

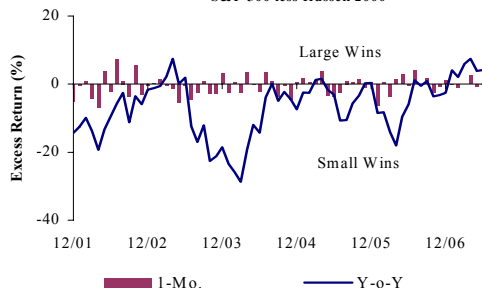
U.S. ECONOMIC BACKGROUND

Economic activity was mixed in the second quarter amidst rising energy prices, a struggling housing market, and a dismal first quarter growth rate. Housing continues to pose a strong headwind to the overall economy with weaker housing data fueled mostly by tighter lending standards and rising mortgage rates. The CPI (0.60%) and PPI (0.90%) revealed continued pricing pressures. However, the Core PCE deflator, one of the Fed's most trusted indicators of inflation, was reported at 1.9% for the past 12 months and remains within the stated comfort range of 1-2%. This helped the Fed maintain its neutral monetary policy, leaving its target rate unchanged at 5.25% in the face of high oil prices that reverted towards their nine-month high of \$70/barrel. Manufacturing activity, helped by a weak dollar and increased global demand, accelerated for the period though first quarter GDP growth was revised to a scant 0.70%. Unemployment held steady at 4.5%.

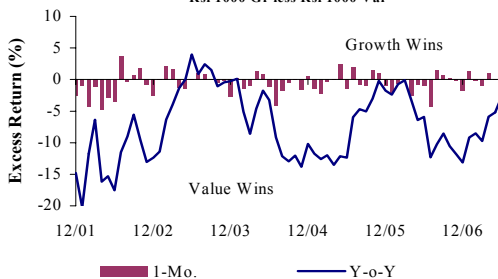
U.S. Equity Returns (%)

	1 Mo.	3 Mos.	12 Mos.
S&P 500	-1.66	6.28	20.59
S&P 400	-2.18	5.84	18.51
Russell 1000 Growth	-1.49	6.86	19.04
Russell 1000 Value	-2.34	4.92	21.84
Russell 2000	-1.46	4.43	16.44
Russell 2000 Growth	-0.57	6.69	16.82
Russell 2000 Value	-2.33	2.31	16.06
NASDAQ Composite	0.01	7.70	20.71

Large Cap vs. Small Cap
S&P 500 less Russell 2000



Growth vs. Value
Rsl 1000 Gr less Rsl 1000 Val



S&P Sector Returns (%)

	1 Mo.	3 Mos.	12 Mos.
Financial	-4.15	2.11	14.76
Utilities	-5.07	-0.38	26.04
Energy	1.76	14.77	28.12
Industrials	0.11	9.76	17.60
Materials	-0.60	7.13	29.44
Healthcare	-3.54	4.99	18.60
Consumer Staples	-1.90	2.66	14.75
Consumer Discretionary	-1.68	3.69	19.18
Information Tech	0.65	10.36	25.80
Telecom Svcs	-2.60	7.64	38.85

U.S. EQUITY MARKETS

- Investor preference returned to the large cap space as strong gains in April and May helped drive domestic equity returns for the quarter. Notably, the DJIA gained 9.1% in the second quarter, the best quarterly gain the Index has seen since the fourth quarter of 2003 (+13.4%). The S&P 500 also had a strong quarter, returning 6.3%, while the tech-heavy NASDAQ posted a return of 7.7%. Generally speaking, better than expected earnings, global growth, and private equity/M&A activity took precedence over sub-prime worries, weak housing, and high oil prices. However, June took back a little of what was earned in the prior months, as there appears to be a growing concern about the health of the U.S. consumer.
- All domestic equity market cap categories rose in the second quarter, according to the Russell indices. The large cap stocks (+5.89%) proved to be the most fertile segment, followed by mid caps (+5.30%), and small caps (+4.43%). Each category showed a positive year-to-date gain ranging from 6.46% for the Russell 2000 Index to 9.91% for the Russell Midcap Index. In the middle of the range was the large cap Russell 1000 Index (+7.18%) that has started to reveal evidence of relative strength in comparison to small caps.
- During the second quarter, growth stocks outperformed their value counterparts across the market cap spectrum. The largest discrepancy was in the small cap space where the Russell 2000 Growth outpaced its value counterpart by 438 basis points (+6.69% vs. +2.31%), followed by mid growth outperforming mid value by 310 basis points (+6.75% vs. +3.65%), and large growth outperforming large value by 194 basis points (+6.86% vs. +4.92%). On a year-to-date basis, the Russell 2000 Growth Index (+9.32%) has expanded its noteworthy lead over the Russell 2000 Value Index (+3.81%).
- Nine of the ten S&P 500 GICS sectors posted positive quarterly returns, with Energy (+14.77%), Information Technology (+10.36%), and Industrials (+9.76%) posting the largest gains. The Utility sector (-0.38%) was the only sector posting a negative return. Energy stocks had the largest positive impact on the S&P 500 Index return where large contributors were Schlumberger (+23.19%) and ConocoPhillips (+15.49%), buoyed by a rally in energy prices that put crude north of \$70 a barrel. Within Information Technology, Apple Inc. (+31.35%) and Intel Corp. (+24.85%) contributed the most. Apple released the iPhone that combines a cell phone with an iPod and an Internet-access function. Performing well within Industrials was General Electric (+9.04%), the world's second-largest company by market capitalization, behind Exxon Mobil, as earnings from continuing operations increased 8% to \$4.5 billion in the first quarter of 2007. Within Consumer Discretionary, the best performers were Amazon (+71.93%) and Dow Jones & Co. (+67.82%) while OfficeMax Inc. (-25.21%) and Starbucks Corp. (-16.33%) were among the largest negative contributors. Financial stocks generally struggled to keep pace with the rest of the market, as concerns over sub-prime mortgages, interest rates, and rising bond yields threatened to curb demand for loans.

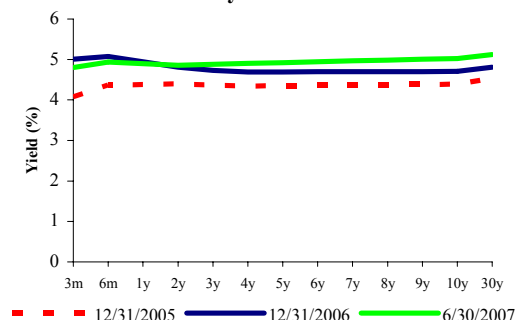
U.S. FIXED INCOME MARKETS

- During the quarter, interest rates increased and the yield curve steepened on strength in U.S. economic data and a reversal of market expectations for a cut in the Fed Funds target rate. Despite continued weakness in the housing market and an easing of inflation over the last few months, most economic data releases showed continued resilience in economic activity. As a result, interest rates on the 2-, 5-, 10-, and 30-year Treasury securities increased by 28-38 bps, while the yield curve, as measured by the difference between the 3-month and 30-year Treasury, steepened by 50 bps to a slope of 31 bps. Swap spreads widened by 7-11 bps during the quarter on sub-prime market concerns and an increase in investor risk aversion. At quarter's end, swap spreads on the 2-, 5-, and 10-year maturities were 49 bps, 56 bps, and 63 bps, respectively.
- The Lehman Aggregate Index returned -0.52% for the quarter, as interest rates increased and volatility returned to the market. Intermediate and long maturity issues underperformed as the yield curve steepened. Spread sectors performed poorly in relation to Treasuries. The U.S. Credit sector was the best relative performer of all investment grade segments on a duration adjusted basis, returning -0.73% or 4 bps excess versus comparable duration Treasuries. Performance was driven by lower quality issues, including automotive and building materials, while finance companies lagged. Baa issues returned -0.66% or 29 bps excess, followed by A-rated (-0.95% or -12 bps excess) and AA-rated issues (-0.60%, on par with like Treasuries). U.S. Agencies returned -0.13% or 20 bps less than comparable duration Treasuries on a widening of swap spreads. The U.S. Government/Credit Index returned -0.50%, or -3 bps excess.
- Securitized sectors returned -0.55% or 54 bps less than comparable duration Treasuries as interest rates, swap spreads, and volatility increased. The biggest drag on performance was the residential Mortgage Backed Securities (MBS) market (-0.50% or -56 bps excess) on an increase in volatility, duration extension, and ample supply, as adjustable rate mortgages were refinanced into fixed rate loans. While fixed rate residential MBS lagged all other investment grade sectors, hybrid ARMS (which make up 3.8% of the LB Aggregate Index versus 34% for fixed rate MBS) held up very well, generating positive returns (+0.67%). Commercial Mortgage Backed Securities (CMBS) returned -1.05% or 44 bps less than comparable duration Treasuries on investor risk aversion and rating agency concerns on pool subordination levels. Asset Backed Securities generated positive absolute returns (+0.14%) as a result of their short duration profile but lagged like duration Treasuries by 17 bps on sub-prime market concerns and a widening of swap spreads.
- The Merrill Lynch High Yield Master II Index returned 0.32% for the quarter on an increase in interest rates, risk aversion in the market and investor rejection of some new issues with less restrictive covenant packages. Lower quality issues continued to dominate with the CCC-rated segment returning 1.37% while the B and BB segments returned 0.48% and -0.34%, respectively. Industry sectors that performed particularly well included Automotive (+3.6%) and Pharmaceuticals (+3.2%) while Energy (-1.1%) and Gas Distribution (-1.1%) lagged. At quarter's end, the yield to worst on the index was 8.05%.
- The Lehman Brothers Municipal Bond Index returned -0.67% during the quarter on an increase in interest rates. The Insured Bond segment lagged as a result of its long duration compared to other segments, returning -0.82%, followed by Revenue (-0.74%) and General Obligation (-0.62%) bonds. Pre-refunded issues provided better downside protection returning -0.19%.
- U.S. TIPS returned -0.76% during the quarter lagging nominal Treasuries by 33 bps on an increase in real yields and decline in breakeven spreads. The breakeven spread (difference between the nominal Treasury yield and TIPS real yield) is a gauge of the market's expectation for future inflation. The breakeven spread on the 10-year maturity declined by 6 bps to 2.38%.

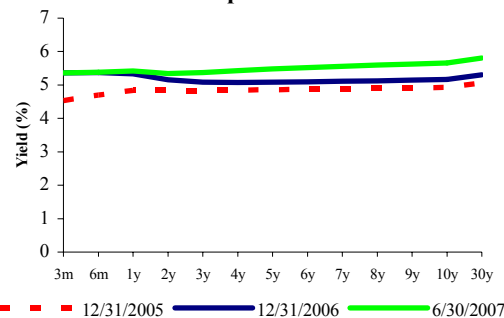
U.S. Fixed Income Returns (%)

	1 Mo.	3 Mos.	12 Mos.
LB Aggregate	-0.30	-0.52	6.12
LB US Government	-0.04	-0.33	5.56
LB US Credit	-0.47	-0.73	6.71
LB Mortgage Backed	-0.42	-0.50	6.39
LB Asset Backed	0.08	0.14	5.60
ML US HY Master II	-1.69	0.32	11.75

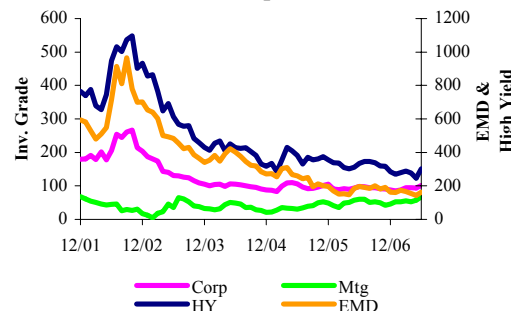
Treasury Yield Curve



Swap Curve



Sector Spreads



Source: Citigroup

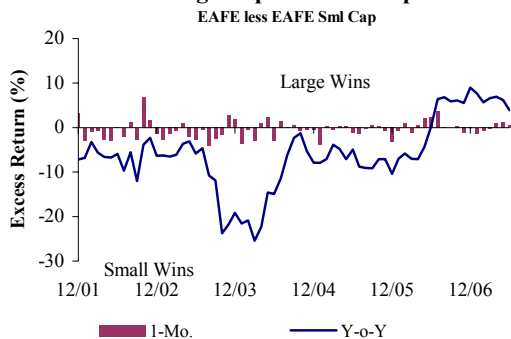
NON-U.S. ECONOMIC BACKGROUND

The economic background outside the U.S. remains generally robust, as the global expansion continues to be driven by healthy economies and strong corporate earnings. In May, the OECD raised its forecast for global growth this year to 2.7%, predicting that the economies of Europe and Japan will outpace the U.S. for the first time in 16 years. European markets are benefiting from robust exports and increased M&A activity while deflationary pressures receded in Japan as a tight labor market and rising wages have helped to spur consumer spending. Global interest rates continue to garner much of the market's focus as central banks respond to inflation, although core inflation appears relatively in check. During the quarter, both the Bank of England and ECB raised their short-term targets by 25 bps with future rate hikes expected. Overall, while growth has moderated in the U.S., foreign markets continue to look attractive although no longer cheap.

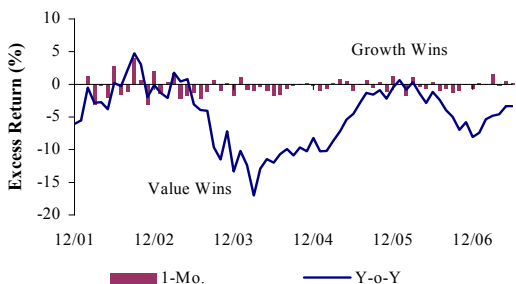
MSCI Non-U.S. Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EAFE	0.12	6.40	27.00
AC World Free Ex-US	0.85	8.42	30.15
Japan	-0.30	-0.64	7.23
Pacific Ex-Japan	2.19	9.50	42.56
United Kingdom	1.30	7.59	27.40
Europe Ex-UK	-0.66	8.68	35.18

Large Cap vs. Small Cap



Growth vs. Value



MSCI EAFE Sector Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
Financial	-2.70	3.38	22.48
Utilities	-2.04	4.74	39.15
Energy	8.06	17.56	22.84
Industrials	1.38	10.16	38.34
Materials	4.54	13.75	43.87
Healthcare	-2.11	-0.37	5.81
Consumer Staples	-0.64	3.77	31.79
Consumer Discretionary	-0.52	4.43	27.78
Information Tech	3.23	9.63	19.73
Telecom Svcs	0.12	9.15	37.53

NON-U.S. EQUITY MARKETS

- Non-U.S. developed equity markets extended their gains in the second quarter, as the MSCI EAFE Index rallied 6.4% in dollar terms and 5.9% on a local currency basis. Although the dollar fell against the pound sterling and euro, which is positive for U.S. investor returns, the greenback strengthened more than 4% against the yen. Year to date, the EAFE Index is up 10.7% (+9.5% locally).
- Large cap stocks outperformed small and mid cap companies during the quarter. The largest quintile of stocks within the EAFE Index, those above \$93 billion in market cap, outperformed all other segments with a gain of more than 9%. Stocks below \$25 billion lagged the broader Index with those below \$10 billion in market cap posting a gain of only 3.3%. Small cap weakness was further exhibited by the MSCI Small Cap Index, which gained only 4.2%. Year to date, the small cap Index is up 11.6% (10.6% locally).
- Growth stocks outperformed value during the quarter as the MSCI EAFE Growth Index gained 6.7% compared to an increase of 6.1% for the EAFE Value Index. Despite the fact that growth outperformed, stocks with the lowest P/E ratios in each Index were the best performing segment of the market. The real difference was in the Value Index where stocks in the higher P/E quintiles of the Index lagged significantly.
- From a sector standpoint, the Energy sector surged 17.6% during the quarter as oil prices moved sharply higher. Materials (+13.8%) and Industrials (+10.2%) also produced double-digit gains while Info Tech (+9.6%) and Telecom (+9.2%) also outperformed. Health Care (-0.4%) was the only sector to suffer a decline during the quarter while all other sectors posted positive returns, but lagged the broader Index.
- The European region outperformed during the quarter as the MSCI Europe Index gained 8.3% (+6.6% locally). Germany (+16.2%, +14.5% locally) was the top-performing major market, trailing only Portugal (+17.6%) in the developed markets. Positive economic momentum in Germany helped spur a broad-based rally. However, sizeable gains in the shares of Siemens (+35.1%) and utility company E.on (+27.6%) helped boost the country's return higher. France gained 9.9% (+8.3% locally) amid a presidential election won by former finance minister Nicolas Sarkozy. Higher energy prices also helped push shares of Total higher by 18.6% while BNP Paribas also gained 18.6%. The U.K. gained 7.6% (+5.2% locally) as the pound sterling gained more than 2% on higher interest rates. The U.K. Index was also bolstered by energy related gains at Royal Dutch (+24.3%) and BP (+12.8%) while Vodafone surged 30.3%. In other areas, Norway gained 14.7% due to rising oil prices; Switzerland rose only 3.2% amid weakness in pharma stocks.
- The MSCI Pacific Index lagged during the quarter with a gain of only 2.2% (+4.5% locally). Japan was the primary detractor, in large part because of the weakness in the yen. Japanese stocks fell 0.6% in dollar terms but gained 3.9% locally. Outside of Japan, the MSCI Pacific ex-Japan Index gained 9.5% (+5.9% locally) as Australia gained 10.3% (+5.0% locally) amid strength in the mining and banking industries. Singapore gained 10.5% and New Zealand jumped 13.0% due to an 8.4% increase in the kiwi dollar. Hong Kong rose only 5.8%.

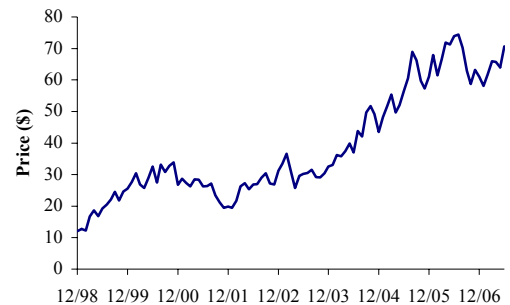
EMERGING EQUITY MARKETS

- The MSCI Emerging Markets Index surged 15.1% in dollar terms and 12.6% on a local currency basis during the quarter. Gains in the second quarter completely overshadowed the sell-off in February/March when the Index lost more than 10% over a period of five days. That decline made way for what turned out to be the strongest spring quarter in the emerging markets, not including the second quarter of 2003 (+23.4%) when the current bull market began. This was also the sixth largest quarterly gain since the start of the rally 17 quarters ago. The second quarter has proven a difficult time for the emerging markets in the last few years so the timing of this year's gain is a bit out of the norm. Year to date, the MSCI Emerging Markets Index is again leading all other traditional equity markets with a gain of 17.8% (+15.3% locally). From a sector perspective, all 10 economic sectors were higher during the quarter led by robust gains in Industrials, which soared 29.2%. Utilities (+20.7%), Materials (+17.3%), and Telecom (+15.6%) also outpaced the broader Index. Consumer Discretionary (+9.5%) was the worst performing sector and the only one to not generate a double-digit gain. All other sectors produced solid absolute returns but lagged the broader Index.
- Latin America was the top-performing region within the emerging markets, edging out Asia due to currency gains. The Latin America Index gained 19.8% in dollar terms and 14.8% on a local currency basis. Brazil, the largest country within the regional Index, gained 23.9% in dollar terms and 16.6% locally as the Brazilian real climbed more than 6% against the dollar. Although Petrobras and CVRD both gained about 20% during the month, the Brazilian index was bolstered by gains in the Banking, Consumer, and Telecom sectors. Peru (+33.7%) was the top-performing country in the region, as higher metals prices drove stocks upward. Mexico gained only 13.0% (+10.8% locally) as a 29.1% jump in shares of America Moviles was offset by losses in Wal-Mex (-10.3%) and Grupo Televisa (-5.7%). In other areas, Argentina rose only 6.8% amid weakness in the banking sector and a gain of only 7.3% in shares of Tenaris.
- The Emerging Asia Index increased 18.5% in dollar terms and 16.6% locally. After a disappointing first quarter, Chinese stocks rallied 24.5% and are now up more than 80% over the trailing 12 months. Continued economic growth and strong investor sentiment led to a broad-based rally in stocks despite the government's desire to cool the domestic stock market. India gained 20.8% in dollar terms, however, stocks rose only 14.1% locally as the Indian rupee jumped nearly 7%. Indian stocks were led by energy company Reliance Industries (+32.6%) as well as strength in the banking sector. Korea gained 18.3% amid a broad-based rally in stocks, however, Samsung (+2.4%) and Kookmin Bank (-2.2%) weighed on the Index. In other areas, Taiwan (+14.2%) lagged the Index amid mixed performance in the Info Tech sector; Thailand gained 18.1%.
- The Emerging Europe and the Middle East Index lagged the broader Index with a gain of only 6.3% (+5.4% locally). Hungary (+28.7%) was the standout performer in the region as two of the four Hungarian stocks in the Index, Mol Hungarian Oil (+35.1%) and OTP Bank (+29.2%), generated strong performance. Turkey also posted a solid return as stocks there gained 15.8%, however, more than 6% came from currency gains in the Turkish lira. Russia was the primary detractor of performance in the region as the Russian Index increased only 0.5%. Despite the strength of most Energy companies worldwide, Gazprom gained only 1.2% while others in the Russian energy sector suffered declines. Year to date, Russia is down 2.5% as investors worry about corporate governance and the long arm of the Putin regime, especially as it relates to assets in Russia's oil and gas industry. In other areas, Poland gained 13.8% (+9.3% locally) while South Africa rose only 2.7% (-0.1% locally).

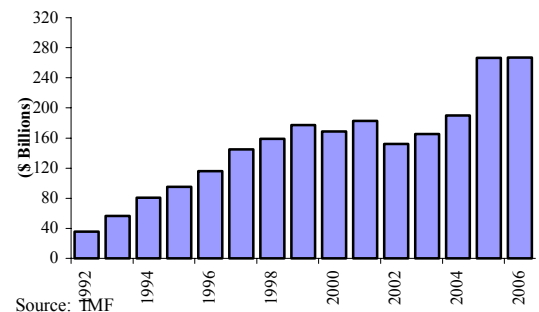
MSCI Emerging Market Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EM	4.73	15.05	45.45
Latin America	2.72	19.81	62.61
Asia	6.05	18.48	47.22
Europe & M. East	6.53	6.26	29.11
South Africa	-1.86	2.71	32.11

Crude Oil

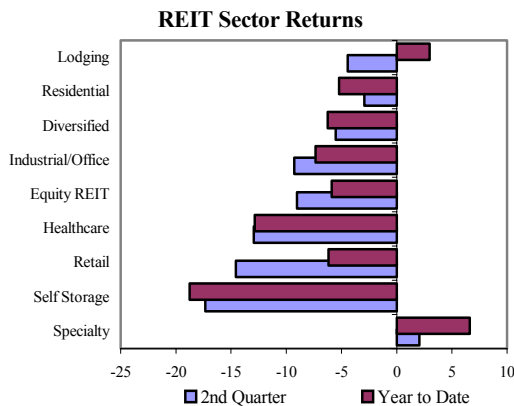
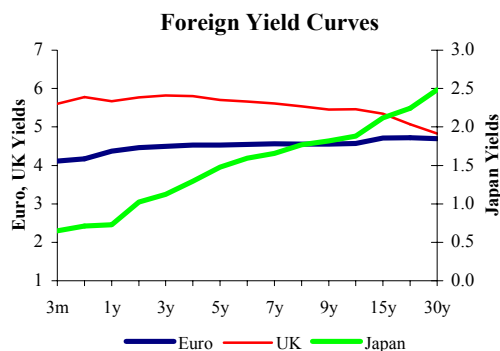


Emerging Market Private Direct Investment (net)



Global Fixed Income Returns (unhedged, \$)

	1 Mo.	3 Mos.	12 Mos.
WGBI	-0.59	-1.54	2.84
United States	-0.05	-0.41	5.47
Europe	-0.19	-0.37	6.60
Japan	-1.86	-5.23	-5.83
United Kingdom	0.04	-0.48	7.26
World BIG Ex-US	-0.55	-1.33	3.40
WGBI Non-U.S.	-0.73	-1.84	2.20
Agencies Ex-US	-0.22	-0.34	6.27
Collateralized Ex-US	-0.06	0.07	6.88
Corporates Ex-US	-0.01	0.21	7.57
EMBI+	-2.22	-1.87	11.94



Source: NAREIT Equity Index

NON-U.S. FIXED INCOME MARKETS

- The Bank of England raised rates by 25 bps to 5.50% in an effort to combat inflation. Rates increased across the curve by 25-50 bps. The yield curve became less inverted by quarter's end, carrying a slope of -77 bps as measured by the difference between the 3-month and 30-year maturities. Elsewhere, the European Central Bank (ECB) also raised rates 25 bps during the quarter to 4.00% on the heels of strong growth in the Eurozone and concerns over inflation. Interest rates increased by 19 bps on the 3-month maturity while increasing 45-52 bps on 2-30 year maturities. The euro yield curve steepened by 27 bps to a slope of 58 bps. The Bank of Japan (BOJ) held rates at 0.50% on mixed economic measurements. Rates for the 3-month maturity increased by 6 bps while rates in the belly of the curve increased by 21-28 bps. The 30-year JGB increased by 14 bps. The yield curve steepened and ended the month with a slope of 184 bps.
- The Citigroup World Government Bond Index (WGBI) returned -1.54% for the quarter on an unhedged basis. The global bond market sell-off was driven by strength in global economic activity and the continuation of Central Bank tightening campaigns in many markets. The dollar was weak versus most major currencies during the quarter with the exception of Japan. Most global bond markets posted negative returns for the quarter with the exception of Canada (+6.79%), New Zealand (+6.85%), and Australia (+5.08%) on significant dollar weakness and the continuation of carry trades favoring higher yielding markets.
- The J.P. Morgan EMBI+ Index returned -1.87% for the quarter as interest rates increased and volatility and risk aversion returned to the market. Most markets held up reasonably well except for high beta names such as Argentina (-17.02%), Venezuela (-11.13%), and Ecuador (-4.13%). Elsewhere, Brazil (-0.89%), the largest component of the Index at 21.6%, was buoyed by interest rate cuts and rating agency upgrades of its debt. The best performing market was Columbia (+1.75%) on debt rating upgrades to investment grade and debt buybacks. Emerging market local currency debt markets continue to do well in U.S. dollar terms on strength in emerging currencies and rate cuts in select markets. The EMLI+ Index returned 3.85% for the second quarter.

REAL ESTATE (REITs)

- The U.S. REIT market experienced a notable amount of volatility during the first half of the year. The FTSE/NAREIT Equity REIT Index peaked in early February, but was down 5.89% as of June 30, 2007. With April and May performance essentially flat, June's (-9.07%) poor performance dragged the Index down, producing a total return of -9.03% for the second quarter.
- Of the four major property types, Residential proved to be the best performing sector during the second quarter with a -2.93% total return. The Office sector, which began the quarter relatively strong (+2.11% in April), retreated substantially in June (-9.21%) producing a second quarter return of -8.89%. With a second quarter return of -17.32%, only Self Storage fared worse than Retail, which was down -14.55% in the second quarter.
- International real estate securities, as represented by the FTSE/EPRA NAREIT Global Ex-U.S. Real Estate Index (in U.S. dollars), outperformed the comparable U.S. index, posting a year-to-date +3.85% return as of June 30, 2007. For the second quarter, however, the Index was down (-3.63%). Globally, the FTSE/EPRA NAREIT Global Real Estate Index was essentially flat (+0.01%) year to date as of June 30, 2007 and down (-5.85%) for the second quarter. However, it was the European component (-10.88%) of the Index, not the North American (-8.40%) sector, that hampered performance the most during the second quarter, while Asia produced a positive return (+0.46%) in the quarter. As of June 30, 2007, the average global dividend yield stood at 3.27%.

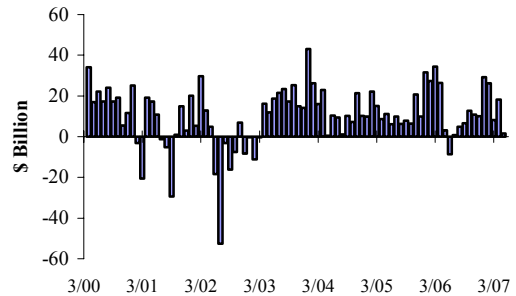
MUTUAL FUNDS

- The combined assets of the nation's mutual funds increased by \$632 billion to \$11.40 trillion in April and May of 2007. Investors added nearly \$20 billion to stock funds. Among stock funds, world equity funds (U.S. funds that invest primarily overseas) posted an inflow of \$28 billion while domestic equity funds had an outflow of \$8.25 billion. Hybrid funds witnessed inflows of roughly \$4.75 billion while taxable bonds had inflows of \$29.94 billion. Municipal bonds added \$4.91 billion and money market funds had an inflow of \$46.29 billion.

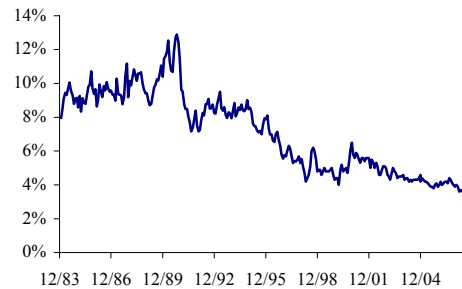
EXCHANGE TRADED FUNDS

- Total assets for exchange-traded funds (ETFs) were \$485.51 billion in May, according to the Investment Company Institute (ICI). At the end of May, there were 507 ETFs – 379 domestic equity, 103 international, and 25 bond index funds. Assets of all ETFs rose in April and May by \$41.26 billion. Investors added nearly \$11.66 billion to domestic equity, \$6.32 billion to international equity, and \$3.88 billion to bond index. Over the past 12 months, ETF assets increased \$150.27 billion, or 44.80%. Assets in domestic equity ETFs increased by \$88.91 billion since May 2006, and global equity ETFs assets rose \$53.43 billion during this period.

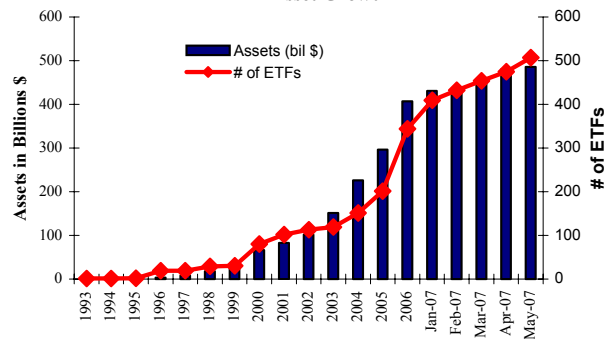
Equity Mutual Fund Net Flows



Equity Funds Cash as a Percent of Total Net Assets



ETF Asset Growth



Source: The Investment Company Institute www.ici.org

Sources: Lehman Brothers, J.P. Morgan, Standard & Poor's, Morgan Stanley Capital International, Merrill Lynch, Bloomberg, Frank Russell Company, Salomon Smith Barney, NASDAQ, IMF, NAREIT.

STATISTICAL SUMMARY
As of June 30, 2007

EQUITY MARKETS

<u>US Markets</u>	<u>Total Return</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
S&P 500	-1.66	6.28	6.96
S&P 500/CG Growth	-1.24	6.63	6.53
S&P 500/CG Value	-2.06	5.95	7.37
S&P 400	-2.18	5.84	11.98
Russell 1000	-1.91	5.89	7.18
Russell 1000 Growth	-1.49	6.86	8.13
Russell 1000 Value	-2.34	4.92	6.23
Russell 2000	-1.46	4.43	6.46
Russell 2000 Growth	-0.57	6.69	9.32
Russell 2000 Value	-2.33	2.31	3.81
NASDAQ Composite	0.01	7.70	8.17

<u>S&P 500 Sectors</u>	<u>Total Return</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
Financial	-4.15	2.11	-0.79
Utilities	-5.07	-0.38	8.84
Energy	1.76	14.77	17.22
Industrials	0.11	9.76	10.97
Materials	-0.60	7.13	16.73
Healthcare	-3.54	4.99	6.09
Consumer Staples	-1.90	2.66	4.88
Consumer Discretionary	-1.68	3.69	2.93
Information Technology	0.65	10.36	9.33
Telecommunication Svcs	-2.60	7.64	15.48

Sources: Standard & Poor's, Frank Russell Company, Bloomberg, Vestek

<u>Non-US Markets</u>	<u>Total Return</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
EAFE	0.12	6.40	10.74
EAFE Growth	0.26	6.66	11.94
EAFE Value	-0.01	6.14	9.55
AC World Free Ex-US	0.85	8.42	12.58
Japan	-0.30	-0.64	2.85
Pacific Ex-Japan	2.19	9.50	17.55
United Kingdom	1.30	7.59	10.83
Europe Ex-UK	-0.66	8.68	13.36
Emerging Markets Free	4.73	15.05	17.75

<u>MSCI EAFE Sectors</u>	<u>Total Return</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
Financials	-2.70	3.38	5.77
Utilities	-2.04	4.74	9.43
Energy	8.06	17.56	16.98
Industrials	1.38	10.16	20.03
Materials	4.54	13.75	25.65
Healthcare	-2.11	-0.37	1.14
Consumer Staples	-0.64	3.77	12.18
Consumer Discretionary	-0.52	4.43	9.42
Information Technology	3.23	9.63	9.35
Telecommunication Svcs	0.12	9.15	10.74

Sources: MSCI, Bloomberg, Vestek

FIXED INCOME MARKETS

<u>Key Rates</u>	<u>U. S. Yields</u>		
	<u>4/30/07</u>	<u>5/31/07</u>	<u>6/30/07</u>
Overnight	5.25	5.25	5.25
3- Month	4.85	4.74	4.81
2- Year	4.60	4.92	4.87
5- Year	4.51	4.86	4.93
10-Year	4.63	4.89	5.03

<u>Euro</u>	<u>Japan</u>	<u>U.K.</u>
<u>6/30/07</u>	<u>6/30/07</u>	<u>6/30/07</u>
4.00	0.50	5.50
4.12	0.65	5.60
4.46	1.03	5.77
4.53	1.48	5.70
4.57	1.88	5.46

Sources: Merrill Lynch, Bloomberg

<u>Sectors</u>	<u>Total Return %</u>		
	<u>Month</u>	<u>3 Mos.</u>	<u>YTD</u>
LB Universal	-0.42	-0.49	1.10
LB Aggregate	-0.30	-0.52	0.98
LB U.S. Government	-0.04	-0.33	1.10
LB U.S. Credit	-0.47	-0.73	0.76
LB Mortgage Backed	-0.42	-0.50	1.05
LB Municipal Bond	-0.52	-0.66	0.14
LB U.S. TIPS	-0.15	-0.76	1.73
ML US HY Master II	-1.69	0.32	3.05

<u>Mod.Adj.</u>	<u>Weighting Basis</u>	
	<u>Duration</u>	<u>MktVal</u>
4.74	--	--
4.70	100.0%	100.0%
4.48	32.2%	33.8%
6.03	28.3%	22.1%
4.13	33.3%	37.9%
6.65	--	--
6.37	--	--
4.59	--	--

Sources: Lehman Brothers, Salomon Smith Barney, Bloomberg

<u>Markets/Regions</u>	<u>U.S. Dollars %</u>		
	<u>Month</u>	<u>3-Months</u>	<u>YTD</u>
United States	-0.05	-0.41	1.00
WGBI	-0.59	-1.54	-0.41
WGBI Non-US	-0.73	-1.84	-0.77
EMBI+	-2.22	-1.87	0.58
EMLI+ (local currency index)	0.74	3.85	6.14
Euro Zone	-0.19	-0.37	0.45
United Kingdom	0.04	-0.48	-1.12
Japan	-1.86	-5.23	-3.84

<u>Local Currency %</u>	<u>Month</u>	<u>3-Months</u>	<u>YTD</u>
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-0.51	-1.31	-0.83	-0.83
-0.62	-1.55	-1.30	-1.30
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0.52	1.65	3.33	3.33
-0.71	-1.93	-1.90	-1.90
-1.37	-2.71	-3.55	-3.55
-0.51	-0.88	-0.34	-0.34

Sources: Salomon Smith Barney, JP Morgan, Bloomberg