



ATLANTIC TRUST

PRIVATE WEALTH MANAGEMENT

2Q 2011 Fixed Income Review

Presented by

Gary Pzegeo, CFA
Head of Fixed Income

www.atlantictrust.com

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Market Index Returns 2Q11

Barclays Capital Index	Q2 2011 Total Return (%)	06/30/11 Yield to Worst (%)
Taxable		
Intermediate US Government/Credit	2.12	1.88
Intermediate Corporate	2.16	3.16
U.S. Treasury: Intermediate	2.24	1.34
U.S. Agency Intermediate	1.40	1.16
U.S. Aggregate Intermediate Total	2.17	2.55
U.S. Intermediate Credit	2.21	2.93
U.S. High Yield 2% Issuer Constrained	1.05	7.33
Global Emerging Markets Local Currency	4.47	6.42
Municipal		
Muni 1-10 Year Blend	1.62	2.18
Muni Prerefunded	1.12	0.74
Municipal AAA Index Total	2.68	2.40
Municipal AA Index Total	3.64	3.23
Municipal A Index Total	4.64	4.10
Municipal BAA Index Total	5.57	5.27
Muni High Yield	5.29	6.94
Municipal Bond 1 Year (1-2)	0.50	0.72
Municipal Bond 3 Year (2-4)	1.38	1.22
Municipal Bond 5 Year (4-6)	2.73	1.95
Municipal Bond 7 Year (6-8)	3.34	2.64
Municipal Bond 10 Year (8-12)	3.77	3.36
Municipal Bond 15 Year (12-17)	3.96	4.21
Municipal Bond 20 Year (17-22)	4.99	4.84
Municipal Long Bond Index (22+)	6.52	5.28

Source: Barclays Capital as of 6/30/11 Past performance should not be construed as a guarantee of future results.

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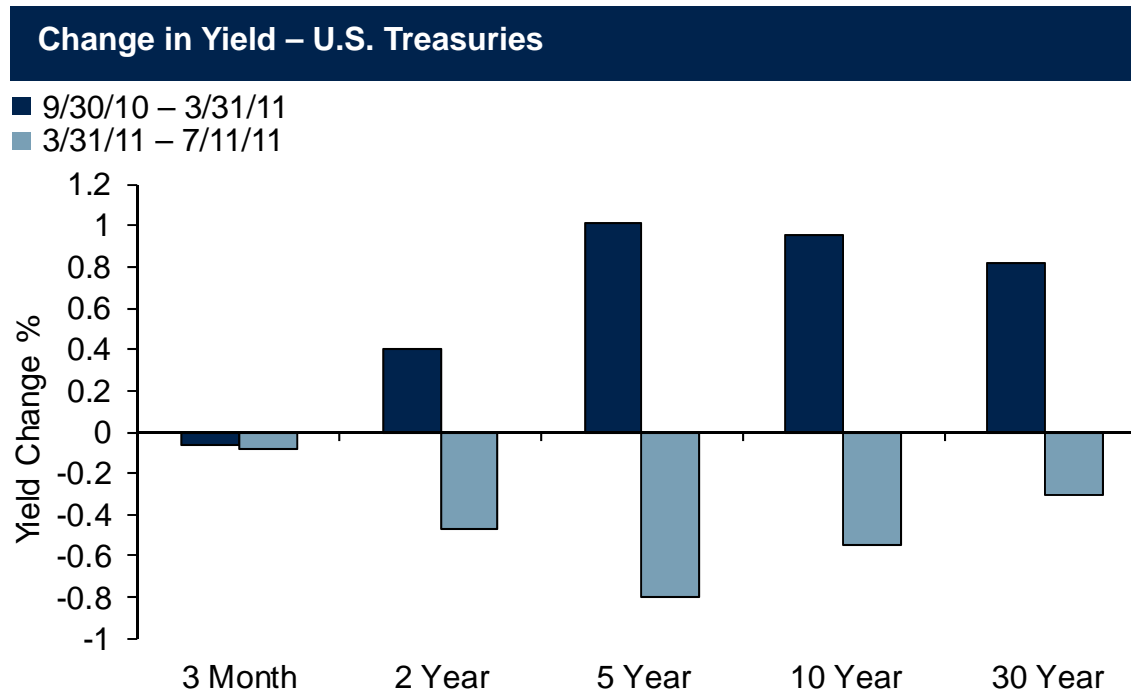
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Macro Rate Environment

- Slower growth and default risk in Europe precipitate a flight to quality, with or without the Fed
- Few signs of systemic stress, but plenty of concerns in Euro debt markets
- Confidence returns to municipals, for now

Bond Reversal

Q4 2010 and Q1 2011 saw sharp increases in longer-term Treasury yields due to fears of inflation and a change in course by the Federal Reserve. Nearly all of the increase has been reversed in two and five year bonds despite an end to QE2.



Source: Bloomberg L.P., as of 7/11/11

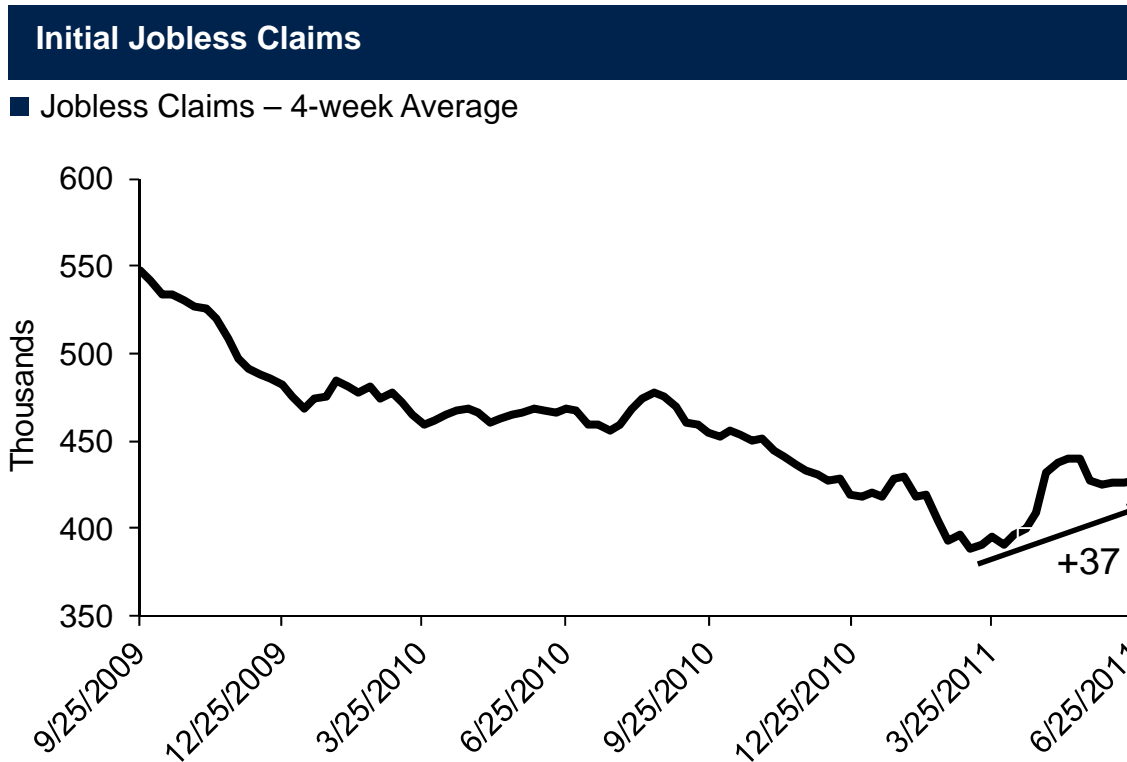
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Domestic – Economic Soft Patch

A number of economic indicators have lost steam over the last few months. Initial claims for unemployment insurance tracked steadily lower for two years and recently turned higher.



Source: Department of Labor, 6/30/11

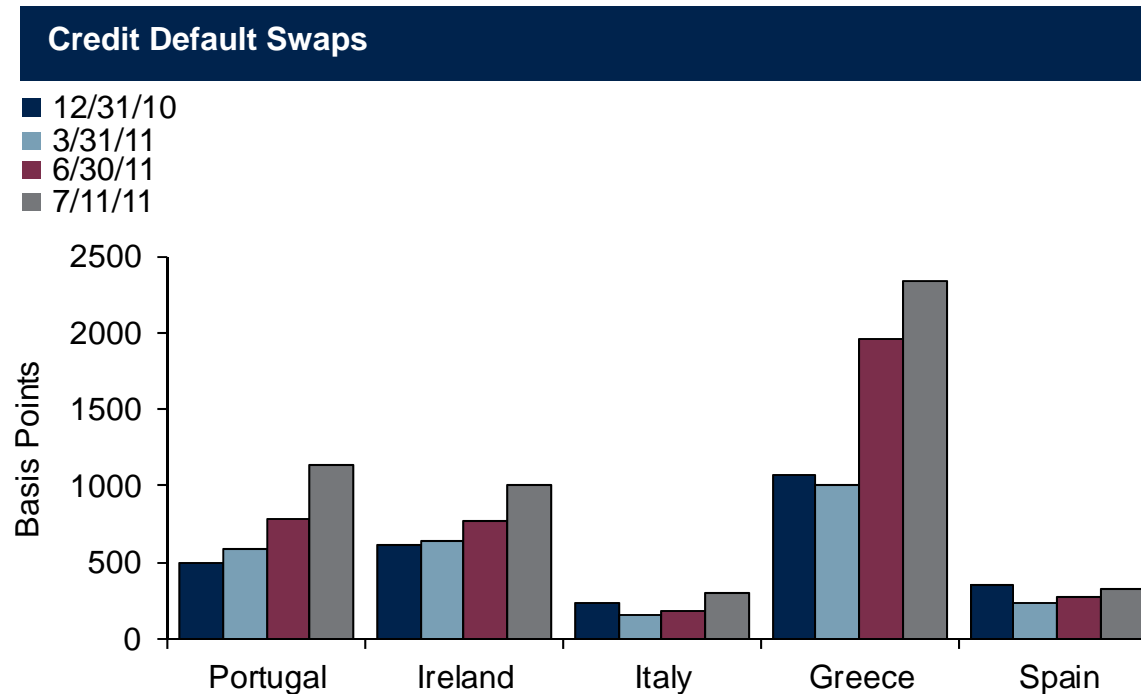
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Global – Sovereign Credit Risk

Policy makers continue negotiations over the fate of Greek debt while rating agencies lowered Portugal's rating and markets penalized Italy. Intra-bank lending markets and daily ECB liquidity operations reveal little distress.



Source: Bloomberg L.P., as of 7/11/11

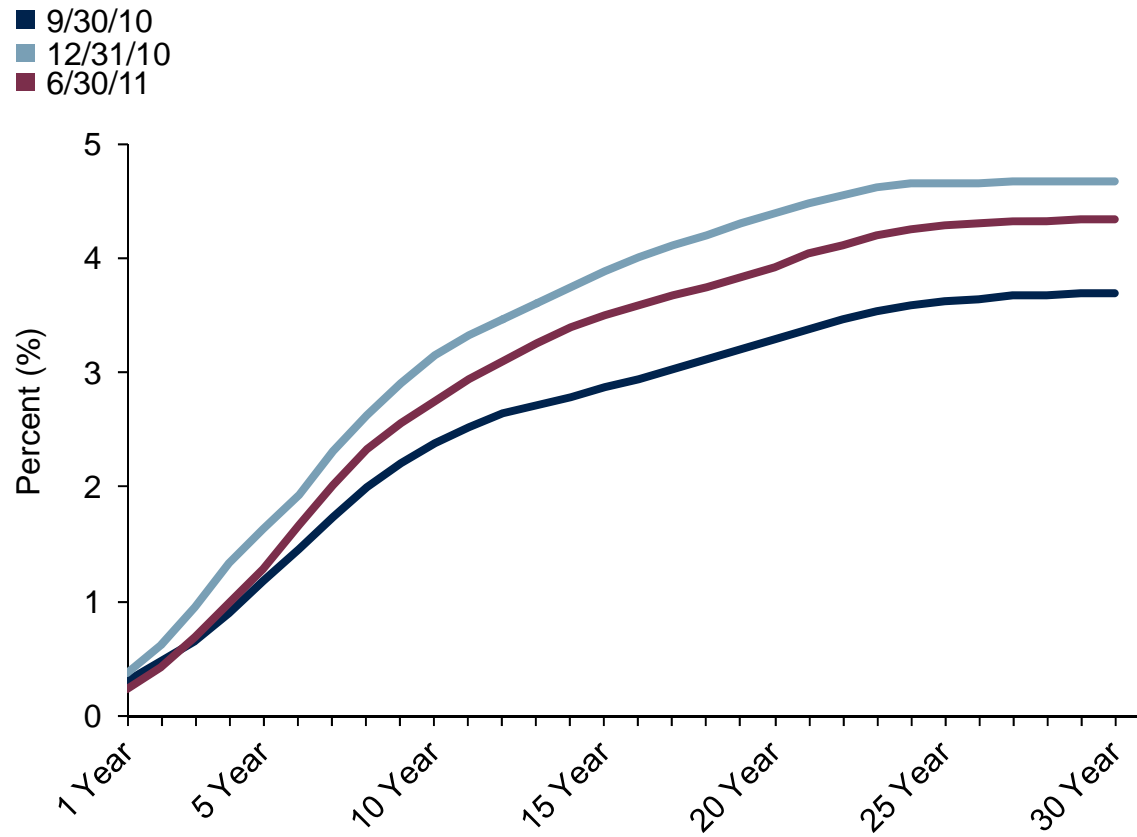
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Municipal Yield Curve

Municipal yields have fallen with Treasuries.



Source: Muni Market Data, 7/11

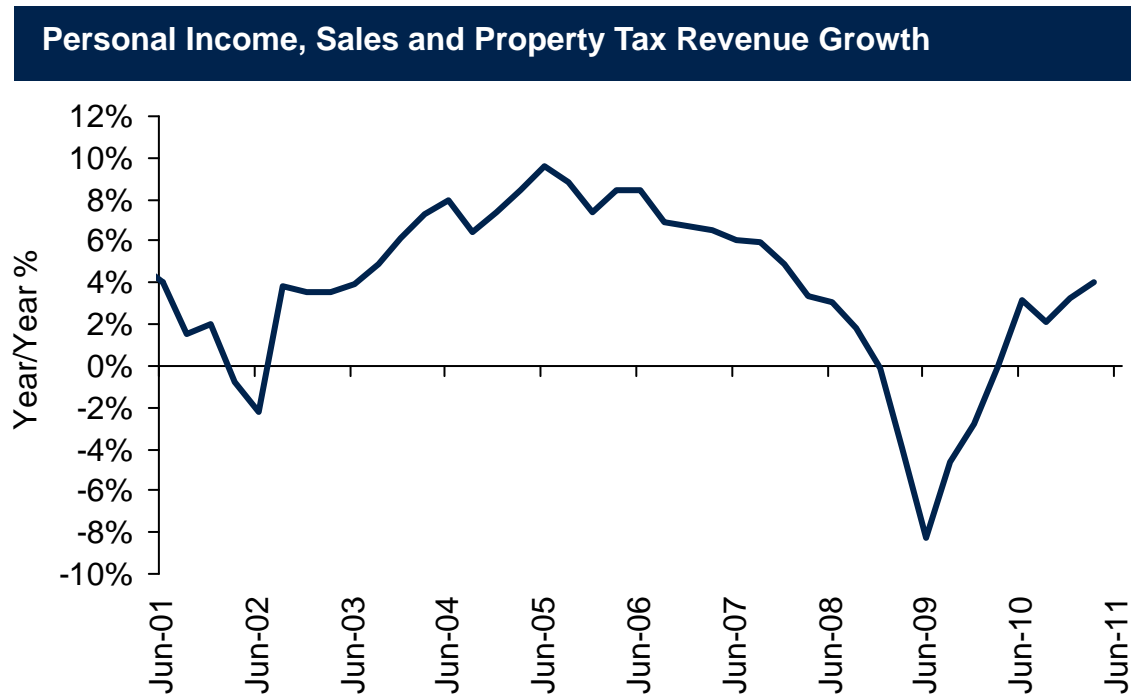
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Municipal Revenue

Top line growth supported municipalities.



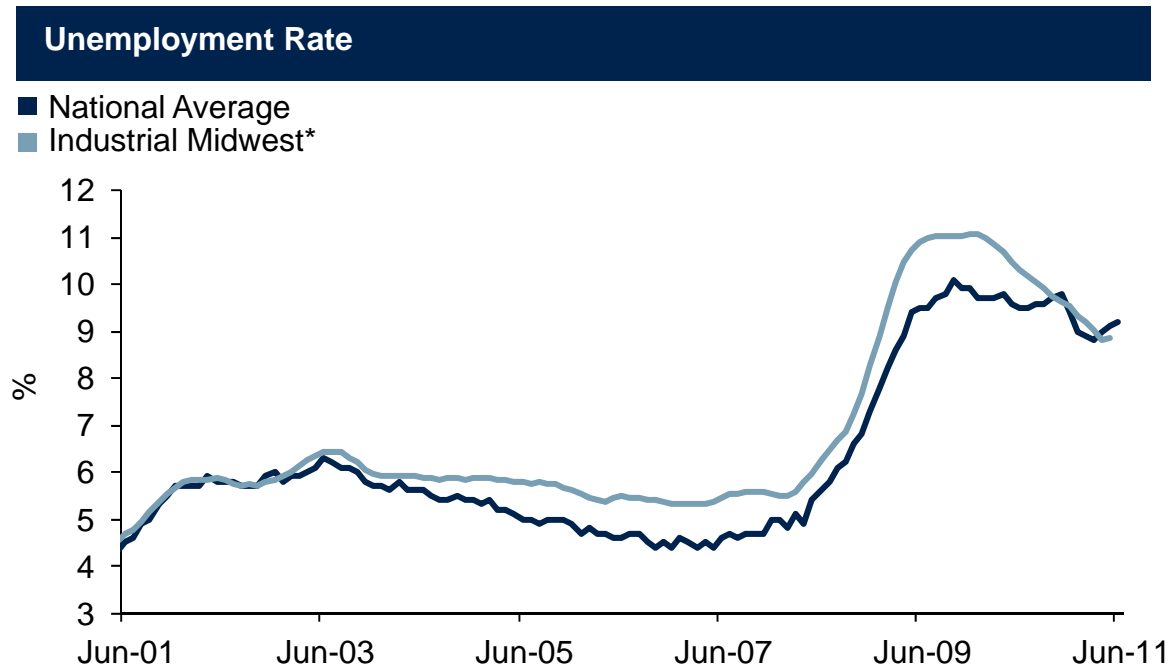
Source: Bureau of Economic Analysis, 6/30/11

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Regional Employment

Regional employment has been led by manufacturing sensitive economies and supports income tax revenues.



* Includes Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Source: Bureau of Labor Statistics, 7/11

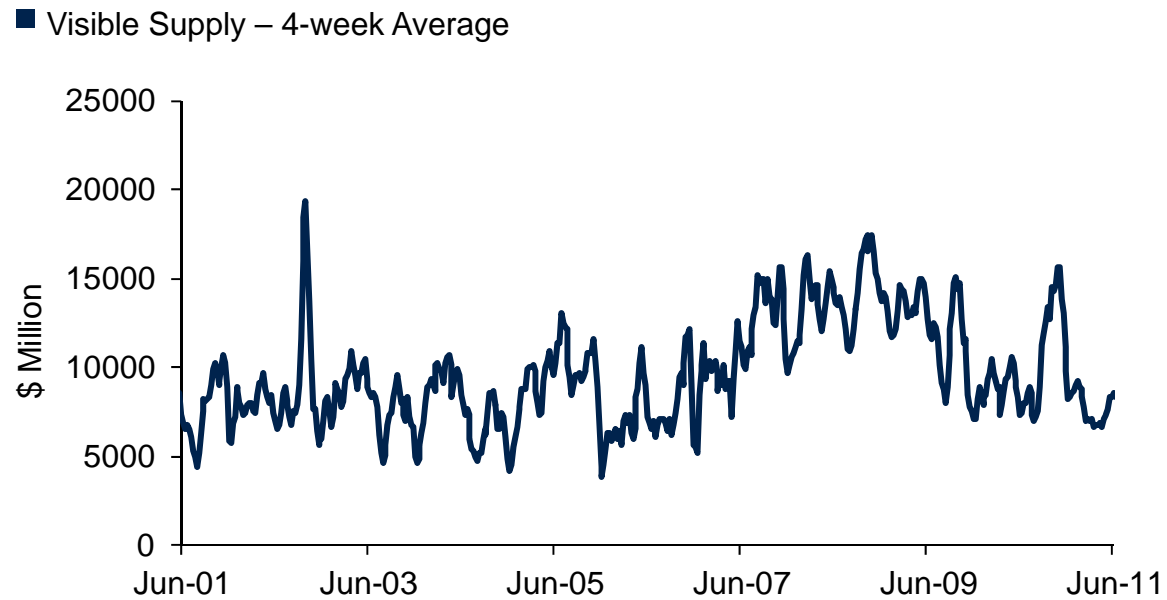
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Municipal Supply

The return of supply has been muted thus far.



Source: Muni Market Data, 7/11

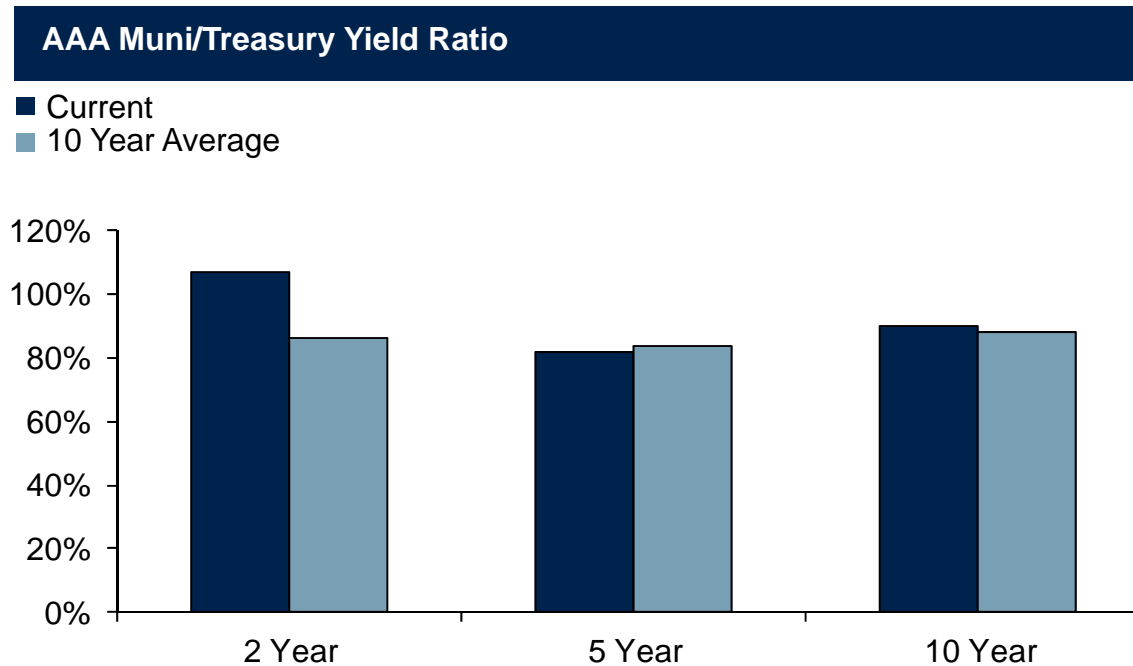
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Relative Value

Yield ratios have normalized in longer maturities.



Source: Bloomberg, LP and Muni Market Data, 7/11

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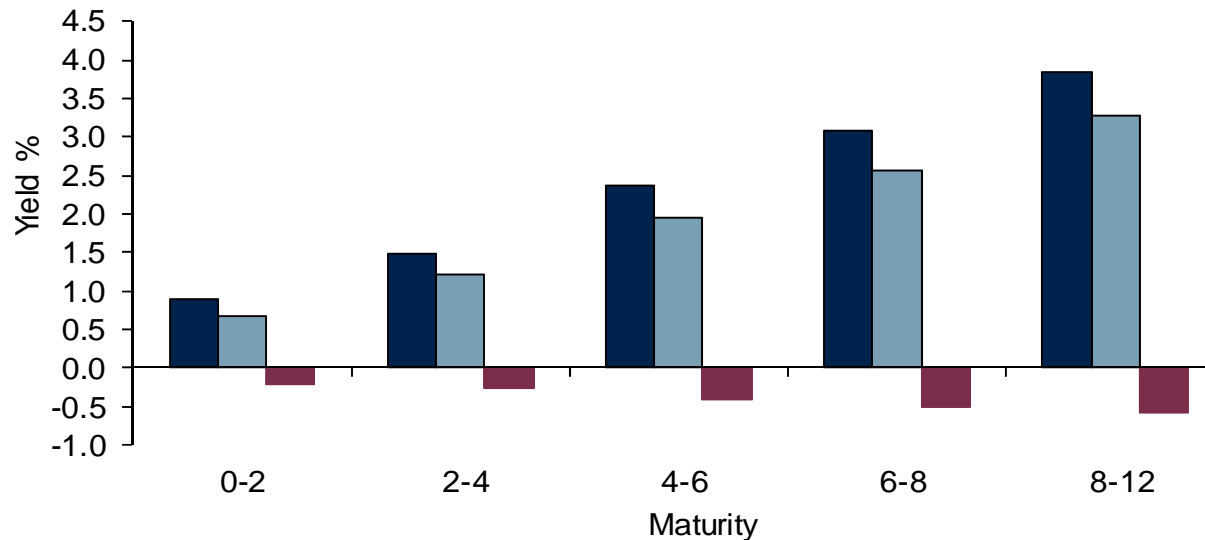
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Maturity Comparison

Maturity drove return in the quarter with progressively lower yields along the curve.

	0-2	2-4	4-6	6-8	8-12
2Q11 Return by Maturity	0.63%	1.39%	2.77%	3.70%	4.39%
2Q11 Yield Change	-0.22%	-0.27%	-0.40%	-0.51%	-0.58%

■ 3/31/11
■ 6/30/11
■ Change



Source: Merrill Lynch Municipals, 1-12 Year Index, as of 6/30/11

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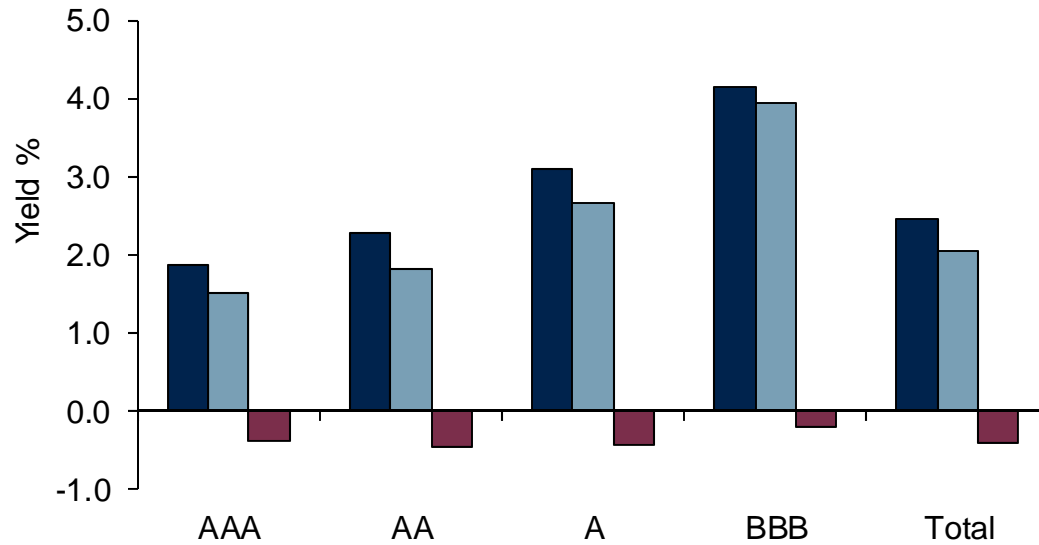
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Quality Comparison

Leadership from the middle tier of credits.

	AAA	AA	A	BBB
2Q11 Yield Change	-0.52%	-0.69%	-0.63%	-0.31%

■ 3/31/11
■ 6/30/11
■ Change



Source: Merrill Lynch Municipals, 1-12 Year Index, as of 6/30/11

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State Performance

A lower quality theme can be seen in performance by state.

Top 5 States		Bottom 5 States	
	2Q11 Return		2Q11 Return
New Hampshire	4.28%	Wyoming	0.27%
Illinois	3.89%	Maine	0.53%
Kentucky	3.34%	Arkansas	0.99%
Ohio	3.07%	Delaware	1.80%
New Jersey	3.01%	Mississippi	1.91%

Source: Merrill Lynch Municipals, 1-12 Year Index, as of 6/30/11

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Revenue Sector Performance

The quarter saw mixed performance by sector based on quality differential. Higher yielding sectors like Airports and Hospitals were joined by higher quality Toll Roads in the top three returns.

Top 3		Bottom 3	
	2Q11 Return		2Q11 Return
Hospitals	3.65%	Multi-Family Housing	1.13%
Airports	3.52%	Single-Family Housing	2.49%
Toll Roads	3.39%	Tobacco	2.69%

Source: Merrill Lynch Municipals, 1-12 Year Index, as of 06/30/11

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