



Market Update

Asset Consulting Group, Inc.

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Monthly Indices Report

(January 31, 2008)

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Monthly Report

January 2008

U.S. ECONOMY

Economic growth slowed notably in the 4Q07, with recent indicators showing a weakening in the U.S. employment and services sectors and a further tightening of lending standards, which is making it tougher for companies and consumers to obtain credit. Faced with softening U.S. labor markets, constrained credit markets, and the ongoing housing contraction, the Federal Reserve lowered its key target Fed funds rate 125 basis points (bps) to 3% in January in hopes of preventing the economy from tipping into a recession.

U.S. economic growth slows as home construction plunges the most since 1981...

The U.S. economy expanded at an annual rate of 0.6% in 4Q07, down from 4.9% in the prior three months. The U.S. housing recession continued to weigh down on growth as home construction fell 24% from 3Q07, the largest quarterly decline since the fourth quarter of 1981, and a 29% drop over the past two years. The weaker construction activity subtracted 1.2% from quarterly growth. Business spending cooled from 3Q07, rising 7.5% vs. 9.3%, as businesses reduced inventories by a \$3.4 billion annual rate. It was the largest inventory decline in almost six years, which subtracted 1.3% from quarterly growth. For 2007, GDP increased 2.2% from 2006, compared with an increase of 2.9% in 2006.

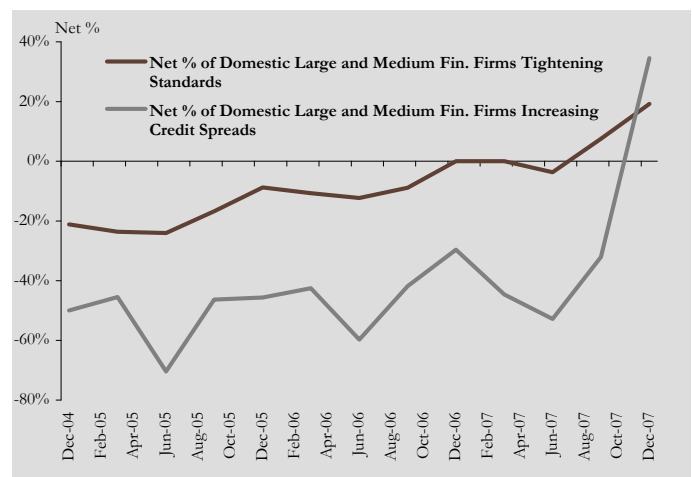
U.S. payrolls fall amid further declines in the factory and construction sectors...

The 4Q07 GDP report showed consumer spending grew at a 2% annualized pace, below the 2.8% pace of 3Q07 as lower home values and higher energy prices curtailed purchases. The latest readings on U.S. home prices from the National Association of Realtors showed the median price of existing homes fell 6% to \$208,400 over the past year, while the median price of new homes dropped 10% from December 2006 to \$219,200, the most in 37 years. Sales of existing homes dropped 2.2% vs. a 4.7% decline in sales of new homes. Pressures could continue to mount on consumers as the U.S. lost jobs in January for the first

time in four years. Payrolls fell by 17,000 after an 82,000 gain in December. Factory payrolls dropped by 28,000 after falling 20,000 a month earlier, while builders trimmed payrolls by 27,000. Service industries, which include banks and retailers, added 34,000 workers last month after an increase of 143,000 in December.

U.S. services industries contract at the fastest pace since 2001...

Despite job gains in services industries, a report from the Institute for Supply Management (ISM) showed that the non-manufacturing index, which reflects almost 90% of the economy, fell to 41.9 from 54.4 the prior month on a slowdown in new orders. This was the lowest reading on service activity since October 2001 during the last U.S. recession. In contrast, the ISM's manufacturing index rose to 50.7 from 48.4 in December as manufacturers expanded production in response to a 2.3% increase in December factory orders, the highest increase in five months. The reading of 50 is the dividing line between contraction and expansion in business activity.



Source: Bloomberg

Business investment has lent support to the economy helping offset added pressures on the consumer from declines in employment, a further slide in home prices and reduced access to credit. The Federal Reserve, in their quarterly survey of senior loan officers conducted through January 17, showed that about 80% of banks raised lending standards on commercial-property loans and about 55% toughened terms on consumer prime home mortgages. The Fed has acknowledged these added pressures

Economy at a Glance

Recent growth indicators	Oct-07	Nov-07	Dec-07	Jan-08
ISM manufacturing	50.4	50.0	48.4	50.7
ISM non-manufacturing	55.5	54.6	54.4	41.9
Conference Board Consumer Confidence	95.2	87.8	90.6	87.9
Change in Payrolls (m-o-m, 000)	140	60	82	-17
Personal Income (%m-o-m)	0.2	0.4	0.5	
Personal Spending (%m-o-m)	0.3	1.1	0.2	

Source: Bureau of Labor Statistics, ISM, Bloomberg

now pose a downside risk to growth. However, they have made it abundantly clear they stand ready to continue to ease monetary policy in a timely manner to alleviate risks to economic activity.

GLOBAL EQUITIES

U.S. Equities

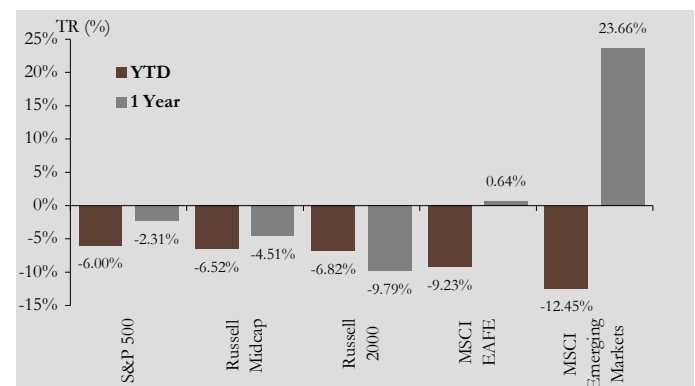
After reaching an all time high of 1565.15 on October 9, 2007, the S&P 500 closed at a two-year low of 1310.50 on January 22, a decline of 15.81%, despite an emergency interest rate cut on that day by the Federal Reserve before the start of trading. However, from that point forward an 11.58% rally in the S&P 500 Financials sector helped the S&P 500 avoid its worst January ever. The index posted a decline of 6.00%, the worst start to a year since 1990. Overall, the index closed trading at 18.73x 12-month trailing earnings, above its historical average price-to-earnings (P/E) multiple of 15.95x, but at 13.92x 2008 estimated operating earnings. As of February 4, 311 companies in the S&P 500 had reported 4Q07 earnings that declined 23.3% on a share-weighted basis, dragged down by the Financials sector, where thus far 63 of the 92 companies had reported results that declined 119% from 4Q06. Still, 64% of the companies posted earnings that topped analysts' estimates, compared with 60% a year ago. All ten S&P sectors lost ground in January, with Information Technology losing 12.51% and Energy dropping 10.93%. Financials performed the best, declining a mere 0.61%. The U.S. equity market slumped in January across every capitalization sector with the small cap Russell 2000 and Russell Midcap indices dropping 6.82% and 6.52%, respectively. Growth stocks underperformed their value counterparts at every capitalization tier in January. The Russell 1000 Value index lost 4.01% vs. the Russell 1000 Growth index's decline of 7.8%.

International Equities

Stocks sold off globally in January on worries credit rating issues on U.S. subprime mortgage securities had spread to the European financial sector, threatening corporate profits. Further weighing on equities was a 4.9 billion euro (\$7.3 billion) loss incurred by France's second largest bank, Societe Generale, caused by a trader's unauthorized bets placed on European stock index futures. Investor risk aversion increased prompting currency investors to unwind carry-trades by selling high-yielding currencies that were funded with low-cost loans from Japan. As a result, the yen had its best monthly gain against the dollar since August 2001, increasing 4.71% and closing January at ¥106.45. The dollar also fell against the euro, declining 1.86% to \$1.4861, after the Federal Reserve lowered its benchmark lending rate twice in January by a total of 125 basis points to 3%, while the European Central Bank remained on hold leaving its main refinancing rate at 4%.

European stocks plummeted as the Dow Jones Stoxx 600 index incurred its worst January since inception in 1987. The Stoxx 600 declined 11.53% in euros and 9.92% on a U.S. dollar (USD) basis. The U.K.'s FTSE 100 index encountered its worst monthly loss since January 2003, sliding 8.89% measured in British pound and down 8.61% in USD. Japanese equities plunged as well with the Nikkei 225 losing 11.20% in yen and 5.90% in US dollars. The MSCI EAFE index sunk 10.94% and 9.23% on a local currency and USD basis respectively. The highly volatile and risky emerg-

ing market equities suffered the brunt of the sell-off in equities in January, led by an over 15% decline in the MSCI Emerging Markets (EM) Eastern Europe index. The MSCI EM index plunged 12.41% and 12.45% in local currency and USD respectively.



Source: Bloomberg, Russell

GLOBAL FIXED INCOME

U.S. Fixed-Income

U.S. Treasuries posted their seventh consecutive monthly gain in January as the flight-to-quality continued following the news that the world's largest bond insurer, MBIA Inc., had its biggest-ever quarterly loss and could lose its triple-A rating. The Fed's 125 bps cut in the target Fed funds rate last month sent short-term yields lower, further steepening the yield curve as investors anticipated lower short-term interest rates in the future. Two-year Treasury yields, the yields most responsive to Fed actions, fell 95 bps last month to 3.60%, the largest decline for any January since 1988. As a result, the spread between the two-year and 10-year yields increased to 150 bps from 97 bps at 2007 year end. The Merrill Lynch U.S. Master Treasury index rose 2.52% for the month, substantially outperforming the U.S. credit sectors. Spreads on investment grade corporate bonds widened due to the dramatic fall in 10-year yields, despite the rally in bond prices that sent corporate bond yields lower. Yields on the Lehman Bros. U.S. Corporate Grade index dropped 25 bps in January to 5.54%, but credit spreads to the 10-year Treasury rose 18 bps to 194 bps¹. The Lehman Bros. U.S. Corporate index gained 1.02% for the month, while the broader Lehman Bros. Aggregate Bond index rose 1.68%¹. High-yield credit spreads, as measured by a spread between the Lehman Bros. U.S. Corporate High-Yield index and the corresponding Treasuries, rose 84 bps to 644 bps in January¹. The high-yield spreads have jumped 366 bps over the past 12 months, but still remain well-below historical highs of 1226 set on December 31, 1990¹. As a result of the flight-to-quality, the Lehman Bros. U.S. Corporate High-yield index underperformed all other fixed income asset classes in January, falling 1.33%, the second worst month ever (July 2007)¹.

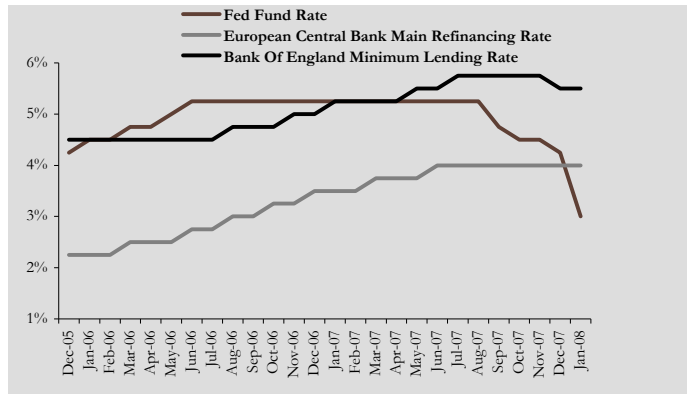
International Fixed-Income

Eurozone government bond prices accelerated in January as the flight-to-quality took hold globally on fears the U.S. may slip into a recession, which could lead to lower global economic growth. Yields on Eurozone two-year notes fell 59 bps to 3.37% on in-

investor bets the European Central Bank would follow the Federal Reserve in cutting interest rates. This pushed the spread between the two-year and 10-year euro government yields to 56 bps, the widest margin since 62 bps on May 31, 2006. The Merrill Lynch EMU Direct Government index rose 2.33% on a USD basis in January, while the Merrill Lynch Global Government index jumped 3.66% as a decline in the dollar against the major currencies boosted the local currency bond returns.

All data from Bloomberg unless otherwise noted.

¹ - Lehman Brothers



Source: Bloomberg

Indices Report

Asset Consulting Group, Inc.

Monthly Indices Report

Periods Ending January 31, 2008

Index Name	Style	Returns							
		Month	Qtr	2 Qtrs	YTD	1 Year	3 Years	5 Years	10 Years
<u>Domestic Equity Indices</u>									
S&P 500	Large Cap Core	(6.00)%	(10.55)%	(4.32)%	(6.00)%	(2.31)%	7.28%	12.04%	5.14%
S&P Equal Weighted	Large Cap Core	(4.42)%	(10.28)%	(6.66)%	(4.42)%	(5.24)%	7.77%	15.61%	9.10%
Russell 1000	Large Cap Core	(6.00)%	(10.59)%	(4.27)%	(6.00)%	(2.45)%	7.76%	12.59%	5.46%
Russell 1000 Growth	Large Cap Growth	(7.80)%	(11.51)%	(3.15)%	(7.80)%	0.51%	6.99%	10.85%	2.69%
Russell 1000 Value	Large Cap Value	(4.01)%	(9.59)%	(5.43)%	(4.01)%	(5.39)%	8.47%	14.24%	7.39%
Russell Mid Cap	Mid Cap Core	(6.52)%	(11.27)%	(6.72)%	(6.52)%	(4.52)%	9.54%	17.11%	9.38%
Russell 2000	Small Cap Core	(6.82)%	(13.56)%	(7.50)%	(6.82)%	(9.77)%	5.81%	15.26%	6.50%
Russell 2000 Growth	Small Cap Growth	(9.17)%	(14.91)%	(6.19)%	(9.17)%	(4.55)%	6.32%	14.91%	3.46%
Russell 2000 Value	Small Cap Value	(4.10)%	(12.04)%	(8.89)%	(4.10)%	(14.75)%	5.18%	15.49%	8.80%
Wilshire 5000	Broad Equities	(6.06)%	(10.79)%	(4.51)%	(6.06)%	(2.63)%	7.87%	13.17%	5.60%
HFRI Equity Hedge	Long Short Equity	(4.14)%	(6.40)%	(2.10)%	(4.14)%	4.73%	9.60%	11.19%	11.51%
<u>International Equity Indices</u>									
MSCI World	Broad Global	(7.62)%	(12.47)%	(5.47)%	(7.62)%	0.02%	11.19%	16.39%	6.28%
MSCI EAFE	Developed Markets Intl	(9.23)%	(14.16)%	(7.44)%	(9.23)%	0.63%	14.29%	20.77%	7.50%
MSCI EAFE Growth	Developed Markets Intl Growth	(9.19)%	(12.93)%	(4.70)%	(9.19)%	5.25%	14.83%	19.15%	5.26%
MSCI EAFE Value	Developed Markets Intl Value	(9.26)%	(15.46)%	(10.23)%	(9.26)%	(3.93)%	13.67%	22.28%	9.55%
MSCI Emerging Markets Free	Emerging Market	(12.45)%	(18.36)%	(1.32)%	(12.45)%	23.66%	29.59%	33.97%	13.94%
<u>Domestic Fixed Income Indices</u>									
Merrill Lynch Treasury Bills	Cash	0.50%	1.26%	2.52%	0.50%	5.09%	4.41%	3.15%	3.77%
Merrill Lynch 1-3 Yr Treasuries	Treasuries	2.15%	4.68%	7.19%	2.15%	10.35%	5.19%	3.79%	5.18%
Lehman Muni 5 Yr	5 Yr Municipal Bonds	2.49%	4.04%	6.19%	2.49%	7.98%	3.98%	3.72%	4.73%
Merrill Lynch High Yield	High Yield Bonds	(1.34)%	(3.05)%	1.02%	(1.34)%	(0.25)%	5.01%	9.65%	5.50%
Lehman Aggregate	Core Bonds	1.68%	3.80%	6.83%	1.68%	8.80%	4.92%	4.75%	6.01%
Lehman Government	Government Bonds	2.39%	5.44%	8.49%	2.39%	11.40%	5.50%	4.64%	6.01%
Lehman U.S. Credit Index	Corporate Bonds	1.22%	2.23%	5.22%	1.22%	6.40%	3.91%	5.02%	6.06%
Lehman Muni 10 Yr	10 Yr Municipal Bonds	2.03%	3.45%	5.47%	2.03%	6.90%	4.31%	4.85%	5.31%
HFRI FOF Conservative	Low Volatility	(1.30)%	(1.89)%	(0.36)%	(1.30)%	4.94%	6.79%	6.83%	N/A
<u>Real Estate Indices</u>									
NCREIF Property	Real Estate	N/A	3.21%	6.88%	15.84%	15.84%	17.48%	15.13%	12.86%
NAREIT Equity	Real Estate	(1.03)%	(14.53)%	(3.84)%	(1.03)%	(23.05)%	11.32%	18.62%	10.42%

All time period returns are rolling returns except for YTD

* For comparison purposes, prior quarter returns are used

Online Availability

The Asset Consulting Group archive for Monthly Market Update reports can be accessed through our Web site, www.acgnet.com.

DESCRIPTION OF INDICES**Domestic Equity Indices****S&P 500**

Standard & Poor's 500. A basket of 500 [stocks](#) that are considered to be widely held. The S&P 500 index is weighted by [market value](#), and its [performance](#) is thought to be representative of the [stock market](#) as a whole.

S&P 500 Equal Weighted Index

Introduced in 2003, S&P Equal Weight Index (S&P EWI) is the equal-weight version of the widely regarded S&P 500. The index has the same constituents as the capitalization weighted S&P 500, but each company in the S&P EWI is allocated a fixed weight. Index constituents exhibit the following characteristics: Underlying Indices – S&P 500; Weighting – Attribute weighted: Equal weight of 0.20%; Rebalancing – Quarterly; Coincide with S&P 500 share adjustments S&P EWI is designed to meet the need for benchmarking, investing and trading strategies that require a size-neutral index compatible with the S&P 500. S&P EWI provides an even spread of individual stocks and offers different sector exposures than the S&P 500.

Russell 1000 Index

The Russell 1000 Index consists of the largest 1000 companies in the Russell 3000 Index. This index represents the universe of large capitalization stocks from which most active money managers typically select. The Index was developed with a base value of 130.00 as of December 31, 1986.

Russell 1000 Growth Index

Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992.

Russell 1000 Value Index

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992.

Russell Midcap

The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000

Russell 2000 Index is an unmanaged market capitalization-weighted index of those stocks of the 2,000 largest U.S. domiciled companies. It is published by Frank Russell company, assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

Russell 2000 Growth Index

Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to book ratios and higher forecasted growth values.

Russell 2000 Value Index

Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Wilshire 5000

The Wilshire 5000 index consists of approximately 5000 cap weighted common equity securities, covering all stocks in the U.S. for which daily pricing is available.

HFRI Equity Hedge Index

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. Equity Hedge (EH): Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short..

International Equity Indices**MSCI World**

The MSCI World IndexSM is an unmanaged free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of June 2006 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

MSCI EAFE

The MSCI EAFE[®] Index (Europe, Australasia, Far East) is an unmanaged free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. There are 1,100 members designed to represent the performance of developed stock markets outside of the United States and Canada. It assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

MSCI EAFE Growth Index

The MSCI EAFE[®] (Europe, Australasia, Far East) Growth Index is an unmanaged free float-adjusted market capitalization index that is considered representative of growth stocks of Europe, Australasia, and Far East. It assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

MSCI EAFE Value Index

The MSCI EAFE[®] (Europe, Australasia, Far East) Value Index is an unmanaged free float-adjusted market capitalization index that is considered representative of value stocks of Europe, Australasia, and Far East. It assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

MSCI Emerging Markets Free

The MSCI Emerging Markets IndexSM is an unmanaged free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006 the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

Domestic Fixed Income Indices

Merrill Lynch U.S. Treasury Bills Index

The Merrill Lynch U.S. Treasury Bill index tracks the performance of all outstanding 0-3 month outstanding Treasury Bills issued by the U.S. government. The index is re-balanced daily to take account of issues that are maturing and new auctions. New auctions are purchased into the index basket on their settlement date. Treasury bills are backed by the full faith and credit of the US Government and are issued at a discount. They pay no interest, but receive full face value if held until maturity. Exempt from state and local taxes, T-bills are issued in minimum denominations of \$10,000, and in multiples of \$1,000 thereafter. With the shortest maturities -- three and six months, and one year at issue -- T-bills are considered the least volatile of all Treasuries.

Merrill Lynch U.S. 1-3 Yr Treasuries Index

The U.S. 1-3 Treasury index tracks the performance of all outstanding U.S. Treasury Notes having a 1-3 year remaining term to maturity and a minimum amount outstanding of USD 1 billion. The index is re-balanced daily to take account of issues that are maturing and new auctions. New auctions are purchased into the index basket on their settlement date. Treasury notes are backed by the full faith and credit of the US Government and are coupon-bearing securities with initial maturities ranging between one and ten years. They pay accrued interest twice a year and repay principal at maturity. T-notes are exempt from state and local taxes; they're available with two- and three-year maturities for a minimum of \$5,000 and in multiples of \$1,000 thereafter.

Lehman Muni 5-Year

This index is the **5 Year (4-6)** component of the Lehman Municipal Bond index. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds. Most of the index has historical data to January 1980. In addition, subindices have been create based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980.

Merrill Lynch High Yield Index

The U.S. High Yield index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million. Bonds must be rated below investment grade based on a composite of Moody's and Standard & Poors. The index is rebalanced on the last calendar day of the month.

Lehman Bros. Aggregate

The Lehman Aggregate index covers the U.S. investment grade fixed rate bond market, including government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Lehman Bros. Government

The Lehman Government index includes the Treasury and Agency indices. The Treasury index accounts for 87.2% of the Government index, and includes public obligations of the U.S. Treasury that have remaining maturities of more than one year. Treasury bills are excluded by the maturity constraint.

Lehman U.S. Credit Index

The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. Must have at least one year to final maturity regardless of call features. Must have at least \$250 million par amount outstanding. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. Must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule. Must be dollar-denominated and non-convertible. Must be publicly issued. The U.S. Credit Index is the same as the former U.S. Corporate Investment Grade Index, which has been renamed as the U.S. Credit Index. The name change is effective as of 6/1/00 (for statistics) and as of 7/1/00 (for returns).

Lehman Muni 10-Year

This index is the **10 Year (8-12)** component of the Lehman Municipal Bond index. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds. Most of the index has historical data to January 1980. In addition, subindices have been create based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980. To be included in the Lehman Brothers Non-Investment Grade Municipal Bond Index, bonds must be non-rated or be rated Ba1 or below. They must have an outstanding par value of at least \$3 million and be issued as part of a transaction of at least \$20 million.

HFRI Fund of Funds (FOF) Conservative Index

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. FOFs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

Real Estate Indices

NCREIF Property Index (NPI)

The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment. Properties exit the NPI when assets are sold or otherwise leave the database. All historical data remains in the database and in the Index. The Index represents investment returns from a single class of investor. As such, the NPI may not be representative of the market as a whole.

NAREIT Equity

All of the data is based upon the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted. Newly issued shares by existing REITs are added to the total shares outstanding figure in the month that the shares are issued. Only common shares issued by the REIT are included in the index. The total return calculation is based upon the weighting at the beginning of the period. Only those REITs listed for the entire period are used in the total return calculation. Dividends are included in the month based upon their payment date. There is no smoothing of income. Liquidating dividends, whether full or partial, are treated as income.

GENERAL NOTES AND DISCLAIMERS

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