Market Update

Asset Consulting Group, Inc.

INSIDE THIS ISSUE:

231 South Bemiston Avenue, 14th Floor St. Louis, MO 63105 t. 314-862-4848 f. 314-862-5967 www.acgnet.com

Monthly Report June 2008

U.S. ECONOMY

The U.S. economy exhibited resilience in June as continued expansion abroad resulted in solid export activity and the government's economic stimulus tax rebates provided a boost to consumer spending. Nonetheless, further softening occurred in the labor markets as June marked the sixth straight month employers reduced payrolls. While the economy has technically avoided a recession[1] to date, downside risks to growth are mounting as the persistent housing slump, higher prices and further job losses could erode consumer spending power going forward.

U.S. manufacturing registers 67th consecutive month of growth in new export orders…

The Institute for Supply Management (ISM) manufacturing index inched up to 50.2 in June from 49.6 in May, edging into expansionary territory as 50 marks the dividing line between expansion and contraction. Export activity remained solid on U.S. dollar weakness and still relatively strong global growth. ISM's new export orders index registered 58.5, the 67th consecutive monthly reading above 50. However, economic activity in the non-manufacturing sector contracted in June. The ISM services sector index fell to 48.2 after two straight months of expansion. Most of the June drop in the non-manufacturing index was due to a steep decline in the employment index, which fell to its lowest level on record. The ISM report indicated that rising fuel, energy and commodity costs were negatively impacting the service sector causing companies to turn cautious and reduce payrolls.

Economy at a Glance

Recent growth indicators	Mar-08	Apr-08	May-08	Jun-08
ISM manufacturing*	48.6	48.6	49.6	50.2
ISM non-manufacturing Composite*	49.6	52	51.7	48.2
Confernce Board Consumer Confidence**	65.9	62.8	58.1	50.4
Change in Payrolls (m-o-m, 000)**	-88	-28	-62	-62
Personal Income (% m-o-m)***	0.3	0.3	1.9	
Personal Spending (% m-o-m)***	0.4	0.4	0.8	

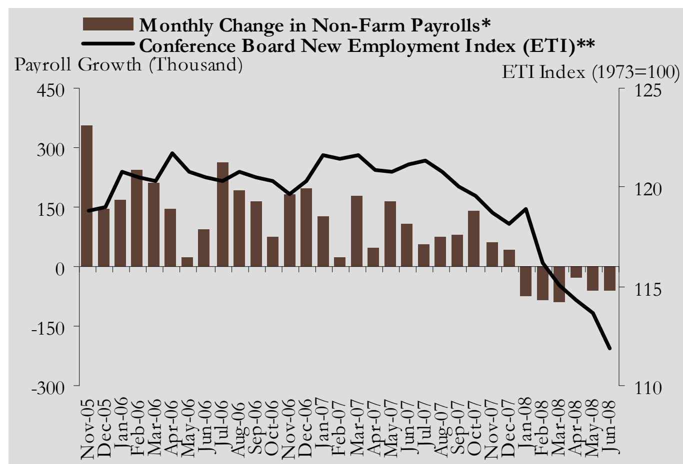
*Source: *ISM, **Bureau of Labor Statistics, ***Dept. of Commerce*

Consumer incomes grow the most since September 2005…

The Commerce Department said personal income shot up 1.9% in May in part due to $48.1 billion economic stimulus payments in the month. As a result, consumer spending doubled from April, rising at a healthy pace of 0.8%. Nearly all of the increase in spending was in outlays for nondurable goods and services as consumers coped with soaring food and gasoline prices. Economists fear that, once the rebates end, the weak housing market, rising unemployment and modest wage growth may leave households with less money to spend beyond the staples.

The U.S. labor market deteriorates further…

U.S. employers cut payrolls for a sixth straight month, eliminating 62,000 jobs in June, which matched the jobs lost in May. The June data brought the drop in payrolls over the first half of 2008 to 438,000. The job cuts, primarily concentrated around the home construction industry (261,000 lost), have been relatively moderate so far when compared to the last U.S. recession in 2001. During the last recession, employers shed 1.6 million jobs over the course of nine months or 181,000 per month vs. 73,000 per month thus far in 2008, suggesting that American businesses are not over-staffed while weathering the economic slowdown.



Source: Bloomberg, NBER

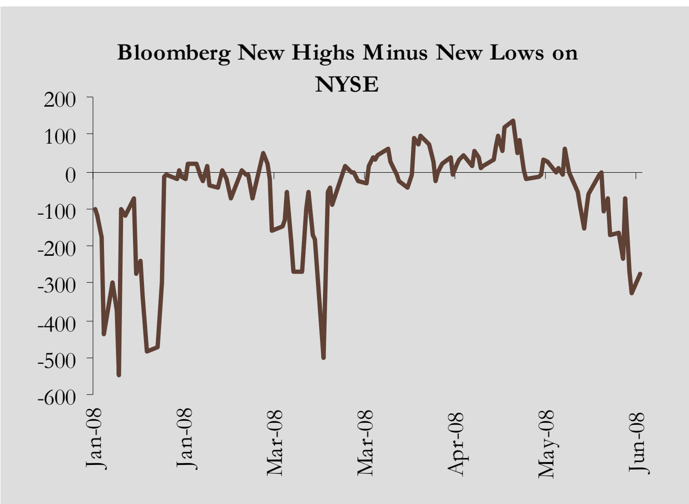
**Nonfarm payroll employment monthly change as reported by the U.S. Department of Labor*
***The Employment Trends Index (ETI)™ aggregates eight labor-market indicators: Percentage of respondents who say they find "Jobs Hard to Get" (The Conference Board Consumer Confidence Survey); Initial Claims for Unemployment Insurance (U.S. Department of Labor); Percentage of Firms with One or More Jobs Open (National Federation of Independent Business); Number of employees hired by the temporary-help industry (U.S. Bureau of Labor Statistics); Part-time Workers for Economic Reasons (BLS); Job Openings (BLS); Industrial Production (Federal Reserve); Real Manufacturing and Trade Sales (U.S. Bureau of Economic Analysis)*

Although recent readings on economic activity show the economy is still growing, the continuing housing recession and credit crunch, and soaring energy prices are rapidly forcing businesses and consumers to cut back, and putting the Federal Reserve (the Fed) in a precarious position. The Fed voted to keep its target funds rate at 2%, citing the ongoing distress in housing and in the financial sector, and softening labor markets. However, as both oil and gasoline reached all time highs the Fed stated that "the upside to inflation and inflation expectations have increased". On a year-over-year basis, consumer prices rose over 4% in May and the core inflation rate remained above the Fed's comfort zone at 2.3%. The Fed expects inflation to subside later this year due to an economic slowdown and moderate wage growth. However, if oil and food prices continue to spiral higher, the Fed might be forced to hike interest rates to tame inflation in the wake of weak employment, which could undermine consumer spending and send the economy into a recession.

GLOBAL EQUITIES

U.S. Equities

U.S. equities came under extreme selling pressure in June as investors worried about the impact of record high energy prices on the economy and corporate profits. The S&P 500 had its worst monthly decline since September 2002, losing 8.43% (-2.72% in 2Q08) and bringing a year-to-date (YTD) decline to 11.91%. By the end of June the index had fallen 16.98% from its October 9, 2007 all time high of 1565.15. Stock market breadth was excessively negative with 86% of the S&P 500 stocks losing ground in June, and nearly 40% of the S&P 500 universe registering losses of 10% or more. Financials continued to be the worst performing sector resulting from fears that profits in the sector could fall further due to additional losses related to subprime mortgages. The sector dropped 18.67% in June and declined 30.89% YTD. Energy was the only S&P sector closing June in positive territory, returning 2.23% for the month (+8.12% YTD).



Source: Bloomberg

**Bloomberg New Highs Minus New Lows on NYSE represents the 52-week highs/lows for the NYSE each day. It is calculated as number of stocks to hit their 52-week high minus the number to hit their 52-week low.*

The small cap Russell 2000 suffered its biggest June decline since its inception in 1979, falling 7.70%. The index did gain 0.58% in the second quarter, but was 9.38% lower YTD. The Russell 2000's Energy sector jumped 13.67% in June, resulting in a YTD gain of 46.69%. Growth stocks outpaced value stocks in June and YTD across all market capitalization ranges. The monthly loss for the Russell 1000 Growth index amounted to 7.20% vs. the Russell 1000 Value's decline of 9.57%. Year-to-date, the Russell 1000 Growth index declined 9.06% vs. a drop of 13.58% for its value counterpart. Analysts expect that this trend might continue in the near future. Growth stocks are less sensitive to economic slowdowns and tend to be favored when the economy is decelerating and earnings growth becomes scarce. Growth stocks are currently considered a good value by many analysts, as the valuation spread between growth and value stocks has converged. Growth stocks are believed to be in solid financial shape and have higher exposure to international markets – a benefit in this weak-dollar environment.

International Equities

The U.S. dollar (USD) had its largest weekly gain against the euro since 2005 in the week ending June 13 after Federal Reserve Chairman, Ben Bernanke, said U.S. economic risks might have diminished, which helped send the dollar up 2.5% for the week. There was a reversal of sentiment for the dollar over the last two weeks of the month after economists forecasted the European Central Bank will raise its 4% main refinancing rate by a quarter percentage point on July 3, while the Fed gave no indication it would raise rates any time soon. The U.S. currency lost 1.29% in June (-7.98% YTD), closing at $1.5755 per euro. The dollar also pared earlier gains against the yen after Moody's upgraded Japan's local-currency debt rating, saying its banks had avoided the worst of the credit crisis. The dollar still advanced 0.66% against the yen for the month, closing at ¥106.21, but declined 4.92% YTD.

International developed equities sold off in June as soaring oil prices stoked concerns that interest rates would have to be lifted to curb inflation, which could further intensify the global slowdown and weaken prospects for corporate profits. On a USD basis, the European DJ Stoxx 600 index lost 8.83% for the month and 11.83% YTD. The Nikkei 225 index fell to a two-month low on concerns rising energy and raw material prices would restrain global demand for Japanese goods and services. In USD, the index closed down 6.51% in June and lost 5.67% YTD. On a local currency basis, the MSCI EAFE dropped 8.87% for the month (-15.34% in Q208, -0.55% YTD). In USD, the index was down 8.16%, 1.93%, and 10.58% for the month, quarter, and YTD, respectively.

Investors shed emerging market equities in June on fears that interest rates might rise as central bankers within the developing economies shifted focus towards containing inflation in lieu of accommodating growth. In local currency terms, the MSCI Emerging Markets index fell 9.86% in June (-1.50% in Q208, -12.27% YTD). On a USD basis, the index declined 9.96%, 0.81%, and 11.64% for the month, quarter, and YTD, respectively.

GLOBAL FIXED INCOME

U.S. Fixed-Income

June marked a volatile month for U.S. Treasury yields. Treasury yields rose sharply through mid-June amid market expectations the Fed would hike interest rates this year to contain inflation, only to close little changed after the Fed voted to keep its benchmark interest rate at 2% during their June 25 meeting. Two-year yields ended June at 2.62%, 2 bps lower than the end of May. Ten-year yields fell to 3.97%, 9 bps lower from May 30. The yield curve continued to flatten, signaling investors were anticipating that the Fed was finished with the current easing cycle. After peaking at 209 bps on March 6, 2008, the spread between the 10-year and two-year yields narrowed to 136 bps by the month's end.

Source: Bloomberg

The Merrill Lynch U.S. Treasury Master index rose 0.83% in June resulting in a YTD gain of 2.23% (-2.07% in Q208). Credit spreads for the Lehman Bros. U.S. Aggregate index moved higher in line with the rise in the index's yield. Spreads rose 15 bps to 129 bps, while yields rose 16 bps to 5.07%.[2] The rise in yields caused the index to drop 0.08% in June.[2] The index was still up 1.13% YTD and lost 1.02% in Q208.[2] Investors demanded higher yields to compensate for owning riskier junk rated U.S. corporate debt. Yields on the Lehman Bros. U.S. Corporate High-Yield index rose 83 bps to 10.87%, sending the index 2.80% lower in June, resulting in YTD losses of 1.31% (Q208, +1.76%).[2]

International Fixed-Income

European government yields rose after a report showed inflation in the euro region accelerated to 4% in June, the highest level in more than 16 years. The yield on the two-year euro note jumped 28 bps to 4.60%, while 10-year yields rose 22 bps to 4.62%. Despite higher yields, the Merrill Lynch EMU Direct Government index gained 0.21% in June and 6.84% YTD (-3.59% in 2Q08). A slump in consumer spending and rising unemployment attracted investors to the safety of Japanese government debt sending the yield on the 10-year Japanese bond down 16 bps to 1.60%. The Merrill Lynch Japanese Governments index increased 0.66% for the month and was up 5.40% YTD (-7.38% Q208). The Merrill Lynch Global Government index was up 0.39%, 4.34%, and 4.66% for the month, quarter, and YTD, respectively.

[1]*Technical recession is defined as a decline in the Gross Domestic Product (GDP) for two or more consecutive quarters.*
All data from Bloomberg unless otherwise noted
[2] *Lehman Brothers*

Indices Report

Monthly Indices Report

Periods Ending June 30, 2008

Index Name	Style	Returns							
		Month	*Qtr*	*YTD*	*2 Qtrs*	*1 Year*	*3 Years*	*5 Years*	*10 Years*
Domestic Equity Indices									
S&P 500	Large Cap Core	(8.43)%	(2.72)%	(11.91)%	(11.91)%	(13.11)%	4.41%	7.59%	2.89 %
S&P Equal Weighted	Large Cap Core	(9.78)%	(2.48)%	(10.87)%	(10.87)%	(16.89)%	4.05%	10.02%	7.08 %
Russell 1000	Large Cap Core	(8.31)%	(1.90)%	(11.21)%	(11.21)%	(12.38)%	4.80%	8.22%	3.38 %
Russell 1000 Growth	Large Cap Growth	(7.20)%	1.26%	(9.06)%	(9.06)%	(5.96)%	5.92%	7.33%	0.96 %
Russell 1000 Value	Large Cap Value	(9.57)%	(5.32)%	(13.58)%	(13.58)%	(18.79)%	3.51%	8.91%	4.91 %
Russell Mid Cap	Mid Cap Core	(7.99)%	2.68%	(7.57)%	(7.57)%	(11.20)%	6.84 %	13.07%	8.10 %
Russell 2000	Small Cap Core	(7.70)%	0.58%	(9.38)%	(9.38)%	(16.19)%	3.79%	10.29 %	5.52 %
Russell 2000 Growth	Small Cap Growth	(5.96)%	4.47%	(8.92)%	(8.92)%	(10.82)%	6.08%	10.37%	2.80 %
Russell 2000 Value	Small Cap Value	(9.60)%	(3.55)%	(9.84)%	(9.84)%	(21.63)%	1.39 %	10.02 %	7.47 %
Wilshire 5000	Broad Equities	(8.14)%	(1.55)%	(10.92)%	(10.92)%	(12.53)%	5.02%	8.73%	3.59 %
HFRI Equity Hedge	Long Short Equity	(1.85)%	2.86%	(3.30)%	(3.30)%	(1.09)%	9.09%	9.82%	10.59 %
International Equity Indices									
MSCI World	Broad Global	(7.94)%	(1.42)%	(10.24)%	(10.24)%	(10.17)%	9.44%	12.55%	4.63%
MSCI EAFE	Developed Markets Intl	(8.16)%	(1.93)%	(10.58)%	(10.58)%	(10.15)%	13.34%	17.16%	6.22%
MSCI EAFE Growth	Developed Markets Intl Growth	(6.82)%	0.24%	(7.85)%	(7.85)%	(4.07)%	15.07%	16.63%	4.42%
MSCI EAFE Value	Developed Markets Intl Value	(9.52)%	(4.13)%	(13.32)%	(13.32)%	(16.06)%	11.52%	17.56%	7.81%
MSCI Emerging Markets	Emerging Market	(9.96)%	(0.81)%	(11.64)%	(11.64)%	4.90%	27.52%	30.15%	15.51%
Domestic Fixed Income Indices									
Merrill Lynch Treasury Bills	Cash	0.18%	0.32%	1.21%	1.21%	3.64%	4.27%	3.18%	3.63%
Merrill Lynch 1-3 Yr Treasuries	Treasuries	0.38%	(1.47)%	2.17%	2.17%	8.43%	4.84%	3.40%	4.98%
Lehman Muni 5 Yr	5 Yr Municipal Bonds	(1.02)%	(0.80)%	1.11%	1.11%	5.67%	3.25%	2.87%	4.45%
Merrill Lynch High Yield	High Yield Bonds	(2.66)%	1.80%	(1.24)%	(1.24)%	(2.04)%	4.59%	6.84%	5.21%
Lehman Aggregate	Core Bonds	(0.08)%	(1.02)%	1.13%	1.13%	7.13%	4.08%	3.85%	5.68%
Lehman Government	Government Bonds	0.58%	(1.91)%	2.06%	2.06%	9.69%	4.60%	3.78%	5.70%
Lehman U.S. Credit Index	Corporate Bonds	(0.53)%	(0.90)%	(0.47)%	(0.47)%	3.81%	2.76%	3.27%	5.57%
Lehman Muni 10 Yr	10 Yr Municipal Bonds	(1.04)%	0.04%	0.35%	0.35%	4.67%	3.17%	3.49%	4.98%
HFRI FOF Conservative	Low Volatility	(0.27)%	1.59%	(1.32)%	(1.32)%	(0.24)%	6.64%	6.03%	6.07%
Real Estate Indices									
NCREIF Property*	Real Estate	N/A	1.60%	1.60%	4.88%	13.56%	16.75%	15.07%	12.58%
NAREIT Equity	Real Estate	(10.88)%	(4.93)%	(3.61)%	(3.61)%	(13.65)%	4.98%	14.29%	10.65%

All time period returns are rolling returns except for YTD

* For comparison purposes, March 31, 2008 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.acgnet.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 Index
The MSCI Emerging Markets Index is an unmanaged 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.

<u>Domestic Fixed Income Indices</u>
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.

Other Indices Quoted in the Monthly Market Update

Dow Jones Stoxx 600 Index
The Dow Jones Stoxx 600 Index is a capitalization-weighted index of European stocks designed to provide a broad yet liquid representation of companies in the European region. The equities use free float shares in the index calculation. The index was developed with a base value of 100 as of December 31, 1991. This index uses float shares.

Nikkei 225 Index
The Nikkei-225 Stock Average is a price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

Lehman Brothers US High Yield Index
The Lehman Brothers High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

Merrill Lynch U.S. Treasury Master Index
The Merrill Lynch U.S. Treasury Master Index includes approximately 160 issues in the form of publicly placed, coupon-bearing US Treasury debt. Issues must carry a term to maturity of at least one year, and par amounts outstanding must be no less than $10 million at the start and at the close of the performance measurement period. Flower bonds are excluded. Sub-indexes are calculated for a variety of maturities, including: 1-2.99 years; 3-4.99 years; and 5-6.99 years.

Merrill Lynch EMU Direct Government Index
The Merrill Lynch EMU Direct Government Index measures the performance of euro-denominated government debt of Euro-zone nations.

Merrill Lynch Japan Sovereign Index
The Merrill Lynch Japan Sovereign Index measures the performance of yen-denominated government debt of Japan.

Merrill Lynch Global Government Index
The Global Government Index tracks the performance of public debt of investment grade sovereign issuers issued and denominated in their own domestic market and currency. Qualifying countries and their respective minimum issue size requirements include: Australia (AUD 1 billion); Canada (CAD 1 billion); Denmark (DKK 5 billion); Euro-Sovereigns (EUR 1 billion); Japan (JPY 200 billion); New Zealand (NZD 1 billion); Sweden (SEK 5 billion); Switzerland (CHF 500 million); the UK (GBP 500 million); and the US (USD 1 billion). In addition, individual qualifying bonds must have at least one year remaining term to maturity and a fixed coupon schedule. Qualifying countries must maintain an investment grade foreign currency long term sovereign debt rating (based on a composite of Moody's and S&P). Government bills and inflation-linked securities are excluded from the index. Zero coupon bonds are excluded; however, any portion of a qualifying note or bond that has been stripped for purposes of creating a zero coupon security remains included in the amount outstanding of the underlying coupon note or bond. The index is re-balanced on the last calendar day of the month. The inception date of the index is December 31, 1985, with daily data available beginning September 30, 1993.

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