

★ U.S. Economy

As the Fed holds interest rates steady and oil prices fall, the market environment has proven positive for stock and bond investors. The latest economic news includes a slowing U.S. economy, continued conflict abroad, lower expected corporate profit growth, a decline in residential housing prices and a decline in consumer confidence.

Investors are reacting to the economy with conservatism by favoring larger established companies with strong market share, significant cash reserves and demonstrated dividends. Large cap issues have been in favor relative to small cap issues. The market is also relieved that yields are declining along with the odds of a recession.

★ U.S. Bond Performance

During September 2006, the U.S. Treasury yield curve fell across maturity ranges with the most significant decline of 52 basis points for 1 month issues. The yield curve declined for 3 month to 30 year issues for the 3rd quarter when 1 month issues yields were up 6 basis points.

As domestic interest rates continued to decline, U.S. bond indices posted positive returns during September, 3rd Quarter 2006, and year-to-date. The Lehman High Yield Bond index returns tracked the returns of the broad equity markets. The Lehman U.S. Aggregate index outperformed the Lehman Global Aggregate for September and the third quarter. On a year-to-date basis, the Lehman Global Aggregate outperformed the Lehman U.S. Aggregate index by 1.43%.

TREASURY YIELDS

<u>Maturity</u>	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20 Yrs</u>	<u>30 Yrs</u>
8-31-06	5.12	5.05	5.01	4.70	4.74	4.95	4.88
9-29-06	4.60	4.89	4.91	4.59	4.64	4.84	4.77
Change	(0.52)	(0.16)	(0.10)	(0.11)	(0.10)	(0.11)	(0.11)
6-30-06	4.54	5.01	5.21	5.10	5.15	5.31	5.19
9-29-06	4.60	4.89	4.91	4.59	4.64	4.84	4.77
Change	0.06	(0.12)	(0.30)	(0.51)	(0.51)	(0.47)	(0.42)
12-30-05	4.01	4.08	4.38	4.35	4.39	4.61	N.A.
9-29-06	4.60	4.89	4.91	4.59	4.64	4.84	4.77
Change	0.59	0.81	0.53	0.24	0.25	0.23	N.A.

Bond Indices - Total Return

<u>Index</u>	<u>Sept 2006</u>	<u>3Q06</u>	<u>YTD06</u>
Lehman Global Aggregate	(0.01)	2.16	4.49
Lehman U. S. Aggregate	0.88	3.81	3.06
Lehman Municipal Bond	0.70	3.41	3.69
Lehman U. S. Treasury 1-3 Year	0.51	1.99	2.99
Lehman High Yield Bond	1.42	4.07	7.34

The broad U.S. market indices returned from 1.98 to 2.28% during September 2006. The broad index quarterly and year-to-date performance ranged from 4.16 to 4.64% and 8.02 to 8.19%, respectively.

The top three performing sectors for September 2006 were: Consumer Discretionary 6.40%, Financials 4.07% and Telecommunication Services 4.00%. The bottom three performing sectors are: Energy (2.80%), Utilities (1.89%) and Consumer Staples (0.35%).

The top three performing sectors for the third quarter of 2006 were: Health Care 9.76%, Telecommunication Services 9.63% and Information Technology 8.33%. The bottom three performers for the quarter were: Energy (2.14%), Materials (1.13%) and Industrials (0.59%).

The top three performing sectors on a year-to-date basis through September 2006 were: Telecommunication Services 22.55%, Energy 10.37% and Financials 9.25%. The bottom three performing sectors for this period were: Information Technology 1.65%, Materials 4.51% and Health Care 4.75%.

During September 2006, performance was positive for all major indices considered except the PPCA growth, which was down 1.17 per cent. During September, the strongest performance came from large cap core issues, with large cap growth following with the second strongest performance. The lowest performance in September was from small cap growth.

On a quarterly basis through September, the performance was strongest in large cap value and weakest in small cap growth.

On a year-to-date basis, large cap value led the way across index families with performance ranging from 13.19% to 16.46%. The lowest performance was posted by the small cap growth indices.

S & P 500 Sector Performance			
Sector	Sept 2006	3Q06	YTD 06
Energy	(2.80)	(2.14)	10.37
Materials	(0.24)	(1.13)	4.51
Industrials	3.77	(0.59)	5.40
Consumer Discretionary	6.40	4.72	6.75
Consumer Staples	(0.35)	5.09	8.57
Health Care	1.42	9.76	4.75
Financials	4.07	7.30	9.25
Information Technology	3.99	8.33	1.65
Telecommunications	4.00	9.63	22.55
Utilities	(1.89)	5.21	7.93

Broad Markets	Sept 2006	3Q06	YTD 06
NASDAQ Comp	3.42	3.97	2.40
MSCI-U.S. Broad	2.26	4.54	8.03
Russell 3000	2.24	4.64	8.02
PPCA Total	1.98	4.16	8.19
Morningstar	2.28	4.63	8.10

MidCap Stocks	Sept 2006	3Q06	YTD 06
S & P 400	0.67	(1.08)	3.12
Morningstar	1.71	1.08	5.84
Growth	1.86	(1.78)	2.59
Value	1.19	2.65	9.1
Core	2.08	2.34	5.95
PPCA	1.44	1.90	7.50
Growth	1.52	0.43	5.12
Value	0.84	2.45	9.02
Core	2.47	3.35	8.60

Large Cap Stocks	Sept 2006	3Q06	YTD 06
S & P 500	2.58	5.67	8.53
Russell 1000	2.37	5.06	7.95
Growth	2.75	3.94	2.97
Value	1.99	6.22	13.19
Morningstar	2.56	5.94	8.67
Growth	2.49	3.34	0.10
Value	1.37	7.47	16.46
Core	3.79	6.55	8.75
PPCA	2.42	5.58	8.42
Growth	2.17	3.91	1.91
Value	2.27	7.09	14.98
Core	3.08	4.60	4.88

Small Cap Stocks	Sept 2006	3Q06	YTD 06
S & P 600	0.91	(0.88)	6.75
Russell 2000	0.83	0.44	8.69
Growth	0.68	(1.76)	4.21
Value	0.98	2.55	13.26
Morningstar	0.88	0.74	8.1
Growth	0.39	(1.94)	2.66
Value	1.44	3.08	10.16
Core	0.83	1.17	11.5
PPCA	0.42	0.69	7.85
Growth	(1.17)	(2.04)	2.83
Value	1.03	2.58	10.19
Core	1.19	0.57	9.95

For the month of September 2006, EAFE was up .16%. All regions, with the exception of the Far East (1.33%), posted positive returns for the period. Europe led the international market with a .86% return. The top three country performers for the month were: Spain 5.34%, Sweden 4.66% and Belgium 3.37%. The bottom three country performers were: Norway (7.09%), Canada (3.02%), and Finland (2.46%).

For the third quarter of 2006, the EAFE was up 3.93%. Again, all regions except the Far East (0.06%) posted positive performance. The top three country performers for the quarter were: Spain 12.21%, Netherlands 10.75% and Denmark 8.71%. The bottom three country performers for the quarter were: Norway (6.2%), Japan (0.72%) and Canada 1.14%.

On a year-to-date basis through September 2006, EAFE returned 14.49%. Only New Zealand posted a negative return (4.3%). The top three country performers were: Spain 30.70%, Portugal 30.56% and Ireland 25.01%. The bottom three country performers for the period were: New Zealand (4.3%), Japan 1.18% and Canada 10.09%.

The MSCI Emerging Markets index returned 0.83% during September 2006. The strongest country performance during the month was from the Philippines 11.79%, India 7.87% and Malaysia 6.11%. The lowest country performance was from Russia (6.70%), South Africa (6.36%) and Turkey (4.51%).

During the 3rd quarter of 2006, the MSCI Emerging Markets index returned 4.88%. The top three country performers included: Egypt 37.76%, Philippines 27.08%, and Columbia 19.85%. The lowest three country performers were Argentina (6.71%), South Africa (6.49%) and Brazil (1.34%).

During the year-to-date period through September 2006, the MSCI Emerging Markets index returned 12.39%. The top country performers were Morocco 58.12%, Indonesia 45.34% and Peru 42.49%. The bottom three country performers were Jordan (24.14%), Turkey (17.75%) and Israel (8.93%).

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

During the month of September 2006, the G7 index returned 1.13%. The top three country performers were the U.S. 2.51%, Germany 1.51% and France 0.89%. The bottom three country performers were Canada (3.02%), Japan (1.64%) and Britain (0.50%).

For the 3rd quarter 2006, the G7 returned 4.07%. The top performers included: U.S. 5.23%, France 4.87% and Germany 4.84%. The bottom three performers were Japan (.72%), Canada 1.14% and Britain 4.24%.

On a year-to-date basis through September 2006, the G7 returned 9.45%. The top three performing countries include France 21.71%, Germany 18.90% and Britain 18.43%. The bottom three performing countries include Japan 1.18%, U.S. 7.58% and Canada 10.09%.

Net Total Return of MSCI Indices (U.S. \$)			
Overseas Markets	Sept 2006	3Q06	YTD06
The World Index	1.19	4.47	10.80
The World Index (Ex U.S.)	(0.08)	3.72	14.16
EAFE	0.16	3.93	14.49
Europe	0.86	5.63	19.96
Far East	(1.33)	(0.06)	2.42
Emerging Markets	0.83	4.88	12.39

G7-Developed Country Performance (U.S. \$) MSCI Indices			
Index	Sept 2006	3Q06	YTD06
G7 Index	1.13	4.07	9.45
Britain	(0.50)	4.24	18.43
Canada	(3.02)	1.14	10.09
France	0.89	4.87	21.71
Germany	1.51	4.84	18.90
Italy	(0.15)	4.46	18.35
Japan	(1.64)	(0.72)	1.18
United States	2.51	5.23	7.58