

U.S. ECONOMIC BACKGROUND

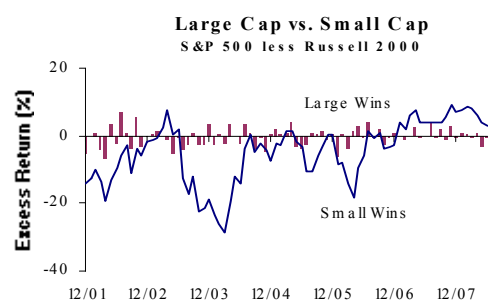
Second quarter economic data was not encouraging, with oil prices continuing to rise, sustained weakness in the housing market, and rising unemployment. During the second quarter, consumer confidence hit a twenty-six-year low, crude oil prices soared to more than \$140 a barrel, and the manufacturing sector continued to contract. Elevated oil prices have been both a hindrance to economic growth and a concern for inflation. Rising energy prices discouraged consumer spending on other goods and services. Prices for food and other commodities have been rising along with oil. Both the Producer Price Index and CPI rose, restoring fears of inflation. The job market continued to weaken, with rising unemployment claims and falling payrolls. America's housing market showed no signs of recovery. Housing starts were down from last quarter and housing inventories remained high. After seven interest rate cuts since last September, the Federal Reserve policy makers held the Fed's key interest rate steady at 2.0% as of their June meeting. The Fed said that the dangers to GDP growth had diminished somewhat but that inflation risks had increased. Consensus is that the Fed's next move will be to raise interest rates to slow the pace of inflation.

U.S. Equity Returns (%)

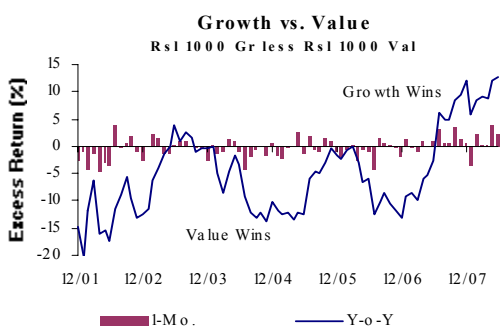
	1 Mo.	3 Mos.	12 Mos.
S&P 500	-8.43	-2.73	-13.12
S&P 400	-7.03	5.43	-7.33
Russell 1000 Growth	-7.20	1.26	-5.96
Russell 1000 Value	-9.57	-5.32	-18.79
Russell 2000	-7.70	0.58	-16.19
Russell 2000 Growth	-5.96	4.47	-10.83
Russell 2000 Value	-9.60	-3.55	-21.63
NASDAQ Composite	-9.06	0.82	-11.19

U.S. EQUITY MARKETS

- The second quarter of 2008 was the worst performing second quarter since 2002. All major equity indices with the exception of the NASDAQ Composite finished the quarter negative. The NASDAQ Composite rose 0.8%, to finish at 2,293; the S&P 500 fell 2.7%, to end the quarter at 1,280; and the Dow Jones Industrial Average lost 6.8%, to end the quarter at 11,350. On a year-to-date basis, the DJIA (-13.4%) trails the NASDAQ Composite (-13.2%) and the S&P 500 (-11.9%). In June, the S&P 500 Index fell 8.4%, its worst June since 1930. April and May offered somewhat of a break before June's massive sell-off. The instability felt in the market was intensified by continued economic weakness, write-downs by financial firms, and rising energy and commodity prices. Oil continued to reach new highs during the quarter while the dollar set new lows.



- According to the Russell indices, for the second quarter, growth stocks outperformed their value counterparts across the market capitalization range. The largest disparity between styles was among small caps, where small growth outperformed small value by 802 basis points (+4.5% vs. -3.6%). The gap was smallest among mid caps where mid growth outperformed mid value by 458 basis points (+4.7% vs. +0.1%), followed by the large caps, where large growth outperformed its value counterpart by 658 basis points (+1.3% vs. -5.3%).



- The quarter ended with modest differentiation across the performance of market capitalization segments. With some advantage as investors pursued mid cap stocks, the Russell 1000 Index returned -1.9%, the small cap Russell 2000 Index gained 0.6%, and the Russell MidCap Index gained 2.7%.

- Four of the GICS sectors posted positive gains during the second quarter with Energy (+17.3%) and Utilities (+8.0%) posting the largest gains; Financials (-18.3%) and Industrials (-10.1%) posted the largest losses. Energy stocks had the greatest positive impact on the S&P 500 return where large contributors were Chevron (+16.9%), Exxon (+4.7%), Conoco Phillips (+24.5%), and Schlumberger (+23.7%). Energy stocks rose as crude oil prices soared past \$140 a barrel. Utilities stocks, such as Exelon (+11.4%) and FirstEnergy Corp (+20.8%), performed well amid the current demand for alternative energy sources including nuclear power. Within the hard hit Financials sector, Bank of America (-35.8%), Citigroup (-20.8%), Wachovia (-41.6%), and AIG (-38.5%) tumbled among continuing concerns of global write-downs and credit losses. Industrials stocks, such as General Electric (-27.1%), 3M (-11.5%), Boeing (-11.2%) and United Technologies (-10.0%), were hurt by rising gas prices and a weak U.S. economy.

S&P Sector Returns (%)

	1 Mo.	3 Mos.	12 Mos.
Financial	-18.35	-18.31	-42.37
Utilities	-0.76	7.98	6.62
Energy	2.30	17.33	24.86
Industrials	-12.22	-10.09	-12.80
Materials	-5.51	4.43	6.31
Healthcare	-4.64	-1.23	-11.73
Consumer Staples	-6.43	-5.33	0.73
Consumer Discretionary	-12.09	-7.79	-26.80
Information Tech	-9.22	2.51	-7.52
Telecom Svcs	-11.50	-4.12	-19.82

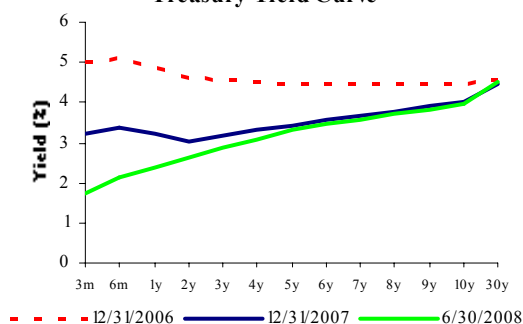
U.S. FIXED INCOME MARKETS

- During the second quarter of 2008, interest rates increased across the curve as inflation and oil prices climbed. The Federal Reserve lowered its key interest rate by 25 bps to 2.00% at the April 30th meeting, and then held that rate steady at the June 25th meeting. Market expectations are that the Fed may be at the end of the rate cutting cycle as its attention turns toward slowing the rate of inflation. Over the quarter, the yields on the 3-month, 2-year, 5-year, and 10-year Treasuries increased by 42, 103, 89, and 56 bps, respectively. The 30-year Treasury yield increased 23 bps to 4.53%, causing the yield curve (as measured by the 3-month to 30-year Treasuries) to flatten by 18 bps to a slope of 279 bps. Swap spreads widened by 4-10 bps; the 2-, 5-, and 10- year maturities closed the quarter at levels of 92, 92, and 70 bps, respectively.
- The Lehman Brothers Aggregate Index returned -1.02% for the quarter on rising interest rates. Treasuries were the worst relative performers returning -2.10%, on increasing inflation concerns and greater appetite for risk assets. Agencies returned -1.48% (7 bps excess return over comparable duration Treasuries). U.S. Credit returned -0.90% (+134 bps excess) as investor demand was strong despite a headwind of new issuance. The higher yielding BBB rated segment of the Index outperformed the other segments returning 0.13% (244 bps excess). The strongest performing sectors were communications and telecom. AAA rated issues returned -1.09% (42 bps excess), AA rated issues returned -1.67% (58 bps excess) and A rated issues returned -0.89% (137 bps excess). The LB Government/Credit Index returned -1.51% (54 bps excess) for the quarter.
- Securitized sectors outperformed Treasuries returning -0.42% (77 bps excess) as investors sought out relative bargains and some liquidity returned to the market. Commercial mortgage backed securities (CMBS) had the best relative performance returning 0.18% (260 bps excess). The Asset Backed Securities (ABS) sector returned -0.80% (78 bps excess) on strong demand. Auto loans and Credit Cards, particularly the fixed rate issues, contributed to the performance returning 1.29% (204 bps excess) and 0.47% (232 bps excess), respectively, while the weakest segment continued to be Home Equity (subprime) ABS returning -6.91% (-504 bps excess) for the quarter.
- The Merrill Lynch High Yield Master II Index returned 1.81% for the quarter as investors sought to take advantage of the higher yields. CCC rated issues outperformed all other segments returning 4.30%. BB and B rated issues returned 1.40% and 1.50%, respectively. Brokerage issuers rebounded over the quarter and were the best performing sector, returning 14.63%. Amid increasing demand for their products, telecom equipment manufacturers and agricultural issuers performed well, returning 10.39% and 9.61%, respectively. Automotive issuers were the worst performers returning -11.93%, as economic weakness and high gas prices continued to put pressure on new car sales. The option adjusted spread for the Index narrowed by 86 bps to 735 bps, while the yield to worst decreased 5 bps to 10.87%.
- The Lehman Brothers Municipal Bond Index returned 0.63% as cross-over buyers entered into the markets seeking bargains in tax exempt securities compared to Treasuries. The best performing bond sector was Insured Bonds, which returned 0.98%, followed by Revenue Bonds (+0.86%), General Obligation Bonds (+0.66%), and Pre-Refunded Bonds (-0.50%).
- U.S. TIPS returned -0.28% as rising inflation expectations offset the increase in yields. Since the end of the first quarter, breakevens on the 5- and 10-year TIPS climbed 31 and 22 bps to close the quarter at 2.65% and 2.54%, respectively.

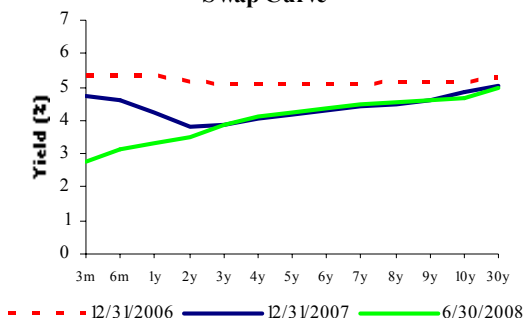
U.S. Fixed Income Returns (%)

	1 Mo.	3 Mos.	12 Mos.
LB Aggregate	-0.08	-1.02	7.12
LB US Government	0.58	-1.91	9.68
LB US Credit	-0.53	-0.90	3.81
LB Mortgage Backed	-0.06	-0.49	7.83
LB Asset Backed	-0.48	-0.80	-2.08
ML USHY Master II	-2.68	1.81	-2.11

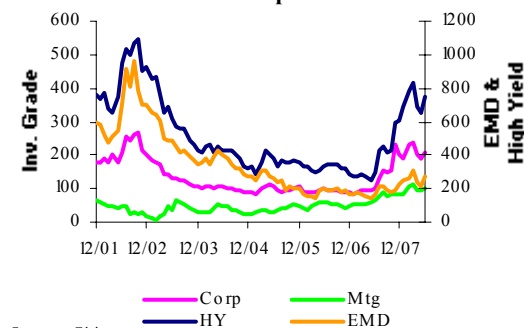
Treasury Yield Curve



Swap Curve



Sector Spreads



Source: Citigroup

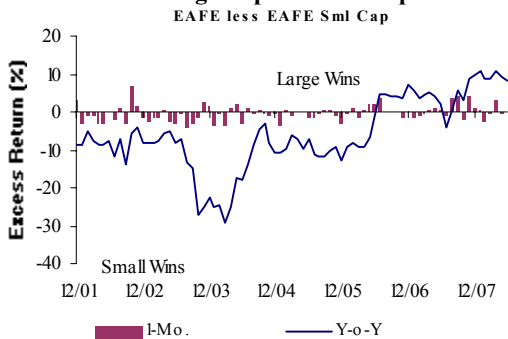
NON-U.S. ECONOMIC BACKGROUND

The fear of global inflation was the predominant theme in the non-U.S. markets during the second quarter as several major economies have tried to gear their policies toward simultaneously combating rising prices and attempting to spur growth. While some major governments kept their main policy rates steady, the ECB expects to raise interest rates in July and Brazil raised its interest rates twice. Some materials-driven companies have been forced to pass on cost increases in their prices. Chinese steelmakers raised iron ore prices by 96% in June. China, India, Taiwan and Indonesia all cut their energy subsidies despite rising prices. The U.S. Midwest flooding caused global food prices to soar as millions of acres of corn and soybean crops were lost. Airlines are expected to lose \$2.3 billion due to soaring fuel costs. Eurozone production fell for the first time in five years while its inflation rose to its highest level in 16 years.

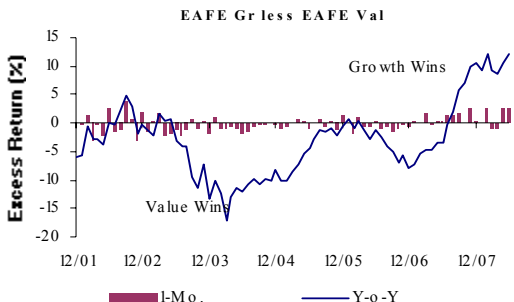
MSCI Non-U.S. Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EAFE	-8.18	-2.25	-10.61
AC World Free Ex-US	-8.20	-0.86	-6.20
Japan	-6.82	2.47	-12.04
Pacific Ex-Japan	-7.45	1.48	-1.83
United Kingdom	-6.27	-0.80	-13.21
Europe Ex-UK	-9.80	-5.64	-10.42

Large Cap vs. Small Cap



Growth vs. Value



MSCI EAFE Sector Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
Financial	-13.19	-10.71	-25.51
Utilities	-4.44	1.17	6.67
Energy	-2.85	17.47	9.66
Industrials	-9.01	-2.05	-11.85
Materials	-3.89	9.64	11.04
Healthcare	-0.41	1.94	-4.31
Consumer Staples	-9.44	-9.21	-3.09
Consumer Discretionary	-10.07	-8.09	-20.97
Information Tech	-9.25	0.36	-15.04
Telecom Svcs	-6.24	-0.74	-2.36

NON-U.S. EQUITY MARKETS

- After a brighter outlook in April and May leading to positive gains, investors in the non-U.S. developed markets became fearful of prolonged financial turmoil in June, resulting in the MSCI EAFE Index returning -2.3% in U.S. dollars (-0.9% in local currencies) for the second quarter. The U.S. dollar was mixed versus the other major currencies. The euro was erratic, reaching a record high of 1.5992 on April 22, falling as low as 1.5381 on June 13, and ending the quarter near where it started at 1.5755 versus the U.S. dollar. The British pound was just as erratic before closing the quarter slightly higher than the March-end level of 1.9923. The Canadian dollar remained mostly flat versus the U.S. dollar, closing at 1.0215. The Japanese yen and Australian dollar lost ground to the U.S. dollar throughout the quarter due to inflationary concerns in each economy, closing at 106.21 and 0.9586, respectively.

- Large capitalization stocks proved to be the better investment during the second quarter, reflecting the market sentiment shown in 2007 where investors sought safer investments. The MSCI EAFE Large Cap Index fell 1.8% during second quarter; the MSCI EAFE Mid and Small Cap Indices declined 4.1% and 4.5%, respectively.

- Growth stocks continued their strong run that has now lasted 18 months, as value stocks have struggled to keep up. The MSCI EAFE Growth Index was essentially flat for quarter with a meager gain of 0.02% whereas the MSCI EAFE Value Index tumbled 4.6% over the same period. Over the past 12 months, the spread between two indices has reached 12.2%.

- The Energy (+17.5%) and Materials (+9.6%) sectors dominated the EAFE markets amid continued concerns regarding the weakened supply coupled with the heightened demand for oil, metals, and other commodities. The Financials sector dropped 10.7% as concerns over more write-downs of asset-backed securities and the likelihood of further defaults on mortgages, home equity loans, and credit card debt continued to worry investors. The Consumer Staples (-9.2%) and Consumer Discretionary (-8.1%) sectors also struggled as consumer spending declined in the U.S. and Europe at the same time as materials costs rose.

- The developed markets in Europe lagged their Pacific region counterparts during the second quarter with the MSCI Europe Index returning -4.2% in U.S. dollars and -3.6% in local currencies. Austria (+5.1%) and Norway (+13.5%) were the only countries within the region to register a positive return, while countries such as Belgium (-19.5%), Ireland (-17.7%), and Greece (-13.0%) struggled mightily. The United Kingdom proved resilient (-0.8%) due to the strength of its overseas Energy and Materials companies such as BP (+15.3%), Royal Dutch Shell (+16.7%), and BHP Billiton (+28.6%). European Financials continue to suffer heavy losses resulting from the credit crisis as Halifax Bank of Scotland (-50.6%), Barclays (-33.8%), RBS (-25.6%), and UBS (-18.9%) all declined.

- The Pacific region developed markets showed strength in the quarter as the MSCI Pacific Index rose 2.2% in U.S. dollars and 5.4% in local currencies. Australia (+4.0%) was a strong performer as its Energy (+40.9%), Materials (+20.7%), and Utilities (+36.2%) sectors all soared on rising commodities prices. Japan (+2.5%) also performed well for the quarter on the strength of its Information Technology companies Nintendo (+10.5%) and Canon (+12.8%), and its Financials firms Mizuho (+27.6%) and Sumitomo Mitsui (+14.4%). Consumer-driven companies in the Pacific region such as Woolworth's (-11.4%), Japan Tobacco (-14.8%), and Kirin (-16.8%) fell due to consumer spending concerns.

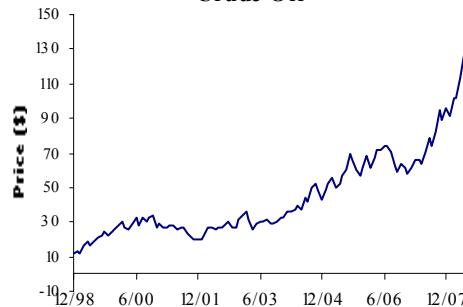
EMERGING EQUITY MARKETS

- The emerging markets followed the same pattern as the developed markets with positive gains in April and May followed by a sharp retreat in June. For the quarter, the MSCI Emerging Markets Index fell slightly by -0.8% in U.S. dollars (-1.5% in local currencies). As expected, the leading sectors were the Energy (+16.9%) and Materials (+4.9%) sectors that are the benefactors of the continued rise in commodities prices. PetroBras (+37.7%), Gazprom (+15.8%), Lukoil (+17.0%), and Cnooc (+17.8%) all performed well. Industrials (-15.0%) struggled the most as increased production costs weighed heavily on the margins for companies like Hyundai Heavy Industries (-17.2%) and Empresas Copec (-32.0%). The Telecom Services (-6.8%) sector also pulled back as companies such as America Movil (-16.8%) and China Mobile (-8.9%) are experiencing slowdowns and competition in new subscriber growth.
- Latin America continues to be the strongest region worldwide as the MSCI EM Latin America Index rose 11.0% in U.S. dollars (+4.5% in local currencies). Argentina (+35.4%) achieved significant gains for the quarter on the strength of its Energy and Materials companies Tenaris (+57.4%) and Siderar (+23.6%). Brazil (+18.4%) also rose due to its Energy and Materials companies PetroBras and Cia Vale Rio Doce but also saw strength in Financials following Brazil's achievement of investment grade status. Chile (-11.6%) struggled primarily from weakness in its Industrials (e.g., Empresas Copec) and Mexico (-4.5%) fell due to weakness in its Telecom Services (e.g., America Movil).
- The emerging markets countries of Asia continued their slide this year as the MSCI EM Asia Index returned -9.1% in U.S. dollars (-6.6% in local currencies) for the quarter as concerns over slowing global consumer spending negatively affected a region full of exporters. India (-19.7%) continues to suffer dramatically this year with the majority of its sectors falling by double-digits during the second quarter, specifically Financials (-30.1%) and Industrials (-36.2%). China (-3.5%) held up relatively well within the EM Asia region as its Energy (+9.2%) sector buoyed the country. Its Financials sector (-1.5%) also held up fairly well on strength by China Life Insurance (+3.5%).
- European and Middle Eastern emerging countries experienced significant gains during the second quarter with the MSCI EM Europe & Middle East Index gaining 7.9% in U.S. dollars (+5.4% in local currencies). Several countries posted double-digit gains with Russia (+11.0%) rising due to the force of its Energy sector (+16.4%), specifically oil companies Gazprom and Lukoil. Poland (-8.1%) and Turkey (-1.1%) were the lone negative performers in the region as political turmoil took its toll on those countries. South Africa rose 4.5% for the quarter as its Materials sector (+4.8%) buoyed the country due to rising metals prices, particularly platinum.

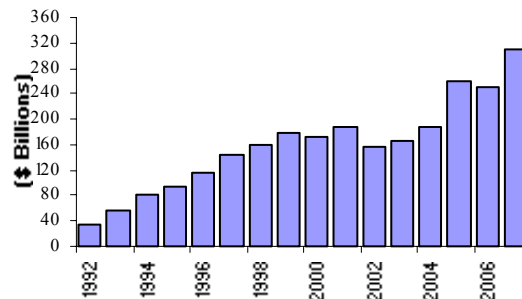
MSCI Emerging Market Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EM	-9.96	-0.80	4.89
Latin America	-7.66	10.96	29.72
Asia	-12.45	-9.08	-6.92
Europe & M. East	-6.55	7.89	15.31
South Africa	-9.36	4.53	-4.54

Crude Oil



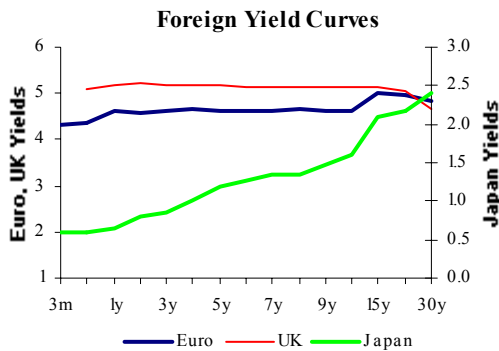
Emerging Market Private Direct Investment (net)



Source: IMF

Global Fixed Income Returns (unhedged, \$)

	1 Mo.	3 Mos.	12 Mos.
WGBI	0.45	-4.23	17.00
United States	0.83	-2.11	10.32
Europe	0.31	-3.40	18.37
Japan	0.65	-7.37	20.00
United Kingdom	0.03	-3.66	5.55
World BIG Ex-US	0.36	-4.19	18.16
WGBI Non-U.S.	0.36	-4.72	18.72
Agencies Ex-US	0.30	-3.45	19.58
Collateralized Ex-US	0.44	-3.21	18.12
Corporates Ex-US	0.30	-1.66	14.14
EMBI+	-2.41	-1.09	5.16

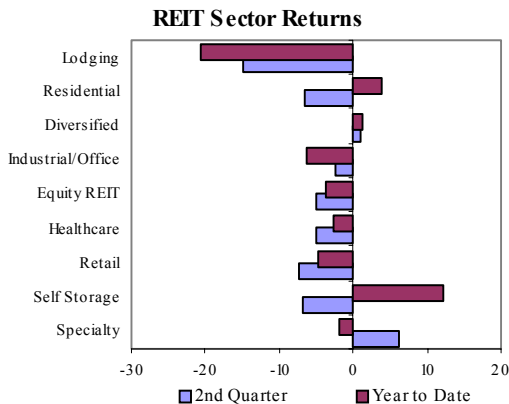


NON-U.S. FIXED INCOME MARKETS

- The Bank of England (BOE) cut its target rate by 25 bps to 5.00%. The BOE's view on the overall health of the economy is mixed. Positives are seen in the increasing liquidity and narrowing of spreads in the financial system, but a slowing rate of economic growth in the broad U.K. economy is a major cause of concern and prompted the cut. The U.K. yield curve has inverted over the course of the quarter as the 2-year and 5-year maturities increased by 140 and 128 bps to 5.23% and 5.18%, respectively. The yield on the 30-year maturity increased by only 30 bps to 4.68%. The European Central Bank (ECB) held rates steady at 4.00% throughout the period while expressing concern about rising inflation, particularly in energy and food prices. The European yield curve flattened by 5 bps as the yields on the 3-month and 30-year maturities rose by 36 and 31 bps, respectively. The largest increases came in the belly of the curve where the yields on the 2- and 5-year maturities increased by 117 and 114 bps, respectively. The Bank of Japan kept its benchmark rate steady at 0.50%. The Japanese yield curve remained unchanged at a slope of 181 bps. Larger increases in yields took place in the belly of the curve where the 5- and 10-year maturities increased by 43 and 32 bps, respectively.
- The Citigroup World Government Bond Index (WGBI) returned -4.23% on an unhedged basis as interest rates increased globally on inflation concerns. The worst performing country was Japan, which returned -7.37% as the dollar strengthened significantly against the yen. Most bond markets in Europe had negative returns as inflation and rising rates negatively impacted their local bond markets. The strongest performing countries were Australia and Poland, which returned 4.74% and 3.31%, respectively, on their currency strength against the dollar. Malaysia was also a notable underperformer as it was impacted by rising interest rates and returned -5.21%.
- The J.P. Morgan EMBI+ Index returned -1.10% for the quarter. The best and worst performing countries were in Latin America. Ratification of a free trade agreement between the United States and Colombia helped spur a 4.36% return for Colombia, and a strengthening economy in Ecuador led to a 6.53% return. Political and economic risk in Venezuela and Argentina resulted in very poor returns of -5.71% and -10.06%, respectively.

REAL ESTATE (REITs)

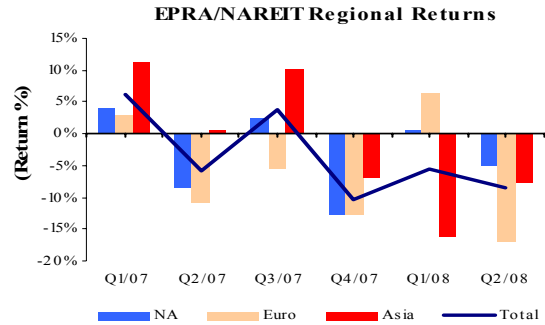
- As with many stock markets around the world, volatility in the U.S. REIT market continued during the second quarter of 2008. The FTSE/NAREIT Equity REIT Index was up in April (+5.9%) and May (+0.8%) but fell materially in June (-10.9%). Overall, the Index finished down (-4.9%) for the quarter. Although property fundamentals remain largely sound and REITs are reporting earnings in line with expectations, uncertainty in the capital markets remain, negatively impacting investor sentiment and contributing to further volatility in the REIT market.
- Performance for U.S. REITs was generally weak across all property types during the quarter. While specialty REITs showed the strongest results (+6.3%), they consist mostly of timber companies. Within the combined Industrial/Office category, Office (-0.2%) outperformed the broader Index while Industrial (-7.4%) was a laggard. Renewed concerns over the financial sector may prove to be a drag on the Office segment going forward. While the Retail (-7.3%) and Residential (-6.5%) sectors also underperformed during the quarter, the Lodging/Resorts sector (-15.0%) was the poorest performer, as the slowing economy and high fuel costs continued to hurt both business and leisure travel. On a positive note, the dividend yield for the U.S. REIT Index as of quarter end stood at 5.3%.



Source: NAREIT Equity Index

REAL ESTATE (REITs) continued

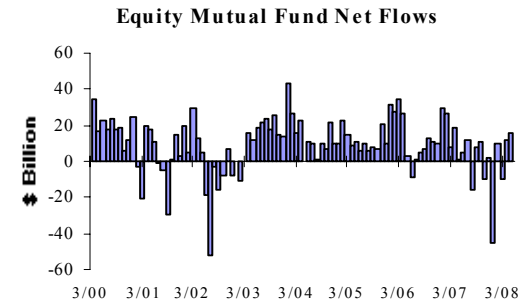
- Global real estate securities had a weak quarter as well, and stocks in all the three major geographic regions largely rose and fell in tandem over the period. The FTSE/EPRA NAREIT Global Real Estate Index (in USD) ended the quarter down (-8.6%), with each region simultaneously falling strongly in June. For the quarter, North America (-5.0%) and Asia-Pacific (-7.7%) real estate securities outperformed the global Index, while Europe (-17.0%) underperformed significantly. The U.K. was a primary culprit for the poor performance in Europe, as rising inflation, a weak housing market and London's susceptibility to the global financial crisis all played a role in the weak performance. Even as real estate prices adjusted downwards, European REITs appear to be trading at the most significant discounts to NAV compared to other regions.
- The Asia-Pacific region, which had the strongest start to the quarter (+11.7% in April), also experienced the most precipitous fall in June (-13.4%) and remained the poorest-performing region on a year-to-date basis (-23.9%). For the quarter, Asia property stocks were down 7.7%. During the quarter, Hong Kong underperformed (-10.8%) the broader market as rising mortgage rates dampened sentiment in the residential sector, while Chinese development companies experienced a sell-off due to credit concerns and shortfalls in expected sales. Japan experienced some profit taking after a strong start to the quarter but nevertheless led the region in performance (+5.1%). Concerns over rising cap rates, asset write-downs, and dividends cutbacks due to deleveraging pushed Australia property stocks down (-14.5%) during the quarter.



Source: FTSE EPRA/NAREIT (Data as of 6/30/08)

MUTUAL FUNDS

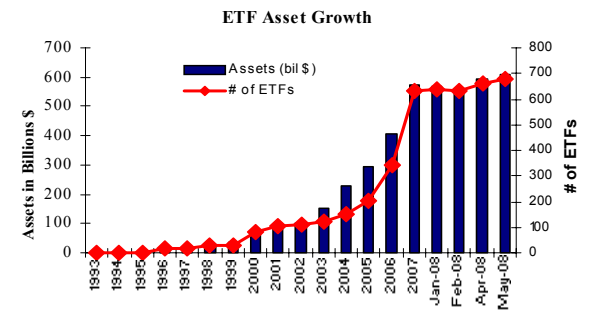
- The combined assets of the nation's mutual funds increased by \$568 billion to \$12.29 trillion in April and May of 2008. Stock funds posted an inflow of \$28 billion. Among stock funds, world equity funds (U.S. funds that invest primarily overseas) posted an inflow of \$14.4 billion while domestic funds had an inflow of \$13.7 billion. Hybrid funds witnessed inflows of roughly \$4.7 billion while taxable bonds had inflows of \$34.4 billion. Municipal bonds added \$8.5 billion and money market funds had an outflow of \$1 billion.



EXCHANGE TRADED FUNDS

- Total assets for exchange-traded funds (ETFs) were \$610 billion in May, according to the Investment Company Institute (ICI). At the end of May there were 680 ETFs – 424 domestic equity, 186 international equity, 6 hybrid index and 64 bond index. Assets of all ETFs rose in April and May by \$39 billion. Investors added nearly \$125 billion to domestic equity and \$91 billion to international equity. Assets of bond index funds were \$43 billion and hybrid index funds were \$170 million. Over the past 12 months, ETF assets increased \$125 billion, or 26%.

Equity Funds Cash as a Percent of Total Net Assets



Source: Investment Company Institute

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, EPRA/NAREIT, Investment Company Institute.

STATISTICAL SUMMARY
As of June 30, 2008

EQUITY MARKETS

<u>US Markets</u>	<u>Total Return</u>			<u>S&P 500 Sectors</u>	<u>Total</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>		<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
S&P 500	-8.43	-2.73	-11.91	Financial	-18.35	-18.31	-29.73
S&P 500/CG Growth	-5.92	2.05	-8.07	Utilities	-0.76	7.98	-2.77
S&P 500/CG Value	-11.21	-7.79	-16.04	Energy	2.30	17.33	8.88
S&P 400	-7.03	5.43	-3.90	Industrials	-12.22	-10.09	-13.65
Russell 1000	-8.31	-1.90	-11.21	Materials	-5.51	4.43	1.25
Russell 1000 Growth	-7.20	1.26	-9.06	Healthcare	-4.64	-1.23	-12.62
Russell 1000 Value	-9.57	-5.32	-13.58	Consumer Staples	-6.43	-5.33	-7.45
Russell 2000	-7.70	0.58	-9.38	Consumer Discretionary	-12.09	-7.79	-13.23
Russell 2000 Growth	-5.96	4.47	-8.92	Information Technology	-9.22	2.51	-13.07
Russell 2000 Value	-9.60	-3.55	-9.84	Telecommunication Svcs	-11.50	-4.12	-17.29
NASDAQ Composite	-9.06	0.82	-13.18				

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

<u>Non-US Markets</u>	<u>Total Return</u>			<u>MSCI EAFE Sectors</u>	<u>Total</u>		
	<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>		<u>Month</u>	<u>3 Mos</u>	<u>YTD</u>
EAFE	-8.18	-2.25	-10.96	Financials	-13.19	-10.71	-20.13
EAFE Growth	-6.83	0.02	-8.14	Utilities	-4.44	1.17	-5.89
EAFE Value	-9.54	-4.55	-13.77	Energy	-2.85	17.47	4.89
AC World Free Ex-US	-8.20	-0.86	-9.84	Industrials	-9.01	-2.05	-9.93
Japan	-6.82	2.47	-5.53	Materials	-3.89	9.64	5.66
Pacific Ex-Japan	-7.45	1.48	-11.73	Healthcare	-0.41	1.94	-4.10
United Kingdom	-6.27	-0.80	-11.24	Consumer Staples	-9.44	-9.21	-12.60
Europe Ex-UK	-9.80	-5.64	-12.95	Consumer Discretionary	-10.07	-8.09	-17.29
Emerging Markets	-9.96	-0.80	-11.64	Information Technology	-9.25	0.36	-13.27
				Telecommunication Svcs	-6.24	-0.74	-16.07

Sources: MSCI, Bloomberg, Vestek

FIXED INCOME MARKETS

<u>Key Rates</u>	<u>U. S. Yields</u>			<u>Euro</u>	<u>Japan</u>	<u>U.K.</u>
	<u>4/30/2008</u>	<u>5/31/2008</u>	<u>6/30/2008</u>	<u>6/30/2008</u>	<u>6/30/2008</u>	<u>6/30/2008</u>
Overnight	2.00	2.00	2.00	4.00	0.50	5.00
3- Month	1.39	1.89	1.74	4.31	0.59	N/A
2- Year	2.26	2.65	2.62	4.60	0.81	5.23
5- Year	3.01	3.43	3.33	4.64	1.18	5.18
10-Year	3.73	4.06	3.97	4.62	1.60	5.13

Sources: Merrill Lynch, Bloomberg

<u>Sectors</u>	<u>Total Return %</u>			<u>Mod.Adj.</u>	<u>Weighting Basis</u>	
	<u>Month</u>	<u>3 Mos.</u>	<u>YTD</u>	<u>Duration</u>	<u>Duration</u>	<u>MktVal</u>
LB Universal	-0.29	-0.81	0.83	4.71	--	--
LB Aggregate	-0.08	-1.02	1.13	4.68	100.00%	100.00%
LB U.S. Government	0.58	-1.91	2.06	4.65	31.60%	31.80%
LB U.S. Credit	-0.53	-0.90	-0.48	6.17	31.20%	23.70%
LB Mortgage Backed	-0.06	-0.49	1.93	3.81	31.60%	38.70%
LB Municipal Bond	-1.13	0.63	0.02	7.83	--	--
LB U.S. TIPS	1.53	-0.28	4.88	7.00	--	--
ML USHY Master II	-2.68	1.81	-1.28	4.62	--	--

Sources: Lehman Brothers, Salomon Smith Barney, Bloomberg

<u>Markets/Regions</u>	<u>U.S. Dollars %</u>			<u>Local Currency %</u>		
	<u>Month</u>	<u>3-Months</u>	<u>YTD</u>	<u>Month</u>	<u>3-Months</u>	<u>YTD</u>
United States	0.83	-2.11	2.23	---	---	---
WGBI	0.45	-4.23	5.02	-0.03	-2.30	0.09
WGBI Non-US	0.36	-4.72	5.70	-0.23	-2.35	-0.42
EMBI+	-2.41	-1.09	-0.64	---	---	---
EMLI+ (local currency index)	0.80	3.87	8.75	0.50	1.51	3.06
Euro Zone	0.32	-3.49	6.97	-1.04	-2.94	-0.73
United Kingdom	0.03	-3.66	-1.99	-0.67	-3.79	-1.97
Japan	0.65	-7.37	5.40	1.07	-1.34	0.01

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