

RVKuhns

>>> & ASSOCIATES, INC.

MEMORANDUM

To: Investment Committee
From: R.V. Kuhns & Associates, Inc.
Subject: Principal International Small Cap Performance
Date: May 6, 2009

The purpose of this memo is to review performance of the Principal Global Investors (PGI) International Small-Cap Equity strategy as of March 31, 2009. The performance of the PGI strategy has struggled since *client* hired the team in December 2007. This memo will detail the reasons for the strategy's underperformance. We do not recommend taking action based on the recent underperformance and will continue to monitor this strategy.

Table 1
Annualized Performance¹
As of 3/31/09

	Quarter	1 Year	3 Year	5 Year
PGI International Small Cap	-13.73	-52.22	-18.32	-0.21
MSCI World ex-US Small Cap-GD	-8.83	-49.16	-18.9	-2.92
Excess Return	-4.90	-3.06	0.58	2.71
eA International Small Cap Equity Rank	88	83	76	53

¹ Since CLIENT has less than 2 years of actual performance experience with PGI, the table above shows actual CLIENT experience returns of 1 quarter and 1 year trailing period and product returns for 3 and 5 year trailing periods.

Summary of Underperformance

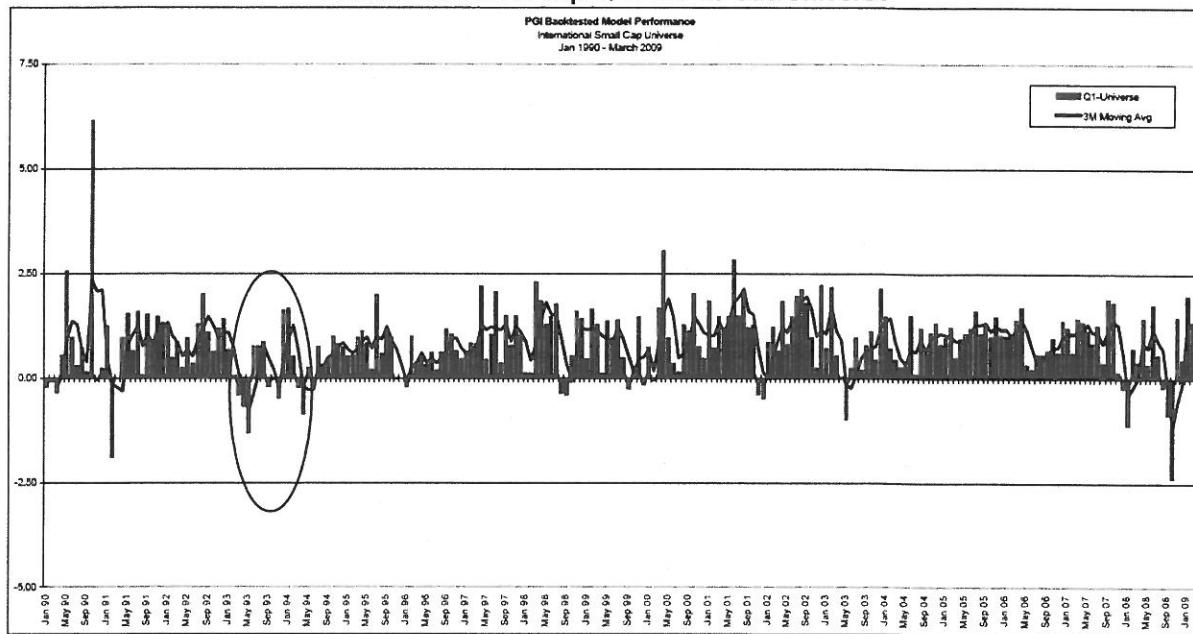
Recent underperformance is a result of the poor performance of the Global Research Platform (GRP). Stocks that rank in the top quintile of this quantitative model move on to fundamental analysis. During some market environments, top quintile stocks will underperform all other stocks in the universe. At these market inflection points, PGI will struggle as fundamental analysis cannot make up for the underperformance of the GRP model. The GRP model has not had any material changes since CLIENT invested in the strategy in December 2007.

Firm Update

On May 5th, PGI announced that they would be laying off 75 people. While the majority of the reductions were in administrative, operations, sales and marketing, real estate, and structured finance, PGI also announced that three members of the Global Equity team were leaving the firm. None of these individuals work on the International Small Cap Equity team and we do not expect these departures to have an affect on the strategy.

The PGI strategy begins with a quantitative ranking of the international small cap universe by the proprietary Global Research Platform. The GRP ranks stocks based on improving fundamentals, valuation, and investor expectation factors. Stocks must rank within the top quintile of the GRP process to move on to fundamental work. Since CLIENT made its initial investment in the strategy (December 2007), six of the sixteen months have seen stocks ranked in the top quintile trail the rest of the market. All quantitative models go through periods of underperformance. The chart below shows the history of the performance of the GRP first quintile versus the market for the International Small Cap model since 1990.

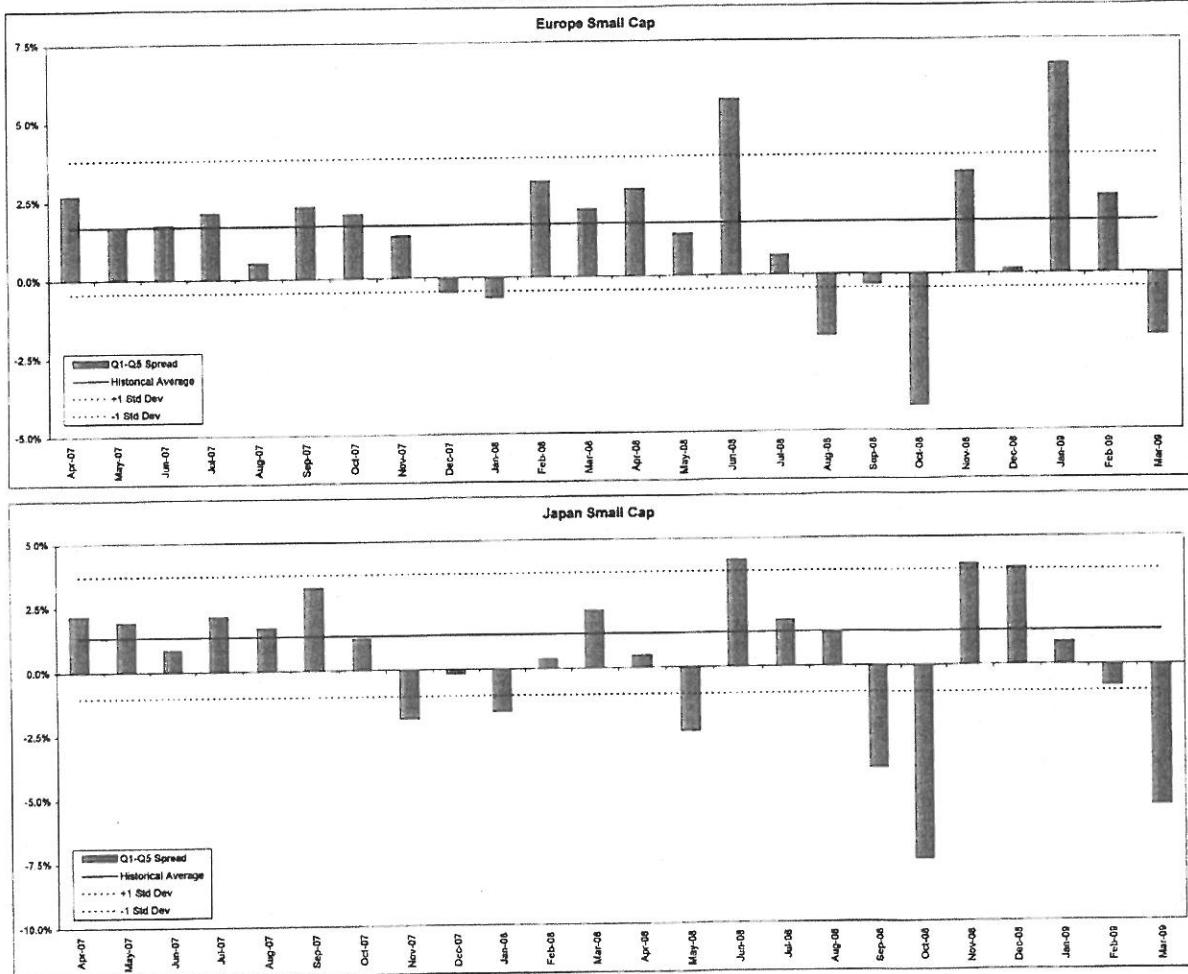
Chart 1
Excess Return of Top Quintile versus Universe



The period from January 1993 – May 1994 (highlighted in red) had more months where the top quintile underperformed the rest of the market, but the current environment has seen a greater level of underperformance.

Fundamental analysis has not been able to overcome the headwind of stocks selected by the GRP. During the first quarter of 2009, the portfolio underperformed in all major regions with Japan detracting the most from performance. Japan and Europe have the highest regional weightings in the strategy, both of these regions suffered pronounced underperformance of the top quintile of stocks compared to the bottom quintile. The GRP model for Japan has seen the spread between top and bottom quintile produce below the historical average in eleven of sixteen months since CLIENT invested in the strategy.

Chart 2
Excess Return of Quintile 1-5



As stated above, the GRP ranks stocks based on improving fundamentals (60% weight), valuation (20%), and investor expectation (20%) factors. While the factor weightings are static, they vary by region and sector. Most regions and sectors include positive earnings revisions as a factor of rising investor expectations. PGI has consistently maintained a portfolio with a higher percentage of company's exhibiting positive earnings revision than the MSCI World ex US Small Cap Index. Since CLIENT has invested in the strategy, positive earnings revision has struggled as a factor in the GRP model.

Chart 3
Historical Earnings Revision Percentages

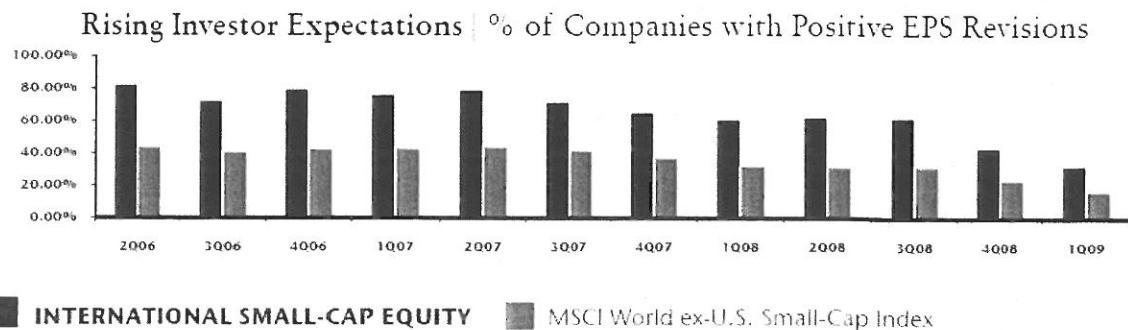
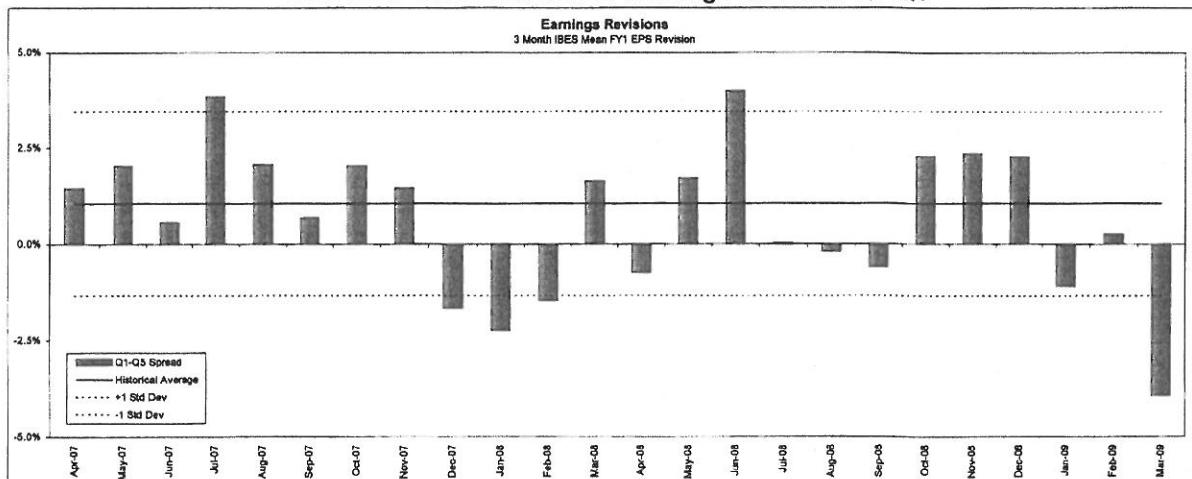
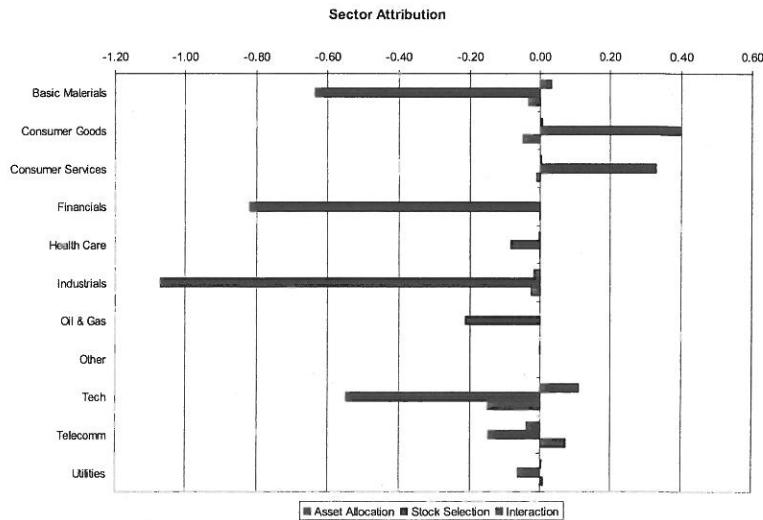


Chart 4
Historical Excess Return of Earnings Revision Q1-Q5



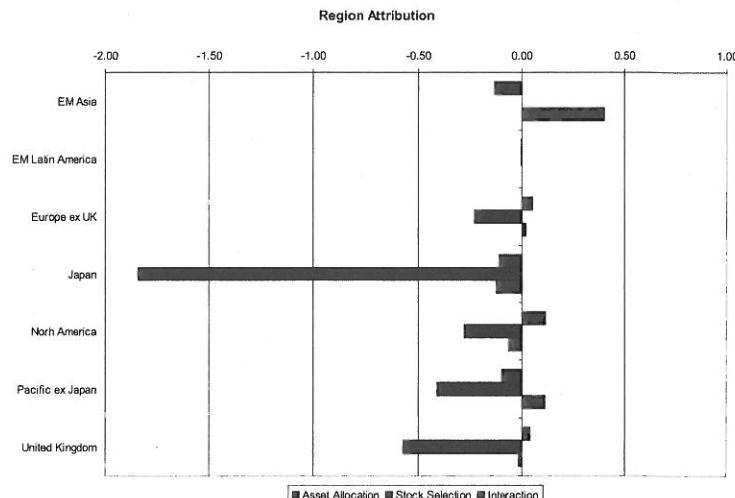
As the GRP model struggled since CLIENT invested with the strategy, we would expect stock selection to be the largest detractor from performance, since fundamental work begins with top quintile GRP output. This has been the case during the first quarter of 2009. Stock selection was negative in every sector other than the consumer sector.

Chart 5
Sector Attribution January 2009-March 2009



PGI is underweight Japan, but the country is the largest region within the MSCI World ex US Small Cap Index and the strategy. As indicated above, the GRP model as struggled in Japan. As such, Japan stock selection was a large detractor to overall performance.

Chart 6
Region Attribution January 2009-March 2009



Similar to many quantitative models, PGI struggles in periods of sever inflection. These inflection points will result in the GRP model's top quintile underperforming the bottom quintile. Since the top quintile of the GRP output moves on to fundamental analysis, the team will perform analysis on stocks destined to underperform. There will also be a lag in the rebound of the GRP model and fundamental work, as the model will pick outperforming stocks before the fundamental work can be completed. An increase in turnover might also result at the beginning and end of the inflection points.

RVKuhns

► ► ► & ASSOCIATES, INC.

MEMORANDUM

To: Client
From: R.V. Kuhns & Associates, Inc.
Re: Manager review: Voyageur Small Cap Growth strategy
Date: January 31, 2007

The purpose of this memo is to review Voyageur and their Small Cap Growth strategy. This memo will provide a detailed analysis of recent underperformance, a summary of their investment style and this product, our assessment of the severity of the underperformance given the capital market environment, and, lastly, a recommendation for *the client*.

Analysis of Recent Underperformance

For the quarter ended December 31, 2006, the Voyageur Small Cap Growth composite underperformed the Russell 2000 Growth by 4.95%¹, ranking in the 98th percentile in the eVestment Alliance Small Cap Growth universe. Using traditional buy-and-hold attribution analysis, the underperformance in the quarter can be largely attributed to poor security selection, with stock selection decisions in the Health Care sector representing the largest detractor to performance (-2.30%). Stock selection was also negative in the Basic Materials (-0.62%) and Financials (-0.67%) sectors. While sector allocation was mostly flat (-0.22%), the strategy's overexposure to mid cap companies and underexposure to micro cap companies lowered relative returns.

On a year-to-date basis, the strategy has underperformed by 6.68%, and ranked in the 87th percentile. The underperformance was largely attributable to poor stock selection, as the detraction from sector allocation decisions was almost zero (-0.05%). The largest detractor to performance has been stock selection in the Industrials (-3.64%) and Health Care (-0.94%) sectors. Over the course of the year, overexposure to mid cap companies and underexposure to micro cap companies lowered relative returns.

Performance over the longer-term, however, has been stronger. The table below provides annualized performance and universe ranks over a one-, three-, and five-year period as well as calendar year performance since 2002.

	<u>MRQ</u> Returns	<u>1 Year</u> Returns	<u>3 Years</u> Returns	<u>5 Years</u> Returns	<u>2006</u> Returns	<u>2005</u> Returns	<u>2004</u> Returns	<u>2003</u> Returns	<u>2002</u> Returns
Voyageur Small Cap Growth	3.82%	6.66%	10.80%	11.54%	6.66%	6.71%	19.51%	39.94%	-9.31%
Small Cap Growth Universe Ranks	98	87	50	20	87	53	15	78	2

Summary of Voyageur's Investment Style

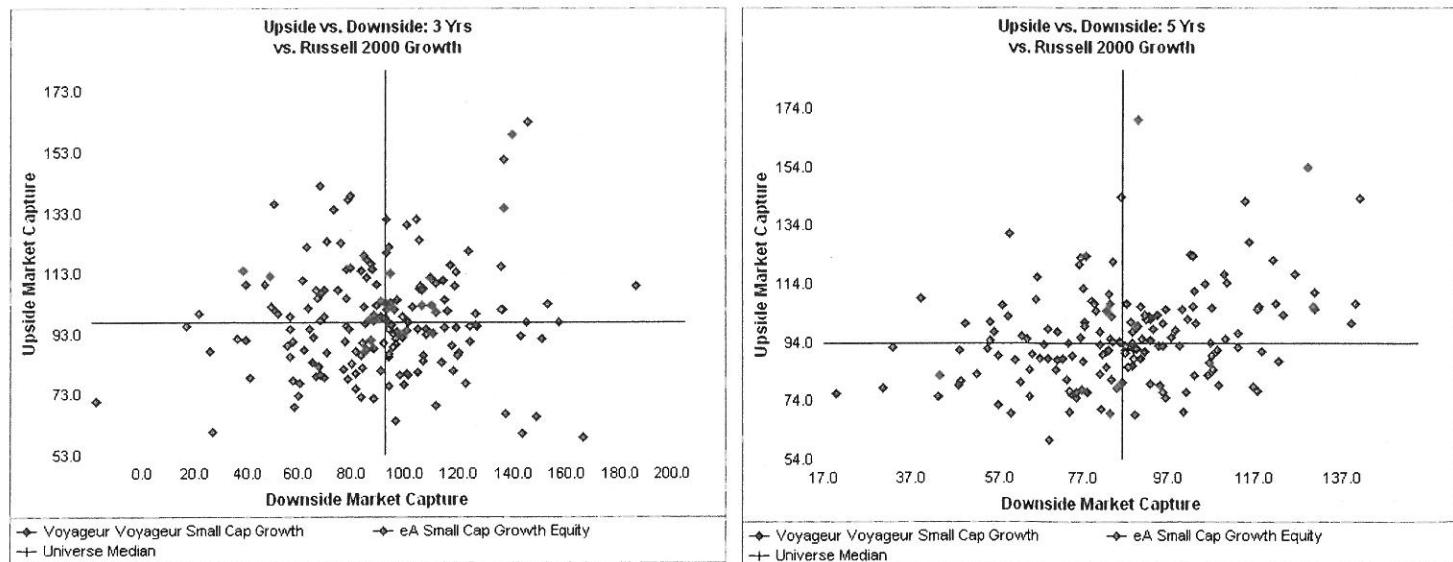
When analyzing a manager's investment performance, it is important to consider the returns within the context of the broader market environment in which they were realized. Just as value and growth tend to move in cycles, shifting in and out of favor, different strategies within styles tend to outperform and, subsequently, underperform, the wider market. These smaller, sub-asset classes on the style spectrum are useful in explaining a manager's investment performance. Along those lines, there is often a third dimension used in analyzing these sub-asset class

¹ Given the 3/31/05 inception date, performance numbers shown in this memo represent the Voyageur Small Cap Growth composite and not the actual *client* return stream.

cycles that can be thought of as a *quality* factor. While there is no textbook definition of a quality company, it is often thought of as one with strong and consistent earnings, a low debt-to-equity ratio, and a high return on capital ratio. In periods of excessive market speculation, companies with inconsistent, or even non-existent earnings, can achieve significant returns in part because the market is so enthralled with the potential growth opportunities (think of start-ups in the technology bubble in the late '90s). Conversely, there are also periods when the market becomes excessively risk averse, and these low-quality stocks are then expected to underperform the market as investors flee to higher-quality names.

Voyageur's investment strategy focuses on companies that they believe are high-quality, which they define as companies with predictable earnings growth. These companies are identified by fundamental, bottom-up analysis, which is typically agnostic to the current market environment. The focus is over a long-term horizon, which results in below average turnover (approximately 10%-15% annually). The resulting portfolios tend to have a beta less than one (five-year beta equals 0.64 against the Russell 2000 Growth Index) and good downside protection. As evidenced in the table and charts below, the Small Cap Growth strategy has underperformed in periods of upward market performance, but has protected very well in periods of market decline.

	Three-Years				Five-Years			
	<u>Downside</u>		<u>Upside Market</u>		<u>Downside</u>		<u>Upside Market</u>	
	<u>Market</u>	<u>Rank</u>	<u>Capture</u>	<u>Rank</u>	<u>Market</u>	<u>Rank</u>	<u>Capture</u>	<u>Rank</u>
Voyageur Small Cap Growth	64.79%	83	83.56	80	47.35	96	79.31	84
eA Small Cap Growth (Universe Median)	92.68%	50	96.85	50	86.18	50	93.79	50



Assessment of Underperformance

Anytime an investment manager produces returns that are materially below expectations, a systematic look at the underlying causes is warranted. While we do have questions regarding the manager's skill in making security selection decisions (addressed later in the section), this market environment was not a favorable one for the strategy. Within 2006, effectively all the positive performance of the market came in the first and fourth quarters; quarters that were characterized by very broad, low-quality rallies. For instance, in the fourth quarter, the smallest, cheapest, and highest-beta stocks led returns. Similar effects occurred in the first quarter, conditioning the year as a whole so

that the quality-focused managers found it very difficult to beat the Russell 2000 Growth Index. (In fact, 59% of the small cap growth universe failed to beat the benchmark.)

However, a quality-focus did not automatically translate into underperformance in 2006. In conducting our analysis of Voyageur's performance, R.V. Kuhns compared the return record of Voyageur to several firms with similar downside capture characteristics. In the one negative calendar year since the inception of the composite's track record (2002), Voyageur posted the best return relative to the sample, but nonetheless compiled the worst five-year annualized return for the period ended December 31, 2006 (the raw data from this analysis can be found in *Attachment 1*). During that time, the contribution from stock selection was negative across the majority of sectors, demonstrating that their investment decisions may be the result of a relatively passive quality play as opposed to manager skill.

In regards to the current market environment, 2006 marked the fourth consecutive calendar year of positive performance for the Russell 2000 Growth Index. Corporate earnings growth, as measured by the Bureau of Economic Analysis, has been rising more than 10% per year over the past five years. Mean reversion would suggest that the cyclical earnings trend is nearing its peak, and the type of market in which quality has been dismissed may be moving back into favor. Given the realized track record, Voyageur may be well positioned if and when the market does rotate.

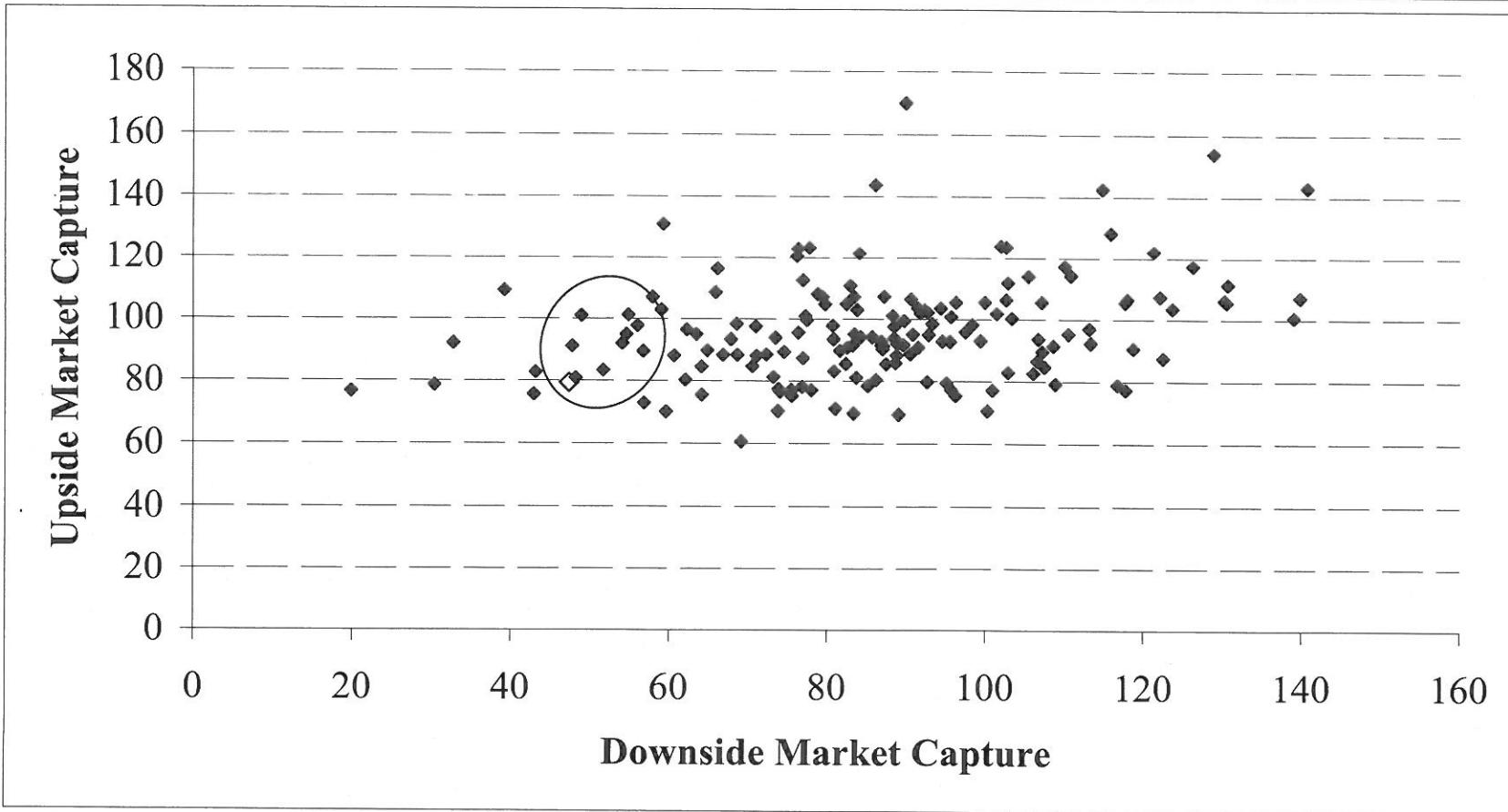
Recommendations

Given the data presented above, we believe that Voyageur deserves a very serious and critical review, but a decision to terminate today is not yet warranted. The end of 2006 represents only seven full quarters of *the client's* investment with Voyageur, a period during which their strategy was somewhat out of favor. Since the inception of the Voyageur Small Cap Growth strategy in 2001, the Russell 2000 Growth Index has experienced only one negative year (2002) and Voyageur did protect their portfolios in that down market. We believe this attractive downside capture ratio was a positive when *the client* made the decision to engage Voyageur, but Voyageur has failed to demonstrate consistent stock selection skill across multiple sectors over the ensuing period. Hence, R.V. Kuhns proposes that Voyageur be put on "Watch List" status for six months, with an in-depth review (similar to the first section) performed for the next two quarters. This review will include detailed attribution analysis and will ensure serious monitoring of the strategy.

A decision to retain Voyageur over the six-month watch period allows for a formal structure review to analyze the gaps and overlaps of *the client's* small and mid cap portfolio. The in-depth analysis of Voyageur could be treated as a template for the portfolio as a whole.

Attached to the memo are several documents that provide greater detail of the firm and product under analysis. The first document is a summary page generated from the eVestment Alliance database (*Attachment 2*). The second is an attribution report generated from R.V. Kuhns' performance measurement system, PARis (*Attachment 3*). Both are intended to enrich the analysis.

The following scatter plot highlights the investment managers included in the peer group analysis.



Firm	Product	Performance:	Performance:	Calendar Year Returns						
		Upside Market Capture 5 Years using Russell 2000 Growth (12/2006)	Downside Market Capture 5 Years using Russell 2000 Growth (12/2006)	2006	2005	2004	2003	2002	2001	2000
BatteryMarch Financial Management...	US Small Cap Growth Equity	89.64	56.72	8.9	4.89	16.86	55.83	-14.54	-6.74	6.78
Bear Stearns Asset Management ...	Systematic Small Cap Growth	97.77	55.97	11.63	6.02	27.01	46.85	-12.95	-0.28	-16.38
Bogle Investment Management, L...	Small Cap Growth	102.91	58.99	15.49	17.39	10.85	58.80	-17.58	5.24	26.81
Cadence Capital Management LLC	Small Cap Growth	95	54.6	18.74	13.66	23.36	47.32	-22.94	-9.38	17.19
Friess Associates	Friess Small Cap Composite	91.23	47.75	17.99	14.75	18.91	52.44	-21.78	3.33	27.09
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	101	48.94	11.04	11.48	23.24	52.66	-11.25	2.38	-18.41
Independence Investments LLC	Small Cap Growth	80.85	48.23	11.43	7.13	25.13	35.37	-13.92	19.02	17.29
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	101.26	54.88	9.36	11.78	19.07	56.36	-12.29	-1.9	---
Numeric Investors LLC	SMID Growth	92.11	54.08	15.77	6.25	18.82	53.48	-17.45	-13.64	-5.54
Washington Capital Management,...	Small Cap Stock Growth Equity	83.35	51.69	19.26	4.21	20.24	39.62	-16.64	4.36	3.31
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	79.31	47.35	6.66	6.71	19.51	39.94	-9.31	---	---
Russell Index	Russell 2000 Growth			13.34	4.16	14.3	48.54	-30.27	-9.22	-22.43

Firm	Product	Performance:	Performance:	Performance:	Performance:	Performance:
		Returns MRQ	Returns 1 Year	Returns 2 Years	Returns 3 Years	Returns 5 Years
		(12/2006)	(12/2006)	(12/2006)	(12/2006)	(12/2006)
Batterymarch Financial Management...	US Small Cap Growth Equity	7.94	8.9	6.88	10.11	12.19
Bear Stearns Asset Management ...	Systematic Small Cap Growth	8.64	11.63	8.79	14.55	13.95
Bogle Investment Management, L...	Small Cap Growth	9.05	15.49	16.44	14.54	14.49
Cadence Capital Management LLC	Small Cap Growth	7.94	18.74	16.17	18.52	13.58
Friess Associates	Friess Small Cap Composite	9.06	17.99	16.36	17.2	13.93
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	5.64	11.04	11.26	15.12	15.63
Independence Investments LLC	Small Cap Growth	8.41	11.43	9.26	14.31	11.72
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	7.67	9.36	10.57	13.33	14.83
Numeric Investors LLC	SMID Growth	9.70	15.77	10.91	13.48	13.11
Washington Capital Management,...	Small Cap Stock Growth Equity	4.62	19.26	11.48	14.33	11.7
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	3.82	6.66	6.68	10.8	11.54
<i>Russell Index</i>	<i>Russell 2000 Growth</i>	8.77	13.34	8.65	10.5	6.93

Firm	Product	Performance:				
		Excess Returns MRQ using Russell 2000 Growth (12/2006)	Excess Returns 1 Year using Russell 2000 Growth (12/2006)	Excess Returns 2 Years using Russell 2000 Growth (12/2006)	Excess Returns 3 Years using Russell 2000 Growth (12/2006)	Excess Returns 5 Years using Russell 2000 Growth (12/2006)
BatteryMarch Financial Management...	US Small Cap Growth Equity	-0.83	-4.44	-1.77	-0.4	5.27
Bear Stearns Asset Management ...	Systematic Small Cap Growth	-0.13	-1.71	0.14	4.05	7.03
Bogle Investment Management, L...	Small Cap Growth	0.28	2.15	7.78	4.04	7.56
Cadence Capital Management LLC	Small Cap Growth	-0.83	5.4	7.52	8.02	6.65
Friess Associates	Friess Small Cap Composite	0.29	4.65	7.71	6.7	7.01
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	-3.13	-2.3	2.61	4.62	8.7
Independence Investments LLC	Small Cap Growth	-0.36	-1.91	0.61	3.81	4.8
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	-1.1	-3.98	1.91	2.83	7.9
Numeric Investors LLC	SMID Growth	0.93	2.43	2.26	2.98	6.19
Washington Capital Management....	Small Cap Stock Growth Equity	-4.15	5.92	2.83	3.82	4.78
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	-4.95	-6.68	-1.97	0.3	4.61
<i>Russell Index</i>	<i>Russell 2000 Growth</i>	0	0	0	0	0

Firm	Product	Performance:	Performance:	Performance:	Performance:
		Standard Deviation 3 Years	Standard Deviation 5 Years	Annualized Alpha 3 Years	Annualized Alpha 5 Years
		(12/2006)	(12/2006)	using Russell 2000 Growth (12/2006)	using Russell 2000 Growth (12/2006)
Battlormarch Financial Management...	US Small Cap Growth Equity	14.16	17.78	0.59	6.28
Bear Stearns Asset Management ...	Systematic Small Cap Growth	19.41	21.66	2.31	8.23
Bogle Investment Management, L...	Small Cap Growth	13.49	19.71	5.42	8.18
Cadence Capital Management LLC	Small Cap Growth	12.34	17.17	9.81	7.73
Friess Associates	Friess Small Cap Composite	13.84	18.54	8	8.33
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	11.57	17.02	7.61	9.89
Independence Investments LLC	Small Cap Growth	13.4	16.74	5.05	6.68
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	13.88	18.65	4.32	8.66
Numeric Investors LLC	SMID Growth	11.98	17.16	5.01	7.17
Washington Capital Management,...	Small Cap Stock Growth Equity	11.81	15.73	6.39	6.28
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	11.92	15.02	3.1	6.55
Russell Index	Russell 2000 Growth	15.27	21.87	0	0

Firm	Product	Performance:	Performance:	Performance:	Performance:
		Beta 3 Years using Russell 2000 Growth (12/2006)	Beta 5 Years using Russell 2000 Growth (12/2006)	Tracking Error 3 Years using Russell 2000 Growth (12/2006)	Tracking Error 5 Years using Russell 2000 Growth (12/2006)
Batterymarch Financial Management...	US Small Cap Growth Equity	0.9	0.77	3.7	7.43
Bear Stearns Asset Management ...	Systematic Small Cap Growth	1.18	0.82	7.72	12.67
Bogle Investment Management, L...	Small Cap Growth	0.83	0.84	5.11	7.76
Cadence Capital Management LLC	Small Cap Growth	0.77	0.75	5.29	7.34
Friess Associates	Friess Small Cap Composite	0.83	0.75	6.16	10.3
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	0.68	0.73	7.21	8.5
Independence Investments LLC	Small Cap Growth	0.85	0.67	4.16	10.88
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	0.84	0.81	6.03	7.43
Numeric Investors LLC	SMID Growth	0.77	0.76	4.29	6.57
Washington Capital Management,...	Small Cap Stock Growth Equity	0.72	0.69	6.22	8.03
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	0.71	0.64	6.52	9.81
<i>Russell Index</i>	<i>Russell 2000 Growth</i>	<i>I</i>	<i>I</i>	<i>0</i>	<i>0</i>

Firm	Product	Performance:		Performance:		Performance:		Performance:	
		Information Ratio		Information Ratio		Information Ratio		Information Ratio	
		3 Years	4 Years	5 Years	6 Years	7 Years			
		using Russell 2000 Growth (12/2006)							
BatteryMarch Financial Managem...	US Small Cap Growth Equity	-0.11	0.25	0.71	0.49	0.73			
Bear Stearns Asset Management ...	Systematic Small Cap Growth	0.52	0.4	0.55	0.51	0.5			
Bogle Investment Management, L...	Small Cap Growth	0.79	1.11	0.97	0.82	1.19			
Cadence Capital Management LLC	Small Cap Growth	1.52	1.09	0.91	0.46	0.76			
Friess Associates	Friess Small Cap Composite	1.09	1.1	0.68	0.62	0.95			
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	0.64	0.61	1.02	0.81	0.76			
Independence Investments LLC	Small Cap Growth	0.92	0.04	0.44	0.69	1.01			
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	0.47	0.7	1.06	1.06	---			
Numeric Investors LLC	SMID Growth	0.7	0.73	0.94	0.51	0.73			
Washington Capital Management,...	Small Cap Stock Growth Equity	0.61	0.18	0.6	0.69	0.84			
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	0.05	-0.19	0.47	---	---			
Russell Index	Russell 2000 Growth	---	---	---	---	---			

Firm	Product	Performance:	
		Sharpe Ratio 3 Years using Citigroup 3- Month T-Bill (12/2006)	Sharpe Ratio 5 Years using Citigroup 3- Month T-Bill (12/2006)
Batterymarch Financial Management...	US Small Cap Growth Equity	0.5	0.55
Bear Stearns Asset Management ...	Systematic Small Cap Growth	0.6	0.54
Bogle Investment Management, L...	Small Cap Growth	0.86	0.62
Cadence Capital Management LLC	Small Cap Growth	1.26	0.65
Friess Associates	Friess Small Cap Composite	1.03	0.63
Gannett Welsh & Kotler, LLC	Small Cap Equity Strategy	1.05	0.78
Independence Investments LLC	Small Cap Growth	0.85	0.56
MDT Advisers, a subsidiary of ...	MDT Small Cap Growth	0.75	0.67
Numeric Investors LLC	SMID Growth	0.88	0.63
Washington Capital Management,...	Small Cap Stock Growth Equity	0.96	0.6
Voyageur Asset Management, Inc...	Voyageur Small Cap Growth	0.66	0.61
<i>Russell Index</i>	<i>Russell 2000 Growth</i>	<i>0.49</i>	<i>0.21</i>

Voyageur Asset Management, Inc.

December 31, 2006

Firm Headquarters:	100 South Fifth Street, Suite 2300 Minneapolis, Minnesota 55402-1240
Phone/Fax:	800.553.2143 / 612.376.7007
Registered Investment Advisor:	Yes
Year Firm Founded:	1983
Firm Website Address:	www.voyageur.net

KEY FACTS	
Total Assets Under Management (\$Mil):	\$30,708
Total Number of Accounts:**	331
Number of Portfolio Managers:	23
Number of Analysts:	12
% Employee Owned:	0.0%

CONTACT INFORMATION

Marketing Contact:	Carol A. Kuha Title: Director of Institutional Services Address: 100 South Fifth Street, Suite 2300 City, State Zip Code: Minneapolis, Minnesota 55402-1240 Phone/Fax: 612.376.7090 / 612.376.7007 Email Address: cakuha@voyageur.net	Database Contact: Title: Marketing Support Analyst Address: 100 South Fifth Street, Suite 2300 City, State Zip Code: Minneapolis, Minnesota 55105-1240 Phone/Fax: 612.376.7113 / 612.376.7007 Email Address: bmatzke@voyageur.net
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ASSET & ACCOUNT INFORMATION

Current Totals	Assets (\$Mil)	Accounts**	Historical Assets (\$Mil)	Prior QTR	YE 2006	YE 2005
Total Firmwide	\$30,708	331	Total Firmwide	\$28,992	\$30,708	\$27,019
Total Taxable	\$17,095	116	Total Taxable	\$15,329	\$17,095	\$13,443
Total Tax-Exempt	\$13,613	215	Total Tax-Exempt	\$13,663	\$13,613	\$13,576
Total Institutional	\$13,473	304	Total Institutional	\$13,675	\$13,473	\$14,607
Accounts Gained**	Number	Dollars (\$Mil)	% Firm Assets	Assets By Region (\$Mil)	Accounts Domiciled In	Amt. Invested In
YTD	35	\$2,670	8.7%	United States	\$30,561	\$30,708
In 2006	35	\$2,670	8.7%	Asia ex-Japan	\$0	\$0
In 2005	24	\$1,159	4.3%	Japan	\$0	\$0
Accounts Lost**	Number	Dollars (\$Mil)	% Firm Assets	United Kingdom	\$0	\$0
YTD	88	\$1,851	6.0%	Continental Europe	\$0	\$0
In 2006	88	\$1,851	6.0%	Canada	\$148	\$0
In 2005	54	\$1,146	4.3%	Emerging Markets	---	---
Assets By Type (\$Mil)	In U.S.	In Non-U.S.		Other	\$0	\$0
Equity	\$9,849	\$0		Top 3 Largest Accounts	Aggregate Size (\$Mil)	
Fixed Income	\$20,859	\$0		1) Other	\$1,063	
Balanced	\$0	\$0		2) Public Fund	\$1,020	
				3) Public Fund	\$759	

OWNERSHIP INFORMATION

% Employee Owned:	0.0%
% Publicly Held:	0.0%
% Parent Owned:	100.0%
Parent Company Name:	RBC Dain Rauscher Corp.
% Minority/Female Owned:	0.0%

GIPS COMPLIANCE & INSURANCE INFORMATION

Firm GIPS Compliant:	Yes	Effective Date:	01/01/1993
Audited:	Yes	Effective Date:	12/31/2005
Errors & Omissions Insurance:	Yes	Coverage (\$Mil):	\$10
Fiduciary Liability Insurance:	Yes	Coverage (\$Mil):	\$10
Firm Bonded:	Yes	Coverage (\$Mil):	\$25

FIRM BACKGROUND NARRATIVE

Voyageur was founded and registered with the Securities and Exchange Commission in 1983. On December 8, 2000, Voyageur was acquired by Dain Rauscher Corp., which merged Voyageur with its existing investment adviser, Insight Investment Management. On January 10, 2001, Royal Bank of Canada (RBC) acquired RBC Dain Rauscher Corp. Both Voyageur and RBC Dain Rauscher Corp. are part of the RBC Financial Group in the U.S.

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Fast
Facts



Voyageur Asset Management, Inc.

December 31, 2006

FIRM'S PRODUCT LINEUP

Product Name	Product Type	eA Universe	Assets (\$mil)	Product Inception	Status
Voyageur Large Cap Growth	US Equity	eA Large Cap Growth Equity	\$6,760	1/1/1994	Active
Voyageur Small Cap Growth	US Equity	eA Small Cap Growth Equity	\$977	10/1/2001	Active
Voyageur Mid Cap Growth	US Equity	eA Mid Cap Growth Equity	\$759	10/1/1999	Active
Voyageur Broad Market Core	US Fixed Income	eA Core Fixed Income	\$512	1/1/1989	Active
Voyageur Microcap	US Equity	eA Micro Cap Core Equity	\$348	5/1/2003	Active
Voyageur Small Cap Core	US Equity	eA Small Cap Core Equity	\$174	9/1/1991	Active
Voyageur Large Cap Core	US Equity	eA Large Cap Core Equity	\$170	4/1/1995	Active
Voyageur Broad Market Core Plus	US Fixed Income	eA Core Plus Fixed Income	\$131	8/1/2003	Active



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Voyageur Asset Management, Inc.

December 31, 2006

Voyageur Small Cap Growth

Asset Class: U.S. Equity
 eA Universe: eA Small Cap Growth Equity
 Marketing Contact: Carol A. Kuha
 Title: Director of Institutional Services
 Phone/Fax: 612.376.7090 / 612.376.7007
 Email Address: cakuha@voyageur.net

Product Snapshot

KEY FACTS	
Primary Capitalization:	Small Cap
Primary Style Emphasis:	Growth
Preferred Benchmark:	Russell 2000 Growth
Total Product Assets (\$Mil):	\$977
Total Product Accounts:**	24
Product Offered As:	SA,CF,MF:Inst,MF:Retail
Separate Account Minimum (\$Mil):	\$10

ASSET & ACCOUNT INFORMATION

Current Totals		Assets (\$Mil)	Accounts**	Assets by Vehicle Type (\$Mil)	
Total In Product		\$977	24	Separate Account:	\$740
Total Taxable		\$268	10	Commingle Fund:	\$226
Total Tax-Exempt		\$709	14	Mutual Fund - Institutional:	\$0
Total Institutional		\$770	18	Mutual Fund - Retail:	\$11
Accounts Gained**	Number	Dollars (\$Mil)	% Product Assets	Accounts Lost**	Number
YTD	6	\$85	8.7%	YTD	4
In 2006	6	\$85	8.7%	In 2006	4
In 2005	8	\$361	44.4%	In 2005	2

PORTFOLIO CHARACTERISTICS

Strategy Snapshot		Fundamental Characteristics			Market Capitalization Breakdown		
Primary Capitalization:	Small Cap	Current Cash Position:	0.0%	>\$50 billion:	0.0%		
Primary Style Emphasis:	Growth	Annl. Turnover (By Wgt.):	9%	\$15-50 billion:	0.0%		
Secondary Style Emphasis:	None	Current P/E (12-mo Trail):	27.1x	\$7.5-15 billion:	0.0%		
Preferred Benchmark:	Russell 2000 Growth	Current P/B (12-mo Trail):	3.9x	\$1.5-7.5 billion:	52.8%		
Number of Holdings:	71	Current P/S (12-mo Trail):	2.8x	\$750 million-1.5 billion:	34.8%		
International Securities Utilized:	No	5 Year ROE:	16.3%	\$400-750 million:	6.5%		
Derivatives Utilized:	No	Wgted. Avg. Mkt. Cap (\$Mil):	\$1,694	<\$400 million:	6.0%		
Available Under Social Restrictions:	Yes	Median Mkt. Cap (\$Mil):	\$1,283				

PERFORMANCE INFORMATION

Performance For:	Separate Account Composite - Gross of Fees			Risk Benchmark:		Russell 2000 Growth		
Data Frequency:	Quarterly			Risk-Free Benchmark:		Citigroup 3-Month T-Bill		
Returns								
Trailing Periods	Product	Bmrk	Excess	Std Dev	Alpha	Beta	Tracking Error	Info Ratio
1 Year	6.66	13.34	-6.68	---	---	---	---	---
2 Year	6.68	8.65	-1.97	---	---	---	---	---
3 Year	10.80	10.50	0.30	11.92	3.10	0.71	6.52	0.05
4 Year	17.46	18.99	-1.53	13.08	4.47	0.67	7.88	-0.19
5 Year	11.54	6.93	4.61	15.02	6.55	0.64	9.81	0.47
6 Year	---	---	---	---	---	---	---	---
7 Year	---	---	---	---	---	---	---	---
8 Year	---	---	---	---	---	---	---	---
9 Year	---	---	---	---	---	---	---	---
10 Year	---	---	---	---	---	---	---	---
Since Inception (10/2001)	15.40	11.41	3.99					
Calendar Years	MRQ	YTD	2006	2005	2004	2003	2002	2001
Product Returns:	3.82	6.66	6.66	6.71	19.51	39.94	-9.31	---
Benchmark Returns:	8.77	13.34	13.34	4.16	14.30	48.54	-30.27	---
Excess Returns:	-4.95	-6.68	-6.68	2.55	5.21	-8.60	20.96	---

FEE INFORMATION

FEE INFORMATION				PROFESSIONAL INFORMATION			
Vehicle Type	Available	Min. Size (\$Mil)	Minimum Fee	Team Description	No.	Avg. Yrs. Exp.	Avg. Yrs. @ Firm
Separate Account	Open	\$10.0	---	Portfolio Managers	2	25	5
Commingle Fund	Open	\$1.0	---	Analysts	1	6	2
Mutual Fund	TSMIX	\$0.3	---	Traders	2	6	5
Fees By Acct. Size	\$25M	\$50M	\$75M	\$100M	Professional Turnover	Port Mgrs.	Analysts
Separate Account	\$235,000	\$435,000	\$610,000	\$785,000	Professionals Gained:	YTD	0
	94 bps	87 bps	81 bps	79 bps		In 2006	0
Commingle Fund	\$250,000	\$500,000	\$750,000	\$1,000,000		In 2005	0
	100 bps	100 bps	100 bps	100 bps	Professionals Lost:	YTD	0
Mutual Fund	\$357,500	\$715,000	\$1,072,500	\$1,430,000		In 2006	0
	143 bps	143 bps	143 bps	143 bps		In 2005	0

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Fast
Facts



Voyageur Asset Management, Inc.

December 31, 2006

Voyageur Small Cap Growth

Asset Class: U.S. Equity
 eA Universe: eA Small Cap Growth Equity
 Marketing Contact: Carol A. Kuha
 Title: Director of Institutional Services
 Phone/Fax: 612.376.7090 / 612.376.7007
 Email Address: cakuha@voyageur.net

Key:
 Quartiles
 1st
 2nd
 3rd
 4th

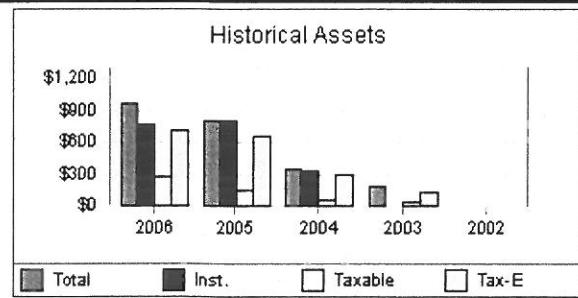
KEY FACTS

Primary Capitalization: Small Cap
Primary Style Emphasis: Growth
Preferred Benchmark: Russell 2000 Growth
Total Product Assets (\$Mil): \$977
Total Product Accounts:** 24
Product Offered As: SA,CF,MF:Inst,MF:Retail
Separate Account Minimum (\$Mil): \$10

Product Trends

HISTORICAL PRODUCT ASSETS (\$MIL)

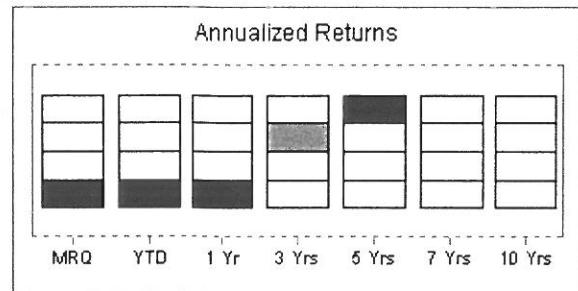
Category	2006	2005	2004	2003	2002
Total	\$977	\$812	\$341	\$181	---
Institutional	\$770	\$801	\$321	---	---
Taxable	\$268	\$153	\$56	\$45	---
Tax-Exempt	\$709	\$659	\$285	\$136	---



UNIVERSE RANKING ANALYSIS vs. eA SMALL CAP GROWTH EQUITY UNIVERSE

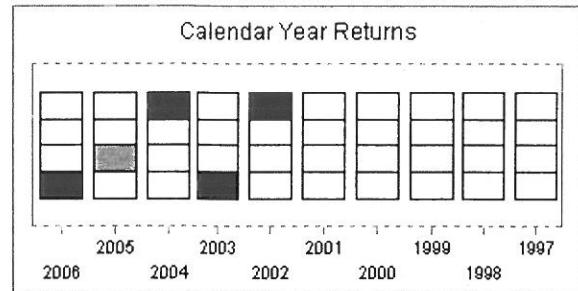
Annualized Returns (Periods Ending December 31, 2006)

Percentile	MRQ	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
5th	11.78	21.72	21.72	17.28	15.45	14.20	15.95
25th	9.65	15.62	15.62	14.04	11.04	8.05	11.65
Median	8.10	11.73	11.73	10.80	8.21	4.28	10.02
75th	6.63	8.81	8.81	8.68	6.24	1.18	7.48
95th	4.56	4.33	4.33	4.63	2.25	-2.16	4.87
Product	3.82	6.66	6.66	10.80	11.54	—	—
Rank	(98)	(87)	(87)	(50)	(20)	(--)	(--)



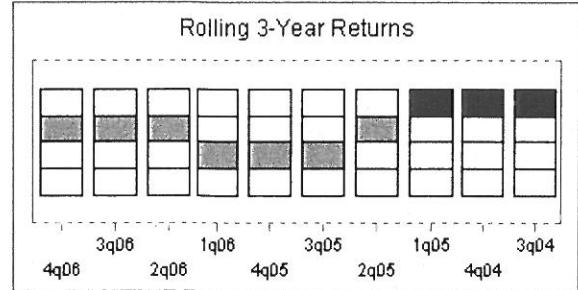
Calendar Year Returns

	2006	2005	2004	2003	2002
Median	11.73	6.97	12.43	47.13	-26.39
Product	6.66	6.71	19.51	39.94	-9.31
Rank	(87)	(53)	(15)	(78)	(2)
	2001	2000	1999	1998	1997
Median	-7.74	-4.33	54.97	6.16	18.98
Product	—	—	—	—	—
Rank	(--)	(--)	(--)	(--)	(--)



Rolling 3-Year Returns (Periods Ending)

	12/2006	9/2006	6/2006	3/2006	12/2005
Median	10.80	12.55	16.81	28.22	21.35
Product	10.80	13.89	18.21	26.64	21.30
Rank	(50)	(34)	(37)	(64)	(51)
	9/2005	6/2005	3/2005	12/2004	9/2004
Median	22.63	12.19	5.18	6.57	9.74
Product	22.25	14.01	11.58	14.90	18.28
Rank	(55)	(30)	(10)	(9)	(6)



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Fast Facts



Voyageur Asset Management, Inc.

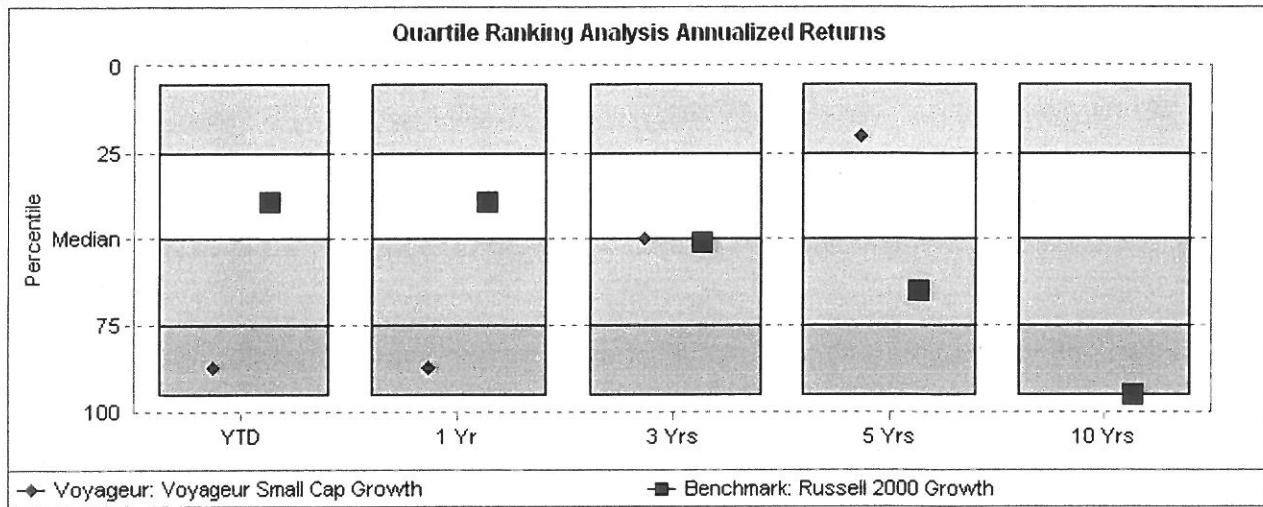
December 31, 2006

Voyageur Small Cap Growth

Asset Class: U.S. Equity
 eA Universe: eA Small Cap Growth Equity
 Marketing Contact: Carol A. Kuh
 Title: Director of Institutional Services
 Phone/Fax: 612.376.7090 / 612.376.7007
 Email Address: cakuha@voyageur.net

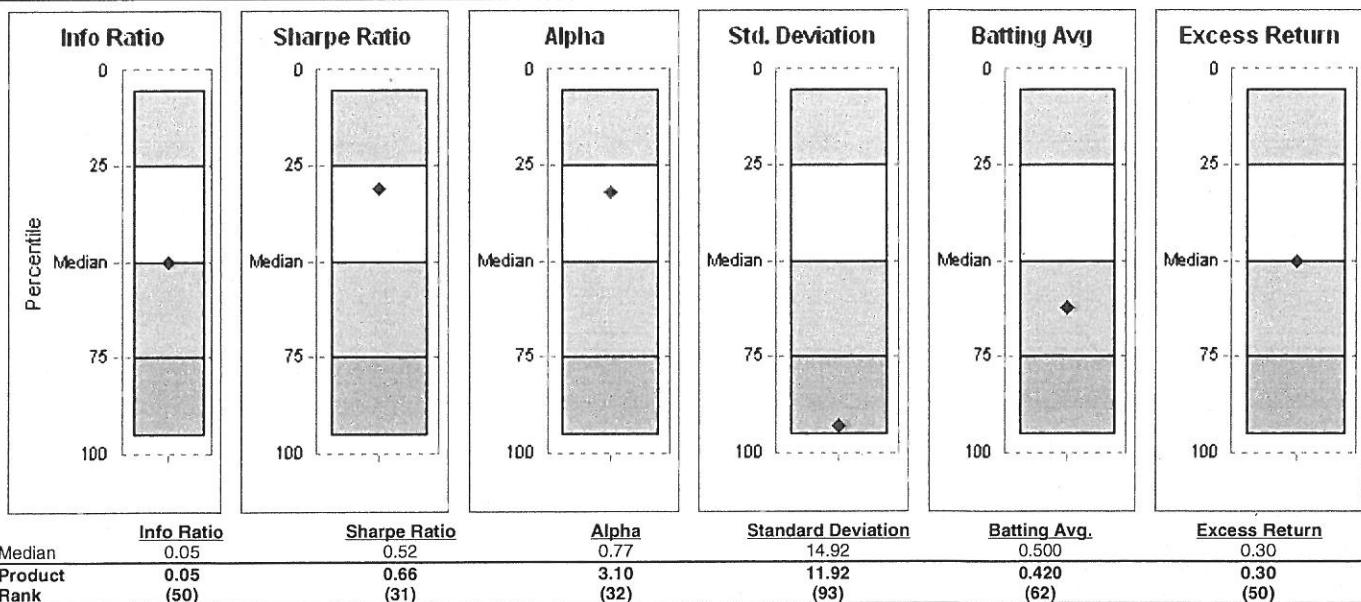
KEY FACTS	
Primary Capitalization:	Small Cap
Primary Style Emphasis:	Growth
Preferred Benchmark:	Russell 2000 Growth
Total Product Assets (\$Mil):	\$977
Total Product Accounts:**	24
Product Offered As:	SA,CF,MF:Inst, MF:Retail
Separate Account Minimum (\$Mil):	\$10

PEER GROUP STATISTICS AND RANKING vs. eA SMALL CAP GROWTH EQUITY UNIVERSE



Firm/Product	YTD		1 Yr		3 Yrs		5 Yrs		10 Yrs	
	Return	Rank								
Voyageur: Voyageur Small Cap Growth	6.66	87	6.66	87	10.80	50	11.54	20	---	---
Benchmark: Russell 2000 Growth	13.34	39	13.34	39	10.50	51	6.93	65	4.88	95
Median	11.73	--	11.73	--	10.80	--	8.21	--	10.02	--

THREE YEAR STATISTICS vs. eA SMALL CAP GROWTH EQUITY UNIVERSE vs. RUSSELL 2000 GROWTH



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Fast Facts



Voyageur Asset Management, Inc.

December 31, 2006

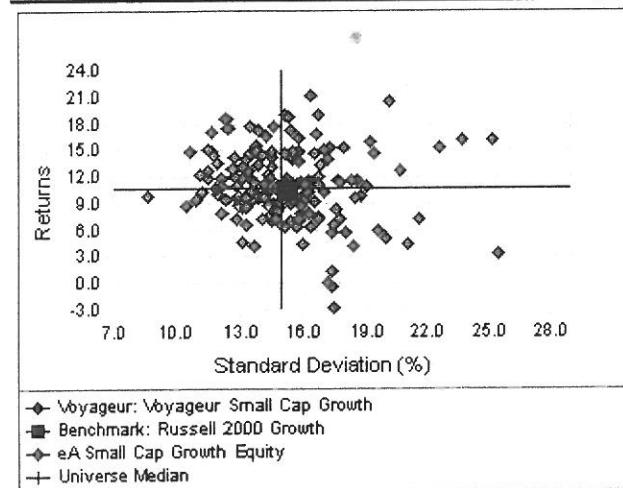
Voyageur Small Cap Growth

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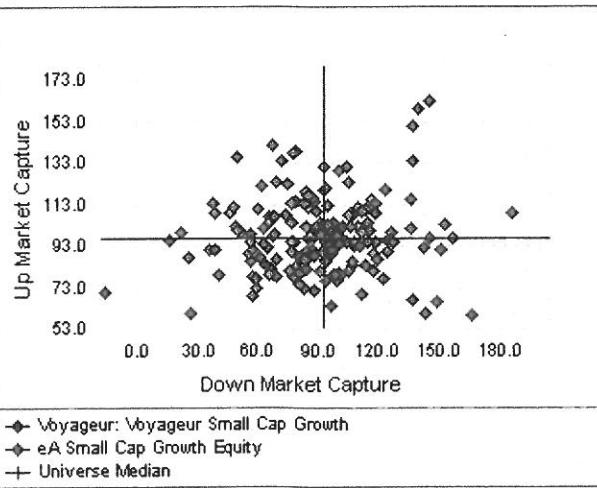
Risk vs. Reward

KEY FACTS	
Primary Capitalization:	Small Cap
Primary Style Emphasis:	Growth
Preferred Benchmark:	Russell 2000 Growth
Total Product Assets (\$Mil):	\$977
Total Product Accounts:**	24
Product Offered As:	SA,CF,MF:Inst,MF:Retail
Separate Account Minimum (\$Mil):	\$10

RISK VS. RETURN AND MARKET CAPTURE ANALYSIS: 3 YEARS vs. eA SMALL CAP GROWTH EQUITY UNIVERSE

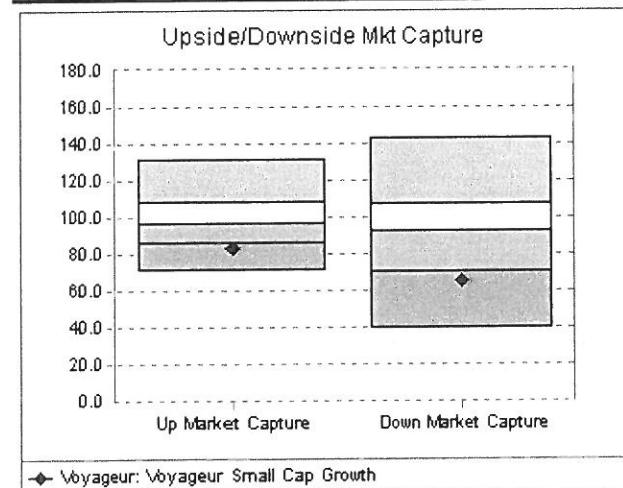


	Returns	Standard Deviation
Product	10.80	11.92
Benchmark	10.50	15.27



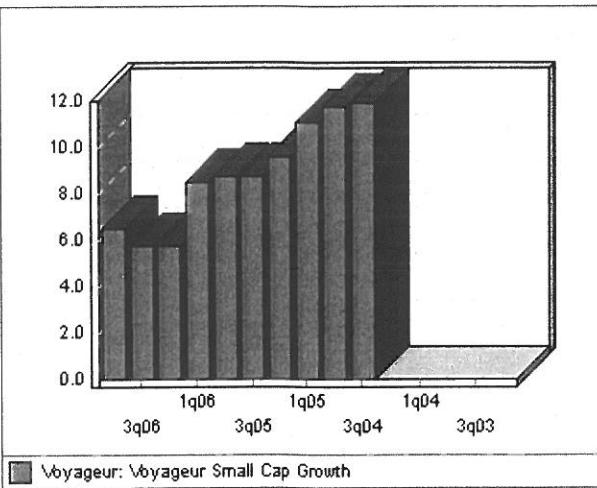
	Product
Up Market Capture	83.56
Down Market Capture	64.79
# of Up Periods	11
# of Down Periods	5

MARKET CAPTURE ANALYSIS: 3 YEARS



	Up Market Capture	Down Market Capture
Median	96.85	92.68
Product	83.56	64.79
Rank	(80)	(83)

TRACKING ERROR: ROLLING 3-YEAR PERIODS



End	Trk Error	End	Trk Error	End	Trk Error
4q06	6.52	3q05	8.73	2q04	---
3q06	5.74	2q05	9.60	1q04	---
2q06	5.74	1q05	11.11	4q03	---
1q06	8.54	4q04	11.76	3q03	---
4q05	8.71	3q04	11.88	2q03	---

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December 31, 2006

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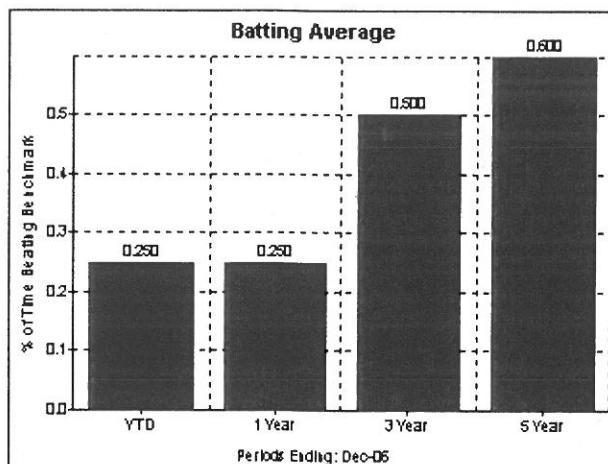
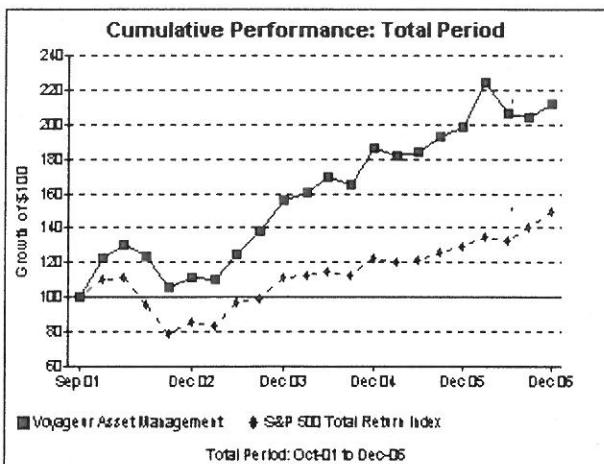
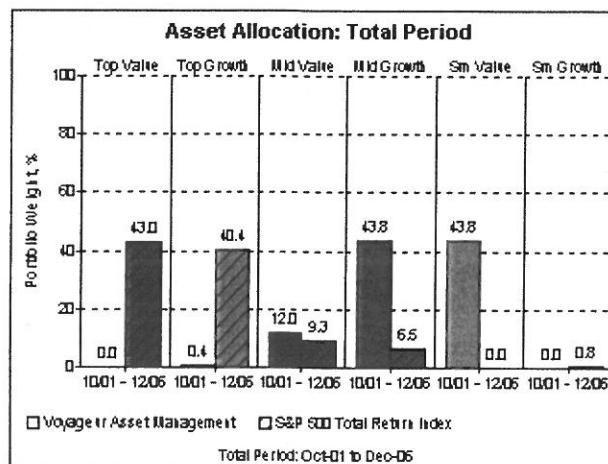
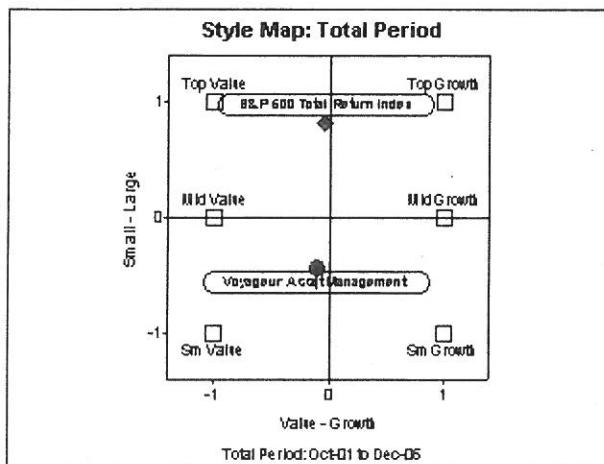
Style Analysis

KEY FACTS

Primary Capitalization:	Small Cap
Primary Style Emphasis:	Growth
Preferred Benchmark:	Russell 2000 Growth
Total Product Assets (\$Mil):	\$977
Total Product Accounts:**	24
Product Offered As:	SA,CF,MF:Inst, MF:Retail
Separate Account Minimum (\$Mil):	\$10

Analysis As of Date: 12/2006

Data Frequency: Quarterly



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Fast Facts



RVK - Investment Manager Research
Voyageur - SCG vs. R 2000 Growth Index
Buy and Hold Sector Attribution (Optional)
1 Quarter Ending December 31, 2006

Buy-and-Hold Portfolio	3.68
Portfolio Trading	0.00
Actual Return	N/A
Benchmark Return	8.77
Actual Active Return	NA
Stock Selection	-4.57
Sector Selection	-0.22
Total Selection	-4.79
Portfolio Trading	0.00
Benchmark Trading	0.00
Total Trading	0.00
Buy & Hold Active Return	-4.79

53

	Allocation-9/30/2006		Performance-1 Quarter Ending December 31, 2006		Attribution		
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Total
Basic Materials	3.64	3.94	-1.75	15.17	-0.62	-0.02	-0.63
Consumer Goods	2.24	6.76	6.74	10.87	-0.09	-0.09	-0.19
Consumer Services	15.66	15.88	6.12	8.87	-0.43	0.00	-0.43
Financials	12.17	9.22	0.86	6.35	-0.67	-0.07	-0.74
Health Care	21.11	18.46	-4.81	6.08	-2.30	-0.07	-2.37
Industrials	23.96	20.16	8.50	9.37	-0.21	0.02	-0.18
Oil & Gas	4.29	5.04	12.54	10.77	0.08	-0.02	0.06
Other	0.00	0.39	0.00	16.29	0.00	-0.03	-0.03
Technology	16.92	18.80	5.75	7.68	-0.33	0.02	-0.31
Telecommunications	0.00	1.24	0.00	4.48	0.00	0.05	0.05
Utilities	0.00	0.10	0.00	22.64	0.00	-0.01	-0.01
Total	100.00	100.00	3.68	8.47	-4.57	-0.22	-4.79

Sector attribution is calculated using the Industry Classification Benchmark (ICB).

RVKuhns
 ▶▶▶ & ASSOCIATES, INC.

RVK - Investment Manager Research
Voyageur - SCG vs. R 2000 Growth Index
Buy and Hold Sector Attribution (Optional)
Year To Date Ending December 31, 2006

Buy-and-Hold Portfolio	5.68
Portfolio Trading	0.00
Actual Return	N/A
Benchmark Return	13.35
Actual Active Return	NA
Stock Selection	-5.81
Sector Selection	-0.05
Total Selection	-5.86
Portfolio Trading	0.00
Benchmark Trading	0.00
Total Trading	0.00
Buy & Hold Active Return	-5.86

54

	Allocation-12/31/2005		Performance-Year To Date Ending December 31, 2006		Attribution		
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Total
Basic Materials	3.47	3.66	9.17	20.75	-0.51	0.06	-0.45
Consumer Goods	2.30	6.10	-13.88	16.11	-0.72	-0.16	-0.88
Consumer Services	16.38	15.56	5.17	11.07	-0.79	-0.04	-0.83
Financials	12.66	9.57	20.11	16.58	0.44	0.24	0.68
Health Care	21.24	18.54	-0.49	4.14	-0.94	-0.25	-1.19
Industrials	23.94	19.38	-0.87	14.62	-3.64	0.28	-3.36
Oil & Gas	3.58	5.96	19.38	17.33	0.00	-0.22	-0.23
Other	0.00	0.21	0.00	10.45	0.00	-0.04	-0.04
Technology	16.42	20.04	12.07	9.30	0.29	0.15	0.44
Telecommunications	0.00	0.89	0.00	18.52	0.00	-0.03	-0.03
Utilities	0.00	0.10	0.00	45.76	0.00	-0.03	-0.03
Total	100.00	100.00	5.68	11.77	-5.81	-0.05	-5.86

Sector attribution is calculated using the Industry Classification Benchmark (ICB).