

STOCK INDEX PERFORMANCE

| Index | Week | YTD | 12-mo. | 2006 | 5-yr. |
|----------------------------------|--------|-------|--------|--------|--------|
| DOW JONES 30 (13079) | -1.12% | 6.45% | 18.03% | 19.04% | 10.78% |
| S&P 500 (1445) | -0.47% | 3.14% | 13.53% | 15.79% | 11.25% |
| NASDAQ 100 (1889) | -1.85% | 7.83% | 20.59% | 7.28% | 14.03% |
| S&P 500/Citigroup Growth | -1.24% | 3.41% | 13.05% | 11.03% | 8.45% |
| S&P 500/Citigroup Value | 0.28% | 2.92% | 14.09% | 20.85% | 14.15% |
| S&P MidCap 400/Citigroup Growth | -2.00% | 7.17% | 14.70% | 5.90% | 13.04% |
| S&P MidCap 400/Citigroup Value | -0.98% | 2.92% | 11.97% | 14.98% | 16.11% |
| S&P SmallCap600/Citigroup Growth | 0.03% | 7.91% | 16.01% | 10.56% | 16.66% |
| S&P SmallCap600/Citigroup Value | -0.48% | 0.22% | 10.82% | 19.66% | 16.02% |
| MSCI EAFE | -3.51% | 1.34% | 12.17% | 26.98% | 18.29% |
| MSCI World (ex US) | -3.49% | 2.12% | 12.60% | 26.34% | 18.79% |
| MSCI World | -2.11% | 2.70% | 13.21% | 20.72% | 14.76% |
| MSCI Emerging Markets | -8.15% | 6.49% | 24.68% | 32.20% | 28.93% |

Source: **Bloomberg**. Returns are total returns. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 8/17/07.

WEEKLY FUND FLOWS

| | Week of 8/15 | Previous |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Equity Funds | \$6.5 B | \$9.8 B |
| Including ETF activity, Domestic funds reporting net inflows of \$6.876B and Non-domestic funds reporting net outflows of -\$368M. | | |
| Bond Funds | -\$649 M | \$64 M |
| Municipal Bond Funds | -\$441 M | -\$177 M |
| Money Markets | \$41.848 B | \$36.229 B |
| The largest inflows YTD. | | |

Source: **AMG Data Services**

S&P SECTOR PERFORMANCE

| Index | Week | YTD | 12-mo. | 2006 | 5-yr. |
|------------------------|--------|--------|--------|--------|--------|
| Consumer Discretionary | -2.20% | -6.44% | 9.22% | 18.64% | 8.75% |
| Consumer Staples | -0.72% | 4.76% | 10.63% | 14.58% | 6.54% |
| Energy | -1.11% | 15.13% | 22.63% | 24.21% | 24.25% |
| Financials | 2.86% | -5.37% | 5.46% | 19.23% | 10.57% |
| Health Care | -0.39% | 2.37% | 7.18% | 7.53% | 6.17% |
| Industrials | -1.19% | 8.88% | 18.66% | 13.29% | 12.45% |
| Information Technology | -1.75% | 6.97% | 20.57% | 8.42% | 10.97% |
| Materials | -4.60% | 7.13% | 20.31% | 18.98% | 15.70% |
| Telecom Services | -0.08% | 10.01% | 27.41% | 36.74% | 15.89% |
| Utilities | -0.95% | 7.21% | 18.20% | 20.99% | 17.30% |

Source: **Bloomberg**. Returns are total returns. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 8/17/07.

FACTOIDS FOR THE WEEK OF AUGUST 13TH - 17TH

Monday, August 13, 2007 — Mortgage Fraud

Fraud in the mortgage industry reached a record \$1 billion in 2006, according to the FBI. Brokers, underwriters and other industry workers accounted for 80% of the corruption. Damien Weldon, vice-president at First American LoanPerformance, believes the level of fraud will tally closer to \$6 billion in 2007. The most common type of fraud is to inflate a borrower's income. It accounts for 25% of all incidents of mortgage fraud, according to Fannie Mae.

Tuesday, August 14, 2007 — Infrastructure Upgrades

A newly constructed 1,000 foot-long-bridge collapsed today in China just as construction workers were removing scaffolding, according to MSNBC.com. State media had just reported that China intended to fix more than 6,000 damaged or dangerous bridges throughout the country. In May 2007, a report by the Urban Land Institute and Ernst & Young, "Infrastructure 2007: A Global Perspective," stated that Asian countries, led by China and India, are in need of \$1 trillion worth of infrastructure upgrades over the next five years.

Wednesday, August 15, 2007 — China's Inflation

China's National Bureau of Statistics announced that its inflation barometer soared 5.6% in July — nearly double the official target rate of 3%, according to *Forbes*. The primary driver of inflation is food prices, which account for 34% of its CPI index. Food prices jumped 15.4%, vs. just 0.9% for nonfood items. *China Daily* reported the likelihood of a fourth interest rate hike by yearend. The high cost of food hits rural citizens particularly hard. Rural residents in China (900 million/70% of population) made only 3,587 yuan (\$473) in disposable income per capita in 2006, vs. 11,759 yuan (\$1,550) for the average urban dweller.

Thursday, August 16, 2007 — Fed Rate Cut

It is easy to see why many on Wall Street are hoping for a Fed rate cut. Since 1928, stocks have appreciated an average of 17% in the 12 months following the first rate cut in a cycle, according to Ned Davis Research. The S&P 500 has declined 9.4% from its July 19 high of 1553. Historically, a 10% sell-off in the market is considered a correction, while a 20% or better decline is a bear market. It has been nearly 4½ years since we have experienced an official correction. What baffles some is that earnings are still topping estimates and stocks in the index are trading at just 15 times profits, compared to 29 at the peak of 2000.

Friday, August 17, 2007 — REITs

Despite the sell-off in REITs year-to-date (-15.3% for NAREIT All REIT Index), REIT forward-looking p-e ratios (20+) remain well above that of the S&P 500 (15), according to *Forbes*. This year will mark just the third year in history that REIT p-e ratios have exceeded the p-e on the S&P 500. REIT p-e ratios averaged ? less than the index for the 12-year period ended 2005. REIT earnings yields of 5% are currently 30 basis points above the 10-year T-Note, but well below the historical average of 220 basis points.

BOND INDEX PERFORMANCE

| Index | Week | YTD | 12-mo. | 2006 | 5-yr. |
|---------------------------------|--------|--------|--------|--------|--------|
| U.S. Treasury: Intermediate | 0.81% | 3.98% | 6.14% | 3.51% | 3.31% |
| GNMA 30 Year | 0.40% | 2.47% | 5.32% | 4.62% | 4.03% |
| U.S. Aggregate | 0.42% | 2.35% | 5.27% | 4.33% | 4.39% |
| U.S. Corporate High Yield | -0.59% | -0.46% | 5.76% | 11.85% | 12.34% |
| U.S. Corporate Investment Grade | 0.03% | 0.95% | 4.47% | 4.30% | 5.60% |
| Municipal Bond: 22 years + | -2.34% | -3.75% | -0.49% | 6.82% | 5.11% |
| Global Aggregate | 0.51% | 3.26% | 5.86% | 6.64% | 6.47% |

Source: **Lehman Bros**. Returns include reinvested interest. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 8/17/07.

KEY RATES

As of 8/17

| | | | |
|---------------------|-------|----------------|-------|
| Fed Funds | 5.25% | 5-YR CD | 4.92% |
| LIBOR (1-month) | 5.59% | 2-YR Note | 4.16% |
| CPI - Headline | 2.40% | 5-YR Note | 4.34% |
| CPI - Core | 2.20% | 10-YR Note | 4.66% |
| Money Market Accts. | 3.69% | 30-YR T-Bond | 4.97% |
| Money Market Funds | 4.76% | 30-YR Mortgage | 6.53% |
| 6-mo. CD | 4.57% | Prime Rate | 8.25% |
| 1-YR CD | 4.84% | Bond Buyer 40 | 5.03% |

Sources: **Bankrate.com, iMoneyNet.com and Bloomberg**