

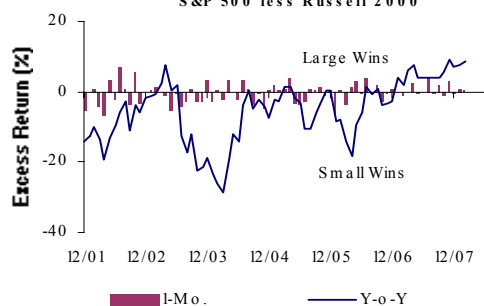
U.S. ECONOMIC BACKGROUND

Economic indicators demonstrated a trend of continued weakness as evidenced by the housing market's sustained deceleration, slowing demand, inflationary fears, and a notable plunge in consumer sentiment. Housing continues to be a drag on growth, as falling home prices and construction spending hit bottom. Annualized GDP was hampered by a faltering consumer faced with increasing food and energy costs and a weakening labor market. U.S. household-income health has been wavering, as tight credit conditions and less savings translate to less overall spending. Record oil prices (north of \$100/barrel) dampened factory output as core prices and manufacturing costs rose. Both the Producer Price Index and CPI (ex food and energy) spiked more than expected in February. The ISM Manufacturing Index reported a decline towards contraction while durable goods orders fell sharply, headlining fears for a recession. As the weak dollar continues to support export growth, its affect on manufacturing has been harmful as it has fueled price increases in dollar priced commodities used by major manufacturers. The Fed facilitated investor fear by confirming their uncertainty as to whether the economic slowdown was spreading beyond housing and Financials.

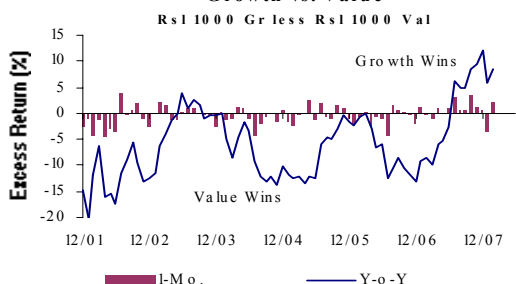
U.S. Equity Returns (%)

	1 Mo.	3 Mos.	12 Mos.
S&P 500	-3.25	-9.68	-3.60
S&P 400	-1.86	-8.08	-4.74
Russell 1000 Growth	-1.99	-9.96	0.40
Russell 1000 Value	-4.19	-8.92	-7.92
Russell 2000	-3.71	-10.33	-12.42
Russell 2000 Growth	-3.46	-11.76	-7.56
Russell 2000 Value	-3.97	-8.69	-17.12
NASDAQ Composite	-4.85	-14.46	-5.24

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	-11.25	-16.36	-26.48
Utilities	-4.91	-11.18	0.74
Energy	7.00	2.30	33.11
Industrials	-2.66	-7.51	4.04
Materials	2.08	-0.87	12.39
Healthcare	-2.26	-9.79	-1.06
Consumer Staples	-0.19	-6.28	7.70
Consumer Discretionary	-3.91	-9.68	-17.44
Information Tech	-4.00	-14.71	-0.80
Telecom Svcs	-9.60	-15.23	-10.87

EQUITY MARKETS

- Volatility ruled throughout the month, as investors were faced with news of falling profits, weaker housing, and higher inflation. All major indices were negative for February led by the Nasdaq (-4.9%), which finished at 2271 for the month. The S&P 500 was closely behind, down 3.3% to close at 1330, while the DJIA fell 2.8% (12266). February's market was reactionary, as investors quickly responded to disappointing economic news, which paved the way for huge swings in overall volatility. The slumping dollar and an unexpected drop in U.S. inventories spurred crude's 19% rise for the month, putting pressure on the markets and thwarting consumer spending. Fixated on an economic slowdown, investors reacted harshly to the news that global demand has pushed up prices of commodities while at the same time a weaker dollar makes those products more expensive to import. As the simultaneous threats from both inflation and a slowing economy grew throughout the month, fears of stagflation mounted, further bestowing volatility and negative sentiment. As the possibility of the markets gaining traction faded towards the end of the month, indices had a hard time recovering.
- For the month of February, growth stocks outperformed value stocks across the market capitalization spectrum, reversing January's results. The largest disparity between styles was among large caps, where the Russell 1000 Growth outperformed its value counterpart by 220 basis points (-2.0% vs. -4.2%). The competition was tightest among small caps where small growth outperformed small value by just 50 basis points (-3.5% vs. -4%) followed by mid growth beating mid value by roughly 180 basis points (-1.5% vs. -3.3%).
- Among capitalization segments, mid cap stocks performed best on a relative basis in February. The Russell Midcap Index was down 2.3% versus the large cap Russell 1000 Index's 3.1% loss and the small cap Russell 2000 Index's 3.7% decline. Mid cap stocks also held the somewhat dubious distinction of having a slight performance edge over their larger and smaller capitalized brethren year to date, with a negative total return of 8.7%.
- Eight of the ten GICS sectors posted negative returns during the month with Financials (-11.3%) and Telecomm Services (-9.6%) suffering the largest declines. Energy (+7.0%) and Materials (+2.1%) were the only sectors with positive returns. The largest contributors within Energy were EOG Resources (+36.0%), Devon Energy (+20.9%), and Apache Corp. (+20.3%), helped by rising oil prices. Information Technology stocks such as Yahoo (+44.8%), Hewlett Packard (+9.2%), and IBM (+6.5%) also did well, while Telecomm Services names like Sprint Nextel (-32.5%) and AT&T (-9.5%) were among detractors for month-end performance. Financials were the largest detractor to the S&P's monthly performance with the majority of stocks in the sector posting negative returns, as investors were sharply divided on whether or not the housing slump, the credit squeeze, the subprime mortgage debacle, and high oil prices would lead to a recession. Wachovia (-19.9%), Citigroup (-16.0%), and American Intl Group (-15.1%) were the largest decliners within the sector.

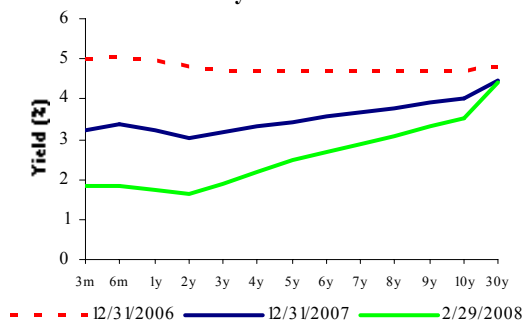
U.S. FIXED INCOME MARKETS

- February was another month where fixed income markets moved towards safety over yield. The primary pressures on the asset class were the continued negative economic headlines, the risks to the mono-line insurers, the increasing inflationary pressures, and the overall decline in the dollar. Those negative economic developments herded investors towards Treasuries causing short term yields to fall. The 2-year treasury lost 48 bps to close the month at 1.62%. The yield on the 3-month, 5-year, and 10-year Treasuries declined 10, 28, and 9 bps, respectively. The 30-year Treasury gained 8 bps on the month causing the yield curve to steepen by 18 bps. The yield curve, as measured by the 3-month and 30-year Treasuries, now has a slope of 256 bps. Swap spreads widened, especially on the short end, closing the month at 89, 87, and 71 bps for the 2-, 5- and 10-year maturities, respectively.
- The Lehman Brothers Aggregate Index returned 0.14% despite interest rate declines as risk segments experienced persistent price pressure on continued deleveraging and forced asset sales into an illiquid market. The U.S. Treasury sector was the best performing asset class returning 1.14% while all other sectors underperformed, some quite substantially. U.S. Agencies returned 0.51% (-58 bps over comparable duration Treasuries) while U.S. Credit returned 0.19% (-99 bps excess) on continued signs of a softening U.S. economy. Lower quality segments were most challenged with BBB rated issues returning -0.32% (-148 bps excess) while A and AA rated issues returned 0.31% (-84 bps) and 0.43% (-79 bps), respectively. The LB Government/Credit Index returned 0.63% (-52 bps).
- Securitized segments came under heavy price pressure with only Mortgage-Backed Securities (MBS) generating a slight positive return of 0.02% (-76 bps) for the month. Mortgages were pressured by volatility and forced selling. The most hard hit segment was CMBS, which returned -3.74% (-523 bps excess) on concern over the slowing economy and its impact on commercial real estate in addition to hedging activity in the derivatives markets. The ABS sector continued to be under siege led by the home equity (subprime mortgage) segment. The ABS sector returned -1.38% (-256 bps excess) with home equity ABS returning -6.30%.
- The Merrill Lynch High Yield Master II Index returned -1.19% as investors continued to exit risk positions. A steady flow of negative economic news, equity market declines, and an expectation of rising default rates pressured the market. Lower quality issues were severely challenged. The CCC and CC quality segments returned -1.51% and -9.58%, respectively while BB and B returned -0.81% and -1.32%, respectively. Options adjusted spreads (OAS) widened over the month to 767 bps, an increase of 72 bps from last month end as Treasury yields continued their decline and high yield bonds experienced price pressure. The yield on the Index closed the month at 10.49%.
- The Lehman Brothers Municipal Bond Index returned -4.58%. Concern over the credit ratings of municipal bond insurers caused the auction rate securities market to seize up increasing the funding costs for many municipalities. Deleveraging and forced selling of long-dated issues by Municipal Arbitrage funds was also a major drag on the segment. The worst performing segment was Insured (-5.24%) followed by Revenue (-5.22%) and General Obligation Bonds (-4.58%). The Pre-Refunded segment returned -2.23%.
- U.S. TIPS returned 1.23% as investors began to show concern over the potential for stagflation and sought refuge in TIPS. The real yield on the 5-year maturity declined to zero while the yield on the 10-year declined to 1.07%. The breakeven rate (a gauge of inflation expectations) on the 10-year maturity increased by 12 bps to 2.44%.

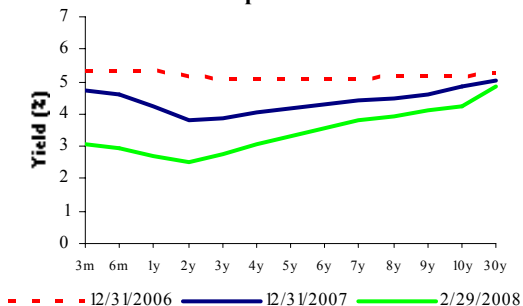
U.S. Fixed Income Returns (%)

	1 Mo.	3 Mos.	12 Mos.
LB Aggregate	0.14	2.11	7.30
LB US Government	0.95	3.59	10.75
LB US Credit	0.19	1.56	4.50
LB Mortgage Backed	0.02	2.15	7.50
LB Asset Backed	-1.38	-1.46	-0.03
ML US HY Master II	-1.19	-2.24	-2.80

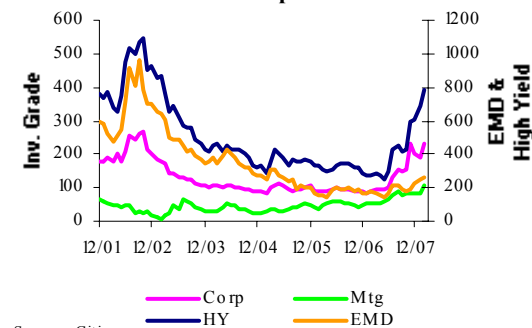
Treasury Yield Curve



Swap Curve



Sector Spreads



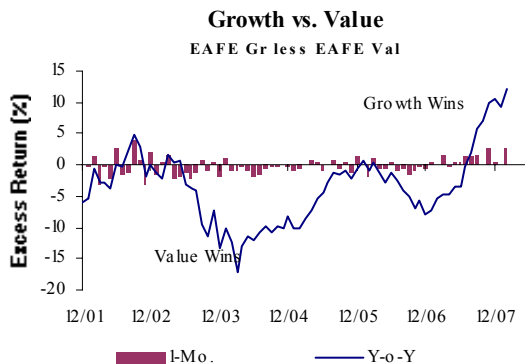
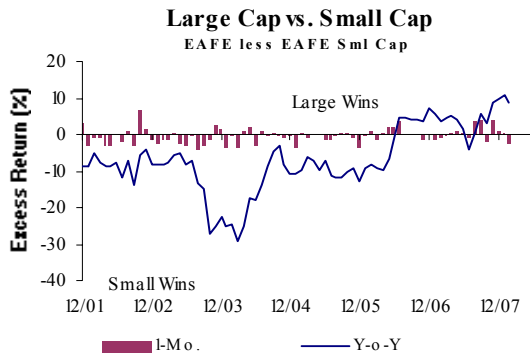
Source: Citigroup

NON-U.S. ECONOMIC BACKGROUND

In February, the non-U.S. developed and emerging markets recovered in varying degrees after the sharp decline in global markets during the prior month. Credit market turmoil and its effect on the economies in the U.S. and Europe continued to be a concern for investors. The Bank of England reduced its key interest rate by 0.25% to 5.25% amid signs of slower spending, while the Bank of Japan and the European Central Bank (ECB) each kept their main policy rates unchanged. Gold and crude oil started the month with a continuation of January's retreat. However, the retreats quickly changed to swift gains with gold and oil both achieving record highs of \$974.17/troy ounce and \$102.59/barrel, respectively, by month end. Oil's price increase was attributed to news of an unexpected drop in U.S. crude oil inventories combined with OPEC's refusal to increase oil production, while gold's price increase stemmed from an ever-weakening U.S. dollar.

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

	1 Mo.	3 Mos.	12 Mos.
EAFE	1.43	-10.01	0.84
AC World Free Ex-US	2.90	-8.40	7.79
Japan	0.69	-7.72	-12.28
Pacific Ex-Japan	1.79	-10.60	16.49
United Kingdom	0.41	-11.02	-0.62
Europe Ex-UK	2.17	-10.39	5.39



MSCI EAFE Sector Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
Financial	-1.88	-14.90	-13.74
Utilities	0.66	-7.27	15.17
Energy	7.05	-5.48	19.65
Industrials	4.19	-9.47	3.70
Materials	7.83	-2.23	26.08
Healthcare	-0.36	-8.66	-4.68
Consumer Staples	2.45	-7.01	13.62
Consumer Discretionary	0.78	-10.80	-6.81
Information Tech	1.82	-11.28	0.44
Telecom Svcs	-4.01	-12.08	12.86

NON-U.S. EQUITY MARKETS

- Amidst a continued increase in volatility, the non-U.S. developed markets recovered slightly in February after a disastrous January with a gain of 1.4% in U.S. dollars, but -0.7% in local currencies. Currency markets were again mixed versus the U.S. dollar. The euro lost some ground in early February when speculation arose of interest rate cuts by the ECB. In anticipation of more interest rate cuts by the Federal Reserve, the euro reversed course and hit an all time high versus the U.S. dollar by month end. The Japanese yen was mostly flat versus the dollar until sharp gains during the last week of the month, closing at 103.74. The pound sterling was extremely volatile versus the dollar as credit market turmoil and inflationary pressures continued to affect the U.K., however, the pound sterling closed February essentially where it started at 1.9873. The Canadian dollar remains steady versus the U.S. dollar, closing the month higher at 0.9879.
- In a reversal from January, the mega capitalization stocks performed best in February with the top quintile of the MSCI EAFE Index gaining 2.5%. The second and third quintiles lagged with performance of 0.5% and -0.1%, respectively. The fourth and fifth quintiles kept pace with the mega cap stocks gaining 2.1% and 2.3%, respectively.
- Growth stocks handily outperformed value stocks in February, as the MSCI EAFE Growth Index gained 2.8% versus the 0.2% gain of the MSCI EAFE Value Index. Growth stocks have now performed better than value stocks for the past ten consecutive months.
- Cyclical sectors performed well in February with Materials (+7.8%), Energy (+7.1%), and Industrials (+4.2%) posting gains while sectors such as Telecomm (-4.0%), Financials (-1.9%), and Health Care (-0.4%) suffered losses for the month. This is a reversal of the fourth quarter and January when investors fled cyclical stocks in favor of non-cyclical stocks.
- The developed equity markets in Europe performed similarly to the EAFE Index in February with a 1.6% gain in U.S. dollars, but a -0.3% loss in local currencies due to the continued weakness of the U.S. dollar versus European currencies. The same cyclical sectors as the EAFE Index performed well in Europe with Energy stocks Total (+5.2%) and BP (+4.0%), as well as material stocks Rio Tinto (+16.4%) and BHP Billiton (+11.4%), posting solid gains. Other sectors in Europe saw declines with Financial stocks UBS (-19.5%) and Credit Suisse (-11.1%), as well as Telecomm stocks Vodafone (-7.1%) and Telecom Italia (-16.3%), performing poorly.
- Contrary to the recent trend, the Pacific markets did not outperform the European markets in February, posting a gain of only 1.1% in U.S. dollars and a loss of 1.4% in local currencies. The local currency loss is mainly due to continuing strength of the Japanese yen and Australian dollar versus the U.S. dollar. Australia (+3.0%) and Singapore (+4.0%) performed well as Pacific region Energy (+14.9%), Materials (+6.1%), and Information Technology (+4.3%) stocks drove these countries. Hong Kong (-2.2%) and Japan (0.7%) did not keep pace, as the region's Financials (-4.6%) and Health Care (-2.3%) stocks pulled down results.

EMERGING EQUITY MARKETS

- The emerging markets performed much better than the developed markets in February with a solid rebound of 7.4% in U.S. dollars and 5.8% in local currencies. Almost all emerging markets posted gains with several posting double-digit gains including Brazil (+12.1%), China (+10.8%), Taiwan (+14.8%), and Thailand (+13.4%). All sectors had positive performance led by Materials (+14.9%) and Industrials (+10.8%). Energy stocks Gazprom (+8.9%), Petrobras (+6.1%) and Cnooc (+22.7%), as well as Materials stock Cia Vale Rio Doce (+16.6%) and Telecomm stock China Mobile (+5.2%), were some of the larger positive contributors in the emerging markets.
- The Latin American emerging countries saw similar gains as the overall emerging markets, returning 8.9% in U.S. dollars and 5.2% in local currencies. Brazil, which comprises 66% of the MSCI EM Latin America Index, accounted for much of the strong performance while last month's leader, Mexico, struggled to achieve a mere 0.6% return.
- The Asian emerging countries rebounded in February with gains of 7.4% in U.S. dollars and 6.4% in local currencies. China, Taiwan, and Korea (+5.5%) led the region due to strength in the Energy, Materials, and Industrials sectors while India (-2.4%), Malaysia (-0.3%), and the Philippines (-4.1%) declined due to weakness in the Financial, Industrial, and Telecomm sectors.
- Eastern Europe and Middle Eastern emerging countries showed strength as well with a 6.0% return in U.S. dollars and 5.4% return in local currencies. Russia and Israel, which make up 62% of the MSCI EM Europe & Middle East Index, led the region with gains of 7.5% and 5.5%, respectively, due to strong performance in the Health Care and Materials sectors. Other countries, such as Poland (+3.5%) and Turkey (+1.0%), did show some positive performance, but weakness in the Financial sector caused them to lag.

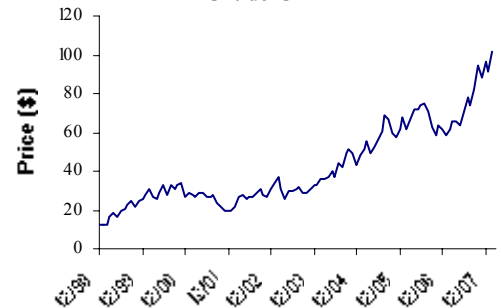
NON-U.S. FIXED INCOME MARKETS

- The Bank of England cut their target rate by 25 bps to 5.25% in February. The BOE cited concerns about the global economy as well as the softening of consumer spending as the rationale for the cut. Prospects for further cuts are uncertain given their cautious stance on inflation, particularly from food and energy. The U.K. yield curve steepened as the yield on the 30-year maturity increased 5 bps while the 2- and 5-year maturities declined by 22 and 14 bps, respectively. The European Central Bank maintained its hawkish stance on inflation and held rates steady at 4.00%. While short rates and long rates remained largely unchanged on inflation concerns, rates in the belly of the curve declined by 18-21 bps on concerns over the potential for a U.S. led global slowdown. The Bank of Japan held rates steady at 0.50%. Rates on the front end of the curve increased modestly while rates for maturities greater than 2 years declined. The yield curve flattened by 12 bps to a slope of 169 bps.
- The Citigroup World Government Bond Index (WGBI) had a strong month, returning 2.44% on an unhedged basis. Global sovereign debt benefited from flight-to-quality flows and concerns over economic slowing. The U.S. dollar weakened against most major currencies. Australia and Canada were the best performing sectors, returning 4.85% and 4.60%, respectively, on currency strength while the worst performing country was the United Kingdom (+0.32%) as its rate cut kept Sterling currency movements in check versus the U.S. dollar.
- The J.P. Morgan EMBI+ Index returned -0.27% on concerns over inflation and the selloff in global equity markets. Risk aversion was a dominant theme on heightened concerns over the health of the U.S. economy and its impact on developing countries. The best performing country in the Index was Ecuador (+2.30%), followed by Mexico (+1.50%); the worst performing countries were higher beta names such as Venezuela (-1.74%), Turkey (-1.86%), and Argentina (-3.59%).

MSCI Emerging Market Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EM	7.42	-5.62	33.60
Latin America	8.82	3.43	55.34
Asia	7.42	-8.40	32.80
Europe & M. East	6.02	-6.40	22.98
South Africa	5.84	-11.69	7.83

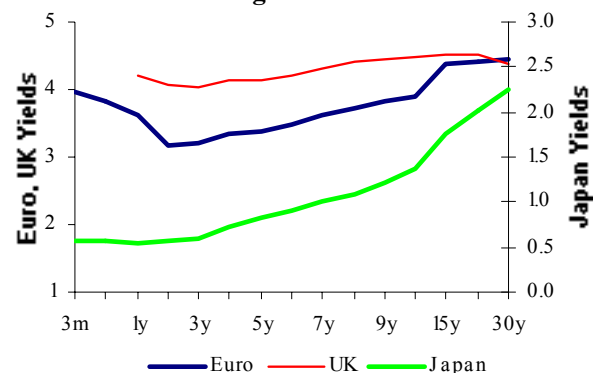
Crude Oil



Global Fixed Income Returns (unhedged, \$)

	1 Mo.	3 Mos.	12 Mos.
WGBI	2.44	5.71	16.79
United States	1.12	3.78	11.37
Europe	2.77	5.30	18.21
Japan	2.65	7.79	17.41
United Kingdom	0.32	-0.89	7.16
World BIG Ex-US	2.72	5.81	17.81
WGBI Non-U.S.	2.76	6.17	18.17
Agencies Ex-US	3.07	6.30	19.51
Collateralized Ex-US	2.87	5.65	18.41
Corporates Ex-US	2.21	3.49	13.97
EMBI+	-0.27	1.01	5.46

Foreign Yield Curves



STATISTICAL SUMMARY

As of February 31, 2008

EQUITY MARKETS

US Markets	Total Return			S&P 500 Sectors	Total		
	Month	3 Mos	YTD		Month	3 Mos	YTD
S&P 500	-3.25	-9.68	-9.05	Financial	-11.25	-16.36	-11.56
S&P 500/CG Growth	-1.30	-9.41	-9.56	Utilities	-4.91	-11.18	-11.41
S&P 500/CG Value	-5.21	-9.96	-8.52	Energy	7.00	2.30	-4.68
S&P 400	-1.86	-8.08	-7.91	Industrials	-2.66	-7.51	-6.96
Russell 1000	-3.06	-9.47	-8.88	Materials	2.08	-0.87	-1.94
Russell 1000 Growth	-1.99	-9.96	-9.63	Healthcare	-2.26	-9.79	-6.97
Russell 1000 Value	-4.19	-8.92	-8.03	Consumer Staples	-0.19	-6.28	-5.38
Russell 2000	-3.71	-10.33	-10.28	Consumer Discretionary	-3.91	-9.68	-5.14
Russell 2000 Growth	-3.46	-11.76	-12.31	Information Technology	-4.00	-14.71	-15.99
Russell 2000 Value	-3.97	-8.69	-7.91	Telecommunication Svcs	-9.60	-15.23	-17.83
NASDAQ Composite	-4.85	-14.46	-14.23				

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

Non-US Markets	Total Return			MSCI EAFE Sectors	Total		
	Month	3 Mos	YTD		Month	3 Mos	YTD
EAFE	1.43	-10.01	-7.94	Financials	-1.88	-14.90	-11.75
EAFE Growth	2.72	-8.72	-6.73	Utilities	0.66	-7.27	-6.59
EAFE Value	0.13	-11.31	-9.16	Energy	7.05	-5.48	-7.39
AC World Free Ex-US	2.90	-8.40	-7.06	Industrials	4.19	-9.47	-6.85
Japan	0.69	-7.72	-3.91	Materials	7.83	-2.23	-0.46
Pacific Ex-Japan	1.79	-10.60	-8.54	Healthcare	-0.36	-8.66	-4.48
United Kingdom	0.41	-11.02	-8.56	Consumer Staples	2.45	-7.01	-6.23
Europe Ex-UK	2.17	-10.39	-9.20	Consumer Discretionary	0.78	-10.80	-8.83
Emerging Markets	7.42	-5.62	-5.96	Information Technology	1.82	-11.28	-8.33
				Telecommunication Svcs	-4.01	-12.08	-10.61

Sources: MSCI, Bloomberg, Vestek

FIXED INCOME MARKETS

Key Rates	U. S. Yields			Euro	Japan	U.K.
	12/31/2007	1/31/2008	2/29/2008			
Overnight	4.25	3.00	3.00	4.00	0.50	5.25
3- Month	3.25	1.95	1.85	3.96	0.57	5.25
2- Year	3.06	2.10	1.62	3.16	0.57	4.07
5- Year	3.44	2.76	2.48	3.37	0.84	4.12
10-Year	4.03	3.60	3.51	3.89	1.37	4.47

Sources: Merrill Lynch, Bloomberg

Sectors	Total Return %			Mod.Adj. Duration	Weighting Basis	
	Month	3 Mos.	YTD		Duration	MktVal
LB Universal	0.00	1.74	1.45	4.48	--	--
LB Aggregate	0.14	2.11	1.82	4.39	100.00%	100.00%
LB U.S. Government	0.95	3.59	3.36	4.81	35.30%	32.30%
LB U.S. Credit	0.19	1.56	1.40	6.23	32.60%	23.00%
LB Mortgage Backed	0.02	2.15	1.86	2.90	25.60%	38.80%
LB Municipal Bond	-4.58	-3.11	-3.37	7.95	--	--
LB U.S. TIPS	1.23	5.07	5.24	6.82	--	--
ML US HY Master II	-1.19	-2.24	-2.53	4.75	--	--

Sources: Lehman Brothers, Salomon Smith Barney, Bloomberg

Markets/Regions	U.S. Dollars %			Local Currency %		
	Month	3-Months	YTD	Month	3-Months	YTD
United States	1.12	3.78	3.70	---	---	---
WGBI	2.44	5.71	6.24	0.60	2.38	2.36
WGBI Non-US	2.76	6.17	6.86	0.48	2.04	2.03
EMBI+	-0.27	1.01	0.41	---	---	---
EMLI+ (local currency)	1.92	3.90	3.33	0.45	1.63	1.08
Euro Zone	2.77	5.30	6.18	0.44	2.50	2.62
United Kingdom	0.32	-0.89	1.04	0.26	2.44	1.11
Japan	2.65	7.79	8.35	0.50	1.16	0.97

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