

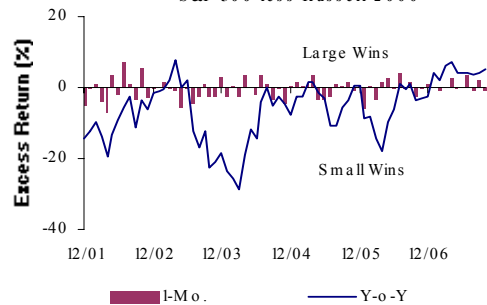
U.S. ECONOMIC BACKGROUND

Though faced with a headwind littered with housing concerns, a weak dollar, and the credit crunch, the U.S. economy once again revealed its resiliency in the form of the American consumer. Personal spending soared to 3.0% for the month, which speaks volumes about the noticeable lack of impact record oil prices have had on consumers thus far. However, consumer confidence hit a two year low in October (95.6), a sign that perhaps the effects of oil and falling home prices are beginning to set in. Oil prices spiked to a record high that surpassed \$94/barrel, a roughly 16% increase for the month. Vigilant against inflation, the Fed once again stepped in and injected more liquidity into the market by lowering rates to 4.50%. Inflation was benign for the month ex-food and energy, as PPI (0.1%) and CPI (0.2%) were in line with expectations. Weak housing data continued to badger the market as existing home sales (5.04M) and new home sales (770K) were dismal; inventories continued to rise fueling accelerated drops in home prices. Weakness in the dollar helped to promote U.S. exports which, in conjunction with consumer spending, was responsible for the stronger than expected GDP report of 3.9%. Lastly, the unemployment rate ticked up to 4.7%.

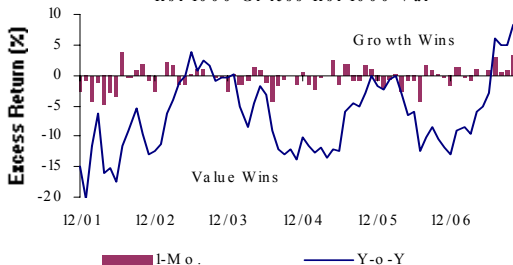
U.S. Equity Returns (%)

	1 Mo.	3 Mos.	12 Mos.
S&P 500	1.59	6.97	14.56
S&P 400	2.63	6.32	17.02
Russell 1000 Growth	3.40	9.45	19.22
Russell 1000 Value	0.01	4.60	10.82
Russell 2000	2.87	7.01	9.28
Russell 2000 Growth	4.50	10.24	16.71
Russell 2000 Value	1.09	3.58	2.05
NASDAQ Composite	5.88	12.49	21.74

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	-1.81	1.96	-2.53
Utilities	6.67	12.99	22.59
Energy	1.08	10.16	38.39
Industrials	-0.54	4.22	20.94
Materials	4.09	11.71	34.13
Healthcare	1.94	7.69	10.30
Consumer Staples	1.81	9.13	13.61
Consumer Discretionary	0.05	-0.46	-0.03
Information Tech	7.14	14.40	26.91
Telecom Svcs	-0.81	3.63	22.05

EQUITY MARKETS

- October certainly lived up to its historic volatility, especially as the 20th anniversary of the 1987 crash (October 19th) was the most volatile day of the month. Regardless of continued spikes in volatility, all major indices managed to end the month in positive territory. Leading the charge was the NASDAQ, which returned 5.9% and closed at 2,859.1, followed by the S&P 500 (1,549.4) ending the month up 1.6%. Finally, the DJIA gained just 0.4% to close at 13,930. As worries over the housing market and the ongoing credit predicament provoked the bears in October, an easing in monetary policy and continued economic gains permitted the bulls to run, helping to elevate the year-to-date gains for the NASDAQ (+19.1%), S&P 500 (+10.9%), and DJIA (+13.7%) to double digit returns. Commodity prices soared in October, as oil hit a new high and gold continued to ascend closer to \$800/ounce territory. The dollar continued to plummet against major market currencies, creating pricing pressures for foreign goods as import prices rose as a result. Nevertheless, the weak dollar helped lift the profits of many multinational corporations while increasing U.S. exports, helping to support U.S. growth.
- Growth stocks outperformed their value counterparts across the market capitalization range. The broad-market Russell 3000 Growth Index reflected a gain of 3.5% for the month, while the Russell 3000 Value Index added only 0.1%. For the first 10 months of 2007, the Growth Index led the Value Index with returns of 16.3% and 5.3%, respectively. The rotation from value to growth has widened throughout 2007, but the shift was particularly evident in October. Total returns for October show the worst-performing benchmark was the Russell Top 200 Value Index (-0.1%) as a reflection of the problems sweeping through many large cap financial institutions, while the Russell Top 200 Growth Index (+3.8%) produced a strong positive return for the month.
- The market rotation favoring large caps over small caps wobbled in October as the Russell 2000 Index (+2.9%) outperformed the Russell 1000 Index (+1.7%). While the leadership position switched in favor of small caps for the month, large caps continue to outperform their smaller counterparts year to date, maintaining a five percentage point advantage in 2007. The Russell Midcap Index gained 1.6% in October.
- Seven of the ten GIC sectors posted positive returns during the month with Information Technology (+7.1%), Utilities (+6.7%), and Materials (+4.1%) posting the largest gains. Financials (-1.8%), Telecomm Services (-0.8%), and Industrials (-0.5%) were the only sectors posting negative returns. Information Technology stocks had the largest impact on the monthly S&P 500 return with the largest contributions coming from Microsoft (+24.9%), Google (+24.6%), and Apple (+23.7%), as earnings in that sector exceeded analyst estimates. Within Financials, only 43% of the stocks gained ground for the month. Selling in financial stocks was prompted by massive writedowns by Washington Mutual (-19.5%), Citigroup (-10.2%), and Merrill Lynch (-6.9%). Merrill Lynch fell to its lowest level since 2005; volume in the stock was the highest since at least 1990. Citigroup also was hit hard, ending the month at its lowest level since 2003. Representing the face of direct subprime lending, Countrywide Financial fell another 18% in the month, marking a year-to-date loss of roughly 65%.

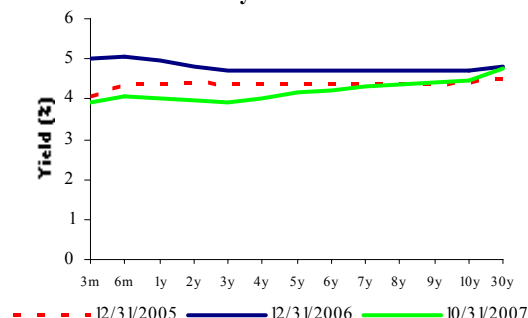
U.S. FIXED INCOME MARKETS

- Interest rates declined and the yield curve flattened on continued weakness in housing and credit market conditions. The Federal Reserve Board, in anticipation of an economic slowdown over the next few quarters, decided to cut the Fed Funds target rate by a ¼ point to 4.5%. However, the FOMC policy statement released with the decision indicated that growth and inflation risks were now largely balanced, making future rate cuts less certain. As a result, interest rates on the 3-month Treasury increased by 12 bps while rates on the 2-, 5-, 10-, and 30-year Treasuries declined by 4, 8, 12, and 9 bps, respectively. The yield curve flattened by 21 bps to a slope of 83 bps, as measured by the 3-month and 30-year Treasuries. With some semblance of normalcy returning to the credit markets, swap spreads narrowed on short maturities. At month end, swap spreads on the 2-, 5-, and 10-year maturities were 63 bps, 65 bps, and 63 bps, respectively.
- The Lehman Aggregate Index returned a solid 0.90% for the month as interest rates declined and investors selectively sought out bargains. U.S. Credit returned 1.17%, outperforming comparable duration Treasuries by 29 bps as credit markets took on a better tone. Within the credit segment, lower quality issues were the best relative performers. The BBB rated credit segment returned 1.46% (52 bps excess over comparable Treasuries) and A rated issues returned 1.23% (+32 bps excess) while Aa rated issues lagged returning 0.72% (-10 bps excess) as financial issuers continued to deteriorate under the burden of subprime mortgage exposure. U.S. Agency securities performed on par with Treasuries returning 0.61% for October while the U.S. Government/Credit Index returned 0.91% or 11 bps excess.
- Securitized sectors returned 0.89% (+22 bps excess) as investor appetite for selective risk assets returned. Agency mortgage backed securities were the best relative performers of all spread sectors. A brief lull in new issue supply, higher yield levels, and ample demand from investors seeking out relative bargains in agency backed prime mortgages drove returns. Mortgage Backed Securities returned 1.01% (+36 bps excess). However, mortgages in the credit segment saw little buying interest. The Asset Backed Securities segment returned 0.51% (-6 bps excess) driven by continued pressure on home equity ABS (subprime mortgages) as rating agencies downgraded billions of dollars worth of securities, delinquency rates increased, and investment banks took larger than expected writedowns related to the segment. The worst performing sector was Commercial Mortgage Backed Securities (CMBS), which returned 0.10% (-71 bps excess) on short selling by hedge funds.
- The Merrill Lynch High Yield Master II Index returned 0.61% on relative strength in equities and the successful completion of several high-profile new issues as investors were eager to put cash buildup to work at much better yields. B-rated issues performed best, returning 0.84%, followed by CCC-rated (+0.56%) and BB-rated credits (+0.41%). Most industries performed well with the exception of Finance Companies (-7.7%), Auto Finance (-1.5%), Integrated Energy (-1.90%), and Fixed Line Telecom (-2.6%). The yield to worst on the Index increased by 9 bps to 8.69% as Treasuries rallied while the option adjusted spread increased 20 bps to 436 bps.
- The Lehman Brothers Municipal Bond Index returned a very respectable 0.45% as investors sought out relative bargains and yields declined. Long duration, lower quality, and tobacco issues performed well after being beaten down during the summer's rout. Revenue bonds performed best (+0.49%) followed by Pre-refunded (+0.46%), Insured (+0.46%), and General Obligation (+0.33%) bonds.
- U.S. TIPS returned 1.12% outperforming nominal Treasuries by 33 bps as real yields declined, breakeven spreads widened (reflecting the market's expectation for future inflation), and inflation accruals increased. The breakeven spread on the 10-year maturity increased 5 bps to 2.36% while the real yield was 2.17%.

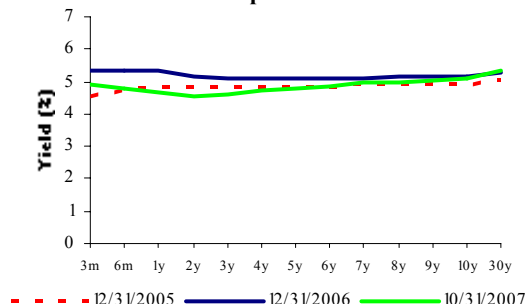
U.S. Fixed Income Returns (%)

	1 Mo.	3 Mos.	12 Mos.
LB Aggregate	0.90	2.91	5.38
LB US Government	0.73	2.90	5.85
LB US Credit	1.17	2.92	4.62
LB Mortgage Backed	1.01	2.98	5.68
LB Asset Backed	0.51	1.28	4.12
ML US HY Master II	0.61	4.21	6.85

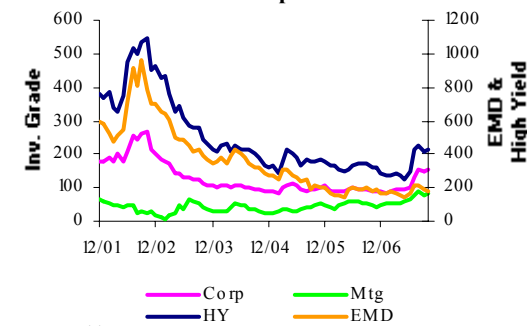
Treasury Yield Curve



Swap Curve



Sector Spreads



Source: Citigroup

NON-U.S. ECONOMIC BACKGROUND

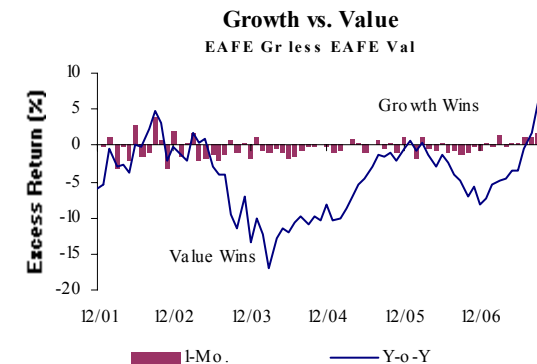
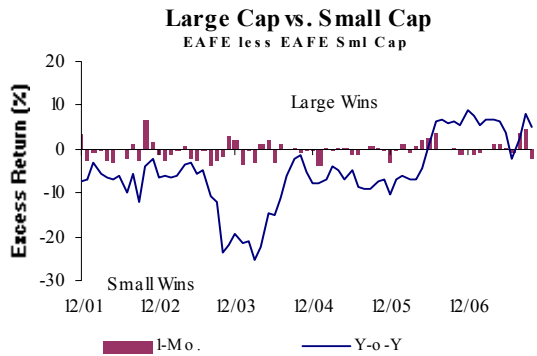
Despite continued fallout from the U.S. subprime mortgage crisis, overseas markets were strong in October with the exception of Japan. Among the major developed markets, the FTSE 100 and the DAX lost ground mid month as U.S. credit market concerns spurred fears of spreading globally, but rebounded to close the month with positive returns. The month-end rebound of the Nikkei could not compensate for its sharper mid-month decline, resulting in an October loss. In Europe, merger and acquisition activity stayed strong and most corporate earnings were positive. Commodity prices remained robust during the month, with crude oil rising above \$90 a barrel. Emerging markets exhibited dramatic increases led by India (+17.0%) and China (+16.6%). The vast liquidity in China was evidenced by the size of their two largest October IPOs—internet company Alibaba (\$1.5 billion) and PetroChina (\$8.9 billion). Currency appreciation to levels not seen in recent years drove many overseas markets. While global economic growth remains solid, the IMF decreased its 2008 growth projections for most countries given financial markets risk associated with spreading credit market turmoil and building inflationary pressures.

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

	1 Mo.	3 Mos.	12 Mos.
EAFE	3.93	7.78	24.91
AC World Free Ex-US	5.58	10.85	32.97
Japan	-0.38	-1.08	4.84
Pacific Ex-Japan	7.78	21.29	56.48
United Kingdom	6.02	8.92	23.62
Europe Ex-UK	4.01	8.65	30.29

NON-U.S. EQUITY MARKETS

- Non-U.S. equity markets were strong in October, as the MSCI EAFE Index posted gains of 3.9% in U.S. dollar terms and 2.4% on a local currency basis. For the year to date, the EAFE Index is up 17.6% (+9.3% locally), significantly ahead of the U.S. market. With the exception of the yen, the dollar weakened dramatically against all global currencies during the month. Due in part to perceived weakness in the U.S. economy, the euro reached a new high versus the U.S. dollar (\$1.4488) and the pound sterling rose to its highest level versus the dollar in several decades (\$2.08). The continued appreciation of the Canadian dollar relative to the U.S. dollar has been even more spectacular with the Canadian currency closing the month at \$1.05.



MSCI EAFE Sector Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
Financial	4.62	5.34	14.69
Utilities	5.52	14.81	34.20
Energy	5.22	9.22	30.10
Industrials	4.04	5.26	38.20
Materials	1.55	9.83	48.68
Healthcare	-1.68	1.91	2.98
Consumer Staples	5.01	12.04	32.77
Consumer Discretionary	4.82	5.74	21.54
Information Tech	-0.95	4.89	21.33
Telecom Svcs	9.12	23.39	42.66

- Mid capitalization stocks outperformed the mega, large, and small caps in the EAFE Index for October. Stocks in the third quintile of the EAFE Index by size (\$30 to \$61 billion) returned 4.8%. Large capitalization stocks continued to beat those in the two smallest size quintiles returning 4.1% versus 3.4% and 3.3%, respectively. The MSCI Small Cap Index returned 6.2% due primarily to gains in small capitalization Japanese companies. For the year to date, this Index (+13.3%) has lagged the larger cap EAFE Index.

- Growth stocks continued to outperform value stocks during the month as the MSCI EAFE Growth Index rose 4.0% compared to a gain of 3.8% for the EAFE Value Index. For the year to date, EAFE Growth leads EAFE Value by 771 basis points, 21.5% versus 13.8%.

- From a sector standpoint, all sectors posted positive returns with the exception of Health Care (-1.7%) and Information Technology (-0.9%). Telecommunication Services (+9.1%), Utilities (+5.5%), and Energy (+5.2%) produced the strongest gains during the month.

- The European region outperformed the broader Index with a U.S. dollar return of 4.7% (+2.9% local). Individual country returns ranged from -2.4% in Sweden to 11.6% in Spain. Within Europe, Telecommunication Services and Utilities posted the strongest returns. All sectors rose with the exception of Health Care and Information Technology. Among the major economies, Germany increased by 4.7% (+2.9% local) led by Consumer Discretionary, Financial, and Utility holdings. Takeover speculation helped boost the returns of Volkswagen (+27.0%), Porsche (+25.6%), and Daimler (+9.4%). The U.K. rose by 6.0% (+4.0% local) with Telecommunication Services companies, such as Vodafone (+9.2%), and Energy companies contributing positively. Telefonica was a key driver in Spain's market gain.

- The Pacific region lagged the broader Index, returning 2.3% in U.S. dollar terms and 1.3% in local currencies. Japan declined 0.4% (-0.2% local) due to sluggish economic data, political concerns, and slowing exports to the U.S. Canon (-8.5%), Sharp (-13.6%), and Takeda Pharmaceutical (-11.6%) were particularly hit hard. With a return of 11.0%, Hong Kong was the best performing market in the region and helped by the strength in China. The dramatic rise in the Hong Kong market was propelled by China's recent consideration of allowing its citizens to invest directly in the Hong Kong stock market.

EMERGING EQUITY MARKETS

- The emerging markets surged in October as the MSCI Emerging Markets Index rose 11.2% in dollar terms and 9.0% in local terms. All sectors posted positive returns with impressive outperformance by Energy (+17.8%), Industrials (+14.5%), Telecommunication Services (+13.2%), and Financials (+12.8%).
- Latin America gained 12.0% in dollar terms and 7.3% in local currencies. Brazil, the largest country within the regional Index and the top performing Latin American country, climbed 15.7% (+9.4% local). Higher oil prices boosted Petrobras (+27.2%) and holdings in the Materials sector, such as Vale Rio Doce (+11.7%), contributed positively to the return. Peru (+12.8%) was the second best performing country in the region, also largely due to Material companies. Mexico lagged, returning 4.8% (+2.6% local), primarily hurt by holdings in the Consumer Discretionary sector.
- Emerging Asia gained 11.2% (+10.1% local). China (+16.6%) and India (+17.0%) led in the region. China Mobile (+23.6%), the largest contributor to China's return, and widespread strength among Financials and Energy helped. Merger and acquisition activity by emerging market countries was strong. During October, the largest ever foreign acquisition by a Chinese company took place; Industrial and Commercial Bank of China agreed to take a 20% stake in South Africa-based Standard Bank. In India, the government is blaming the surge of cash from abroad for the run-up in the rupee.
- The Emerging Europe and Middle East Index returned 9.3% (+7.7%) led by Jordan (+15.4%) and the Czech Republic (+12.7%). South Africa climbed by 14.0% primarily due to Materials, Energy, and Industrial companies.

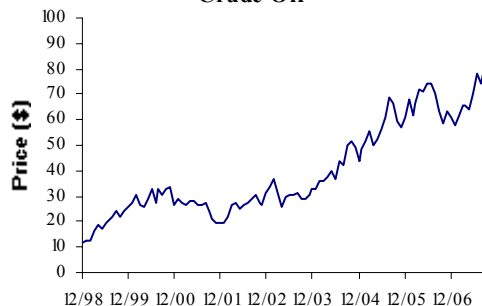
MSCI Emerging Market Equity Returns (\$)

	1 Mo.	3 Mos.	12 Mos.
EM	11.16	20.86	68.33
Latin America	11.98	22.30	78.51
Asia	11.15	22.52	76.06
Europe & M. East	9.27	14.13	42.51
South Africa	14.01	21.16	53.75

NON-U.S. FIXED INCOME MARKETS

- The U.K. yield curve flattened as short rates held steady on the expectation that the Bank of England will refrain from changing the target rate given inflationary pressures. Longer term rates declined on the potential for slower growth and continued concerns over the credit markets. During the month, yields on the 2-year maturity increased by 3 bps while rates farther out on the yield curve declined by 3-8 bps. Elsewhere, the euro yield curve also flattened on hawkish comments by the ECB despite some weakness in economic measurements. Interest rates on the 2-year increased by 3 bps while rates farther out on the yield curve declined by 3-9 bps. The euro yield curve slope declined by 8 bps to 52 bps as measured by the difference between the 3-month and 30-year maturity. The Bank of Japan (BOJ) held rates steady at 0.50% on mixed economic measurements. Rates declined by 8-11 bps across the curve while the yield curve flattened by 3 bps to a slope of 184 bps as measured by the 3-month and 30-year maturity as the central bank indicated that they would like rates to return to more normal levels.
- The Citigroup World Government Bond Index (WGBI) posted a return of 1.63% for the month on an unhedged basis as global yields declined and the U.S. dollar weakened versus most currencies. The best performing bond markets for the month were Poland (+6.38%), Canada (+5.14%), and Australia (+4.86%); the laggards included Japan (+0.24%), Taiwan (+0.47%), and the U.S. (+0.82%).
- The J.P. Morgan EMBI+ Index returned 2.56% for month on commodity price increases, strength in the U.S. bond market, and increased investor risk appetite. Overall, emerging country debt performed reasonably well in the face of global risk aversion driving year to date returns to 6.33%. During October, the best performing countries were Argentina (+13.33%), Venezuela (+4.33%), and Ecuador (+4.05%). The largest countries in the Index including Brazil (20%), Russia (16%), Mexico (14%), and Turkey (12%) had positive returns of about 1.5% to 2.7%. The EMLI+ Index, which measures returns in local currency, posted a strong return of 3.44% as EM currencies continue to benefit from good economic fundamentals and growth prospects in many countries.

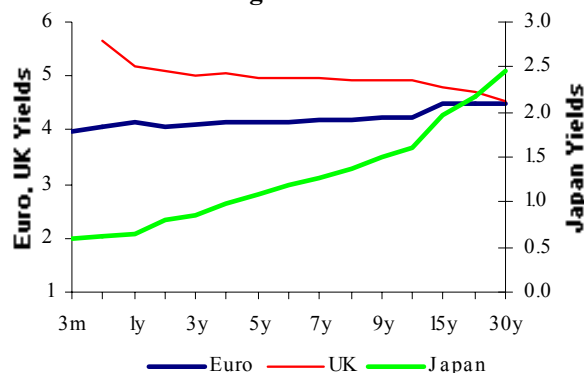
Crude Oil



Global Fixed Income Returns (unhedged, \$)

	1 Mo.	3 Mos.	12 Mos.
WGBI	1.63	5.81	9.42
United States	0.82	2.96	5.93
Europe	2.55	7.18	13.66
Japan	0.24	4.86	3.85
United Kingdom	2.86	4.75	9.24
World BIG Ex-US	1.99	6.61	11.19
WGBI Non-U.S.	1.83	6.55	10.33
Agencies Ex-US	2.43	7.41	14.03
Collateralized Ex-US	2.39	7.17	14.30
Corporates Ex-US	2.45	6.25	13.30
EMBI+	2.56	6.67	8.56

Foreign Yield Curves



STATISTICAL SUMMARY
As of October 31, 2007

EQUITY MARKETS

US Markets	Total Return			S&P 500 Sectors	Total Return		
	Month	3 Mos	YTD		Month	3 Mos	YTD
S&P 500	1.59	6.97	10.87	Financial	-1.81	1.96	-6.74
S&P 500/CG Growth	2.13	8.39	12.90	Utilities	6.67	12.99	18.38
S&P 500/CG Value	1.05	5.59	8.92	Energy	1.08	10.16	30.12
S&P 400	2.63	6.32	13.93	Industrials	-0.54	4.22	16.84
Russell 1000	1.74	7.06	11.20	Materials	4.09	11.71	27.48
Russell 1000 Growth	3.40	9.45	16.51	Healthcare	1.94	7.69	9.30
Russell 1000 Value	0.01	4.60	5.98	Consumer Staples	1.81	9.13	11.92
Russell 2000	2.87	7.01	6.13	Consumer Discretionary	0.05	-0.46	-3.49
Russell 2000 Growth	4.50	10.24	14.26	Information Technology	7.14	14.40	24.52
Russell 2000 Value	1.09	3.58	-1.63	Telecommunication Svcs	-0.81	3.63	17.00
NASDAQ Composite	5.88	12.49	19.09				

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

Non-US Markets	Total Return			MSCI EAFE Sectors	Total Return		
	Month	3 Mos	YTD		Month	3 Mos	YTD
EAFE	3.93	7.78	17.60	Financial	4.62	5.34	8.93
EAFE Growth	4.02	9.41	21.48	Utilities	5.52	14.81	21.00
EAFE Value	3.84	6.12	13.77	Energy	5.22	9.22	24.57
AC World Ex-US	5.58	10.85	24.43	Industrials	4.04	5.26	27.15
Japan	-0.38	-1.08	1.57	Materials	1.55	9.83	39.05
Pacific Ex-Japan	7.78	21.29	43.28	Healthcare	-1.68	1.91	1.86
United Kingdom	6.02	8.92	17.69	Consumer Staples	5.01	12.04	23.94
Europe Ex-UK	4.01	8.65	20.77	Consumer Discretionary	4.82	5.74	13.64
Emerging Markets	11.16	20.86	49.90	Information Technology	-0.95	4.89	14.71
				Telecommunication Svcs	9.12	23.39	31.69

Sources: MSCI, Bloomberg, Vestek

FIXED INCOME MARKETS

Key Rates	U. S. Yields			Euro	Japan	U.K.
	8/31/07	9/30/07	10/31/07			
Overnight	5.25	4.75	4.50	4.00	0.50	5.75
3- Month	4.12	3.81	3.92	3.97	0.60	N/A
2- Year	4.14	3.99	3.95	4.06	0.79	5.10
5- Year	4.25	4.25	4.17	4.13	1.09	4.97
10-Year	4.53	4.59	4.48	4.24	1.61	4.93

Sources: Merrill Lynch, Bloomberg

Sectors	Total Return %			Mod.Adj. Duration	Weighting Basis	
	Month	3 Mos.	YTD		Duration	MktVal
LB Universal	0.91	3.02	4.68	4.62	--	--
LB Aggregate	0.90	2.91	4.78	4.55	100.0%	100.0%
LB US Government	0.73	2.90	5.52	4.55	32.7%	32.7%
LB US Credit	1.17	2.92	4.06	6.18	30.6%	22.5%
LB Mortgage Backed	1.01	2.98	4.77	3.54	29.8%	38.2%
LB Municipal Bond	0.45	1.49	2.42	7.10	--	--
LB US TIPS	1.12	3.36	7.54	6.15	--	--
ML US HY Master II	0.61	4.21	4.02	4.59	--	--

Sources: Lehman Brothers, Citigroup, Bloomberg

Markets/Regions	U.S. Dollars %			Local Currency %		
	Month	3 Mos.	YTD	Month	3 Mos.	YTD
United States	0.82	2.96	5.70	---	---	---
WGBI	1.63	5.81	8.51	0.67	1.94	2.41
WGBI Non-US	1.83	6.55	9.22	0.63	1.68	1.57
EMBI+	2.56	6.67	6.33	---	---	---
EMLI+ (local currency index)	3.44	7.22	14.97	0.62	1.77	5.74
Euro Zone	2.55	7.18	10.85	0.73	1.75	1.42
United Kingdom	2.86	4.75	7.74	0.88	2.47	1.51
Japan	0.24	4.86	5.16	0.47	1.53	1.75

Sources: Citigroup, JP Morgan, Bloomberg

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