Market Review - March 2008

U.S. Economy

The economic outlook for the U.S. continued to weaken during March 2008. Growth in consumer spending has slowed while the labor markets have softened with nonfarm employment falling by 80,000 jobs during the month. This decline was greater than anticipated and the biggest drop in five years. The U.S. financial markets have been under significant stress with a tightening of credit and housing declines. Concerns for inflation are high. However, there is an expectation from the Federal Open Market Committee that there are some potentially favorable factors such as a leveling of energy and commodity prices. The uncertainty with regard to inflation developments is being closely monitored.

The Fed took significant actions in March to address the negative issues in the financial markets. With the support of the Bush Administration the Fed has been given an expanded protective role in banking and finance. As of March 14, 2008, the Fed is now bailing out investment banking firms and no longer just handling traditional banks. Benanke and the four Fed governors voted to become creditors to Bear Stearns, a securities firm that is not a bank. Bernanke stated that the Fed's unprecedented actions to prevent the collapse of Bear Stearns were taken to preserve the "integrity and viability of the American financial system and did not represent any kind of bailout." Critics of this action take opposition with potentially huge financial risks being taken on by the taxpayers. Some economists point to the potential of the Fed encouraging risky behavior by backstopping financial institutions.

During March, the Fed made major reductions in the federal funds rate and the discount rate. The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight. The federal funds rate was reduced 75 basis points to 2.25% on March 18. The Fed lends to depository institutions through the discount window. The rates for two of these programs were reduced significantly in March. The discount rates for primary and secondary credit levels were reduced 25 basis points on March 16 and 75 basis points on March 18. The primary and secondary discount rates are now 2.50% and 3.00%, respectively.

Impact of Recent Domestic and Global Market Decline

The U.S. stock market has declined significantly over the past five months. Despite a small uptick in March, the NASDAQ Composite index is down (20.28%) since the start of November 2007. The declines of the broad U.S. stock market indices considered have been between (14.01%) and (14.29%). The S&P 500 declined (13.83%) in this five month period. The performance of the U.S. stock market for the past 15 months is (5.65%) for the NASDAQ Composite and ranges from (4.12%) to (5.52%) for the broad U.S. stock market indices. The S&P 500 declined (4.46%) during this 15 month period.

Impact of Five Month U.S. Market Decline (Nov 07- Mar 08)

Key U.S. Market Indices	Jan 07-Oct 07	Nov-07	Dec-07	2007	Jan-08	Feb-08	Mar-08	Nov-07- Mar 08	Jan07-Mar 08 Unannualized
NASDAQ Composite	18.35	(6.93)	(0.33)	9.78	(9.89)	(4.95)	0.34	(20.28)	(5.65)
MSCI-US Broad	11.21	(4.47)	(0.62)	5.59	(6.07)	(3.04)	(0.60)	(14.05)	(4.42)
Russell 3000	10.77	(4.50)	(0.61)	5.14	(6.06)	(3.11)	(0.59)	(14.12)	(4.87)
PPCA Total	10.23	(4.96)	(0.38)	7.05	(6.32)	(2.34)	(1.05)	(14.29)	(5.52)
Morningstar U.S.	11.50	(4.41)	(0.62)	5.92	(6.09)	(3.07)	(0.56)	(14.01)	(4.12)
S&P 500	10.87	(4.18)	(0.69)	5.49	(6.00)	(3.25)	(0.43)	(13.83)	(4.46)

There was a general decline in the international markets during March 2008 with the MSCI EAFE and MSCI emerging markets indices returning (1.05%) and (5.29%), respectively. Global indices such as the MSCI World index and the G7 index also had negative performance of (.96%) and (1.13%), respectively. During the past five months, the international and global indices returned from (14.07%) to (14.24%). Over the past 15 months, the EAFE index is up slightly at 1.05% while the return from the Emerging Markets is still significant at 24.06%.

Global Market Performance (Jan 07- Mar 08)

Key Global Indices	Jan 07-Oct 07	Nov-07	Dec-07	2007	Jan-08	Feb-08	Mar-08	Nov-07-Mar 08	Jan07-Mar 08 Unannualized
World Index	15.17	(4.24)	(1.37)	7.09	(7.64)	(0.58)	(0.96)	(14.11)	(1.08)
EAFE	17.60	(3.45)	(2.30)	8.62	(9.24)	1.43	(1.05)	(14.07)	1.05
G7	13.16	(4.27)	(1.17)	5.51	(7.19)	(1.21)	(1.13)	(14.24)	(2.95)
Emerging Markets	49.50	(7.09)	0.35	39.39	(12.48)	7.38	(5.29)	(17.01)	24.06

Relative Strength of the U.S. Dollar

The U.S. dollar strengthened relative to gold in March 2008 as the price of gold went down (3.91%). However, the price of gold at $933.50 is still near a historical high. Gold has appreciated 11.60% relative to the U.S. dollar in the first quarter of 2008.

Appreciation of Gold Relative to USD	
2007	31.59%
1Q08	11.60%
MAR-08	(3.91%)

The next table provides key spot exchange rates for 1 U.S. dollar versus several developed country reference currencies. The U.S. dollar weakened in five of the nine major reference currencies considered during March 2008. The March weakening of the U.S. dollar occurred in the Euro, British pound, Japanese yen, Swiss franc and the Singapore dollar. During March 2008, the U.S. dollar strengthened relative to the Canadian dollar, Australian dollar, New Zealand dollar and very slightly relative to the Hong Kong dollar.

The next table translates the changes in spot exchange rates from the first table into FX percent returns. The most extreme dollar decline during March 2008 was a decline of (7.41%) versus the Japanese yen. The dollar declined during the first quarter of 2008 in eight of the nine major reference currencies considered. The most extreme decline during the first quarter was a decline of (11.77%) versus the Swiss franc. During the quarter, the dollar strengthened slightly relative to the British pound and was up 4.26% relative to the Canadian dollar.

Exchange Rate Tables 1 USD buying reference currency

Reference Currency	12/31/06	12/31/07	1/31/08	2/29/08	3/31/08
EUR Europe	0.7579	0.6783	0.6765	0.6592	0.6329
GBP Great Britain	0.5111	0.5008	0.5026	0.5026	0.5012
JPY Japan	119.06	112.27	106.98	107.12	99.19
CHF Swiss	1.2182	1.1269	1.0923	1.0419	0.9943
CAD Canada	1.1643	0.9804	0.9970	0.9998	1.0222
AUD Australia	1.2686	1.1444	1.1254	1.0557	1.0896
NZD New Zealand	1.4194	1.2942	1.2842	1.2507	1.2536
HKD Hong Kong	7.7775	7.8046	7.8035	7.7814	7.7821
SGD Singapore	1.5334	1.4459	1.4205	1.3948	1.3799

FX Return of $1 USD Relative to Reference Currency

Reference Currency	2007	1Q08	MAR 2008
EUR Europe	(10.50%)	(6.69%)	(3.98%)
GBP Great Britain	(2.00%)	0.08%	(0.28%)
JPY Japan	(5.70%)	(11.65%)	(7.41%)
CHF Swiss	(7.49%)	(11.77%)	(4.56%)
CAD Canada	(15.79%)	4.26%	2.24%
AUD Australia	(9.78%)	(4.79%)	3.20%
NZD New Zealand	(8.83%)	(3.13%)	0.23%
HKD Hong Kong	0.35%	(0.29%)	0.01%
SGD Singapore	(5.71%)	(1.07%)	(1.07%)

U.S. Bond Performance

During March 2008, yields declined across the maturity spectrum with the most significant decline in 3 month treasuries which dropped 47 basis points. The treasury curve steepened somewhat as both 3 month and 1 year treasuries declined significantly relative to 5 year to 30 year issues. It is interesting that 1 month treasuries had a higher yield than 3 month and 1 year treasuries at the end of March.

During the first quarter of 2008, yields also declined across the maturity spectrum with the most significant declines in 3 month and 1 year issues.

In March 2008, the Lehman U.S. Aggregate and Lehman Global Aggregate returned 0.34% and 2.04%, respectively. Also in March, the Lehman municipal bond index and the Lehman high yield bond index returned 2.86% and (.34%), respectively.

During the first quarter of 2008, the Lehman U.S. Aggregate and Lehman Global Aggregate returned 2.17% and 6.63%, respectively. During this period the Lehman municipal bond index and Lehman high yield bond index returned (.61%) and (3.02%), respectively.

TREASURY YIELDS

Maturity	1 Mo	3 Mos	1 Yr	5 Yrs	10 Yrs	20 Yrs	30 Yrs
12/31/2007	2.76	3.36	3.34	3.45	4.04	4.50	4.45
3/31/2008	1.99	1.38	1.55	2.46	3.45	4.30	4.30
Change	(0.77)	(1.98)	(1.79)	(0.99)	(0.59)	(0.20)	(0.15)
2/29/2008	2.07	1.85	1.77	2.50	3.53	4.37	4.41
3/31/2008	1.99	1.38	1.55	2.46	3.45	4.30	4.30
Change	(0.08)	(0.47)	(0.22)	(0.04)	(0.08)	(0.07)	(0.11)

Bond Indices - Total Return

Index	MAR 2008	1Q08
Lehman Global Aggregate	2.04	6.63
Lehman U. S. Aggregate	0.34	2.17
Lehman Municipal Bond	2.86	(0.61)
Lehman U. S. Treasury 1-3 Year	0.25	3.06
Lehman High Yield Bond	(0.34)	(3.02)

U.S. Stock Market

In March 2008, the technology heavy NASDAQ Composite index returned a small positive return of 0.34%. Also during March the four major broad U.S. stock indices considered posted returns in a range between (.56%) and (1.05%). For the first quarter of 2008, the NASDAQ Composite index declined (14.06%) while the broad U.S. stock indices declined in a tight range from (9.47%) to (9.52%).

During March 2008, growth generally underperformed value and core across capitalization cap ranges for most index families. The weakest overall performance was from mid and small cap growth while the strongest performance in March 2008 was from large cap core. The weakest performance during the first quarter was in growth stocks across cap ranges.

The S&P 500 return based on price change was (0.60%) during March 2008. The top three performing sectors were: Telecommunication Services 4.90%, Industrials 3.16% and Consumer Staples (2.97%). The bottom three sector performers during the month were: Health Care (4.98%), Financials (3.07%) and Energy (2.67%).

Broad Market Indices & the NASDAQ Comp	MAR 2008	1Q08
NASDAQ Comp	0.34	(14.06)
MSCI-U.S. Broad	(0.60)	(9.48)
Russell 3000	(0.59)	(9.52)
PPCA Total	(1.05)	(9.47)
Morningstar	(0.56)	(9.48)

S & P 500 Sector Performance Price Change %

Sector	MAR 2008	1Q08
Energy	(2.67)	(7.53)
Materials	(1.33)	(3.55)
Industrials	3.16	(4.47)
Consumer Discretionary	(0.96)	(6.25)
Consumer Staples	(2.97)	(2.78)
Health Care	(4.98)	(11.94)
Financials	(3.07)	(14.67)
Information Technology	0.92	(15.37)
Telecommunication Svcs	4.90	(14.55)
Utilities	1.40	(10.68)
S&P 500	(0.60)	(9.92)

During the first quarter of 2008, the S&P 500 return based on price change was (9.92%). All economic sectors posted negative performance during the quarter. The strongest sector performance on a relative basis was from: Consumer Staples (2.78%), Materials (3.55%) and Industrials (4.47%). The bottom three sector performers were: Information Technology (15.37%), Financials (14.67%) and Telecommunication Services (14.55%).

Small-Cap Stocks		MAR 2008	1Q08
S & P 600		0.39	(7.46)
Russell 2000		0.42	(9.90)
	Growth	(0.58)	(12.83)
	Value	1.51	(6.53)
Morningstar		0.28	(9.09)
	Growth	(0.87)	(14.40)
	Value	1.19	(5.28)
	Core	0.55	(6.92)
PPCA		(1.21)	(10.12)
	Growth	(3.62)	(16.41)
	Value	(0.03)	(5.44)
	Core	(0.90)	(11.80)

Mid-Cap Stocks		MAR 2008	1Q08
S & P 400		(1.02)	(8.85)
Morningstar		(1.72)	(9.82)
	Growth	(2.49)	(12.88)
	Value	(1.65)	(8.68)
	Core	(1.01)	(7.69)
PPCA		(2.53)	(9.99)
	Growth	(4.28)	(12.70)
	Value	(1.94)	(8.36)
	Core	(0.63)	(8.30)

Large-Cap Stocks		MAR 2008	1Q08
S & P 500		(0.43)	(9.44)
Russell 1000		(0.67)	(9.48)
	Growth	(0.61)	(10.18)
	Value	(0.75)	(8.72)
Morningstar		(0.33)	(9.43)
	Growth	(0.23)	(11.50)
	Value	(1.64)	(9.96)
	Core	0.73	(7.12)
PPCA		(0.45)	(9.16)
	Growth	(2.11)	(13.71)
	Value	(0.22)	(7.46)
	Core	2.32	(4.12)

Global Markets

For the month of March 2008, the EAFE index returned (1.05%). The top three EAFE country performers were: Spain 5.22%, Belgium 5.11% and Denmark 3.75%. The bottom three country performers were: New Zealand (6.14%), Hong Kong (6.11%) and Finland (6.07%).

During the first quarter of 2008, the EAFE index returned (8.91%) with all countries except Denmark posting negative performance. The top three country performers for the quarter were: Denmark 0.04%, Ireland (1.24%) and Switzerland (2.10%). The bottom three country performers were: Hong Kong (18.89%), Greece (15.83%) and New Zealand (14.69%).

The MSCI Emerging Markets index returned (5.29%) during March 2008. The top three contributing countries were: Morocco 7.90%, Poland 7.86% and Chile 7.74%. The bottom three contributing countries were: Turkey (20.17%), India (12.68%) and China (12.18%).

During the first quarter of 2008, the MSCI Emerging Markets index returned (10.99%). The top three country performers were: Morocco 33.83%, Pakistan 11.22% and Chile 9.71%. The bottom three country performers during the quarter were: Turkey (38.38%), India (26.99%) and China (23.69%).

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 March 2008, the MSCI G7 index returned (1.13%). The top three G7 performing countries were: France 2.53%, Germany 1.09% and the U.S. (0.42%). The bottom three G7 performing countries were: Canada (5.53%), Japan (4.06%) and Britain (2.15%).

For the first quarter of 2008, the G7 index returned (9.35%). The top three performing G7 countries were: Canada (6.11%), Japan (7.81%) and France (8.35%). The bottom three performing G7 countries were: Germany (11.75%), Italy (11.72%) and Britain (10.52%).

Net Total Return of MSCI Indices (U.S. $)		
Overseas Markets	**MAR 2008**	**1Q08**
The World Index	(0.96)	(9.06)
The World Index (Ex U.S.)	(1.43)	(8.69)
G7 Index	(1.13)	(9.35)
EAFE	(1.05)	(8.91)
Europe	0.42	(8.62)
Far East	(3.98)	(8.94)
Emerging Markets	(5.29)	(10.99)