Market Review- June 2007

U.S. Economy

The Federal Open Market Committee met on June 28th and decided to maintain the federal funds rate at 5.25%. This extends the inaction on rates by the Fed to a full year. Statements released after the meeting note that the economic growth appears moderate in the first half of the year despite the ongoing adjustment in the housing sector. One of the Committee's primary policy concerns continues to be that of maintaining a sustained moderation in inflation.

US bond yields have given up their inverted shape as the treasury curve steepens. The impact of investing in sub--prime mortgage loans has been far reaching. At the end of the second quarter, two Bear Stearns hedge funds holding $20 billion nearly collapsed from borrowing heavily in CDOs (collateralized debt obligations) that hold sub-prime mortgages.

While the US stock performance was strong for the quarter, there was a high level of volatility. However, the US stock market lagged most of the global markets. The broad US stock indices returned around 6% in the quarter, while the MSCI Europe indices returned 8.31% and Emerging Markets indices returned 14.96%.

U.S. Bond Performance

During June 2007, the US Treasury curve generally steepened as yields rose in the 5 year to 30 year spectrum and fell for the 1 month and 1 year issues. The intermediate to long term issue yields were up between 6 and 13 basis points for the month.

As the yields steepened, the Lehman US Aggregate lost 30 basis points and slightly outperformed the Lehman Global Aggregate which lost 44 basis points in June 2007. The municipal bond index lost 52 basis points, and the high yield bond index lost 180 basis points in June.

On a year-to-date basis, the US Treasury curve continued to steepen as the 1 month to 1 year issues fell 47 basis points to 9 basis points, respectively. The intermediate to long term issue yields were up from 22 to 32 basis points.

TREASURY YIELDS

Maturity	1 Mo	3 Mos	1 Yr	5 Yrs	10 Yrs	20 Yrs	30 Yrs
5-31-07	4.78	4.73	4.95	4.86	4.90	5.10	5.01
6-29-07	4.28	4.82	4.91	4.92	5.03	5.21	5.12
Change	(0.50)	0.09	(0.04)	0.06	0.13	0.11	0.11
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
6-29-07	4.28	4.82	4.91	4.92	5.03	5.21	5.12
Change	(0.79)	(0.22)	0.01	0.38	0.38	0.29	0.28
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
6-29-07	4.28	4.82	4.91	4.92	5.03	5.21	5.12
Change	(0.47)	(0.20)	(0.09)	0.22	0.32	0.30	0.31

Bond Indices - Total Return

Index	June 2007	2Q07	YTD 2007
Lehman Global Aggregate	(0.44)	(0.89)	0.39
Lehman U. S. Aggregate	(0.30)	(0.52)	0.98
Lehman Municipal Bond	(0.52)	(0.67)	0.14
Lehman U. S. Treasury 1-3 Year	0.44	0.69	2.11
Lehman High Yield Bond	(1.80)	0.22	2.87

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U.S. Stock Market

The broad market indices lost between 1.45% to 1.87% during June. The second quarter 2007 performance for the broad indices ranged between 5.77% to 6.49%. The year-to-date performance range was 7.11% to 8.27% for the broad indices. While the broad US equity performance during the first half of 2007 has been double the performance for the same period in 2006, many of the negative macro factors remain and are unresolved. Again the stock market is plagued by a continuous terrorist threat, Middle East conflicts and high energy prices. And there is a continued concern in the US about inflation and economic growth.

The top three performing S&P 500 sectors based on price change in June 2007 are: Energy 1.72%, Information Technology 0.63% and Industrials -0.11%. The bottom three performing sectors in June 2007 are: Utilities (5.30%), Financials (4.26%), and HealthCare (3.60%).

The top three performing sectors for the second quarter of 2007 are: Energy 14.32%, Information Technology 10.18% and Industrials 9.24%. The bottom three performing sectors are Utilities (1.11%), Financials 1.49% and Consumer Staples 2.11%.

S & P 500 Sector Performance Price Change %			
Sector	June 2007	2Q07	YTD 2007
Energy	1.72	14.32	16.28
Materials	(0.81)	6.56	15.48
Industrials	(0.11)	9.24	9.88
Consumer Discretionary	(1.80)	3.43	2.41
Consumer Staples	(2.20)	2.11	3.74
Health Care	(3.60)	4.57	5.22
Financials	(4.26)	1.49	(2.00)
Information Technology	0.63	10.18	8.96
Telecommunications Srvcs	(2.68)	6.78	13.57
Utilities	(5.30)	(1.11)	7.24
S&P 500	(1.78)	5.81	6.00

Broad Markets	June 2007	2Q07	YTD 2007
NASDAQ Comp	(0.05)	7.50	7.78
MSCI-U.S. Broad	(1.64)	6.09	7.55
Russell 3000	(1.87)	5.77	7.11
PPCA Total	(1.45)	6.49	8.27
Morningstar	(1.66)	6.19	7.86

Large Cap Stocks	June 2007	2Q07	YTD 2007
S & P 500	(1.66)	6.28	6.96
Russell 1000	(1.91)	5.90	7.18
Growth	(1.49)	6.86	8.13
Value	(2.34)	4.93	6.23
Morningstar	(1.63)	6.26	6.71
Growth	(1.31)	6.38	8.06
Value	(2.18)	5.41	6.28
Core	(1.39)	6.95	6.00
PPCA	(1.53)	6.65	7.10
Growth	(1.00)	5.88	7.72
Value	(1.82)	7.21	7.04
Core	(1.71)	6.48	5.17

MidCap Stocks	June 2007	2Q07	YTD 2007
S & P 400	(2.18)	5.84	11.98
Morningstar	(1.69)	6.32	11.19
Growth	(0.66)	8.57	14.24
Value	(2.57)	3.86	8.21
Core	(1.82)	6.54	11.18
PPCA	(1.35)	6.75	11.75
Growth	(0.27)	7.45	12.82
Value	(2.26)	5.93	10.36
Core	(1.54)	7.06	12.54

Small Cap Stocks	June 2007	2Q07	YTD 2007
S & P 600	(1.64)	5.18	8.56
Russell 2000	(1.47)	4.41	6.45
Growth	(0.58)	6.69	9.33
Value	(2.33)	2.30	3.8
Morningstar	(1.87)	5.07	7.72
Growth	(1.26)	6.61	10.71
Value	(3.04)	2.55	3.89
Core	(1.41)	5.86	8.4
PPCA	(1.19)	4.78	7.09
Growth	(1.14)	3.86	5.88
Value	(1.72)	4.29	5.91
Core	(0.29)	6.61	10.57

The top three performing sectors on a year-to-date basis through June 2006 are: Energy 16.28%, Materials 15.48% and Telecommunications Services 13.57%. The lowest three sector performers for this period were: Financials (2.00%), Consumer Discretionary 2.41% and Consumer Staples 3.74%.

A table is provided listing a broad range of U.S. equity indices. The Russell indices have a 30% overlap between the value and growth classifications. The PPCA and Morningstar indices have broader coverage than the Russell indices and have no overlapping issues between nine style classifications.

During June 2007, performance was negative for all style classifications considered. Generally, value was an underperformer across the capitalization range, while growth slightly outperformed core issues. On a quarterly basis, the strongest performance was from mid-cap growth, while the weakest performance was from small-cap value for most of the indices. On a year-to-date basis, the strongest performance was from growth in the large to mid-cap range. In the small-cap range, the strongest year-to-date performance was from growth and core issues depending on the index considered. The weakest year-to-date performance was in the small-cap value style.

Global Markets

For the month of June 2007, the EAFE index earned a modest 12 basis points, while most developed countries posted negative returns. The top three country performers in June were: Norway 5.76%, New Zealand 3.48% and Australia 2.58%. The bottom three country performers in this period were: Ireland (3.95%), Denmark (2.52%) and Switzerland (2.51%).

For the second quarter of 2007, EAFE returned 6.40%. All EAFE countries except Japan posted positive returns. The top three country performers for the quarter include: Portugal 17.64%, Germany 16.17% and Finland 15.60%. The bottom three country performers in this period were: Japan (0.64%), Switzerland 3.18% and Ireland 3.58%.

On a year-to-date basis, the EAFE returned 10.74% with all constituent countries posting positive returns. The top three country performers in this period were: Finland 27.59%, Germany 24.08% and Portugal 23.02%. The lowest three country performers in this period were: Ireland 2.60%, Japan 2.85% and Italy 5.16%.

The MSCI Emerging Markets index returned 4.69% in June 2007. The three leading country performers in June are: Hungary 11.72%, China 11.53% and Taiwan 9.96%. The bottom three country performers in this period are: Argentina (3.46%), Morocco (3.04%) and Malaysia (1.55%).

The MSCI Emerging Markets index returned 14.96% during the second quarter of 2007. The top three country performers were: Peru 33.56%, Hungary 28.73% and China 24.45%. The bottom three country performers for this period include: Sri Lanka (8.49%), Jordan (4.95%) and Russia .33%.

The MSCI Emerging Markets index returned 17.55% in the first half of 2007. The top three country performers were: Peru 66.90%, Pakistan 42.06% and Turkey 32.20%. The bottom three country performers were: Sri Lanka (9.11%), Russia (2.69%) and Argentina 4.38%.

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 June 2007, the G7 index lost 84 basis points. The top three country performers were: Germany 1.88%, Britain 1.30% and Canada (0.17%). The bottom three country performers were: Italy (1.89%), United States (1.71%) and France (0.53%).

During the 2nd quarter of 2007, the G7 index returned 6.35%. The top three performers were: Germany 16.17%, Canada 14.90% and France 9.85%. The bottom three performers were: Japan (0.64%), Italy 4.23% and United States 6.00%.

On a year-to-date basis, the G7 index returned 8.44%. The top three country performers were: Germany 24.08%, Canada 18.52% and France 12.95%. The bottom three country performers were: Japan 2.85%, Italy 5.16% and the United States 6.94%.

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

Overseas Markets	June 2007	2Q07	YTD 2007
The World Index	(0.77)	6.51	9.17
The World Index (Ex U.S.)	0.10	6.98	11.27
EAFE	0.12	6.40	10.74
Europe	(0.02)	8.31	12.49
Far East	(0.12)	0.25	3.82
Emerging Markets	4.69	14.96	17.55

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

Index	June 2007	2Q07	YTD 2007
G7 Index	(0.84)	6.35	8.44
Britain	1.30	7.59	10.83
Canada	(0.17)	14.90	18.52
France	(0.53)	9.85	12.95
Germany	1.88	16.17	24.08
Italy	(1.89)	4.23	5.16
Japan	(0.30)	(0.64)	2.85
United States	(1.71)	6.00	6.94