

★ U.S. Economy

The global equity markets have fallen during June, the second quarter and on a year-to-date basis. The U.S. broad market indices declined around 8% in June, 1.5% in the second quarter and 11% on a year-to-date basis. The declines in the international developed equity markets were comparable to those of the U.S. equity market with the MSCI declining around 8%, 4% and 13% for June, 2nd quarter 08 and year-to-date.

With recent rising interest rates in the U.S., we have seen lackluster bond performance with the Lehman Aggregate index down 1% in the second quarter and up 1% on a year-to-date basis.

The U.S. equity market has been weak in most sectors with Energy being the only sector to post strong returns during 2008. The Financial sector has been the weakest, with S&P 500 price return was a negative 31% for the sector in the first half of 2008

In the U.S., unemployment is relatively high. Unemployment went up to 5.5% in May and stayed there in June with significant layoffs in the financial services, retailing, construction and automotive sectors. Oil is at historical highs with prices over \$140 per barrel. Recent headlines reflect uncertainties in the economy with record high gasoline prices, inflation, credit concerns, declining home values, business slumps and worries of recession.

On June 3, 2008 in a presentation to the International Monetary Conference in Barcelona, Spain; Ben Bernanke expressed the concern of the Federal Reserve relative to U.S. financial market stress and inflation. He outlined the Fed's policy response to stabilize these markets and strengthen the dollar with a three prong program: (1) easing monetary policy to promote moderate growth and price stability, (2) improving market liquidity by ensuring financial institutions have access to central bank liquidity, and (3) taking actions with improved regulations to strengthen capital and reduce risk.

★ Performance in Past 18 Months (Jan 07—June08)

The positive performance of the first 10 months of 2007 has been eroded in all of the major U.S. indices considered below. The declines in the market for the past 8 months have ranged between (14.97%) and (19.79%). The declines were most extreme in the NASDAQ composite where the return was (19.79%).

Recent U.S. Market Performance (Jan 07—June 08)

Key U.S. Market Indices	Recent U.S. Market Performance (Jan 07—June 08)			Jan 07-Jun 08
	Jan 07-Oct 07	2007	Nov 07– June 08	Unannualized
NASDAQ Composite	18.35	9.78	(19.79)	(5.07)
MSCI-US Broad	11.21	5.59	(15.38)	(5.90)
Russell 3000	10.77	5.14	(15.57)	(6.47)
PPCA Total	10.23	7.05	(14.97)	(6.27)
Morningstar U.S.	11.50	5.92	(15.27)	(5.53)
S&P 500	10.87	5.49	(16.18)	(7.06)

The major global and international indices for developed markets have experienced negative performance only slightly higher than the U.S. indices. The declines in the developed market indices considered here have ranged from (15.52%) to (16.70%) in the past 8 months. The recent declines in the Emerging Markets have been significant with a return of (17.72%) in the past 8 months.

Recent Global Market Performance (Jan 07—June 08)				Jan 07-Jun 08
Key Global Indices	Jan 07-Oct 07	2007	Nov 07-Jun 08	Unannualized
World Index	15.17	7.09	(15.99)	(3.24)
EAFE	17.60	8.62	(16.70)	(2.04)
G7	13.16	5.51	(15.52)	(4.40)
Emerging Markets	49.50	39.39	(17.72)	23.01

★ Relative Strength of the U.S. Dollar

The U.S. dollar continued to weaken in June 2008 as the price of gold went up 5.02%. However, the U.S. dollar was up slightly in the 2nd quarter of 2008 as the price of gold declined (0.35%). On a year-to-date basis through June 2008, the price of gold has appreciated 11.21% relative to the U.S. dollar.

Appreciation of Gold Relative to USD	
2007	31.59%
YTD 08	11.21%
2Q08	(0.35%)
JUN-08	5.02%

The next table provides key spot exchange rates for 1 U.S. dollar versus several developed country reference currencies. During June 2008, the U.S. dollar strengthened in only three of the nine major currencies considered including: Japan, Canada and New Zealand. For the 2nd quarter of 2008, the dollar strengthened significantly against the currencies of Japan, Switzerland and New Zealand and strengthened slightly against the Euro and the Hong Kong dollar. On a year-to-date basis the U.S. dollar strengthened against the British pound, Canadian dollar and the New Zealand dollar.

The next table translates the changes in spot exchange rates from the first table into FX percent returns. The most significant increase in the U.S. dollar in June 2008 was 2.78% against the New Zealand dollar and the most significant decline was (2.75%) against the Swiss Franc. For the 2nd quarter of 2008, the most significant increase in the U.S. dollar was 6.94% against the Japanese yen and the most significant decrease was (4.54%) against the Australian dollar. On a year-to-date basis, the most significant increase in the U.S. dollar was 3.02% against the Canadian dollar and the largest decline was (9.67%) against the Swiss Franc.

Exchange Rate Tables 1 USD buying reference currency				
Reference Currency	12/31/06	12/31/07	05/31/08	06/30/08
EUR Europe	0.7579	0.6783	0.6441	0.6330
GBP Great Britain	0.5111	0.5008	0.5060	0.5011
JPY Japan	119.06	112.27	105.46	106.07
CHF Swiss	1.2182	1.1269	1.0468	1.0180
CAD Canada	1.1643	0.9804	0.9919	1.0101
AUD Australia	1.2686	1.1444	1.0466	1.0400
NZD New Zealand	1.4194	1.2942	1.2778	1.3134
HKD Hong Kong	7.7775	7.8046	7.8003	7.8003
SGD Singapore	1.5334	1.4459	1.3643	1.3624

FX Return of \$1 USD Relative to Reference Currency				
Reference Currency	2007	YTD 2008	2Q08	JUN-08
EUR Europe	(10.50%)	(6.68%)	0.01%	(1.73%)
GBP Great Britain	(2.00%)	0.06%	(0.02%)	(0.96%)
JPY Japan	(5.70%)	(5.53%)	6.94%	0.57%
CHF Swiss	(7.49%)	(9.67%)	2.38%	(2.75%)
CAD Canada	(15.79%)	3.02%	(1.18%)	1.84%
AUD Australia	(9.78%)	(9.12%)	(4.54%)	(0.62%)
NZD New Zealand	(8.83%)	1.48%	4.77%	2.78%
HKD Hong Kong	0.35%	(0.05%)	0.23%	0.00%
SGD Singapore	(5.71%)	(5.78%)	(1.27%)	(0.14%)

★ U.S. Bond Performance

During June 2008, U.S. Treasury yields declined for 1 month issues and for issues with maturities between 5 and 30 years. During the second quarter, 1 month issues had declining rates while rates rose across the maturity spectrum from 3 months to 30 years with the highest increase of 88 basis points at the 5 year maturity level. On a year-to-date basis, rates decreased from 1 month to 10 years while increasing for 20 and 30 year issues.

In June 2008, the Lehman U.S. Aggregate and Lehman Global Aggregate posted returns of (0.08%) and 0.09%, respectively. Also in June, the Lehman municipal bond index and the Lehman high yield bond index returned (1.13%) and (2.80%), respectively.

During the 2nd quarter of 2008, the Lehman U.S. Aggregate and Lehman Global Aggregate returned (1.02%) and (2.91%), respectively. Also during the quarter the Lehman municipal bond index and the Lehman high yield bond index returned 0.63% and 1.76%, respectively.

On a year-to-date basis through June 2008, the Lehman Aggregate and Lehman Global Aggregate returned 1.13% and 3.53%, respectively. For this same period the Lehman municipal bond index and the Lehman high yield bond index returned 0.02% and (1.31%), respectively.

★ U.S. Stock Market

In June 2008, the NASDAQ declined significantly with a return of (9.10%). Also during June, the four broad U.S. stock indices fell over a range from (7.89%) to (8.25%). The NASDAQ returned 0.61% for the 2nd quarter of 2008. During the 2nd quarter, the decline in the broad U.S. stock indices ranged from (0.80%) to (1.69%). On a year-to-date basis, the NASDAQ fell (13.53%). During this period, the four broad U.S. stock indices fell over a range from (10.19%) to (11.05%).

Market declines were significant across capitalization ranges and styles in June 2008. The lowest performance was generally in value across index families. The 2nd quarter results were also the lowest in value while all of the mid-cap indices except mid-cap value posted positive returns. The year-to-date performance was negative across the board with large cap value, mid-cap value and small cap growth and value posting the lowest style returns in their respective cap range.

The S&P 500 return based on price change was (8.60%) in June 2008. The top three performing sectors were: Energy 2.23%, Utilities (1.06%) and Health Care (4.73%). The bottom three performing sectors were: Financials (18.66%), Industrials (12.49%) and Consumer Discretionary (12.25%).

TREASURY YIELDS

Maturity	1 Mo	3 Mos	1 Yr	5 Yrs	10 Yrs	20 Yrs	30 Yrs
5/31/2008	1.98	1.89	2.22	3.41	4.06	4.74	4.72
6/30/2008	1.60	1.90	2.36	3.34	3.99	4.59	4.53
Change	(0.38)	0.01	0.14	(0.07)	(0.07)	(0.15)	(0.19)
3/31/2008	1.99	1.38	1.55	2.46	3.45	4.30	4.30
6/30/2008	1.60	1.90	2.36	3.34	3.99	4.59	4.53
Change	(0.39)	0.52	0.81	0.88	0.54	0.29	0.23
12/31/2007	2.76	3.36	3.34	3.45	4.04	4.50	4.45
6/30/2008	1.60	1.90	2.36	3.34	3.99	4.59	4.53
Change	(1.16)	(1.46)	(0.98)	(0.11)	(0.05)	0.09	0.08

Bond Indices - Total Return

Index	JUN 2008	2Q08	YTD08
Lehman Global Aggregate	0.09	(2.91)	3.53
Lehman U. S. Aggregate	(0.08)	(1.02)	1.13
Lehman Municipal Bond	(1.13)	0.63	0.02
Lehman U. S. Treasury 1-3 Year	0.28	(0.95)	2.08
Lehman High Yield Bond	(2.80)	1.76	(1.31)

Broad Market Indices & the NASDAQ Comp	JUN 2008	2Q08	YTD 2008
NASDAQ Comp	(9.10)	0.61	(13.53)
MSCI-U.S. Broad	(8.18)	(1.54)	(10.87)
Russell 3000	(8.25)	(1.69)	(11.05)
PPCA Total	(7.89)	(0.80)	(10.19)
Morningstar	(8.11)	(1.45)	(10.80)

S & P 500 Sector Performance Price Change %

Sector	JUN 2008	2Q08	YTD 2008
Energy	2.23	16.92	8.12
Materials	(5.72)	3.88	0.19
Industrials	(12.49)	(10.59)	(14.59)
Consumer Discretionary	(12.25)	(8.12)	(13.86)
Consumer Staples	(6.76)	(5.92)	(8.54)
Health Care	(4.73)	(1.73)	(13.47)
Financials	(18.66)	(19.01)	(30.89)
Information Technology	(9.26)	2.29	(13.43)
Telecommunication Svcs	(11.58)	(5.09)	(18.90)
Utilities	(1.06)	7.10	(4.34)
S&P 500	(8.60)	(3.23)	(12.83)

In the 2nd quarter of 2008, the S&P price return was (3.23%). For this period, the top three performing sectors were: Energy 16.92%, Utilities 7.10% and Materials 3.88%. The bottom three performing sectors were: Financials (19.01%), Industrials (10.59%) and Consumer Discretionary (8.12%).

On a year-to-date basis, the S&P price return was (12.83%). The top three performing sectors were: Energy 8.12%, Materials 0.19% and Utilities (4.34%). The bottom three performing sectors were: Financials (30.89%), Telecommunication Services (18.90%) and Industrials (14.59%).

Mid-Cap Stocks	JUN 2008	2Q08	YTD 2008
S & P 400	(7.03)	5.43	(3.90)
Morningstar	(7.93)	2.51	(7.53)
Growth	(5.20)	9.07	(4.97)
Value	(10.89)	(4.75)	(13.02)
Core	(8.09)	2.67	(5.22)
PPCA	(7.74)	1.92	(8.26)
Growth	(6.44)	4.74	(8.56)
Value	(10.15)	(2.98)	(11.08)
Core	(5.78)	5.96	(2.83)

Small-Cap Stocks	JUN 2008	2Q08	YTD 2008
S & P 600	(7.55)	(5.32)	(7.09)
Russell 2000	(7.70)	0.58	(9.37)
Growth	(5.96)	4.47	(8.93)
Value	(9.60)	(3.55)	(9.84)
Morningstar	(9.24)	(0.77)	(9.79)
Growth	(6.48)	4.03	(10.95)
Value	(12.84)	(8.13)	(12.97)
Core	(8.75)	1.39	(5.62)
PPCA	(9.13)	(1.65)	(11.60)
Growth	(8.29)	(1.52)	(17.68)
Value	(10.27)	(3.30)	(8.56)
Core	(7.89)	1.25	(10.70)

Large-Cap Stocks	JUN 2008	2Q08	YTD 2008
S & P 500	(8.43)	(2.73)	(11.91)
Russell 1000	(8.31)	(1.90)	(11.20)
Growth	(7.20)	1.25	(9.06)
Value	(9.57)	(5.32)	(13.57)
Morningstar	(8.04)	(2.55)	(11.74)
Growth	(5.96)	4.34	(7.65)
Value	(10.54)	(7.43)	(16.65)
Core	(7.94)	(4.51)	(11.31)
PPCA	(7.76)	(1.72)	(10.73)
Growth	(6.50)	3.40	(10.77)
Value	(9.44)	(6.43)	(13.42)
Core	(6.53)	(0.10)	(4.21)

★ Global Markets

For the month of June 2008, the EAFE index returned (8.31%). The top three EAFE country performers were: Switzerland (5.39%) , Denmark (6.18%) and Australia (6.40%). The bottom three country performers were: Belgium (19.00%), Greece (17.61%) and New Zealand (16.97%).

During the 2nd quarter, the EAFE index returned (3.50%). The top three EAFE country performers were: Norway 10.84%, Austria 3.73% and Australia 3.42%. The bottom three country performers were: Belgium (21.62%), Ireland (18.44%) and Portugal (16.75%).

On a year-to-date basis, the EAFE index returned (12.70%). The top three EAFE country performers were: Norway (0.82%), Denmark (2.00%) and Japan (6.46%). The bottom three country performers were: New Zealand (28.65%), Greece (28.21%) and Portugal (27.70%).

The MSCI Emerging Markets index returned (9.97%) during June 2008. The top three country performers were: Argentina 14.16%, Jordan 8.35% and Czech Republic 2.10%. The bottom three country performers were: India (19.57%), Philippines (16.58%) and Columbia (15.88%).

The MSCI Emerging Markets index returned (0.86%) during the 2nd quarter of 2008. The top three performing countries were: Argentina 35.36%, Brazil 18.37% and Jordan 17.39%. The bottom three country performers were: Pakistan (26.60%), Philippines (24.91%) and India (19.70%).

On a year-to-date basis, the MSCI Emerging Markets index returned (11.76%). The top three country performers included: Argentina 44.72%, Morocco 30.40% and Jordan 15.15%. The bottom three country performers were: India (41.38%), Turkey (39.34%) and Philippines (38.04%).

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 2008, the MSCI G7 index returned (7.83%). The top three G7 performers were: Canada (3.82%), Britain (6.56%) and Japan (6.87%). The bottom three G7 performers were: Italy (11.09%), France (10.12%) and the United States (8.31%).

In the 2nd quarter of 2008, the MSCI G7 index returned (1.67%). The top three G7 performers were: Canada 10.50%, Japan 2.37% and Britain (1.80%). The bottom three G7 performers were: Italy (8.45%), France (6.02%) and Germany (4.65%).

On a year-to-date basis, the MSCI G7 index returned (11.33%). The top three G7 performers were: Canada 3.29%, Japan (6.46%) and the United States (12.09%). The bottom three G7 performers were: Italy (19.18%), Germany (16.05%) and Britain (13.30%).

Net Total Return of MSCI Indices (U.S. \$)			
Overseas Markets	JUN2008	2Q08	YTD 2008
The World Index	(8.10)	(2.45)	(11.75)
The World Index (Ex U.S.)	(7.91)	(2.37)	(11.44)
EAFE	(8.31)	(3.50)	(12.70)
Europe	(8.86)	(5.77)	(14.42)
Far East	(7.25)	1.43	(8.37)
Emerging Markets	(9.97)	(0.86)	(11.76)
G7 Index	(7.83)	(1.67)	(11.33)