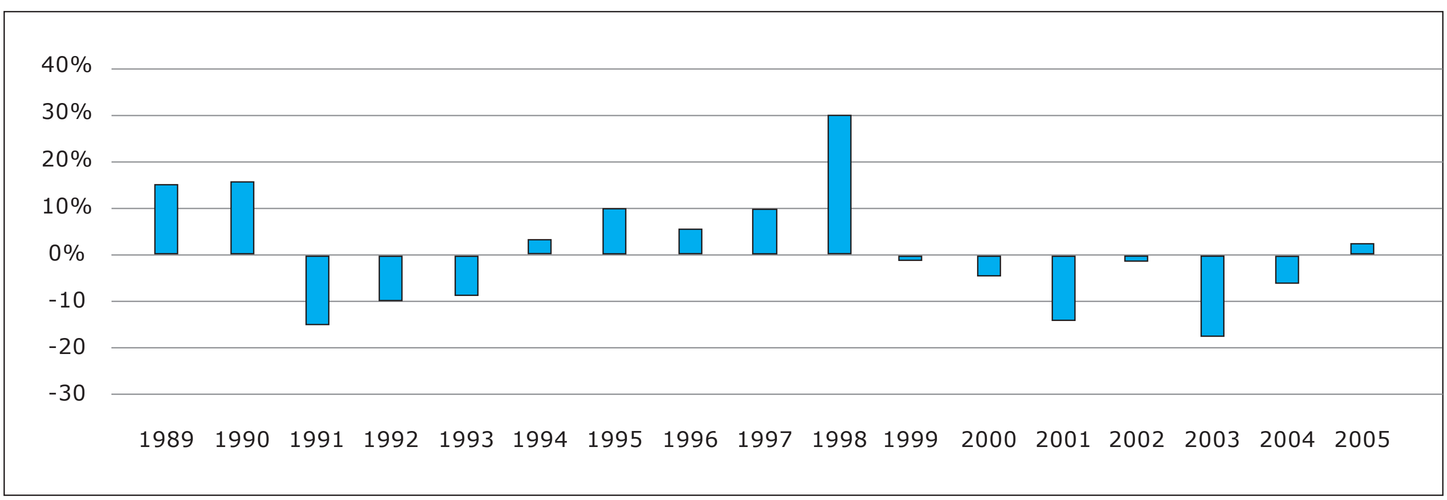
	2005	First Quarter 2006
Large Cap Performance	5.72%	4.15%
Small Cap Performance	5.73%	12.88%

Source: MSCI

We do not believe the First Quarter 2006 US small cap out-performance signals a return to previous small cap leadership (1999-2004).

Traditionally, small cap stocks out-perform at the beginning of a bull market (this pattern was evident from 2003-2004). As economic growth slows, large cap stocks tend to out-perform (there was evidence of slower growth and a large cap recovery in 2005). In an economic downturn, small cap stocks tend to be devastated as investors flee to the safety of large cap stocks. (The exception to this pattern was the 2000-2002 "Tech Wreck", a time where the stock market plummeted with the Technology sector leading the way. Never before had small cap stocks led in a downturn.)

S&P 500 Index (US Large Cap) Relative Performance Versus The Russell 2000 Index (US Small Cap)



Source: MSCI

Current GDP data and corporate earnings indicate a healthy yet slowing economy. Consequently, we will maintain our large cap focus.

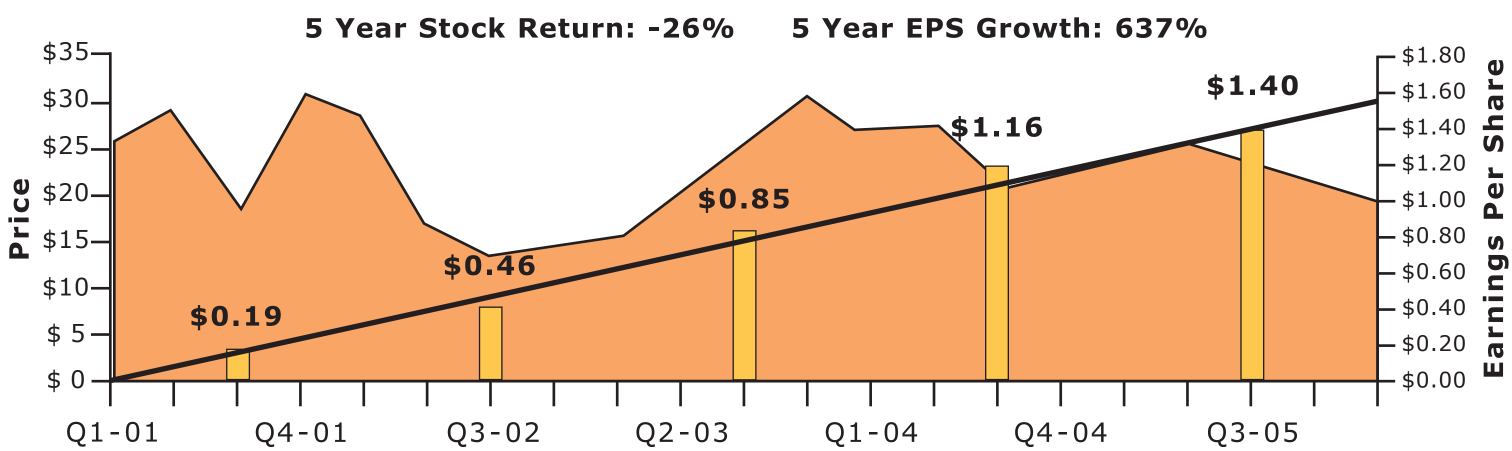
In 2003, we developed a proprietary computer model to correlate interest rates and economic growth. (This model assists us in our portfolio “size” decision—how much to weight US large cap versus small cap stocks.) In 2004, our model predicted that US small cap stocks would out-perform by 14% (US small cap out-performed by 10%). In 2005, our model predicted that US large cap stocks would out-perform by 7% (US large cap and small cap were nearly identical). Our model currently predicts that over the next year, large cap stocks will out-perform small cap stocks by slightly over 10%. Consequently, we believe it is best to maintain our large cap stock emphasis (average portfolio market cap is $38 billion) going forward.

Small cap stock valuations are at historic premiums to large cap valuations. The Russell 2000 Index, a proxy for smaller US companies, has a price/earnings (PE) ratio of 25X. The S&P 100 Index, which is an index of the largest US companies, has a PE ratio of 15X. Over the last five years, several large successful US companies have grown their earnings dramatically while their stocks have languished. We believe "blue chip" stocks are on sale!

A Case in Point - Intel

Intel is the largest computer semiconductor chip manufacturer in the world. Over 70% of Intel's sales are outside the United States. Its earnings increased 141% in 2002, 81% in 2003, 33% in 2004, and 15% in 2005. During this same period, its stock declined by over 25%. The Intel PE ratio is now 13X, a significant discount to the market.

Intel: Stock Return and Earnings Per Share



Source: Morningstar

A new design of Intel chips is scheduled to reach the market in the second half of this year. This could positively impact the stock.

The Siphoning Effect

Why Large Cap Has Lost Favor over the Past Five Years

Over the past five years, we believe three main factors have caused large cap stocks to lose favor: reduced interest rates, exchange-traded-funds (ETFs), and risk arbitrage.

Reduced Interest Rates

An economic slowdown in 2001 caused the Federal Reserve Board to significantly reduce interest rates over the next several years to stabilize the economy. Mortgage rates declined to historic levels. Mortgage companies created new loan programs, including interest-only loans and numerous adjustable rate programs. This made real estate acquisitions easier and more affordable. Investors continued to buy real estate as both main residences and investment properties, especially as the real estate market appreciated. Funds moved from somewhat stagnant large cap stocks to what was perceived as a higher potential investment return - real estate.

Exchange Traded Funds (ETFs)

During the past five years, exchange Traded Funds (ETFs) were created for numerous investment classes. ETFs provide investors better access to foreign investments and commodities. Over this time frame, foreign and small cap stocks fared better than US large cap stocks. Enticed with higher perceived prospective returns, investors continue to move funds from large cap stocks to foreign and small cap stocks. Since 2003, net flows to international-stock mutual funds have more than tripled (to $150 billion), while flows into US funds have plunged from $154 billion to $64 billion (BusinessWeek, April 17, 2006). This frenzy is reminiscent of the Technology rallies of the late 1990s.

Risk Arbitrage

According to Moody's, non-financial US companies currently have $1.5 trillion in cash. To deploy these assets, many large cap companies have acquired smaller companies. In the short term, the acquiring company has often seen its stock price decline while the acquired company has often received a premium to its stock price. The prospect of a premium stock price has enticed many investors to buy the small cap companies they believe will be acquisition targets. Hedge funds often specialize in this type of investment, commonly called Risk Arbitrage. In the last few years, the number of hedge funds has increased, as has the number of less experienced managers. Record amounts of money have been shifted towards risk arbitrage strategies. Consequently, the current high price levels of small cap stocks are at least partially attributable to speculation. We believe that the bubble may burst.

Four Reasons Why We Believe Large Cap Will Gain Favor Going Forward

More Attractive Valuation	Small cap stock valuations are at historic premiums
Rising Interest Rates	Increased interest rates will pressure small cap stocks
Reduced Speculation	Over-priced small caps are not attractive acquisition targets
A Flight to Quality	In a slowing economy, investors will seek large cap quality

Bond Market Review

Yields increased across the US yield curve, causing bonds to perform poorly in the First Quarter. The Lehman Brothers Government/Corporate Bond Index, widely considered the broadest of the major US bond indices, fell 1.01% in total return in the quarter.

Key US Interest Rates	31 December 2005	31 March 2006	Change
Federal Reserve Board Funds Rate	4.25%	4.75%	+ 50 basis points
2 yr Treasury (Constant Maturity)	4.39%	4.82%	+ 43 basis points
5 yr Treasury (Constant Maturity)	4.35%	4.81%	+ 46 basis points
10 yr Treasury (Constant Maturity)	4.39%	4.85%	+ 46 basis points

Note: 100 basis points (bp) = 1.00%

Source: Bloomberg

US yields are higher than most developed country government bond yields as the Federal Reserve Board enacted two more quarter point interest rate hikes. Global yield curves remain flat as indicated by the narrow spread between 2 and 10 year bond yields. Only Japan has a spread of more than 1.00% for developed markets. Flat yield curves indicate that economic growth should continue slowing.

Government Bond Yields

Maturity	US	UK	Japan	Germany	Brazil	Australia
3 Month	4.60%	4.43%	0.09%	2.70%	n/a	n/a
2 Year	4.82%	4.46%	0.69%	3.29%	5.33%	5.32%
5 Year	4.81%	4.46%	1.31%	3.59%	5.71%	5.37%
10 Year	4.85%	4.40%	1.78%	3.77%	6.63%	5.41%
30 Year	4.89%	4.10%	2.26%	3.99%	7.26%	n/a
2-10 Spread	0.03%	-0.06%	1.09%	0.48%	1.30%	0.09%

Source: Bloomberg

Short term yields have increased as central banks have raised interest rates in an effort to control inflation. Concerns regarding persistently higher energy prices and declining unemployment (4.7% as of March, Bureau of Labor Statistics) have fueled worry in bond markets. However, there should be no cause for alarm. Inflation increased by 3.78% in 2005 as measured by the Consumer Price Index (CPI). Through February of 2006, the trailing 12-month inflation rate has decreased to 3.60%. Inflation has recently trended slightly downward.

Bond Market: Portfolio Strategy Considerations

We foresee stable to very modest increases in US bond yields for the remaining year. There are no anticipated changes in our fixed income strategy. We continue to maintain our fixed income portfolio position in shorter term maturity bonds and Treasury Inflation Protected Securities (TIPS), with an average duration of five years.

Closing Thoughts

We continue to expect global equity markets to advance 9%-13% for 2006. Reasons for our optimism include accommodative interest rates, attractive price/earnings (PE) ratios, and continued corporate profitability levels. The market may subside for the next two quarters due to political pressures, but will have positive momentum as the November midterm elections approach and conclude. We do not believe that the Federal Reserve Board will raise interest rates during the time leading up to the midterm elections. Consequently, we foresee stable to very modest increases in US bond yields for the remaining year.

Our portfolio performance has exceeded the S&P 500 Index. There has been no need to deviate significantly from our 2006 Market Forecast and 2006 Portfolio Strategy.

We will continue to closely monitor the market and adjust your portfolio as needed. Please feel free to contact us anytime to discuss questions or comments you may have. We will keep you informed of portfolio progress.

Respectfully submitted,

TRIVANT
CUSTOM PORTFOLIO GROUP, LLC

"If a business does well, the stock eventually follows."
Warren Buffett

John Barber, CFA
Chief Investment Officer

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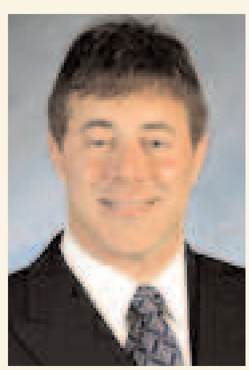
TRIVANT CUSTOM PORTFOLIO GROUP, LLC First Quarter 2006 Review

Commentary in this review reflects our portfolio strategy. Many of our clients have different objectives and circumstances which are reflected in unique portfolio considerations. Please note that accounts may not contain all elements of the strategy discussed here. Additionally, individual client customizations and start dates may preclude certain elements of this strategy from being implemented. Past performance is no guarantee of future results. A risk of loss is involved with investments in stock markets.

John Barber, CFA
Chief Investment Officer



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