

# Capital Markets Commentary

Second Quarter 2007

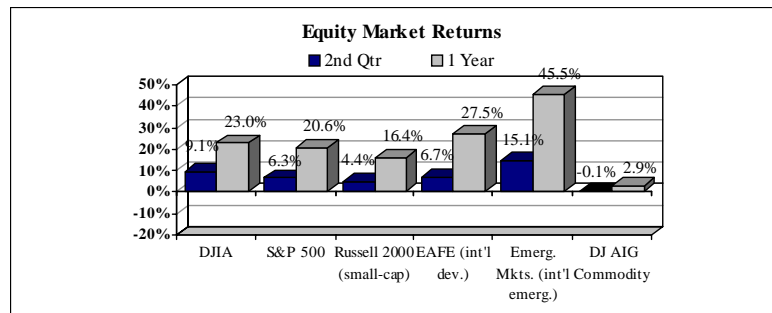
## Second Quarter 2007

The world's equity markets staged a strong rally in the second quarter as the U.S. economy showed signs of re-acceleration. Blue chip stocks led the rally in the U.S. and drove the S&P 500 Index up 6.3% to a record high, surpassing its previous high set in March of 2000.

Non-U.S. equity markets continued their stellar outperformance this quarter with the developed market EAFE Index up 6.7% and emerging markets powering 15.1% higher. German stocks posted a large gain, up 16.7% in dollar terms, while South Korea, the emerging index's largest single country weighting, surged 18.3% in the quarter.

Stronger than expected economic growth had a negative impact on bond prices, and the Lehman Aggregate Bond Index declined 0.5%, as bond market participants grew increasingly nervous about the Fed's next move regarding short-term interest rates. Coming into 2007, consensus opinion had the Fed cutting short-term interest rates by mid-year.

The Dow Jones AIG Commodity Total Return Index finished flat this quarter, down 0.1%. While gasoline prices moved higher during the quarter, up 12%, the energy component of this index was actually a negative contributor because of a sharp decline in Natural Gas -17%. Industrial Metals were mixed this quarter as Copper was up 10%, while Aluminum and Nickel fell 4% and 18%. Precious metals dropped with Gold down 2% while Silver fell nearly 9%.



## Average Fund Performance

Mutual fund investors in almost all equity categories tracked by Lipper Analytical were rewarded with healthy returns in the second quarter. Like the first quarter, international funds were the performance leaders with the average international developed fund up 7.5% while the average emerging market equity fund sky rocketed 14.2%. In the U.S., small-cap stock funds, which have outperformed for most of the past eight years, lagged this quarter as valuation concerns slowed their ascent. For the second quarter in a row, mutual fund investors were slightly better off in "growth" oriented funds over "value" funds thanks primarily to the continued underperformance of the Financial Services sector. With interest rates rising, interest sensitive sectors such as Utilities and REIT's were also hard hit, while energy related holdings soared on higher oil prices.

### STYLE PERFORMANCE MATRIX

#### 2nd Quarter Total Return

	Value	Core	Growth	AVERAGE
Large-Cap	6.25%	6.42%	6.55%	6.42%
Mid-Cap	6.06%	6.54%	8.13%	7.19%
Small-Cap	4.83%	5.38%	7.49%	6.06%
AVERAGE	5.89%	6.07%	7.35%	

Source: Lipper, Inc.

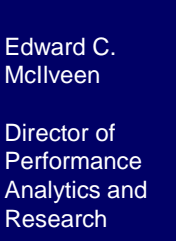
Michael J. Francis, CIMA

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Director of  
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Research



Your Independent Retirement  
Plan Investment Advisor



## Near-Term Capital Markets Outlook

### U.S. Economy - Picking Up Steam

After achieving its slowest growth in the past four years during the first quarter (estimated at 0.7%), the U.S. economy began picking up steam in the second quarter and is showing no signs of letting up. Powered by booming global demand for its goods and services, the U.S. economy is having little trouble overcoming a weak housing sector. Tightening energy and raw materials supplies, and a weaker dollar are adding to existing inflationary pressures. Consumer spending has remained solid and we expect it to show no signs of slowing as low unemployment keeps wages growing at a brisk pace, and the rising world stock market offsets losses from declining real estate values.

### Domestic Equities - Neutral

Large-cap equities appear reasonably priced. Trading at 16 times expected earnings, companies with international operations appear particularly well positioned for profit gains and share price appreciation. U.S. equity markets will soon be in their fifth year of uninterrupted expansion which make this bull market closer to a correction than a long-term rally in our opinion. Small-cap equities are currently trading at 20 times expected earnings, despite their higher risk profile, and warrant an underweighted position.

### International Equities - Overweight

Economic growth around the world remains generally stronger than the U.S.'s. Combine our expectation of continued faster growth with the reality that these stocks are generally still cheaper than the U.S.'s and you continue to have a recipe for outperformance. Falling unemployment in Europe and double digit GDP growth in Asia have the Central Banks in most foreign countries either currently raising or strongly considering raising their short-term interest rates in an effort to keep a handle on inflation. This will keep downward pressure on the U.S. dollar.

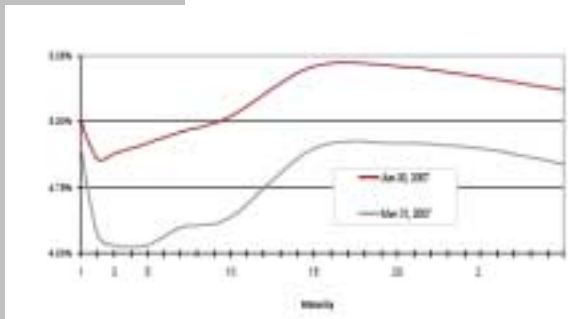
### Domestic Bonds - Underweight

As the U.S. economy begins to accelerate, increased inflationary pressures have all but erased any hopes for a rate cut by the Fed. The dollar's continued weakness is also playing an important role in both the U.S. economy's expansion, as well as making it easier for the Fed to raise short-term interest rates. We expect the yield curve to continue to steepen as market expectation changes and foreign demand for U.S. fixed income securities decreases. We also expect a widening in the spread between high quality and low quality debt as the sub-prime lending implosion leads more institutional investors to take less credit risk with their fixed income investments. As the global economy continues its impressive expansion, investors who "own" this expansion will benefit at the expense of those who "lend" to it.

### Hard Assets - Neutral

Continued strength in many foreign economies is propelling demand for energy, metals, and agricultural products to heights not seen before. The domestic push to develop adequate corn supplies for the production of ethanol is having a ripple effect on all other agricultural commodities. Increased prices, however, are generating massive efforts in production and exploration which will eventually help moderate price appreciation. We continue to believe we are in the midst of a commodity "super-cycle," a period with prolonged supply/demand imbalances. We continue to recommend all equity orientated and inflation sensitive investors maintain a minimum of a 5%-10% exposure to this category.

### U.S. Bonds – Multiple Bond Indexes



US Yield Curve as of 6/30/07

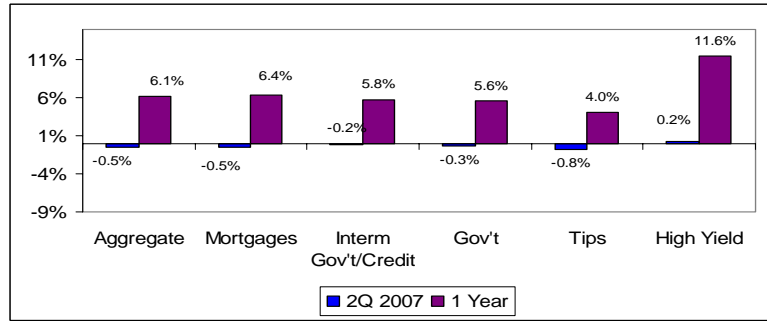
Nearly all major domestic bond indices were down in the second quarter. Only investments on the shortest end of the yield curve showed positive returns, but rising yields hurt almost every bond category and sub-prime woes held back mortgages. Treasury Inflation-Protected Securities (TIPS) were lower as the CPI remained fairly under control at 2.7% (YoY June 2006). Yields rose over the entire yield curve with the greatest widening in spreads taking place in the 5-10 year range; the shape of the yield curve is now reflecting mostly a traditional, positively sloped appearance but with a noticeable inversion on the short-end. This seems to be mostly reflective of the markets belief that the Fed will eventually cut interest rates to spur the housing market.

Source – Bloomberg, courtesy Robert W. Baird

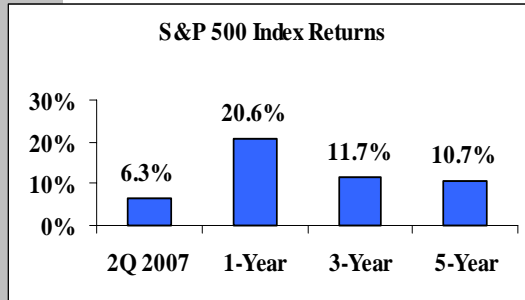


FRANCIS  
Investment Counsel LLC

## U.S. Bonds – Multiple Bond Indexes



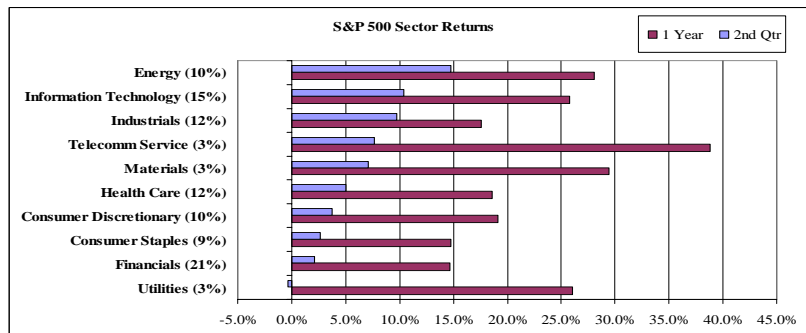
## Large-Cap Equities – S&P 500



Source - StyleAdvisor

It was a solid quarter for investors in US equities as measured by the S&P 500 Index which gained 6.3%. The energy (+14.8%), industrials (+9.8%), and information technology sectors (+10.4%) turned in especially strong results. Utilities (-0.4%), financials (+2%), and consumer staples (+3%) turned in the three weakest returns for sectors in the index. Within financials, the thrifts & mortgages industry regained some ground (+8%) after a powerful sell-off in the first quarter following sub-prime lending concerns. However, real estate investments trusts (REITs) were hit hard this quarter (-10%) and commercial banks (-2%) as well as diversified financials (-0.4%) were lower which held back results in the largest sector of the index. During the quarter, S&P released official Q1 2007

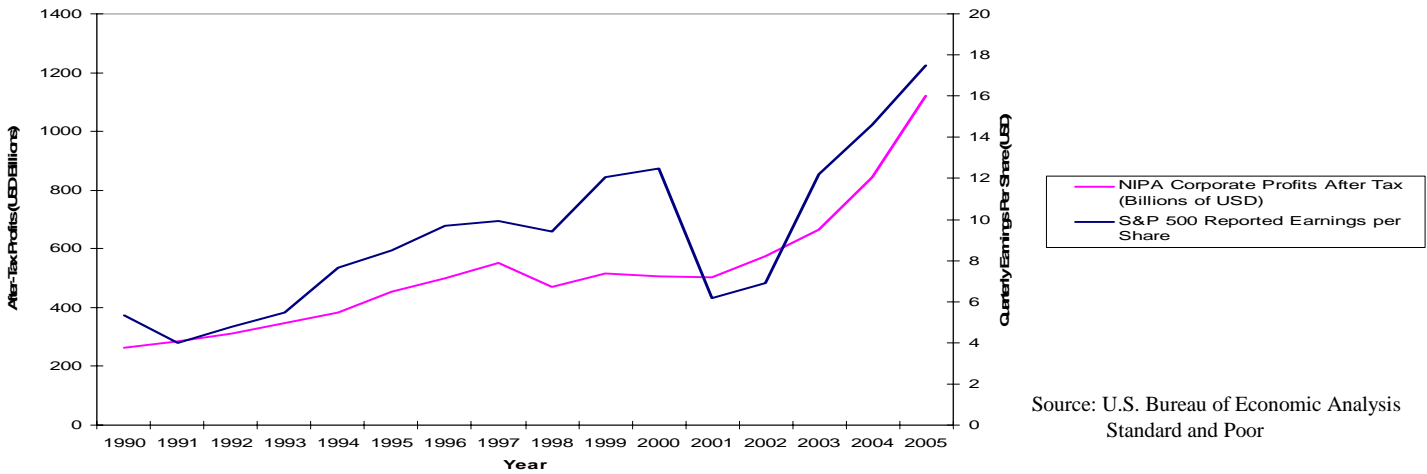
earnings that exceeded expectations and noted that the gains were meaningfully helped along by sales to international markets. In terms of valuations, we note that US domestic stocks still look positioned to continue moving higher when looking at the Fed Stock model, which postulates that stocks are attractive when the current earnings yield (forward P/E ratio divided by 1) is greater than the 10-year government bond yield. As of the end of June 2007, the earnings yield for the S&P was 6.3% (based on leading P/E) and the yield on the 10-year government bond was 5.0%. This has narrowed some since the first quarter, but generally the spread favors equities over bonds. Also, the Dow Theory, which focuses on the performance of transportation stocks being a predictor of future performance in the broader market, points to a positive environment for stocks as the Dow Jones Transports Index has returned 12.4% year-to-date. The strong returns in this index have been notable not only because of the “Dow Theory” but also because of Warren Buffet’s recent large investments in railroads. Finally, corporate profit growth is very strong in tandem with strong earnings growth (see chart on next page). Some highly respected market analysts have put forth passionate arguments that the global markets are ripe for a crash; we by no means dismiss their outlook as absurd, but at this time we see too many strong fundamentals in place, that in our opinion, make that possibility unlikely in the imminent future. In fact, unlike the late 90’s where we saw a wide dispersion between corporate profit growth and earnings growth in the S&P, we see these items growing in tandem. Combine reasonable valuations, with slowing earnings & economic growth, and more anticipated share buybacks and dividend increases, you still have a solid environment for large-cap U.S. equities.



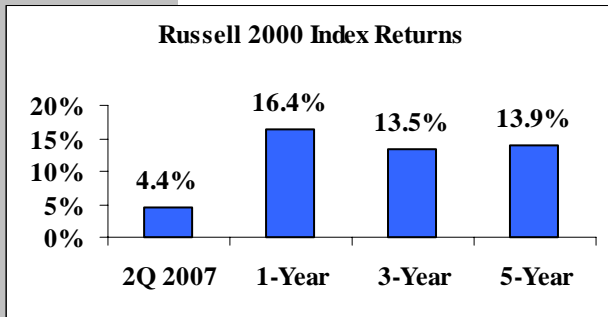
Source – Vestek Systems

*Energy and information technology turned in the two strongest performances this quarter. The financials sector continued to be the leading detractor this quarter as it represents 21% of the index.*

**NIPA Corporate Profits vs. S&P 500 Reported Earnings**

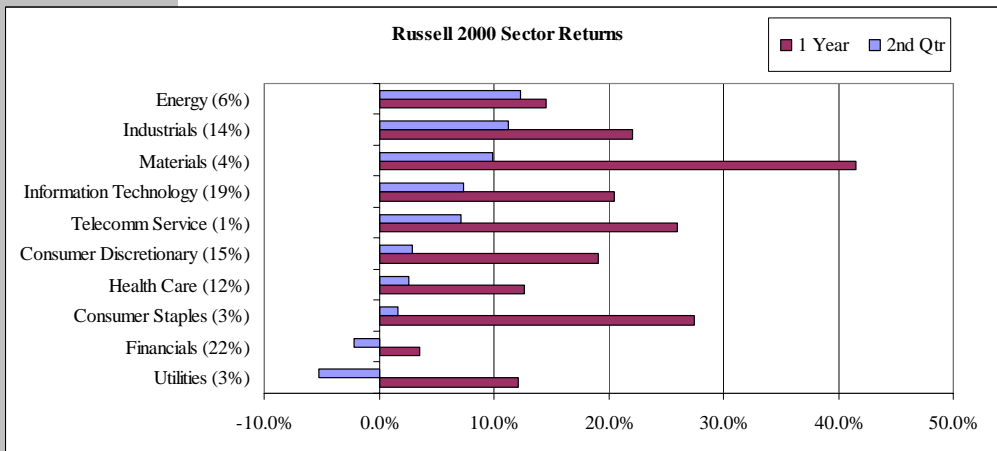


## Small-Cap Equities – Russell 2000 Index



Source - StyleAdvisor

The Russell 2000 returned a respectable 4.4% in the second quarter but underperformed large-cap equities. Like large-caps, Financial Services sector stocks suffered the most. Sub-prime lending concerns remained a focal point in the quarter as the market continued to understand who is ultimately going to absorb the credit losses. The hardest hit industries within the Financial Services sector were commercial banks (-6.0%) and thrifts & mortgages (-0.2%). In contrast, construction & engineering (+24.7%), aerospace & defense (+18.4%) and auto components (+12.4%) turned-in very strong returns. In our opinion, small-cap stocks still have the potential to show some strength, but we believe that the areas of outperformance versus large caps are narrow and in broad terms we still believe that currently, small-cap stocks are poised to underperform large-caps. During the quarter, small-cap “growth” stocks meaningfully outperformed small-cap “value” 6.7% vs. 2.3%.



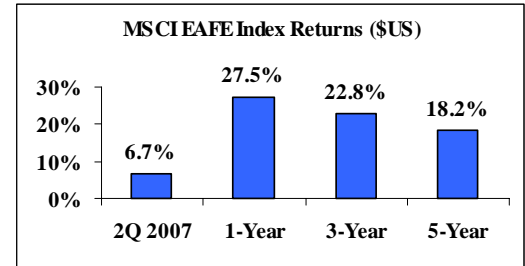
*Small-cap energy and industrials were the strongest performers in the second quarter and just like their large-cap brethren, financials and utilities were the weakest sectors.*

Source – Vestek Systems

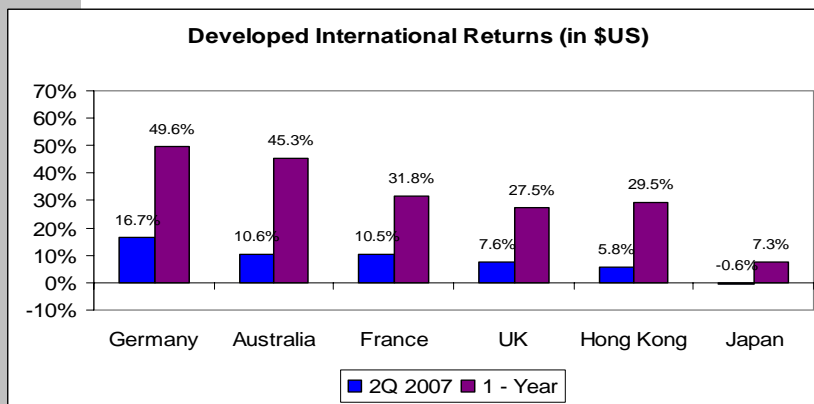
## International Equities – MSCI EAFE Index

International equities, as measured by the MSCI EAFE, once again outperformed US equities in the quarter with a gain of 6.7%. Germany and Australia posted some of the largest gains in developed international markets, up 16.7% and 10.6% respectively. Australia hasn't slowed-down at all due to robust materials demand from China. As a result, Australian GDP has grown the fastest in 3-years at 3.8% annually which has translated into a strong employment situation (32-year low unemployment rate)

and confident consumers. Germany, once known as the "sick man of Europe," has found its stride and is being referred to as a restructuring success. Corporate profits are higher as people have been buying Volkswagen's cars and Sieman's turbines. Demand from emerging markets for German manufactured products has pushed earnings higher and German consumer spending has recovered from a slowdown in late 2006 despite a recent value-added tax increase. In contrast, Japan disappointed investors with a slight decline this quarter. During April, industrial production fell unexpectedly, but unemployment fell to a 9-year low at 3.8% and consumer spending remained solid. We believe that international equity markets should continue to outperform US equities, but see that momentum diminishing as their current 9% discount to US equities disappears.

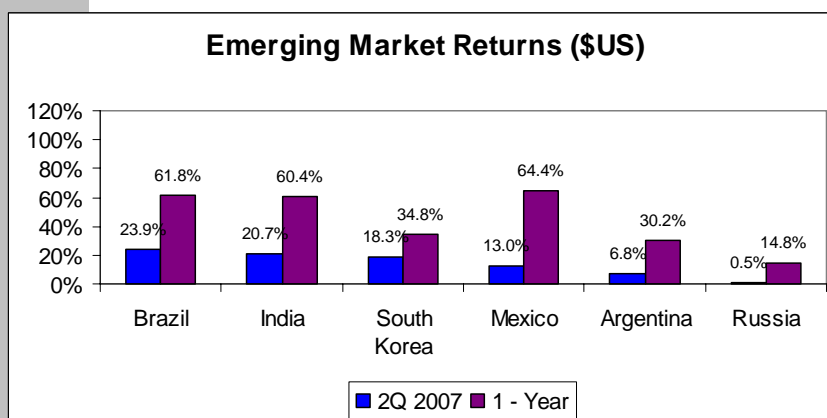


Source - StyleAdvisor



Source – StyleAdvisor

*Australia has been a beneficiary of the commodities boom, especially in the metals and mining arena. The European markets have rewarded investors in the past 12-months.*

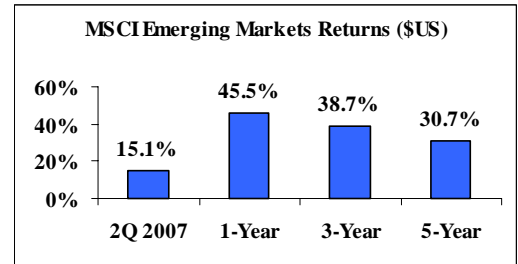


Source – StyleAdvisor

*Performance in emerging markets was dazzling in the quarter for most regions. Russia and Argentina meaningfully lagged the other major emerging markets.*

## Emerging Market Equities - MSCI EM Index

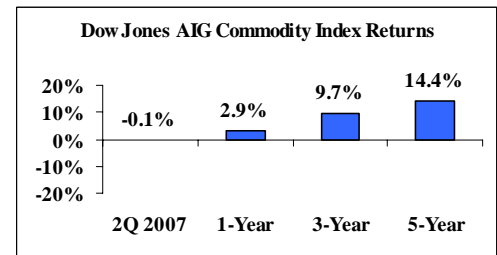
Are we having fun yet? Emerging Markets (EM) skyrocketed in the quarter 15.1% and were up over 45% in the last twelve-months. Any pain felt by investors earlier in 2007 has been quickly healed by some of the strongest returns in all of the equity markets around the world. Economic fundamentals remain strong with many emerging market nations looking more fiscally sound than some developed nations. Strong commodity prices, a developing middle class, and less dependence on US markets has resulted in a tremendously strong bullish environment for the asset class. During the quarter, Brazil was up nearly 24%; steadily rising GDP (+4.3%) and lower-than-expected inflation (the central bank cut its estimate of inflation from 3.8% to 3.5%) have provided a nice backdrop for the markets. Moreover, Brazilian families are buying-up durable goods like appliances and cars while the minimum wage was increased by 8.6% at the start of the quarter. China, turned in a gain of over 24%, and is expanding at an anticipated rate of 10.8%, the fastest pace since 1995. However, inflation seems to be concern there as consumer prices are exploding and real estate valuations are climbing rapidly. In terms of valuation, the forward price-to-earnings ratio (P/E) of the EM index is 13.85, according to Morgan Stanley, which means that overall EM equities are trading around a 13% discount to US equities (forward P/E of 15.83 for S&P 500 Index). This spread actually has narrowed from 16% since the end of 2006 and meaningfully from the end of the first quarter when it was around 18%. As such, our outlook for this asset class to outperform is diminished somewhat.



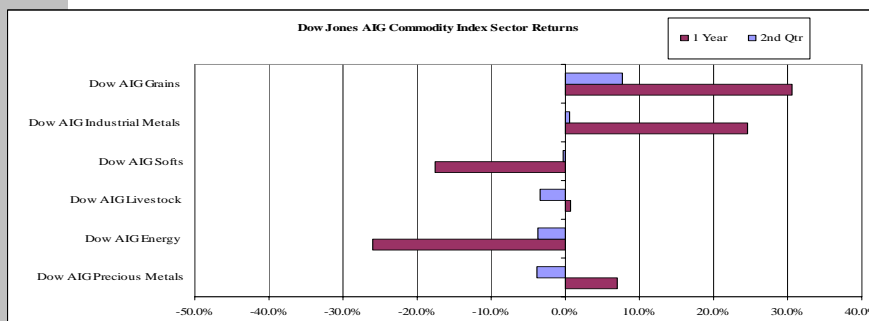
Source - StyleAdvisor

## Hard Assets – Dow Jones Commodity Index

“Hard Assets,” as measured by the Dow Jones AIG Commodity Total Return Index, lost 0.1%. During June alone, commodity futures contracts for corn (-14.8%), nickel (-21.6%), Natural Gas (-16%), and Silver (-8%) plummeted. Grains and industrial metals were the only two broad areas that were higher in the quarter thanks mainly to strength in soybeans and wheat. The price of oil made headlines once again after the price per barrel of crude oil rose over \$70. Refinery production problems and steady demand for gasoline in the US has pushed unleaded gas contracts higher; in fact they are up 27% year-to-date. Looking to the future, increased demand for ethanol and alternative energy sources (i.e. sugarcane) are having a noticeable ripple effect on other agricultural products. Milk, meats, even soda prices have been moving steadily higher for consumers. We believe that investors can offset some of these effects as well add some diversification to their retirement portfolios by keeping at least 5-10% of assets in this category. As of 6/30/07, the index was comprised of energy (34.6%), livestock (8.3%), grains (18.8%), basic metals (18.5%), precious metals (8.4%), softs (i.e. sugar, cotton, coffee 8.0%), and vegetable oil (3.3%).



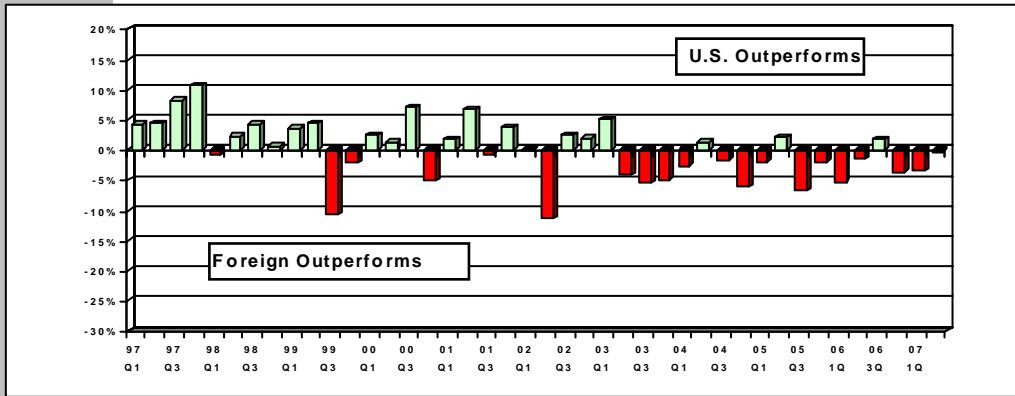
Source - StyleAdvisor



*This quarter grains took the lead in the Dow Jones AIG Commodity Index. Precious metals, energy, and livestock were all lower.*

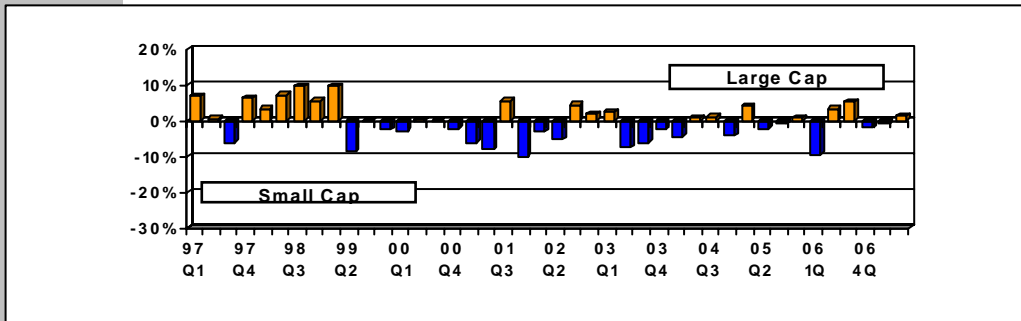
Source - StyleAdvisor

## Domestic vs. International (S&P 500 minus MSCI EAFE Index)



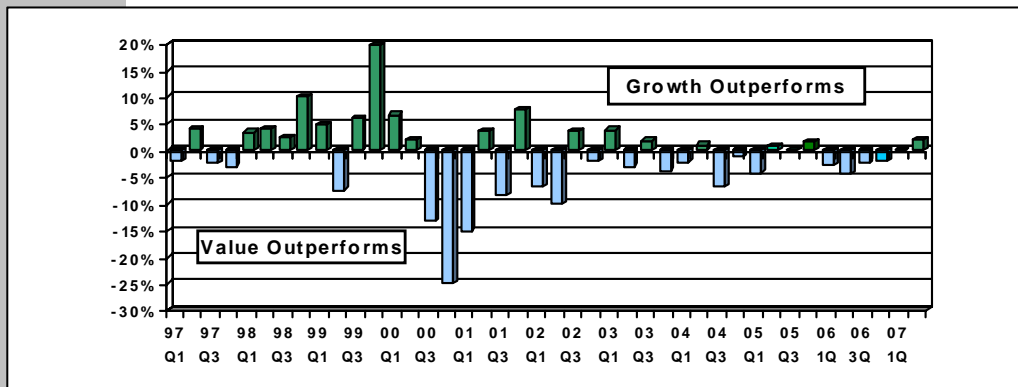
*International equities narrowly outperformed US equities this quarter.*

## Large-Cap vs. Small-Cap (Russell 1000 minus Russell 2000)



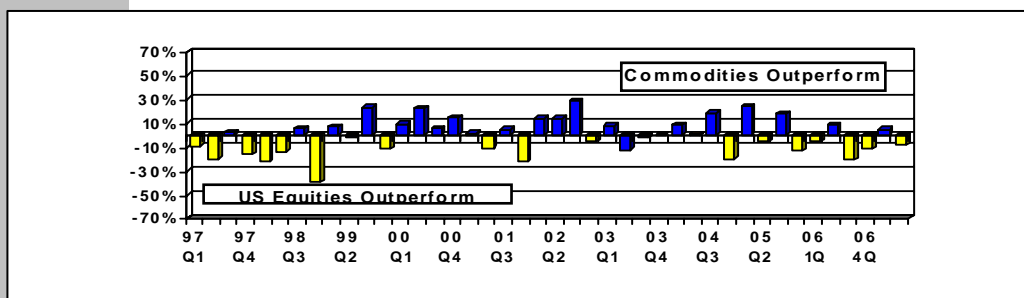
*Small-cap stocks underperformed large-cap for the quarter.*

## Growth vs. Value (Russell 1000 Growth minus Russell 1000 Value)



*Growth stocks outperformed both in the large-cap, and to a greater extent in the small-caps.*

## S&P 500 vs. Commodity Returns (S&P 500 Index and GSCI)



*Commodities underperformed US equities this quarter.*

## PASSIVE INDEX DEFINITIONS

*Indices used to answer the question, “Has the manager added value through skilled security selection?”*

**90-DAY TREASURY BILL INDEX** - This index is comprised solely of Treasury Bills and will always have an average maturity of 90 days.

**RYAN LABS 3-YEAR GIC INDEX** - This index is the arithmetic mean of the ten highest quotes from a representative universe of three-year high quality GIC issues as measured by Ryan Labs, Inc.

**LEHMAN BROTHERS AGGREGATE BOND INDEX** - This index is composed of approximately 25% U.S. Treasuries, 50% Agencies/Mortgages, and 25% Corporates, with an average duration of approximately 4.5 years.

**LEHMAN BROTHERS INT. GOVT/CREDIT BOND INDEX** - This index is composed of approximately 35% U.S. Treasuries, 25% Agencies, and 40% Corporates, with an average duration of approximately 3.5 years.

**LEHMAN BROTHERS GOVT/CREDIT BOND INDEX** - This index is composed of approximately 40% U.S. Treasuries, 20% Agencies, and 40% Corporates, with an average duration of approximately 5.0 years.

**DOW JONES INDUSTRIAL AVERAGE (DJIA)** - This index consists of the 30 largest and most widely held public companies in the United States which have been chosen to represent the U.S. stock market because they are larger, more actively traded issues, and leaders of American industry.

**STANDARD & POORS 500 INDEX (S&P 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 U.S. equity market as a whole.

**WILSHIRE 5000 INDEX** – Measures the performance of virtually all U.S. headquartered equity securities with readily available price data. Composed of approximately 7,300 capitalization weighted securities, with additions/deletions to the index made monthly and represents virtually 100% of U.S. equity market.

**RUSSELL 3000 INDEX** – Composed of approximately 3,000 of the largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market.

**RUSSELL 1000 INDEX** – Composed of approximately 1,000 of the largest companies in the Russell 3000 Index, which represents the large-cap segment of the U.S. equity market.

**RUSSELL 1000 VALUE INDEX** – Composed of stocks with lower price-to-book ratios and lower forecasted growth values among the largest 1000 companies in the Russell 3000 Index.

**RUSSELL 1000 GROWTH INDEX** – Composed of stocks with higher price-to-book ratios and higher forecasted growth values among the largest 1000 companies in the Russell 3000 Index.

**RUSSELL MID-CAP INDEX** – Composed of the smallest 800 stocks in the Russell 1000 Index, which represent the mid-cap segment of the U. S. equity market.

**RUSSELL 2000 INDEX** – Composed of approximately 2,000 of the smallest companies in the Russell 3000 Index, which represents the small-cap segment of the U.S. equity market.

**RUSSELL 2000 VALUE INDEX** – Composed of stocks with lower price-to-book ratios and lower forecasted growth values among the smallest 2,000 companies in the Russell 3000 Index.

**RUSSELL 2000 GROWTH INDEX** – Composed of stocks with higher price-to-book ratios and higher forecasted growth values among the smallest 2,000 companies in the Russell 3000 Index.

**MSCI ALL-COUNTRY WORLD EX-US INDEX** - An arithmetic average of over 2,000 securities listed on the stock exchanges of the countries outside the United States, and includes exposure to emerging markets.

**NASDAQ COMPOSITE INDEX** – Composed of the return of stocks listed on the NASDAQ over-the-counter stock exchange. Typically, the index is comprised of mainly technology and emerging company stocks.

### ACTIVE INDEX DEFINITIONS

*Indices used to answer the question, "How does the manager compare to other managers with a similar investment style?"*

**LIPPER INTERMEDIATE INVESTMENT GRADE BOND FUND INDEX** – A peer group index comprised of fixed-income funds with an average duration consistent with intermediate range (3-5 years) and average credit quality of at least investment grade (AAA, AA, A, or BBB).

**LIPPER CORPORATE DEBT A BOND FUND INDEX** – A peer group index comprised of fixed-income funds focused on corporate-issued debt with an average credit quality of A.

**LIPPER BALANCED FUND INDEX** – Funds whose primary aim is to conserve principal by maintaining at all times a balanced portfolio of equities and bonds, with at least 50% in equity securities and at least 25% in fixed income securities. Typically, the equity/bond ratio is approximately 60%/40%.

**LIPPER SMALL CO. AVERAGE FUND INDEX** – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index.

**MORNINGSTAR WORLD ALLOCATION UNIVERSE** – A peer group of tactical asset allocation products.

**LIPPER LARGE-CAP VALUE FUND INDEX** – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index.

**LIPPER LARGE-CAP CORE FUND INDEX** – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index.

**LIPPER LARGE-CAP GROWTH FUND INDEX** – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index.

**LIPPER INTERNATIONAL FUND INDEX** – A peer group index comprised of the universe (approximately 900 mutual funds) of international mutual funds classified by Lipper Analytics, Inc.

## ECONOMIC SECTOR & INDUSTRY DEFINITIONS

### **CONSUMER DISCRETIONARY**

Auto Components (Johnson Controls, Goodyear Tire & Rubber)  
Automobiles (Harley Davidson, Ford, General Motors)  
Household Durables (Whirlpool, Maytag, Snap-On, Black & Decker, Stanley Works, Newell Rubbermaid)  
Leisure Equipment & Products (Eastman Kodak, Mattel, Hasbro, Brunswick)  
Text, Apparel & Luxury Goods (Liz Claiborne, Nike, Jones Apparel)  
Hotels, Restaurants & Leisure (McDonalds, Starbucks, Carnival, Hilton Hotels, Wendy's, Marriott, Yum Brands, Harrahs)  
Media (Walt Disney, Tribune, AOL Time Warner, Viacom, Dow Jones, Gannett, NY Times, McGraw Hill, Clear Channel)  
Distributors (Genuine Parts)  
Internet & Catalog Retailing (eBay)  
Multi-Line Retail (Costco, Target, Kohls, Sears, Wal-Mart, JC Penney, Nordstrom, Federated, Dillards)  
Specialty Retail (Tiffany, Staples, Gap, Best Buy, Home Depot, Sherwin Williams, Toys R Us, Circuit City, Lowes)  
Sporting Goods (**Johnson Outdoors**)

### **CONSUMER STAPLES**

Food & Staples Retailing (Walgreen, Kroger, Safeway, Sysco, Supervalu, CVS)  
Beverages (Coca Cola, PepsiCo, Adolph Coors, Anheuser Busch, Brown Forman)  
Food Products (HJ Heinz, Hershey, Kellogg, Sara Lee, Wrigley, Campbell, General Mills, ADM, ConAgra)  
Tobacco (Altria Group, RJ Reynolds, UST)  
Household Products (Kimberly Clark, Colgate Palmolive, Proctor & Gamble, Clorox)  
Personal Products (Avon Products)

### **ENERGY**

Energy Equipment & Services (Halliburton, Schlumberger, Noble, Baker Hughes, Nabors, Transocean, Rowan)  
Oil & Gas (Exxon Mobil, ChevronTexaco, ConocoPhillips, Sunoco, Occidental Petroleum, Amerada Hess)

### **FINANCIAL SERVICES**

Capital Markets (Northern Trust, Merrill Lynch)  
Commercial Banks (Bank of America, Wells Fargo, US Bancorp, JP Morgan Chase, Marshall & Ilsley, PNC)  
Diversified Financial Services (Citigroup, JP Morgan Chase, American Express)  
Insurance (Loews, Allstate, MGIC, Prudential, AIG, Aflac, Marsh & McLennan, Safeco, Metlife, Travelers)  
Real Estate (Equity Office Properties, Plum Creek Timber, Equity Residential, Simon Property)

### **HEALTH CARE**

Health Care Equipment & Supplies (Baxter, Medtronic, Bausch & Lomb, Boston Scientific, Stryker, St. Jude)  
Health Care Providers & Services (Tenet, UnitedHealth, Aetna, Cardinal Health, Humana, Cigna, Wellpoint)  
Biotechnology (Amgen, Biogen, Genzyme, Medimmune)  
Pharmaceuticals (Pfizer, Merck, Eli Lilly, Abbott, Wyeth, Bristol Myers Squibb, Johnson & Johnson, Forest Lab)

## INDUSTRIALS

Aerospace & Defense (Boeing, Northrop Grumman, Honeywell, Raytheon, United Technologies, Rockwell Collins)  
Building Products (Masco, American Standard Cos.)  
Construction & Engineering (Fluor)  
Electrical Equipment (Rockwell Automation, Emerson Elec., Cooper Inds., American Power Conversion)  
Industrial Conglomerates (3M, General Electric, Tyco International, Textron)  
Machinery (Deere & Co., Caterpillar, **Bucyrus**, ITW, Cummins, Ingersoll-Rand, Paccar, Eaton, Danaher, **Gehl, Actuant Corp.**)  
Trading Companies & Distribution (Grainger WW)  
Commercial Services & Supplies (HR Block, Waste Mgmt, ADP, RR Donnelley, First Data)  
Air Freight & Logistics (United Parcel Service, Fedex, Ryder)  
Airlines (Southwest)  
Road & Rail (Union Pacific, CSX, Burlington Northern, Norfolk Southern, Ryder)

## INFORMATION TECHNOLOGY

Internet Software & Services (Yahoo)  
IT Services (Unisys, Computer Sciences, Electronic Data Systems, First Data, Fiserv, Paychex, ADP)  
Software (Microsoft, Oracle, Electronic Arts, BMC, Computer Associates, Adobe, Novell, Intuit)  
Communications Equipment (Cisco, Motorola, Qualcomm, Corning, Tellabs, Avaya, JDS Uniphase, Ciena)  
Computers & Peripherals (Dell, Apple, EMC, Sun Microsystems, Hewlett Packard, IBM, Lexmark, NCR)  
Electronic Equipment & Instruments (Tektronix, Solectron, Waters Corp., Sanmina, Agilent, Jabil Circuit)  
Office Electronics (Xerox)  
Semiconductors & Semi Equipment (Intel, Texas Instruments, PMC Sierra, Applied Materials, Xilinx, Maxim, Analog)

## MATERIALS

Chemicals (Du Pont, Sigma Aldrich, Ecolab, Praxair, Rohm & Haas, Monsanto, Dow Chemical)  
Construction Materials (Vulcan Materials)  
Containers & Packaging (Sealer Air, Pactiv, Ball, Temple Inland, Bemis)  
Metals & Mining (Alcoa, US Steel, Newmont Mining, Freeport-McMoran, Nucor, Phelps Dodge)  
Paper & Forest Products (Intl Paper, Mead, Westvaco)

## TELECOMMUNICATION SERVICES

Diversified Telecom Services (AT&T, Verizon, Qwest, CenturyTel)  
Wireless Telecom Services (Sprint Nextel, Alltel)

## UTILITIES

Electric Utilities (Southern Co., Dominion, Exelon, TXU, PG&E, Xcel, American Electric Power, FPL)  
Gas Utilities (Nisource, Keyspan, Nicor, Sempra, Kinder Morgan, Peoples Energy)  
Multi-Utilities & Unreg. Power (Duke Energy, Williams Cos., AES, El Paso, Dynegy)

## SERVICES

Business Services (**Brady Corp.**)

Companies represented in the industries were selected from the S&P 500 Index as of 3/31/07.