

Capital Markets Commentary

Second Quarter 2008

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Global equity markets started off the second quarter with a bounce in their step as the worst was hoped to be behind following the subprime debacle and the collapse of Bear Stearns. A solid April/May rally was overwhelmed by a resounding sell-off in June which brought the markets back into negative territory for the quarter and perilously close to a technical bear market. A spike in energy prices, continued weakness in the housing market, massive losses in the Financial Services sector, and the lowest consumer sentiment since 1980, were primary reasons for the sell-off.

Bonds were a better place to be than most equities in the second quarter, but even bond investors generally lost money. Despite the Fed lowering the Fed Funds rate during the period by another 25 bps, the yield curve rose from the end of the first quarter which pushed most bond indices into slightly negative territory. The Lehman Brothers Aggregate Bond Index was down 1.0% and traditionally safe U.S. Treasuries were off 2.1%. High-yield bonds rebounded in the quarter with a gain of 0.3%.

Investors in domestic “growth” style equities had positive returns while “value” was notably lower as the result of the on going crisis in the Financial Services sector. Energy-related equities were the strongest performers in the market along with Materials and Utilities while the Consumer Discretionary and Industrial sectors were meaningfully lower. International equities modestly outperformed their domestic counterparts and we note that Emerging Markets held up very well in these volatile markets declining only 0.8%.

Hard Assets, or raw material commodities, was easily the top performing investment category in the second quarter of 2008, surging 16.1% as measured by the Dow Jones AIG Commodity Total Return Index and an astounding 28.6% as measured by the S&P GSCI. In the last year, the S&P GSCI index is up over 75%. This strong return was the result of a spike (+38%) in oil prices and continued strength in the global demand for corn (+28%). The dollar remained essentially flat this quarter, while increased global speculation continued to play a roll.

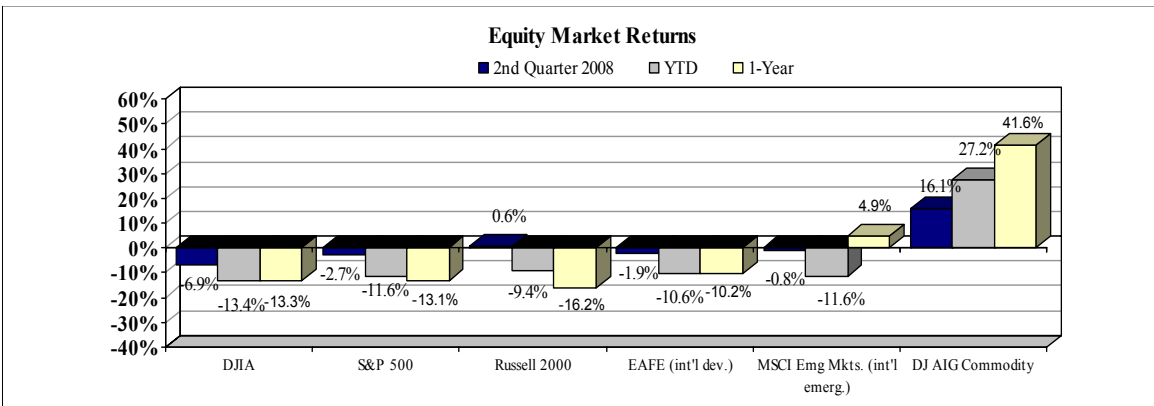
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President, Senior Consultant



Edward C. McIlveen

Director of Performance Analytics and Research



Average Equity Fund Performance

Source - StyleAdvisor

“Growth” stock funds meaningfully outperformed “Value” in the period thanks primarily to the beating taken by the Financial Services stocks. Weakness in the large bank stocks along with the general flight to higher quality led to one of those unusual periods when mid-caps outperformed both small- and large-caps. On average, the strongest performing funds included anything commodity sensitive.

STYLE PERFORMANCE MATRIX 2nd Quarter 2008 Total Return

	Value	Core	Growth	AVERAGE
Large-Cap	-3.94%	-1.63%	1.62%	-1.05%
Mid-Cap	0.00%	3.50%	4.99%	3.23%
Small-Cap	-1.75%	0.73%	3.57%	1.26%
AVERAGE	-2.48%	-0.08%	2.92%	

Source: Lipper, Inc.

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Investment Counsel LLC

Near-Term Capital Markets Outlook

U.S. Economy – Recession likely

Second quarter economic data suggest that the U.S. economy accelerated slightly, thanks to the U.S. Government stimulation checks. We believe this bump will be short-lived and the U.S. economy is headed for a continued slowdown. On the following page, we've included data for non-farm payrolls, industrial production, and manufacturing and sales which strongly suggests the U.S. economy hit an inflection point at the start of the fourth quarter 2007. One of the biggest areas of strength within the economy continues to be exports, particularly in manufacturing and aerospace. An anemic U.S. dollar will continue to give foreigners substantial purchasing power and we expect export strength to continue. The key to the U.S. economy appears to be the housing market. When it bottoms, the Financial Services industry should start recovering. Presidential election politics weigh heavy on the economy's near-term outlook. We believe there will be a Democratic victory in November which will lead to an increase in current business and personal tax rates. Without fiscal restraint on spending, higher taxes will further weaken the dollar. We predict the U.S. economy will hover around zero growth well into 2009.

Domestic Equities – Neutral

We are maintaining our "Neutral" rating for U.S. equities but concede that valuations are becoming increasingly attractive. As of June 30, 2008, the market's P/E ratio (reflecting what investors are willing to pay for future earnings) is 13.9. Currently, U.S. equity investors are primarily focused on the U.S. housing market. As home prices continue to decline, more financial institutions will fail reducing liquidity in the system which raises interest rates and puts further downward pressure on home prices. At some point, the cycle will bottom, but our best guess is that this will not happen until sometime in 2009. Corporate earnings remain under pressure as higher interest rates and raw materials prices hurt profit margins. Accordingly, we continue to favor large-cap over small-cap equities, and believe "growth" indices will outperform "value" for the rest of 2008.

International Equities – Overweight

Equity markets around the world offered U.S. investors little protection during the second quarter, declining slightly less than domestic markets. International equity markets have, however, mostly held their own in the U.S. downturn. Companies overseas are facing some of the same pressures that confront domestic companies in the form of higher energy prices, and consumers in the UK and elsewhere in continental Europe are experiencing a meaningful decline in their real estate markets. Our overweight position is justified by what we see as stronger economic growth, especially in emerging markets, and a weak dollar.

Domestic Bonds – Long-Term (Underweight), Short-Term (Neutral)

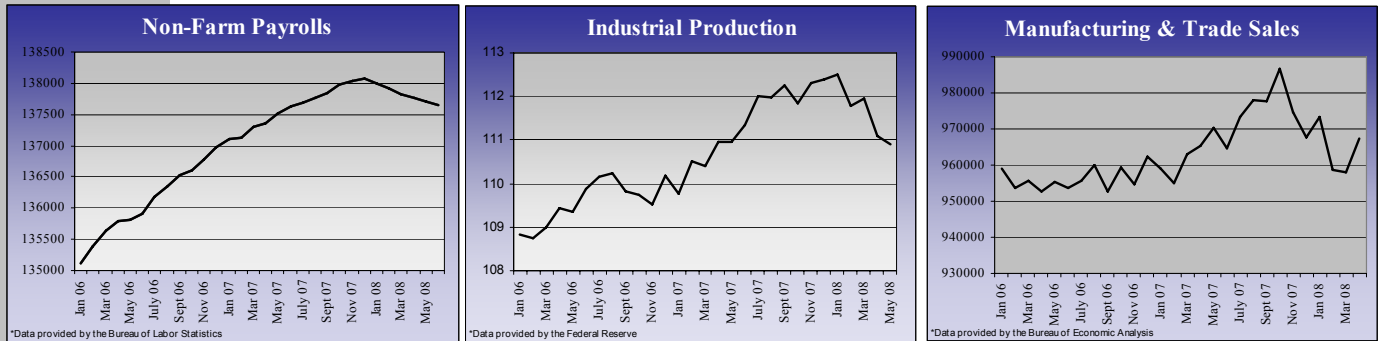
For this quarter, we've split our rating on the bond market into two categories, Long-Term and Short-Term. For long-term bonds, we remain underweight as we see inflation increasing the likelihood of higher interest rates which would hit investors on the long end of the yield curve hardest. Nevertheless, given that the economy is in decline and equity markets are still sifting through the carnage in financials, we believe that a case can be made for holding some cash or stable value assets. Short-term fixed-income securities have very little duration risk so shifts in interest rates have little or no effect on their value.

Hard Assets – Overweight

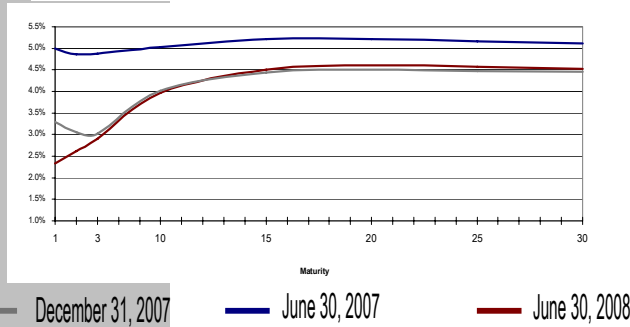
Global demand increases, a weak U.S. Dollar, and a general hysteria of market momentum are the forces continuing to push commodity prices. We don't see these relenting in a material manner any time soon absent an act of Congress to limit investor participation in commodity futures. Additionally, chronic underinvestment in natural resource discovery and refineries presents a strong argument for holding long-only commodities. We maintain our overweight here with a recommendation for growth-oriented and inflation-minded clients to have 5-15% in this asset class.



The Data suggest that the economy is slowing...



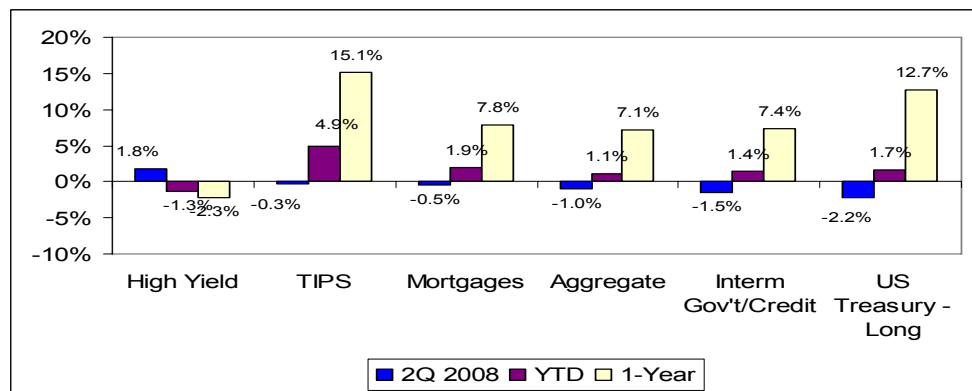
U.S. Bonds – Multiple Bond Indexes



Bonds were a better place to be than most equities in the second quarter, but even bond investors generally lost money. Despite the Fed lowering the Fed Funds rate during the period by another 25 bps, the yield curve flattened some which pushed most bond indices into slightly negative territory and is a bearish indicator for equities. The Lehman Brothers Aggregate Bond Index was down 1.0% and traditionally safe U.S. Treasuries were off 2.1% as measured by the Lehman U.S. Treasury Index. Interestingly, high-yield bonds rebounded in the quarter with a gain of 0.3%. The complexities in the credit markets and fears of higher-than-expected inflation produced a smattering of unexpected results.

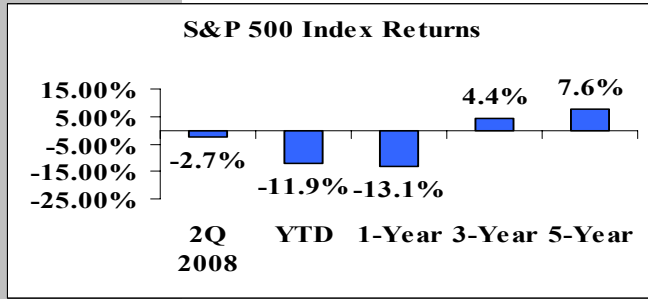
At the beginning of the quarter, the market hoped that the worst of the subprime mess had ended with the collapse of Bear Stearns and the Fed riding to the rescue via JP Morgan Chase, but that all changed later on in the quarter. Renewed concerns about the solvency of certain investment banks and bond insurers, rising unemployment, helped cause another small flight to quality in June. However, bonds still encountered much less weakness, than equities. In a somewhat surprising occurrence, U.S. Treasuries underperformed traditionally more risky credits in this quarter thanks to a meaningful rebound in the prices of many battered fixed-income sectors. Over the last year, bonds have outperformed equities. However, the long-term investor is probably still better off avoiding excessive exposure to bonds and we remain underweight for long-term investors and a belief that interest rates stand to increase from these levels.

U.S. Bonds – Multiple Bond Indexes



Source: Bloomberg, courtesy Robert W. Baird.

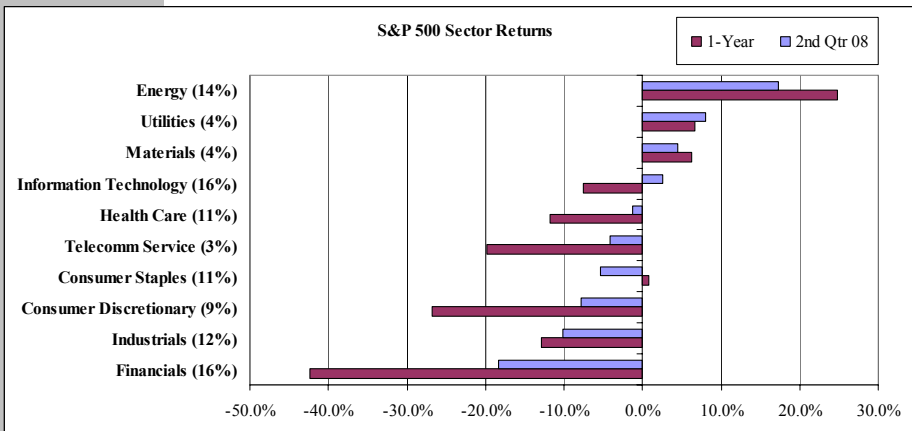
Large-Cap Equities – S&P 500



Source – StyleAdvisor

In the second quarter, U.S. equities, as measured by the S&P 500 Index, lost 2.7%. Equities began the quarter with positive momentum on the hope that the worst was behind following the Federal bailout of Bear Stearns. The S&P 500 Index moved higher in April and May by 4.9% and 1.3% respectively. In a turnaround from earlier in the year, Financials led a resurgence in the equity markets in April and May. However, the index rapidly sold-off in June, falling 8.43%, to finish the quarter in the red.

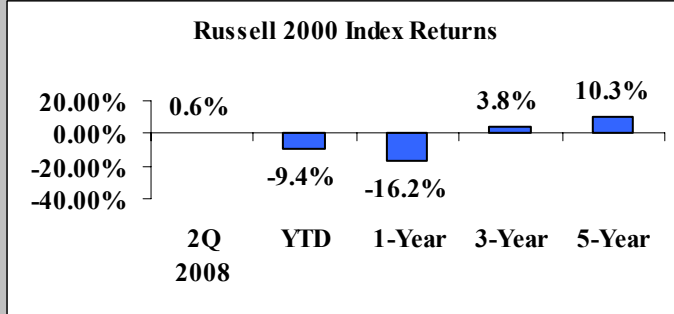
The bearish sentiment in June was stoked by surging oil prices, numerous reports about poor and deteriorating balance sheets at banks and brokerage houses, and weakness in non-farm payrolls. The Financials Services sector was hit the hardest this quarter (-18.3%) followed by Industrials (-10.1%) and Consumer Discretionary (-7.8%). The Financial Services sector has now declined to 16% of the S&P 500 Index from a high of 21% in 2006 (see page 9). The Thrift & Mortgage (-28.6%) Diversified Financials Services (-24.5%) industries were sharply lower in addition to Auto Components (-18.6%), and Automobiles (-19.9%). Commodity sensitive investments in Energy and Materials moved appreciably higher (+17.3% and +4.4%) along with the traditionally defensive Utilities (+6.6%) sector. Midway through the quarter, S&P reported that 2008 first quarter earnings fell 27.1% from one year earlier, mainly as a result of the decline in earnings from Financials. Shortly after the quarter-end, S&P reported that the second quarter 2008 was the worst period in 18-years for corporate dividends as almost 100 public companies decrease their dividends. Despite the bearish overtone, we note that several of the investment managers we regularly speak to are upbeat about the prospects for new opportunities presented by the sharp sell-off. Furthermore, stocks are reasonable in comparison to historical levels with a leading p/e ratio of 13.9 for the S&P 500 and an earnings yield of 7.2% (inverse of the forward p/e) which is compelling in comparison to the yield of the 10-year bond at 3.41%. The spread between these two, commonly referred to as the Fed Stock model, hasn't been this wide since the early 1980's but nowhere near the levels of the early 1970's. But there's a reason stocks look cheap right now and it is the result of the credit crisis, a slowing economy, concerns about inflation which collectively produce the potential of a "stagflation" environment. We believe further issues abound in the credit crunch mainly due to the highly unregulated nature of complex securities tied to the mortgage mess where public information is virtually non-existent to many market participants. In the coming months we wouldn't be surprised to see further pressure in financials which threatens the consumer and corporations alike. Looking to the future, we continue to believe that large-cap equities, especially those classified as "growth", remain the better place to be versus small-caps.



The S&P 500 Index was polarized this quarter as Energy, Utilities, and Materials turned in strong results, but Financials, Industrials, and Consumer Discretionary took a beating.

Source – Vestek Systems, S&P

Small-Cap Equities – Russell 2000 Index

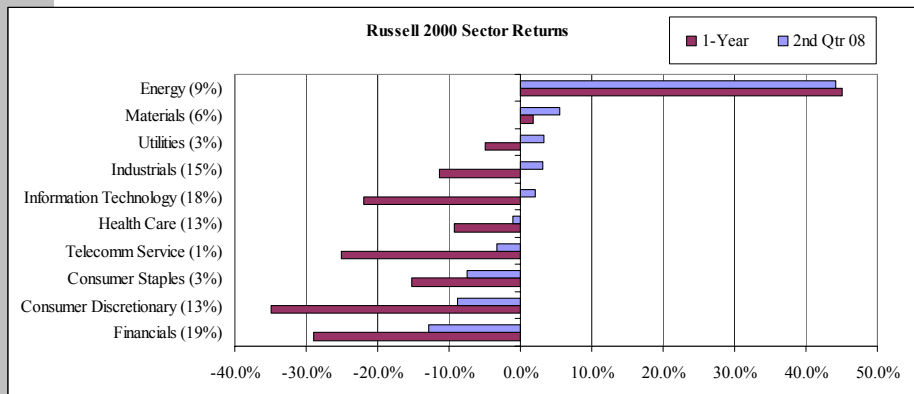
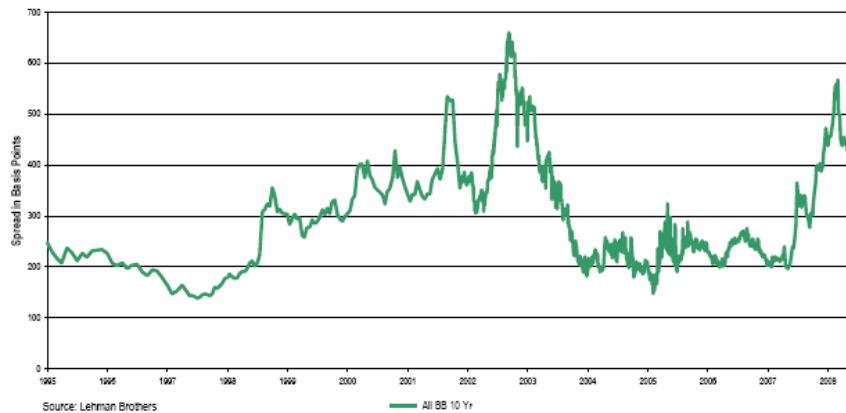


Source - StyleAdvisor

In the second quarter, small-cap U.S. equities, as measured by the Russell 2000 Index, posted a slight gain of 0.6%, thanks primarily to the strength of small-cap Energy, which skyrocketed 44.1%. Small-caps also saw strength in the Materials (+5.5%), Industrials (+3.1%), Utilities (+3.3%), and Information Technology (+2.2%) sectors. Like their large-cap brethren, small-cap Financials fell the most (-12.8%) along with Consumer Discretionary (-8.9%) stocks. Not surprisingly, the strongest industries included Energy Equipment & Services (+30.6%) and Oil, Gas & Consumable Fuels (+52.1%). In contrast, small-cap

industries with the steepest losses were Airlines (-44.6%), Automobiles (-47.8%), Commercial Banks (-24.2%) and Thrifts & Mortgages (-19.9%). The economic sector performance chart below illustrates that the breadth of support for small-caps has been quite narrow. While small-cap stocks outperformed large-caps this quarter, they still trail large-caps by fairly significant margins over the 1- and 3-year time periods (-16.2% vs. -13.1%; 3.8% vs. 4.4%) and we believe that small-caps remain overvalued relative to large-caps. Additionally, we note that the spreads between high-yield debt and U.S. Treasuries continue to widen and this usually indicates that large-cap names will have an easier time to access credit facilities than small-caps. One of the reasons for the small-cap rally in the bull-market from 2003-2007 was access to cheap capital during that time period. In summary, we believe that large-caps will be able to operate more effectively in an environment where the credit markets are tightening. Consequently we remain underweight to small-cap.

U.S. Non-Investment Grade Corporate Bond Spreads – as of June 30, 2008

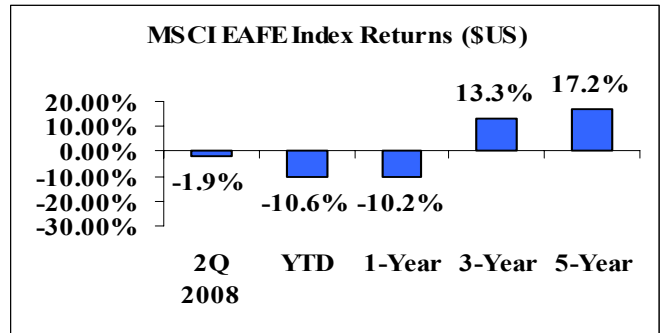


The Energy sector blew the doors off of all others this quarter with a return in excess of 40%. Financials and Consumer-related holdings were sharply lower in the period.



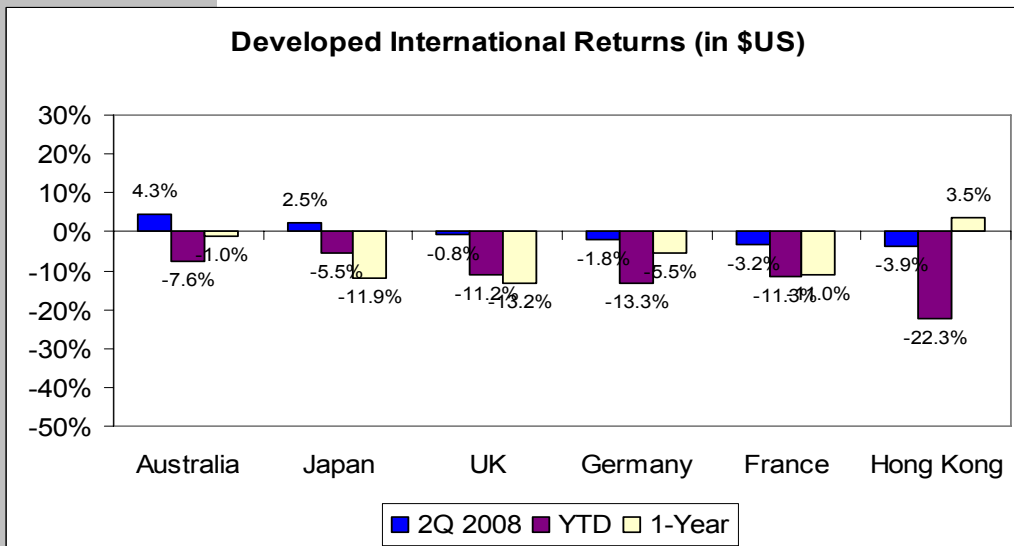
International Equities – MSCI EAFE Index

International equities, as measured by the MSCI EAFE Index, were down 1.9% for the second quarter and slightly outperformed U.S. large-cap equities. Prior to mid-May, the global equity markets rallied off their March lows but quickly reversed course as inflation worries and credit market concerns surfaced again. Energy-related investments were far and away the strongest performers followed by mining. The continental



Source - StyleAdvisor

European markets sank lower as they came to grips with slower economic growth, inflation, and a down turn in certain housing markets. The UK declined slightly by 0.80% but, like domestic equity indices, found some strength from positive results in commodity sensitive investments (Energy and Materials). Germany's benchmark DAX Index was lower on higher oil prices, declining consumer confidence, and slowing economic growth. The strength in mining stocks was clearly evident once again in the outperformance of the Australian market. Australia is home to some of the biggest harvesters of iron ore and coal; earnings continued to be strong as the result of demand from emerging economies. As far as sector performance is concerned, Utilities, Information Technology, and Health Care all finished slightly ahead of the overall index. Japan finished the quarter with a strong performance, up 2.5%, based upon the belief that it remains more insulated from the subprime mess than other markets. Earlier in the quarter the Nikkei rallied as the dollar strengthened, which the markets interpreted as a good thing for the Japanese economy. Effective November 2008, the MSCI EAFE Index will include South Korea and Israel, both of which have been upgraded from emerging markets to developed. From a valuation perspective, we note that the MSCI EAFE is trading at just over 10x forward earnings, which is nearly a 25% discount to U.S. equities, which are trading at 13.9x forward earnings.

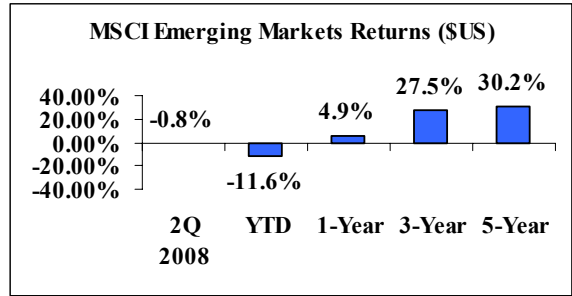


Source – StyleAdvisor

While European equities tanked in the quarter, the Japanese and Australian stock markets moved higher.

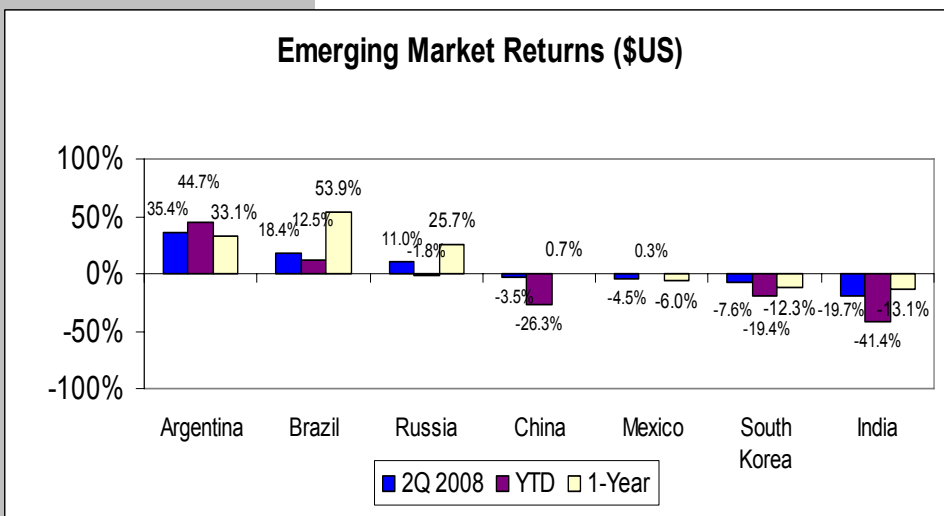
Emerging Market Equities - MSCI EM Index

Emerging Market (EM) equities ended the second quarter with a slight loss of 0.8%. While EM rallied along with other global equities in April and May, they experienced a sharp (-10%) sell-off as sentiment turned quickly against equities on more credit concerns. Indian and Chinese equities were once again some of the big losers this quarter, but the Latin American region held-up better as a whole thanks to robust



Source - StyleAdvisor

economic growth and high energy prices which continue to prop-up energy-related equities. Asian EM equities as a group were off 9%, lead by a sharp decline in the Indian stock market, down almost 20% in the quarter and over 40% year-to-date. The issue there is the exposure to U.S. businesses in addition to higher inflation and rising interest rates. EM equities within Europe, Middle East, and Africa gained over 6% thanks mostly to soaring energy prices and the strong performance of the Russian (+11%) and South African (+5%) markets. Within Latin America, the strength of agricultural and energy commodities prices has had a continued positive impact and this quarter and the strongest markets were Argentina (+36%) and Brazil (+18%). Emerging Markets continue to present some of the most attractive opportunities for long-term investors and from a diversification standpoint, we note these markets are holding their own during a U.S. economic downturn. There are several other reasons to maintain a robust outlook for this asset class. Among them are the burgeoning middle classes, strong commodities prices, improvement in education, and the incorporation of better technologies to make the newest members of the global workforce more productive. Importantly, we note that there are going to be some important changes to this index in November 2008. Specifically, South Korea and Israel will be reclassified as developed markets and Argentina and Colombia may be reclassified as "Frontier Markets" unless there are significant improvements in the flow of capital, which is currently highly encumbered by these governments. Kuwait, Qatar and the United Arab Emirates will be added to the Emerging Markets index from the Frontier Markets. MSCI has recently created the MSCI Frontier Markets Index which is a compilation of 19 pre-emerging market countries and we have included the most recent list below. While we believe that these markets present another compelling diversification opportunity, it's our opinion that they are probably 3-5 years away from being mature enough to recommend as a stand alone option in a 401(k) plan, mainly due to a lack of liquidity, available investment products in this category, and a seasoned track-record to evaluate their return characteristics. From a valuation perspective, we note that EM is trading at a forward p/e of 11.4 vs. 13.9 for the S&P 500, which represents a discount of about 18% to U.S. equities.



Source - StyleAdvisor

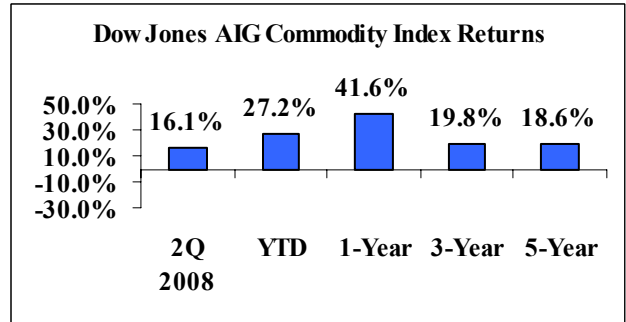
MSCI Frontier Markets Index			
Central & Eastern Europe & CIS	Africa	Middle East	Asia
Bulgaria	Kenya	Lebanon	Sri Lanka
Croatia	Mauritius	Bahrain	Vietnam
Estonia	Nigeria	Kuwait	
Kazakhstan	Tunisia	Oman	
Romania		Qatar	
Slovenia		United Arab Emirates	
Ukraine			

Source - MSCI

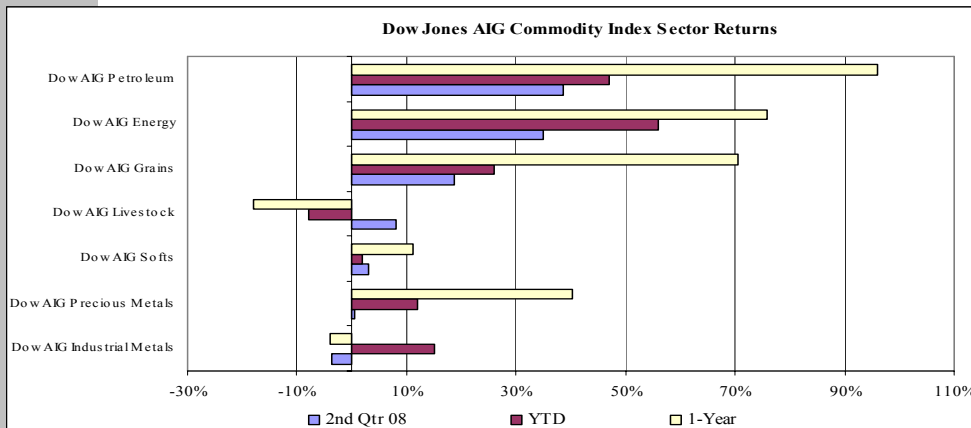
Hard Assets – Dow Jones Commodity Index

Hard Assets, or raw material commodities, was easily the top performing investment category in the second quarter of 2008, rising 16.1% as measured by the Dow Jones AIG Commodity Total Return Index and an astounding 28.6% as measured by the GSCI. This result once again demonstrated the effectiveness of this asset class as a portfolio diversifier. Energy-related contracts were the big winners overall this quarter with strong gains in Crude Oil (+39%), Heating Oil (+37%), Unleaded Gas

(+35%), and Natural Gas (29%). Agricultural commodities also had notable gains in the quarter with Corn (+25%) and Soybeans (+31%), Soybean Oil (+27%), and Coffee (+16%) advancing nicely. From a macro standpoint, the positive momentum in commodities stemmed from a heavy sell-off in equities, and increased worries about inflation. We note that the OPEC Secretary General complained that oil speculators were driving-up the price of crude oil and some in Congress say the current price of oil is inflated 50% due to this activity. We believe that it's too difficult to know with precision how much of the price of oil is due to speculation, but that nonetheless is only a short-term outlook. Like the 1970s, we are once again witnessing that procuring the necessary amount of oil is not as straight forward, as say, building a factory to produce a new widget. There are rising exploration and production costs and the location for drilling oil has essentially been confined to areas not within arms-length of environmental interests. Additionally, significant amounts of oil come from some of the biggest geopolitical hotbeds. Even without political impediments, it is likely that new production could take 5-10 years to bring on-line. Oil aside, we continue to believe that we remain in a "supercycle" for hard assets to outperform financial assets. These "supercycles" have historically lasted on average about 18-years and so far as we can tell the most recent one started between 2000 - 2002. There may very well be other large-drops in commodity price (i.e. 2001), but by in large, the trend keeps favoring investors that are long commodities. We also note that our recommendation for commodities is mainly from a portfolio diversification standpoint, but due to our bullishness in this asset class we are maintaining our recommendation of having 5-15% of asset exposed to this category. As of June 20, 2008, the index was comprised of Energy (39.57%), Livestock (6.60%), Grains (17.70%), Base Metals (17.06%), Precious Metals (8.51%), Softs (7.68%), and Vegetable Oil (2.88%). At the beginning of this year, Dow Jones rebalanced this index to broadly align the exposure to Energy, Agriculture, and Metals at 1/3 each for the index. This rebalancing occurs annually in January.

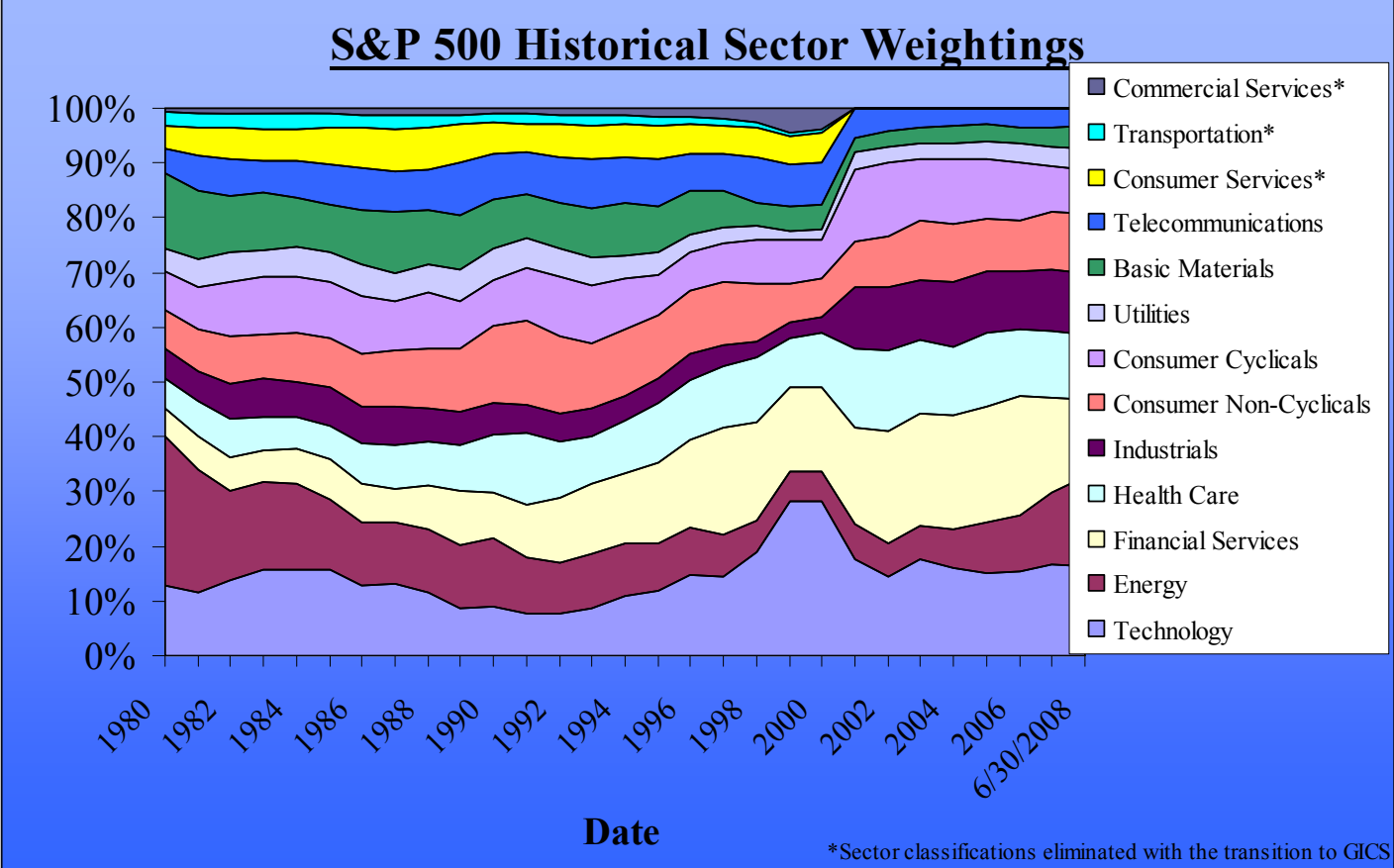


Source - StyleAdvisor

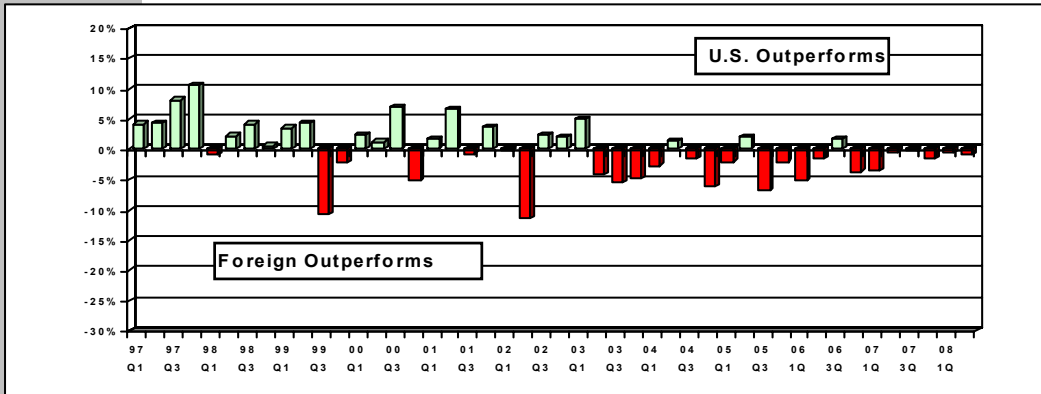


Energy-related commodities skyrocketed this quarter while industrial metals' prices fell into lower territory.

Source - StyleAdvisor

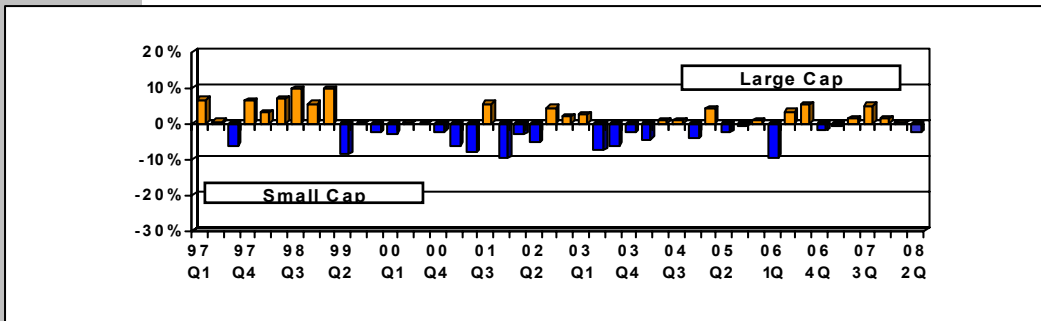


Domestic vs. International (S&P 500 minus MSCI EAFE Index)



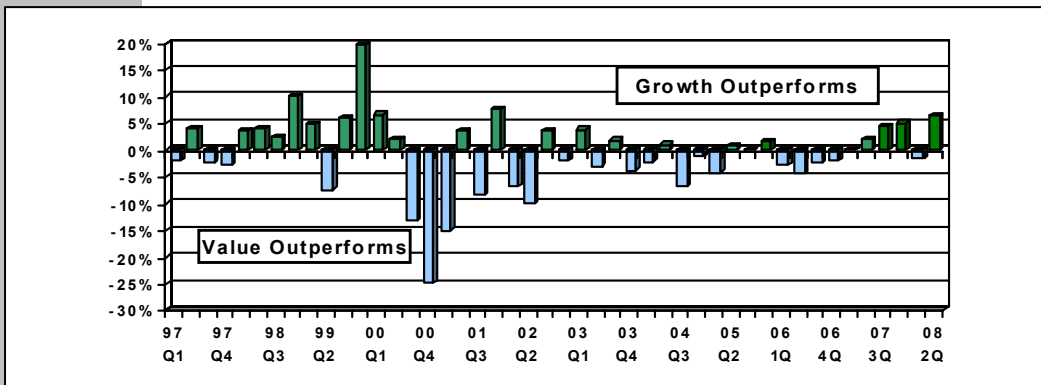
International equities narrowly outperformed U.S. equities once again this quarter.

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



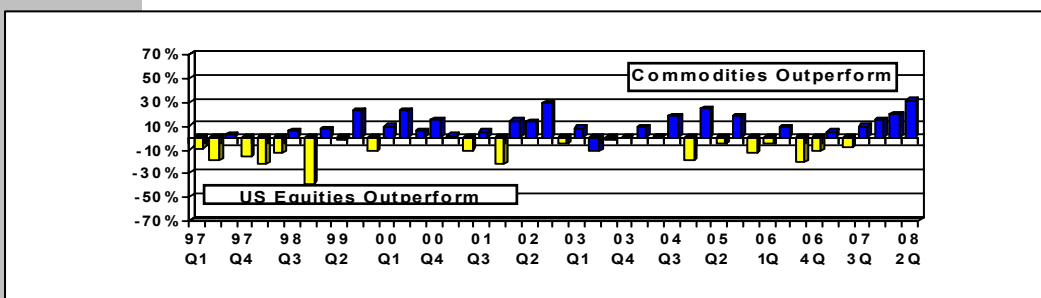
Small-cap stocks outperformed large-cap for the quarter.

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



Growth stocks meaningfully asserted themselves both in the large-caps this quarter.

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



Commodities outperformed U.S. equities this quarter by the widest margin in over 10-years.



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 INDUS.TRIAL 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.

RU.S.SELL 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.

RU.S.SELL 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.

RU.S.SELL 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.

RU.S.SELL 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.



RU.S.SELL 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.

RU.S.SELL 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.

RU.S.SELL 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.

RU.S.SELL 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-U.S. 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, Snap-On, Pulte Homes, Lennar, KB Home, Harman, Fortune Brands, Black & Decker, Centex, D R Horton, Stanley Works, Newell Rubbermaid)
Leisure Equipment & Products (Eastman Kodak, Mattel, Hasbro, Brunswick)
Text, Apparel & Luxury Goods (Liz Claiborne, Nike, Jones Apparel, Coach, Ralph Lauren, V F Corp.)
Hotels, Restaurants & Leisure (McDonalds, Starbucks, Carnival, Hilton Hotels, Wendy's, Wyndham, International Game, Starwood, Darden, Marriott, Yum Brands, Harrahs)
Media (Comcast, Direct TV, Interpublic, Meredith Corp., News Corp., Omnicom, Walt Disney, Time Warner, Viacom, Gannett, NY Times, McGraw Hill, Clear Channel, Washington Post)
Distributors (Genuine Parts)
Internet & Catalog Retailing (Amazon, Expedia, IAC Interactive)
Multi-Line Retail (Big Lots, Dillards, Family Dollar, JC Penny, Nordstrom, Kohls, Macy's, Sears, Target)
Specialty Retail (Autonation, Abercrombie & Fitch, AutoZone, Bed Bath & Beyond, Best Buy, Circuit City, GameStop, Gap, Home Depot, Lowes, Limited Brands, Office Depot, OfficeMax, RadioShack, Sherwin Williams, Staples, Tiffany & Co., TJX Co.)

CONSUMER STAPLES

Food & Staples Retailing (Kroger, Supervalu, Safeway, Sysco, Walgreens, Whole Foods, Wal-Mart)
Beverages (Brown Forman, Anheuser Busch, Coca Cola, Pepsi, Constellation Brands, Molson Coors)
Food Products (Archer Daniels, Conagra Foods, Campbell, Dean Foods, General Mills, Heinz, Hershey, Kellogg, Kraft, McCormick & Co., Sara Lee, Tyson Foods, Wrigley)
Tobacco (Altria Group, RJ Reynolds, U.S.T, Philip Morris)
Household Products (Kimberly Clark, Colgate Palmolive, Proctor & Gamble, Clorox)
Personal Products (Avon Products, Lauder Estee)

ENERGY

Energy Equipment & Services (Baker Hughes, BJ Services, Ensco, Halliburton, Nabors, Noble, National Oilwell Varco, Rowan, Transocean, Smith, Schlumberger, Weatherford, Cameron)
Oil, Gas & Consumable Fuels (Apache, Anadarko Pete, Peabody Energy, Chesapeake Energy, Consol Energy, Conoco Phillips, Chevron, Devon Energy, EOG Resources, El Paso, Hess, Marathon Oil, Murphy Oil, Noble Energy, Occidental Pete, Range Resources, Spectra Energy, Sunoco, Tesoro, Valero Energy, Williams, Exxon, XTO Energy)

FINANCIAL SERVICES

Capital Markets (American Capital, Ameriprise, Franklin, Bank of New York, Bear Stearns, E Trade, Federated, Goldman Sachs, Janus, Lehman Brothers, Legg Mason, Merrill Lynch, Morgan Stanley, Northern, Charles Schwab, State Street, T. Rowe Price,)
Commercial Banks (Bank of America, First Horizon, Keycorp, M & T, National City, Regions, SunTrust, Wachovia, Zion's, Wells Fargo, U.S. Bancorp, Marshall & Ilsley, PNC)
Diversified Financial Services (Bank of America, Citigroup, CME, Intercontinental Exchange, JP Morgan Chase, Leucadia, Moody's, NYSE)
Insurance (Ambac, Ace, Aflac, American, Assurant, Allstate, Aon, Chubb, Cincinnati, Genworth, Hartford, Lincoln, Loews, MBIA, MetLife, Marsh & McLennan, Principal, Progressive, Prudential, Safeco, Torchmark, Travelers, Unum, XL Capital)
Real Estate (Apartment Investment & Management, Avalon bay, Boston Properties, Developers Diversified, Equity Residential, General Growth, Host Hotels & Resorts, Kimco, Plum Creek Timber, Prologis, Simon Properties, Vornado, HCP)



TELECOMMUNICATION SERVICES

Diversified Telecom Services (AT&T, Citizens, Embarq, Windstream, Verizon, Qwest, CenturyTel)
Wireless Telecom Services (Sprint Nextel, American Tower)

UTILITIES

Electric Utilities (Southern Co., Allegheny Energy, Duke Energy, Edison, Entergy, FirstEnergy, Progress, Exelon, Pinnacle West, Pepco, PPL, Southern, American Electric Power, FPL)
Gas Utilities (NiSource, Questar)
Industrial Power Production / Energy Trd (Constellation Energy, Dynegy, AES)
Multi-Utilities & Unreg. Power (Ameren, CMS, Centerpoint, Dominion, DTE, Consolidated Edison, NiSource, PG&E, Public Service, Sempra, Teco, Integrys, Xcel)

SERVICES

Companies represented in the industries were selected from the S&P 500 Index as of 3/31/08.

