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Market Review - October 2007

U.S. Economy

The Federal Reserve Open Market Committee met on October 31st and reduced the federal funds rate by an additional 25 basis points to 4.50%. In addition, the Federal Reserve cut the discount rate that it charges banks for direct loans by 25 basis points to 5.00%. The Federal Reserve is walking a tight rope between inflation and potential recession as it eases credit. While the stock market rose on the rate reduction news, the rise did not persist into early November based on negative corporate earnings, particularly in the financial sector. As discussed in the next section, the U.S. dollar continues to weaken. This weaker dollar leads to inflation and higher interest rates with potential for some sell-off in U.S. equities.

Instability in the middle east and requisite concerns about oil supply disruptions continue to drive oil prices and burden the U.S. economy, with no immediate end in sight. Oil prices rose to historical highs just under $100 a barrel. Housing starts and home sales are down by over 30% in 2007. Gold is reaching a new cyclical high at the end of October just under $800 per ounce, approaching its all time high of $870 reached in 1980.

In October 2007, the broad U.S. stock market indices have returned around 2%, while the international market indices such as MSCI EAFE and the Emerging Markets indices have returned 3.63% and 11.15%, respectively.

Relative Strength of the U.S. Dollar

The U.S. dollar continues to weaken with respect to purchasing gold, as well as major developed-country currencies. The following table depicts the appreciation of gold prices relative to the U.S. dollar. The dollar has continued to weaken in its gold purchasing strength throughout the year. As shown in the table, the London spot price of gold in the U.S. market has appreciated 6.26% in October 2007, and 24.19% on a year-to-date basis through October 2007.

Appreciation of Gold Relative to USD	
YTD 2007	24.19%
10/31/2007	6.26%

The next table provides key spot exchange rates for 1 U.S. dollar versus several developed-country reference currencies. Across all nine major reference currencies the U.S. dollar weakened as one U.S. dollar could purchase less of the reference currency over the past month and year-to-date through October 2007. The most extreme U.S. dollar decline on a year-to-date basis is shown against Canadian dollar where the U.S. dollar could purchase 1.1643 Canadian dollars at the start of 2007 and only 0.9535 Canadian dollars on the last day of October 2007.

Exchange Rate Tables 1 USD buying reference currency

Reference Currency	12/31/06	9/28/07	10/31/07
EUR Europe	0.7579	0.7070	0.6933
GBP Great Britain	0.5111	0.4940	0.4839
JPY Japan	119.06	115.74	114.71
CHF Swiss	1.2182	1.1727	1.1610
CAD Canada	1.1643	1.0029	0.9535
AUD Australia	1.2686	1.1384	1.0883
NZD New Zealand	1.4194	1.3365	1.3056
HKD Hong Kong	7.7775	7.7600	7.7502
SGD Singapore	1.5334	1.4907	1.4507

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The next table translates the changes in spot exchange rates from the first table into FX percent returns. As expected, the U.S. dollar showed negative performance relative to all of the nine major reference currencies over the time frames considered. The most extreme decline of the U.S. dollar on a year-to-date basis was against the Canadian dollar and was (18.10%).

FX Return of $1 USD Relative to Reference Currency

Reference Currency	YTD 2007	OCT 2007
EUR Europe	(8.52)	(1.94)
GBP Great Britain	(5.32)	(2.06)
JPY Japan	(3.66)	(0.89)
CHF Swiss	(4.70)	(0.99)
CAD Canada	(18.10)	(4.92)
AUD Australia	(14.21)	(4.40)
NZD New Zealand	(8.02)	(2.31)
HKD Hong Kong	(0.35)	(0.13)
SGD Singapore	(5.39)	(2.68)

U.S. Bond Performance

During October 2007, the U.S. Treasury curve rose for 1 month and 3 month issues and fell in the intermediate and long term maturity range. On a year-to-date basis, the U.S. Treasury curve fell across the maturity spectrum with a steepening of the yield curve as short term rates fell more significantly than long term rates.

TREASURY YIELDS

Maturity	1 Mo	3 Mos	1 Yr	5 Yrs	10 Yrs	20 Yrs	30 Yrs
12/29/2006	4.75	5.02	5.00	4.70	4.71	4.91	4.81
10/31/2007	4.01	3.94	4.04	4.16	4.48	4.79	4.74
Change	(0.74)	(1.08)	(0.96)	(0.54)	(0.23)	(0.12)	(0.07)
9/28/2007	3.43	3.82	4.05	4.23	4.59	4.89	4.83
10/31/2007	4.01	3.94	4.04	4.16	4.48	4.79	4.74
Change	0.58	0.12	(0.01)	(0.07)	(0.11)	(0.10)	(0.09)

In October 2007, the Lehman U.S. Aggregate and Lehman Global Aggregate returned 90 basis points and 163 basis points, respectively. Also in October, the Lehman municipal bond index and the high yield bond index returned 45 and 60 basis points, respectively. On a year-to-date basis, the Lehman U.S. Aggregate and Lehman Global Aggregate returned 4.78% and 7.75%, respectively. Also on a year-to-date basis, the Lehman municipal bond index and high yield bond index returned 2.42% and 3.83%, respectively.

Bond Indices - Total Return

Index	OCT 2007	YTD 2007
Lehman Global Aggregate	1.63	7.75
Lehman U. S. Aggregate	0.90	4.78
Lehman Municipal Bond	0.45	2.42
Lehman U. S. Treasury 1-3 Year	0.39	5.22
Lehman High Yield Bond	0.60	3.83

U.S. Stock Market

In October 2007, the NASDAQ Composite posted a strong 5.83% return while the broad U.S. market indices returned between 1.81% and 2.57%. On a year-to-date basis, the NASDAQ composite returned 18.35% while the broad U.S. market indices returned between 10.23% and 11.50%.

The S&P 500 return based on price change was 1.48% in October 2007. The top three performing S&P 500 sectors based on price change in the month were: Information Technology 7.13%, Utilities 6.61% and Materials 4.00%. The bottom three performing sectors in the month were: Financials (1.99%), Telecommunication Services (1.47%) and Industrials (0.58%).

The S&P 500 appreciation on a year-to-date basis through October 2007 was 9.24%. The top three performing sectors based on price change on a year-to-date basis were: Energy 28.52%, Materials 25.33%, and Information Technology 23.88%. The bottom three performing sectors on a year-to-date basis were: Financials (8.68%), Consumer Discretionary (4.27%) and Health Care 7.84%.

Broad Market Indices & the NASDAQ Comp	OCT 2007	YTD 2007
NASDAQ Comp	5.83	18.35
MSCI-U.S. Broad	1.84	11.21
Russell 3000	1.83	10.77
PPCA Total	2.57	10.23
Morningstar	1.81	11.50

Large-Cap Stocks	OCT 2007	YTD 2007
S & P 500	1.59	10.87
Russell 1000	1.74	11.21
Growth	3.40	16.51
Value	0.01	5.98
Morningstar	1.81	11.93
Growth	4.32	18.70
Value	(1.26)	5.53
Core	2.40	12.17
PPCA	2.70	11.08
Growth	4.47	15.03
Value	0.84	9.18
Core	4.47	9.91

S & P 500 Sector Performance Price Change %		
Sector	OCT 2007	YTD 2007
Energy	1.03	28.52
Materials	4.00	25.33
Industrials	(0.58)	15.09
Consumer Discretionary	0.01	(4.27)
Consumer Staples	1.66	9.87
Health Care	1.86	7.84
Financials	(1.99)	(8.68)
Information Technology	7.13	23.88
Telecommunication Srvcs	(1.47)	13.44
Utilities	6.61	15.65
S&P 500	1.48	9.24

Mid-Cap Stocks	OCT 2007	YTD 2007
S & P 400	2.63	13.93
Morningstar	1.56	11.40
Growth	3.40	23.88
Value	(0.40)	1.04
Core	1.39	9.62
PPCA	2.31	10.89
Growth	4.46	14.93
Value	0.85	7.07
Core	1.36	11.23

Small-Cap Stocks	OCT 2007	YTD 2007
S & P 600	1.86	8.56
Russell 2000	2.87	6.12
Growth	4.50	14.27
Value	1.09	(1.64)
Morningstar	2.58	6.89
Growth	3.95	17.91
Value	1.43	(1.81)
Core	2.06	4.05
PPCA	2.34	2.78
Growth	3.53	0.55
Value	0.95	0.42
Core	3.71	9.58

The strongest performing styles in October 2007 were growth-oriented with large-cap growth generally the strongest. The weakest styles in October 2007 were value with large-cap and mid-cap value posting the weakest returns. On a year-to-date basis the strongest performance was from large-cap and mid-cap growth, while the weakest performance was from small-cap value.

Global Markets

For the month of October 2007, the EAFE index returned 3.93% . The top three EAFE performers were: Spain 11.58%, Hong Kong 10.98% and Portugal 10.94%. The bottom three country performers were: Sweden (2.43%), New Zealand (1.40%) and Japan (0.38%).

On a year-to-date basis, the EAFE returned 17.60% with all countries except Ireland posting positive performance. The top three country performers in this period were: Finland 57.02%, Hong Kong 46.26% and Australia 43.99%. The bottom three country performers were: Ireland (7.89%), Japan 1.57% and Belgium 8.13%.

The MSCI Emerging Markets index returned 11.15% in October 2007. The top three country performers for the month were: India 17.00%, China 16.59% and Indonesia 16.44%. The bottom three country performers in the month were: Hungary (1.93%), Morocco 1.35% and Argentina 3.76%.

On a year-to-date basis, the MSCI Emerging Markets index returned 49.50%. The top three country performers in this period were: Peru 129.86%, China 101.16%, and Brazil 83.42%. The bottom three country performers in this period were: Sri Lanka (13.33%), Venezuela 5.73% and Argentina 11.69%.

The MSCI G7 index measures the performance of the world's seven most wealthy countries and includes the following, along with their respective estimated percentage weighting: Canada (15%), U.S. (30%), Japan (20%), Germany (10%), France (10%), Britain (10%) and Italy (5%).

During October of 2007, the G7 returned 2.68%. The top three country performers were: Canada 9.36%, Britain 6.02% and Germany 4.65%. The bottom three country performers for the period were: Japan (0.38%), United States 1.65% and Italy 3.67%.

On a year-to-date basis through October of 2007, the G7 index returned 13.16%. The top three country performers were: Canada 41.93%, Germany 34.65% and Britain 17.69%. The bottom three country performers were: Japan 1.57%, Italy 9.38% and the United States 10.85%.

G7-Developed Country Performance (U.S. $) MSCI Indices

Index	OCT 2007	YTD 2007
G7 Index	2.68	13.16
Britain	6.02	17.69
Canada	9.36	41.93
France	3.83	16.75
Germany	4.65	34.65
Italy	3.67	9.38
Japan	(0.38)	1.57
United States	1.65	10.85

Net Total Return of MSCI Indices (U.S. $)

Overseas Markets	OCT 2007	YTD 2007
The World Index	3.07	15.17
The World Index (Ex U.S.)	4.35	19.26
EAFE	3.93	17.60
Europe	4.66	19.72
Far East	0.85	6.13
Emerging Markets	11.15	49.50