



Market Update

Asset Consulting Group, Inc.

INSIDE THIS ISSUE:

Market commentary

The U.S. Economy

Global Equities

U.S. Equities

International Equities

Global Fixed Income

U.S. Fixed Income

International Fixed Income

Monthly Indices Report

(November 30, 2007)

231 South Bemiston Avenue, 14th Floor St. Louis, MO 63105

t. 314-862-4848 f. 314-862-5967

www.acgnet.com

Monthly Report

November 2007

THE U.S. ECONOMY

The Commerce Department revised third quarter real GDP growth up by a full percentage point to an astonishingly robust 4.9 % annual rate. However, U.S. economic data for the fourth quarter points to a slowdown in economic activity. Both the manufacturing and business services sectors softened a touch from prior months in November. On the consumer side, the employment picture looked strong, as job growth was better than forecasted. Consumer spending, however, rose less than expected in spite of job growth, as the housing and credit markets showed no signs of recovery and gas prices remained high. In light of the deepening housing recession, the Federal Reserve once again reiterated their intentions to act when needed to help forestall an economic downturn.

Third quarter GDP surges despite a worsening housing market...

Real gross domestic product for 3Q07 was revised higher by 1% to 4.9%, following a 3.8% rate in the second quarter. The increase in real GDP reflected contributions from a jump in exports, consumer spending, and government outlays which were partially offset by another deceleration in residential investment. Net exports of goods and services increased 18.9% compared with an increase of 7.5% in 2Q07. Consumer spending rose 2.7% vs. an increase of 1.4% in 2Q07, while government outlays expanded 7% compared with an increase of 6% in 2Q07. The largest detractor from growth, U.S. housing construction, plummeted 19.7%, after a double digit decline of 11.8% in 2Q07.

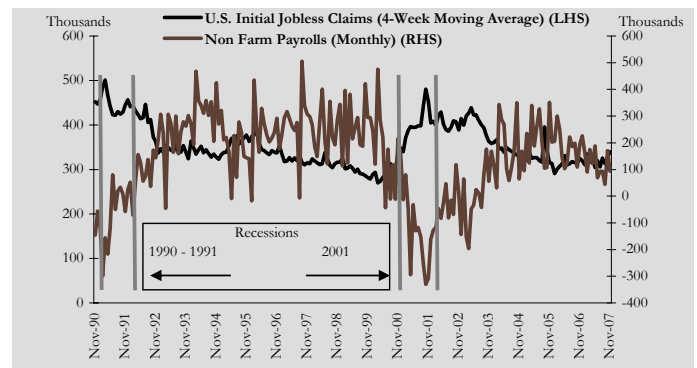
Fourth quarter growth anticipated to slow from the pace of the last two quarters...

After the robust 3Q07 expansion, economic reports in November suggest that businesses pulled back their spending and took a cautionary stance in light of the uncertainties surrounding the magnitude of the slowdown in future economic activity. Companies spent \$32.9 billion during 3Q07 to build inventories, after spending only \$5.8 billion in 2Q07. Therefore, it is expected that

corporations will look to work down inventories from these elevated levels in the fourth quarter, which is anticipated to reduce 4Q07 growth. In addition, orders for U.S. durable goods fell more than forecast in October, dropping 0.4%, following a revised 1.4% decline in September. Orders for non-durable goods, a proxy for future business investment, decreased 2.3%, after a 1.2% increase in September. Shipments of non-durable goods, which are used in calculating GDP, dropped 1.2% after rising 1.7% in September.

Consumer spending rises less than forecast despite job gains...

Higher energy prices and lower home prices showed signs of weighing on consumers as spending increased at a slower than anticipated pace in October. The Commerce Department reported consumer purchases rose 0.2% in October, short of economists' forecast of 0.3%, and below September's gain of 0.3%. Based on a median estimate in a Bloomberg survey, consumer spending is expected to grow at a 2% pace in 4Q07 vs. 2.7% in 3Q07. However, a relatively healthy job market continues to benefit consumer incomes, which rose 0.2% in October. Employers added 170,000 workers in October and another 94,000 in November, more than anticipated. Job growth averaged 118,000 a month in 2007, down from 188,000 in 2006. In the second half of the year it averaged only 98,000 which contributed to a rise in jobless claims. The four week average of initial jobless claims reached 340,000 in November, the highest level since October 2005, but it was still well below peak levels seen in the last two U.S. recessions.



Source: Bloomberg

As banks continued to tighten lending standards and buyers were holding out for lower prices, the housing recession still showed no signs of a bottom. Purchases of existing homes dropped 1.2%

Economy at a Glance

Recent growth indicators	Aug-07	Sep-07	Oct-07	Nov-07
ISM manufacturing	52.9	52	50.9	50.8
ISM non-manufacturing	55.8	54.8	55.8	54.1
Conference Board Consumer Confidence	105	99.5	95.6	87.3
Change in Payrolls (m-o-m, 000)	89	110	170	94
Personal Income (%m-o-m)	0.4	0.4	0.2	
Personal Spending (%m-o-m)	0.3	0.3	0.2	

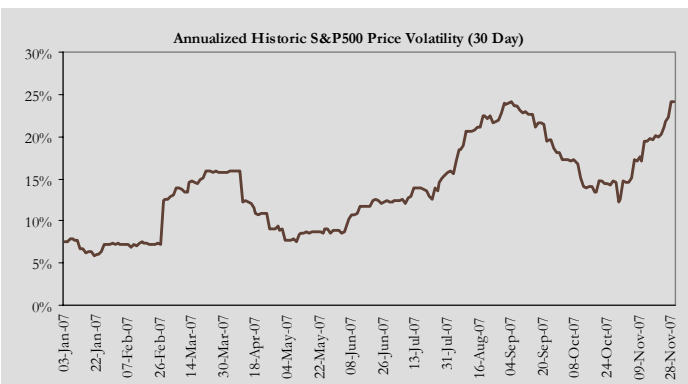
Source: Bureau of Labor Statistics, ISM, Bloomberg

in October to an annual rate of 4.97 million as the median existing home price fell to \$207,800, which represented a drop of 5.1% from a year ago, the biggest decline on record. The median price of new homes slumped 13% to \$278,000 in October, the steepest drop since 1970. New homes were purchased at an annual rate of 728,000, below the forecasted 750,000 and a 24% decline from a year ago. Federal Reserve Chairman Ben Bernanke acknowledged the growing strains the housing recession was having on consumers and stated the Fed needed to be “exceptionally alert and flexible”, signaling they would act as necessary to prevent the economy from slipping into a recession.

GLOBAL EQUITIES

U.S. Equities

U.S. equities tumbled in November on the prospects that slower U.S. economic growth, coupled with further credit related write-downs potentially looming for banks and brokerages, would cut into corporate profits. The S&P 500 plummeted 10.09% by November 26, the second such sell-off since November 2002, officially reaching a “correction” in bull market terms. However, U.S. equities rallied in the final days of November, led by financials who received several capital injections from outside investors. Comments from Fed Chairman Ben Bernanke who offered the prospects of lower borrowing costs in the future provided additional support. The Dow Jones Industrials posted a gain of 3%, while the S&P 500 rose 2.8%, its biggest weekly gain since March 2007. Despite this strong rally, equities still had their worst monthly decline since December 2002. The Dow Jones Industrials slipped 3.63% for the month and S&P 500 dropped 4.18%. Year-to-date the Dow Jones Industrials gained 9.61% and the S&P 500 rose 6.23%. Investors shed shares in the Technology (-8.09%) and Financials (-8.05%) sectors in November and rotated to the more defensive Consumer Staples (+2.86%) sector. As of November 30, 491 constituents of the S&P 500 had reported a market-cap weighted gain of 2.6% in Q307 earnings from continuing operations. On a non-weighted basis earnings were down 3.9%. The S&P 500 closed November trading at 18.33x 12-month trailing earnings, below the five-year average of 21, and was at 16x 12-month forward earnings. Small cap stocks had their worst monthly decline since July 2007 (-6.84%), as the Russell 2000 plunged 7.18% in November, leaving the index with



Source: Bloomberg

a loss of 1.50% YTD. Growth stocks remained in favor as the Russell 1000 Growth index dropped 3.68% in November vs. a decline of 4.89% for the Russell 1000 Value. Year-to-date the Growth index rallied 12.22%, while the Value index had a slight gain of 0.81%.

International Equities

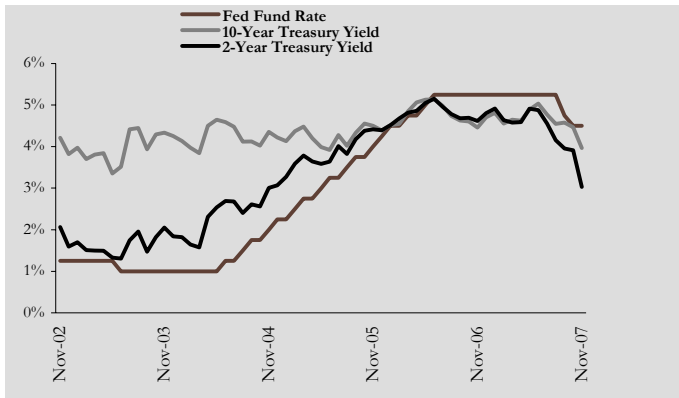
The U.S. dollar weakened further in November as traders placed bets the deteriorating conditions within the U.S. credit markets would force the Federal Reserve to cut interest rates further in an effort to bolster growth. The dollar reached a record low against the euro of \$1.4967 on November 23, and closed November at \$1.4633, declining 1% for the month and registering the year-to-date loss of 10.86%. A risk aversion was on the rise as investors closed out carry trades* by purchasing yen to repay borrowings, helping send the yen to a solid gain of 3.64% and 6.58% for the month and YTD against the dollar.

International equities came under similar selling pressure as their U.S. counterparts in November as investors weighed the impact a slowing U.S. economy would have on their own domestic economic and corporate profit growth. European stocks had their worst monthly performance since May 2006 as the Dow Jones Stoxx 600 index dropped 4.45% (in euros) in November, logging its worst performance since a 5.24% drubbing in May 2006. Year-to-date, the index posted a gain of 4.50% (in euros). In USD, the index dropped 2.87% for the month and was up 16.54% YTD. Japanese stocks tumbled, as the Nikkei 225 dropped 6.31% for the month in local currency terms and posted a loss of 8.09% YTD. USD returns were helped by the stronger yen as the index declined 2.67% and 1.29% for the month and YTD. In local currency terms, the benchmark MSCI EAFE index declined 4.09% for the month but rose 5.21% YTD. The weaker dollar helped US dollar investors as the index declined 3.26% in November, but gained 14.19% YTD. Investors sold off emerging market stocks in November after a tremendous run through October. In local currency, the MSCI Emerging Markets index dropped 6.15% in November but still soared 32.72% YTD. On a USD basis, the index declined 7.08% for the month, however, it was up 39.28% YTD.

GLOBAL FIXED INCOME ¹

US Fixed Income

Growing indications of tightening credit and lending conditions drove fixed income investors to seek the safety of government debt in November, as U.S. Treasuries registered their best monthly return in 12 years. Banks became increasingly more focused on improving balance sheets and capital structure and more reluctant to extend credit. In a sign of banks' reluctance to lend to each other, the difference between the London Interbank Offered Rate (LIBOR) and 90-day Treasury bills, the so called TED spread, more than doubled in November, touching 2.16%, its highest level since the August credit market turmoil when it reached 240 basis points (bps). The increased risk aversion spurred buying in Treasuries as investors sought their relative safety and liquidity, sending Treasury yields plummeting. Yields on three-month bills decreased 80 bps in November to 3.16%. They fell below 3% for the first time in three months on November 29, touching 2.89%. Two-year yields fell 95 bps to 3%, while ten-year note yields declined 53 bps to 3.94%. The Merrill Lynch U.S. Treasury Master index had its highest monthly gain since September 2003, climbing 3.04% for the month and posting a gain of 8.92% YTD. With the flight to quality, U.S. Corporate investment grade yields tightened by 10 bps in November as the yield on the Lehman Bros. U.S. Corporate Investment Grade index fell to 5.69% and stood nearly unchanged from the start of



Source: Bloomberg

the year. Investment grade corporate bond returns lagged Treasuries during the month by 300 bps, the worst relative performance since 1988. The index returned 0.60% for the month and gained 4.40% YTD. Investors demanded more yield for riskier high yield bonds with yields on the Lehman Bros. U.S. Corporate High Yield index widening from 8.72% in October to 9.48% at the end of November. The high yield index had its worst monthly performance since July, dropping 2.17%, but was still up 1.58% YTD. Overall, U.S. bonds were positive in November with the Lehman Bros. U.S. Aggregate index rising 1.80% for the month and returning 6.67% YTD.

International Fixed Income

International fixed-income investor sentiment mirrored that of the U.S. as foreign government bonds also rallied in November, sending yields to their lowest levels in four months. Eurozone 10-year yields fell 12bps to 4.12%, down from 4.57% in June. Two-year eurozone yields fell 23 bps to 3.83%. Some members of the European Central Bank (ECB) acknowledged that the impact from the U.S. credit crunch was spreading globally, raising the downside risks for future economic growth within the euro region. The ECB kept its benchmark main refinancing rate at 4% since June of this year. The Merrill Lynch EMU Direct Government index rose 2.14% in November and gained 13.77% YTD on a USD basis. Japanese government bonds rose for a second month after investors moved to the relative safety of government debt stemming from the uncertainties surrounding the impact of the rising global credit tightening standards on global growth. Government bonds were also supported by the Bank of Japan's decision to keep its overnight lending rate at 0.5% on November 13. The central bank last raised rates a quarter-point in February of this year. Ten-year yields declined 13 bps to 1.48% in November, and were 21 bps lower as compared to the beginning of the year. On a USD basis, the Lehman Bros. Japanese Government bond index gained 4.67% and 10.10% for the month and YTD respectively.

All data from Bloomberg except for: 1-Lehman Brothers

*A trade where investors get funds in a country with low borrowing costs, such as the Japanese yen, and invest in one with higher interest rates

Indices Report

Asset Consulting Group, Inc.

Monthly Indices Report

Periods Ending November 30, 2007

Index Name	Style	Returns							
		Month	Qtr	2 Qtrs	YTD	1 Year	3 Years	5 Years	10 Years
Domestic Equity Indices									
S&P 500	Large Cap Core	(4.18)%	0.98%	(2.33)%	6.23%	7.72%	10.09%	11.63%	6.17 %
S&P Equal Weighted	Large Cap Core	(4.79)%	(1.12)%	(7.10)%	2.96%	3.70%	10.14%	15.15%	9.87 %
Russell 1000	Large Cap Core	(4.26)%	1.13%	(2.56)%	6.47%	7.83%	10.62%	12.27%	6.48 %
Russell 1000 Growth	Large Cap Growth	(3.68)%	3.77%	2.24%	12.22%	12.60%	10.23%	10.60%	3.98 %
Russell 1000 Value	Large Cap Value	(4.89)%	(1.62)%	(7.33)%	0.81%	3.06%	10.87%	13.83%	8.10 %
Russell Mid Cap	Mid Cap Core	(4.78)%	(0.06)%	(5.79)%	5.93%	5.92%	12.77 %	17.35%	10.25 %
Russell 2000	Small Cap Core	(7.18)%	(2.87)%	(8.81)%	(1.49)%	(1.16)%	7.87%	14.93 %	7.27 %
Russell 2000 Growth	Small Cap Growth	(6.91)%	0.11%	(3.25)%	6.38%	6.12%	9.16%	14.70%	4.26 %
Russell 2000 Value	Small Cap Value	(7.49)%	(6.06)%	(14.38)%	(9.00)%	(8.21)%	6.40 %	14.99 %	9.52 %
Wilshire 5000	Broad Equities	(4.45)%	0.87%	(2.80)%	6.26%	7.51%	10.69%	12.86%	6.58 %
HFRI Equity Hedge	Long Short Equity	(2.42)%	3.71%	3.06%	10.37%	11.86%	11.54%	11.84%	12.10 %
International Equity Indices									
MSCI World	Broad Global	(4.04)%	3.66%	0.61%	10.97%	13.26%	15.23%	16.67%	7.70%
MSCI EAFE	Developed Markets Intl	(3.26)%	5.95%	2.95%	14.19%	17.79%	19.91%	21.81%	9.38%
MSCI EAFE Growth	Developed Markets Intl Growth	(2.04)%	8.27%	6.66%	19.37%	22.72%	20.16%	20.20%	7.12%
MSCI EAFE Value	Developed Markets Intl Value	(4.57)%	3.52%	(0.79)%	9.05%	12.85%	19.57%	23.31%	11.44%
MSCI Emerging Markets Free	Emerging Market	(7.08)%	14.70%	23.89%	39.28%	45.57%	37.58%	36.44%	14.76%
Domestic Fixed Income Indices									
Treasury Bills	Cash	0.47%	1.15%	2.52%	4.71%	5.17%	4.28%	3.03%	3.79%
Merrill Lynch 1-3 Yr Treasuries	Treasuries	2.19%	3.37%	6.19%	7.88%	7.71%	4.44%	3.54%	5.13%
Lehman Muni 5 Yr	5 Yr Municipal Bonds	1.07%	2.37%	3.87%	4.67%	4.46%	3.29%	3.56%	4.61%
Merrill Lynch High Yield	High Yield Bonds	(2.03)%	0.97%	(2.77)%	1.86%	2.97%	5.87%	10.83%	5.87%
Lehman Aggregate	Core Bonds	1.80%	3.50%	5.32%	6.67%	6.05%	4.78%	4.79%	6.05%
Lehman Government	Government Bonds	2.75%	4.15%	7.19%	8.43%	7.68%	5.13%	4.55%	6.01%
Lehman U.S. Credit Index	Corporate Bonds	0.85%	2.85%	3.66%	4.94%	4.04%	4.16%	5.42%	6.15%
Lehman Muni 10 Yr	10 Yr Municipal Bonds	1.11%	2.82%	3.45%	4.01%	3.53%	4.22%	4.71%	5.35%
HFRI FOF Conservative	Low Volatility	(0.93)%	2.45%	1.22%	7.34%	8.80%	7.65%	7.49%	N/A
Real Estate Indices									
NCREIF Property*	Real Estate	N/A	3.56%	8.31%	12.23%	17.30%	18.03%	14.79%	13.03%
NAREIT Equity	Real Estate	(9.07)%	(4.00)%	(14.23)%	(11.23)%	(12.62)%	12.13%	19.57%	11.31%

* For comparison purposes, prior quarter returns are used
All time period returns are rolling returns except for YTD

Online Availability

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

Copyright © 2007 Notice

No part of this publication may be copied, or duplicated in any form without written consent of ACG, Inc. The views contained in this Monthly Report are those of ACG and are based on information obtained by ACG from sources that are believed to be reliable. Such information is not necessarily all-inclusive and is not guaranteed as to its accuracy. ACG is not responsible for typographical or clerical errors in this Report or in the dissemination of its contents. Reliance upon information in the Report is at the sole discretion of the reader.