



Market Update

Asset Consulting Group, Inc.

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Monthly Indices Report

(February 29, 2008)

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Monthly Report

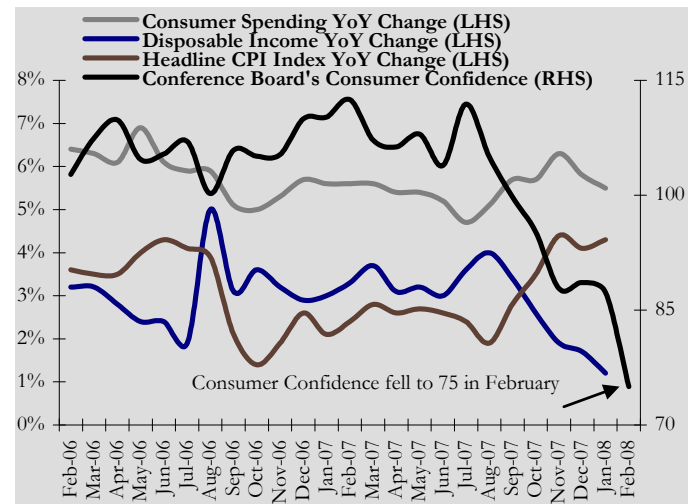
February 2008

U.S. ECONOMY

U.S. economic growth came to a screeching halt in the fourth quarter of 2007 as consumers, faced with rising prices and weakening labor markets, pared back spending. Thanks to the ongoing boom in exports the economy was able to avoid an outright contraction, but the slowdown greatly raised fears the economy could be entering a recession. February economic releases bore out those concerns as the slowdown in consumer spending has spilled over into 2008 with higher food and energy prices leaving consumers with less discretionary income, and thus, putting in jeopardy the largest engine of growth within the economy.

Slow growth in 4Q07, but no recession...

Gross domestic product (GDP) rose at a 0.6% annualized rate in 4Q07, after a 4.9% gain in the third quarter. The increase in real GDP came from consumer spending, exports and capital spending and was offset by a downturn in inventory investment and further deceleration in housing starts. Real exports of goods and services increased 4.8% in 4Q07, compared with an increase of 19.1% in the third. Businesses increased fixed investment by 6.9%, compared with an increase of 9.3% in the previous quarter, but reduced inventories by \$10.1 billion, which subtracted 1.49% from growth. Real residential investment was the weakest component for the eighth consecutive quarter, declining 25.2% compared with a decrease of 20.5% in the prior quarter.



Source: Dept. of Commerce, Bloomberg

Labor markets cool down for the second consecutive month...

The U.S. lost 63,000 jobs in February, the biggest drop since March 2003, after a decline of 22,000 in January. Despite this, the jobless rate actually declined to 4.8% from January's 4.9%, after the labor force shrank as some people gave up looking for work. The two bright spots remained the services and government sectors, which added 26,000 and 38,000 workers to payrolls. However, these increases were largely overshadowed by the drop in manufacturing (-52,000) and the ongoing contraction in housing (-39,000), which experienced the eighth consecutive month of cutbacks. After removing the gains in government payrolls, private payrolls fell by 101,000.

The U.S. consumer was a key driver of economic growth over the past two years with consumer spending supported by rising incomes stemming from a growing and healthy employment market. Consumers are now facing major headwinds as the job picture is not as bright, home values are lower, and energy and food prices are much higher than a year ago. Fed Chairman Ben Bernanke in testimony to Congress on February 28th said that the "possibilities" existed that "the labor market or housing market may deteriorate more than anticipated and that credit conditions may tighten substantially further." The Fed has already lowered rates by 2.25% to combat these problems and made it abundantly clear they will act as needed to avoid a recession. However, for now, consumers face a dimmer view of their own financial situations, suggesting a bleaker outlook for the U.S. economy.

Economy at a Glance				
Recent growth indicators	Nov-07	Dec-07	Jan-08	Feb-08
ISM manufacturing	50.0	48.4	50.7	48.3
ISM non-manufacturing	52.4	53.2	44.6	49.3
Conference Board Consumer Confidence	87.8	90.6	87.3	75
Change in Payrolls (m-o-m, 000)	60	41	-22	-63
Personal Income (%m-o-m)	0.3	0.5	0.3	
Personal Spending (%m-o-m)	0.9	0.3	0.4	
Real Personal Spending (%m-o-m)	0.2	0	0	

Source: Bureau of Labor Statistics, ISM, Bloomberg

Consumer spending remains lackluster ...

Consumer spending increased 1.9% in 4Q07, a decline of 32.14% from the 2.8% pace set in the third quarter, and just kept pace with inflation in January. While personal income rose 0.3% in January, the 0.4% increase in consumer purchases was offset by a jump of 0.4% in inflation. Thus, after adjusting for inflation, real spending was flat and stalled for the second straight month raising concerns that, as consumer sentiment fell to the lowest level in 17 years, the biggest part of the economy might be faltering.

GLOBAL EQUITIES

U.S. Equities

U.S. equities tumbled in February after speculation of additional writedowns and credit losses looming at banks, a rise in unemployment, and a decline in business activity increased the probability of a U.S. recession. The S&P 500 fell 3.25% (-9.06% year-to-date (YTD)), capping the fourth-straight monthly decline, the longest losing streak since the period of April through July of 2002. The S&P 500 ended February 17% below its October 9, 2007 lifetime peak and 2% off the January lows. Investors continued to steer clear of equities, fearful the Federal Reserve's 225 basis points (bps) interest rate cuts would not be enough to avert a recession, which resulted in greatly increased equity volatility. The VIX index, a gauge of investor fear, averaged 13.75 for the seven months preceding the August 2007 credit debacle, but has since increased substantially, closing February at 26.54. In all of 2007 the S&P 500 had 34 daily declines of 1% or more. In the course of trading over the first two months of 2008, there were 13 daily declines of 1% or more, with 5 declines of 2% or greater. The S&P 500 Financials sector suffered the most in February, losing 11.43% for the month (-11.97% YTD). The Energy sector was the best performer, generating a monthly gain of 6.66% (-4.99% YTD) on better earnings prospects, after oil prices hit record levels. The credit losses in the Financials led to a 123.2% decline in their 4Q07 earnings from continuing operations. As a result, overall earnings for 487 S&P companies that have reported 4Q07 results declined 22.8% on a share weighted basis. However, ex-Financials, earnings rose 16.20% for the remaining nine sectors. The Financials sector can be expected to remain in focus, especially those companies exposed to subprime securitized investments, as the resetting of subprime mortgages begins to crest in March. Increased risk aversion resulted in investors shunning small cap stocks with the Russell 2000 falling 3.71% and 10.28% for the month and YTD. In a complete reversal from January, growth stocks in the U.S. market outperformed their value counterparts at every capitalization tier except for the microcap segment. While the Russell 1000 Growth Index realized

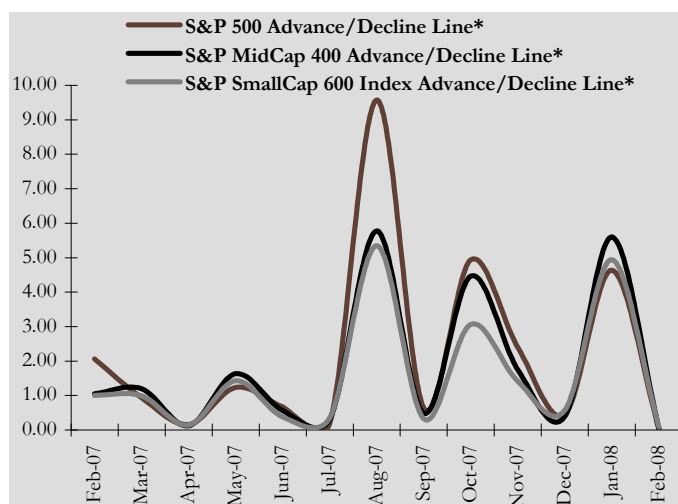
a loss of 1.99% (-9.63% YTD), the Russell 1000 Value Index declined 4.19% (-8.03 YTD).

International Equities

The U.S. dollar (USD) declined to the lowest level ever against the euro and to a three-year low versus the yen in February after comments from Federal Reserve Chairman Ben Bernanke signaled the Fed was ready to lower interest rates as needed to combat the downside risks to the economy. Bernanke further stated that the recent weakness in the dollar was improving the trade deficit and was a "positive" for the economy. The dollar ended February at \$1.5179 per euro, after touching \$1.5239, the weakest level since the euro's inception in 1999. The dollar lost 2.15% against the euro for the month and was down 4.04% YTD. The dollar tumbled 2.55% last month against the yen to ¥103.74 (-7.13% YTD).

European equities sold off in February for the fourth straight month on concern the collapse of U.S. subprime mortgages and a slowdown in the U.S. economy would hurt global profit growth. The Dow Jones Stoxx 600 Index dropped 0.81% and 12.25% for the month and YTD on a euro basis. The weaker dollar led to a positive monthly USD return of 1.37% (-8.69% YTD). Bloomberg data show analysts have now cut estimates for the Stoxx 600 2008 earnings growth to 4.5% from 11% at the end of 2007. On a yen basis, the Japanese Nikkei 225 managed a slight gain of 0.11% in February, but fell sharply YTD, down 11.10%, as the stronger yen threatened to erode the earnings of Japanese exporters. On a USD basis, the Nikkei rose 2.25% for the month, but declined 3.78% YTD. The broad MSCI EAFE index fell 0.66% and 11.53% for the month and YTD, in local currency. In USD, the index managed a 1.46% gain in February but fell 7.90% YTD.

The surge in commodity prices helped boost emerging market equities as the MSCI Emerging Market (EM) Index rose 6.15% in local currency for the month, which cut the YTD decline to 7.02%. On a USD basis, the index increased 7.42% for February and registered losses of 5.95% YTD. Latin America was the best EM performer gaining 8.82% and 2.06% for the month and YTD.



Source: Bloomberg

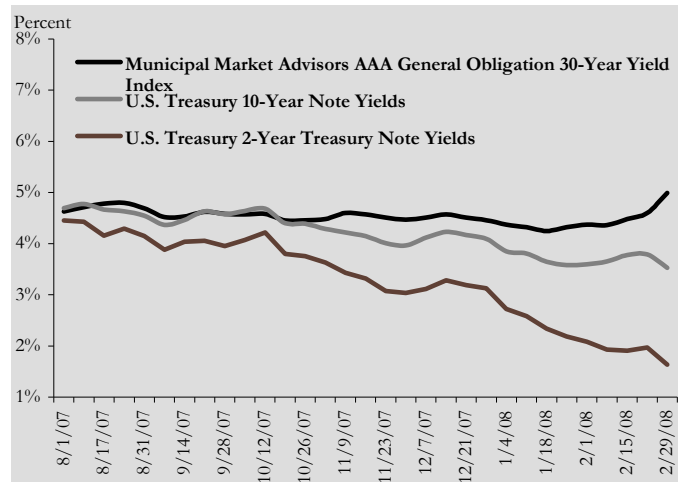
*The Advance/Decline (A/D) Line plots changes in the value of the advance-decline index over a certain time period. Each point on the chart is calculated by taking the difference between the number of advancing/declining issues and adding the result to the previous period's value, as shown by the following formula: $A/D \text{ Line} = (\# \text{ of advancing stocks} - \# \text{ of declining stocks}) + \text{Previous period's } A/D \text{ Line value}$. This indicator is used to confirm the strength of a current trend and its likelihood of reversing. If the markets are up but the A/D line is sloping downwards, it's usually a sign that the markets are losing their breadth and may be setting up to head in the other direction. If the slope of the A/D line is up and the market is trending upward then the market is said to be healthy.

GLOBAL FIXED INCOME

U.S. Fixed-Income

The U.S. municipal bond market collapsed in February sending yields of top quality munis to the equivalent of BB rated high-yield bonds. Triple-A rated general obligation bonds closed February yielding 4.99%, a tax-equivalent yield of 7.44% (for a tax payer in the 33% bracket), only slightly below the yield of 7.89% on the Lehman Bros. Double-B High Yield Bond Index.¹ Muni bonds took a hit after the triple-A rating on municipal bond insurers came into question and a breakdown in the market's liquidity occurred from distressed selling by hedge funds with highly leveraged bond portfolios. This resulted in a monthly decline of 4.58% (-3.37% YTD) in the Lehman Bros. Municipal Bond Index.¹ The impact of the seize in the muni market drove investors into the safe haven of Treasuries, sending prices of all maturities to their best start to a year since 1995, according to Merrill Lynch data. The Merrill Lynch U.S. Treasury Master index rose 1.09% (+3.64% YTD), pushing yields lower for the month. Two-year

note yields declined 48 bps to 1.62%, while the 10-year note's yield dropped 8 bps to 3.51%, widening the spread between the



Source: Bloomberg

two to 1.89%, within 4 bps of the widest difference since 2004. The flight to quality sent high yield bonds lower for the second consecutive month as the Lehman Bros. High Yield Index declined 1.36% (-2.68% YTD).¹ The broad Lehman Bros. U.S. Aggregate Index gained 0.14% and 1.82%, for the month and YTD.¹

International Fixed-Income

European government bonds rose for a second month as investors bet the European Central Bank will have to follow U.S. monetary policy and lower interest rates to avert an economic slowdown. The yield on the two-year German note dropped 22 bps in February to 3.14% and the yield on the German 10-year bund slipped 3 bps to 3.90%. On a USD basis, the Merrill Lynch EMU Direct Government Index rose 3.13% and 6.87% for the month and YTD. The Merrill Lynch Global Government Index gained 2.41% in February and rose 6.16% YTD, both in USD.

All data from Bloomberg unless otherwise noted.

¹ - Lehman Brothers

Indices Report

Asset Consulting Group, Inc.

Monthly Indices Report

Periods Ending February 29, 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	(3.25)%	(9.68)%	(8.79)%	(9.06)%	(3.59)%	5.37%	11.64%	4.07 %
S&P Equal Weighted	Large Cap Core	(3.36)%	(8.93)%	(9.96)%	(7.63)%	(8.10)%	5.80%	15.35%	7.90 %
Russell 1000	Large Cap Core	(3.06)%	(9.47)%	(8.45)%	(8.88)%	(3.78)%	5.87%	12.24%	4.41 %
Russell 1000 Growth	Large Cap Growth	(1.99)%	(9.96)%	(6.57)%	(9.63)%	0.40%	5.90%	10.50%	1.74 %
Russell 1000 Value	Large Cap Value	(4.19)%	(8.92)%	(10.40)%	(8.03)%	(7.91)%	5.78%	13.88%	6.24 %
Russell Mid Cap	Mid Cap Core	(2.29)%	(8.95)%	(9.01)%	(8.66)%	(6.86)%	7.60 %	16.88%	8.31 %
Russell 2000	Small Cap Core	(3.71)%	(10.33)%	(12.91)%	(10.28)%	(12.42)%	3.90%	15.10 %	5.34 %
Russell 2000 Growth	Small Cap Growth	(3.46)%	(11.76)%	(11.66)%	(12.31)%	(7.55)%	4.61%	14.72%	2.22 %
Russell 2000 Value	Small Cap Value	(3.97)%	(8.69)%	(14.22)%	(7.91)%	(17.12)%	3.09 %	15.35 %	7.73 %
Wilshire 5000	Broad Equities	(3.01)%	(9.44)%	(8.65)%	(8.89)%	(4.05)%	6.00%	12.87%	4.54 %
HFRI Equity Hedge	Long Short Equity	1.82%	(2.12)%	1.14%	(2.61)%	5.73%	9.41%	11.71%	11.23 %
<u>International Equity Indices</u>									
MSCI World	Broad Global	(0.53)%	(9.27)%	(5.94)%	(8.11)%	(0.03)%	9.82%	16.67%	5.53%
MSCI EAFE	Developed Markets Intl	1.46%	(9.98)%	(4.62)%	(7.90)%	1.27%	13.22%	21.68%	6.98%
MSCI EAFE Growth	Developed Markets Intl Growth	2.75%	(8.67)%	(1.12)%	(6.69)%	7.31%	14.36%	20.32%	4.87%
MSCI EAFE Value	Developed Markets Intl Value	0.16%	(11.27)%	(8.14)%	(9.11)%	(4.60)%	12.02%	22.92%	8.90%
MSCI Emerging Markets Free	Emerging Market	7.42%	(5.62)%	8.26%	(5.95)%	33.61%	29.04%	36.65%	13.63%
<u>Domestic Fixed Income Indices</u>									
Merrill Lynch Treasury Bills	Cash	0.15%	0.93%	2.10%	0.65%	4.85%	4.41%	3.16%	3.75%
Merrill Lynch 1-3 Yr Treasuries	Treasuries	1.22%	3.69%	7.18%	3.40%	10.59%	5.77%	3.90%	5.31%
Lehman Muni 5 Yr	5 Yr Municipal Bonds	(2.46)%	0.41%	2.79%	(0.03)%	4.38%	3.29%	2.98%	4.45%
Merrill Lynch High Yield	High Yield Bonds	(1.16)%	(2.19)%	(1.24)%	(2.48)%	(2.76)%	4.12%	9.11%	5.34%
Lehman Aggregate	Core Bonds	0.14%	2.11%	5.68%	1.82%	7.30%	5.18%	4.50%	6.03%
Lehman Government	Government Bonds	0.95%	3.59%	7.89%	3.36%	10.75%	6.09%	4.51%	6.14%
Lehman U.S. Credit Index	Corporate Bonds	0.19%	1.56%	4.46%	1.41%	4.49%	4.18%	4.65%	6.08%
Lehman Muni 10 Yr	10 Yr Municipal Bonds	(4.15)%	(1.93)%	0.84%	(2.20)%	1.04%	3.07%	3.60%	4.86%
HFRI FOF Conservative	Low Volatility	0.68%	(0.59)%	1.92%	(0.85)%	4.48%	6.63%	6.80%	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	(3.56)%	(9.35)%	(12.98)%	(4.55)%	(24.08)%	8.88%	17.38%	10.21%

All time period returns are rolling returns except for YTD

* For comparison purposes, prior quarter returns are used

Source: State Street

Online Availability

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

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

Standard and Poor's 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to measure performance of the broad domestic stock market through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-1943 base period.

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 measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected. The Index was developed with a base value of 130.00 as of December 31, 1986.

Russell 1000® Growth Index

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The index was developed with a base value of 200 as of August 31, 1992.

Russell 1000® Value Index

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth rates. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The index was developed with a base value of 200 as of August 31, 1992.

Russell Midcap® Index

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities in the Russell 1000 Index based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

Russell 2000® Index

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Russell 2000® Growth Index

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth rates. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

Russell 2000® Value Index

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

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 Index**

The MSCI World Index 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® Index

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) Index

The MSCI Emerging Markets Index 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 Baa1 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.

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