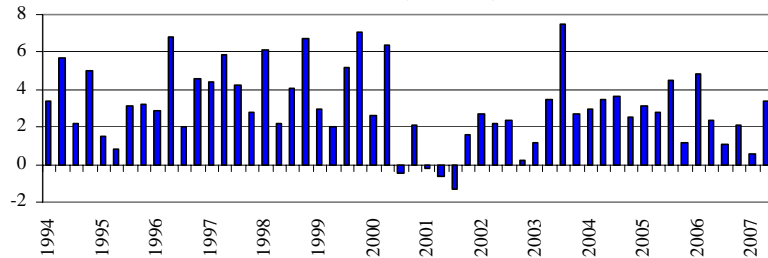


ECONOMIC REVIEW

Second Quarter 2007

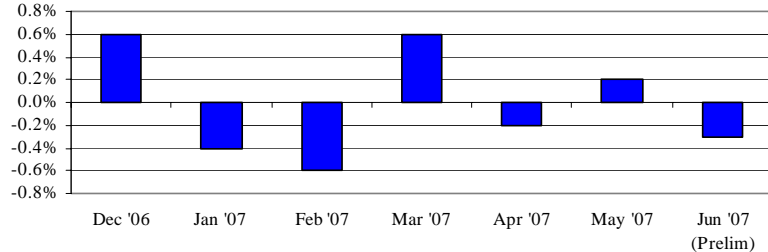
Gross Domestic Product (GDP) expanded at an annualized 3.4% rate (advance release) for the second quarter, which compared to the increase of 0.6% for the first quarter. This quarter marked the twenty third consecutive quarter of expansion. The major positive contributor to the second quarter GDP was net exports of goods and services, which added 1.18 percentage points. Exports for goods and services grew 6.4% while imports declined 2.6%. Gross private investment added 0.49 percentage points, fueled by a 22.1% increase in nonresidential structures. Residential continued to serve as a drag, declining 9.3%, but that was much less than the 16-20% declines experienced in the previous three quarters. Although personal consumption expenditures (PCE) contributed 0.89 percentage points to second quarter GDP, PCE increased only 1.3%, down from 3.7% in the first quarter. Within PCE, durable goods increased 1.6% in Q2, compared to 8.8% in Q1.

GROSS DOMESTIC PRODUCT 1Q 1994 - 2Q 2007 (Annualized)



The Conference Board's U.S. leading index decreased 0.3% in June and has declined in four of the last six months. Housing permits made the largest negative contribution to the June reading.

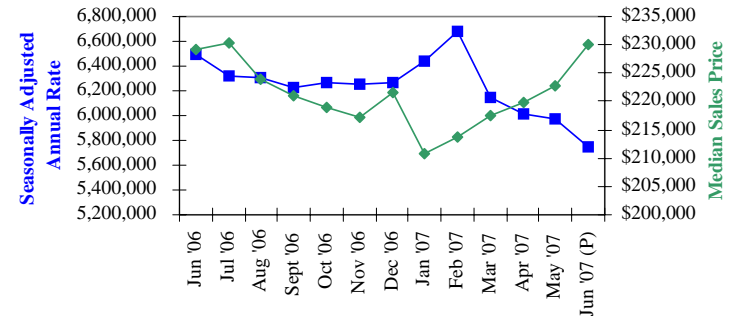
LEADING INDEX PERCENT CHANGE



New home sales, as reported by the Commerce Department, declined 6.6% in June, the fifth decline in the last six months, and compared to May's 2.2% decline. Year over year, new home sales were 22% lower. According to the National Association of Realtors, total existing home sales declined 11.4% for the one year period ended in June. The Northeast was the strongest region,

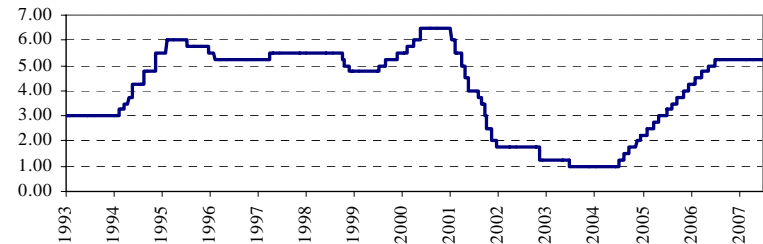
suffering a decline of 7.3% year over year, with a 1.8% median sales price increase. Inventory of existing homes of 4.196 million units in June represents a 12.3% year over year increase, translating into an 8.8 months supply, up from 6.9 months a year ago.

EXISTING HOMES - U.S.



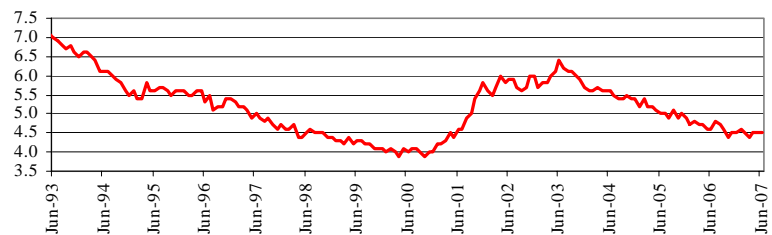
The Federal Open Market Committee left its target for the federal funds rate unchanged at 5.25% at each of its two second quarter meetings. In its June 28 statement release, the FOMC stated that "The economy seems likely to continue to expand at a moderate pace over coming quarters. Readings on core inflation have improved modestly in recent months. However, a sustained moderation in inflation pressures has yet to be convincingly demonstrated."

FEDERAL FUNDS RATE



The unemployment rate ticked up to 4.5% from 4.4% at the end of the first quarter. Nonfarm payrolls increased 132,000 in June, above expectations of 120,000.

US UNEMPLOYMENT RATE (Seasonally Adjusted)



DOMESTIC EQUITY MARKET PERFORMANCE

TRAILING PERFORMANCE as of: 6/30/2007

		3 Months Trailing	Year to Date	1 Year Trailing	3 Year Trailing Average	5 Year Trailing Average	10 Year Trailing Average
<i>Broad Market</i>	S&P 500 Index	6.28	6.96	20.59	11.67	10.71	7.13
	NASDAQ Composite Index	7.50	7.78	19.85	8.33	12.21	6.08
	Dow Jones Wilshire 5000 Index	5.99	7.56	20.41	12.82	12.00	7.70
	NAREIT - Equity	-9.04	-5.89	12.57	21.14	18.63	13.16
	Dow Jones Industrial Average	9.11	8.76	23.04	11.22	10.19	7.84
<i>Small Cap</i>	Russell 2000 Growth Index	6.69	9.33	16.83	11.76	13.08	5.28
	<i>Russell 2000 Index</i>	4.42	6.45	16.43	13.45	13.88	9.06
	Russell 2000 Value Index	2.30	3.80	16.05	15.02	14.62	12.14
<i>Mid Cap</i>	Russell MidCap Growth Index	6.74	10.97	19.73	14.48	15.45	8.66
	<i>Russell MidCap Index</i>	5.30	9.90	20.83	17.16	16.39	11.86
	Russell MidCap Value Index	3.65	8.69	22.09	19.32	17.17	13.06
<i>Large Cap</i>	Russell 1000 Growth Index	6.86	8.13	19.04	8.70	9.28	4.39
	<i>Russell 1000 Index</i>	5.90	7.18	20.43	12.34	11.33	7.55
	Russell 1000 Value Index	4.93	6.23	21.87	15.93	13.31	9.87

CALENDAR YEAR PERFORMANCE

2006	2005	2004	2003	2002	2001	2000
15.80	4.91	10.87	28.70	-22.10	-11.88	-9.11
9.52	1.37	8.59	50.01	-31.53	-21.05	-39.29
15.87	6.32	12.62	31.64	-20.86	-10.97	-10.89
35.06	12.16	31.58	37.13	3.82	13.93	26.37
19.05	1.72	5.31	28.28	-15.01	-5.44	-4.85
13.35	4.15	14.31	48.54	-30.26	-9.23	-22.43
18.37	4.55	18.33	47.25	-20.48	2.49	-3.02
23.48	4.71	22.25	46.03	-11.43	14.03	22.83
10.66	12.10	15.48	42.71	-27.41	-20.15	-11.75
15.26	12.65	20.22	40.06	-16.18	-5.62	8.25
20.22	12.65	23.71	38.07	-9.65	2.33	19.18
9.07	5.26	6.30	29.75	-27.89	-20.42	-22.42
15.46	6.27	11.40	29.89	-21.65	-12.45	-7.79
22.25	7.05	16.49	30.03	-15.52	-5.59	7.01

- Despite rising energy prices, a struggling housing market, and uncertainty over sub-prime lending practices, the domestic equity markets increased substantially in the second quarter of 2007. Better than expected earnings, global growth, and high levels of M&A activity drove market performance. Corporate stock buybacks and high levels of dividends were positives for equity investors.
- The Dow Jones Industrial Average increased 9.11% during the quarter while the S&P 500 Index rose 6.28%. Real estate stocks ended the quarter with a decline of 9.04%, with retail and self storage being the largest detractors with losses of 14.55% and 17.32%, respectively.
- Large cap issues outperformed their mid and small cap counterparts, as demonstrated by the Russell 1000 Index's 5.90% increase as compared to the Russell MidCap's 5.30% and Russell 2000's 4.42% returns. Growth outperformed value in each of the capitalization categories, with the widest margin occurring among small caps. The Russell 2000 Growth Index outperformed the Russell 2000 Value Index by 439 basis points.
- Energy stocks led the market with a 17.55% increase. Coal companies such as Yanzhou Coal Mining (+60%) and Fording Canadian Coal Trust (+46%) drove the sector's performance as did oil drilling companies like Baker Hughes (+34%), Transocean (+33%) and Smith International (+25%). Hardware, industrial materials, and telecommunications also posted respectable results for the quarter. Consumer services was the quarter's worst performing sector, with a 1.48% return, with the department stores industry declining 9.57%, the furniture retail industry falling 8.19%, and homebuilders off by 7.71%.

Sector Performance as of 6/30/07

	S&P 500 Index		YTD
	Weights (%)	2Q 2007	
Energy	10.7	17.55	17.22
Hardware	9.6	13.59	14.28
Industrial Materials	12.6	13.33	21.23
Telecommunications	3.8	11.06	14.10
Business Services	4.1	8.94	12.36
S&P 500 Index	-	6.28	6.96
Software	3.6	6.00	3.80
Media	3.4	4.70	6.48
Utilities	3.5	4.37	10.92
Consumer Goods	8.4	4.33	8.27
Financial Services	20.8	3.30	2.29
Healthcare	11.7	3.02	4.72
Consumer Services	7.7	1.48	3.74

FIXED INCOME MARKET PERFORMANCE

TRAILING PERFORMANCE as of: 6/30/2007

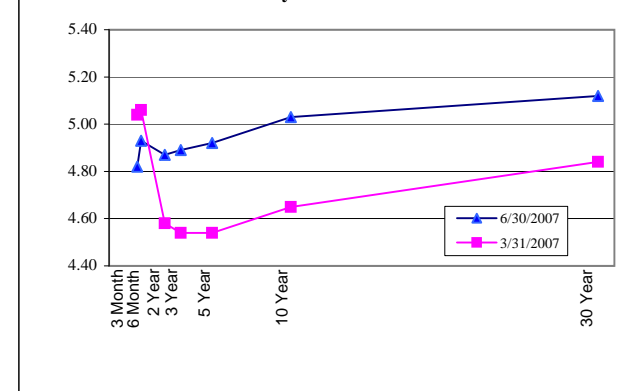
	3 Months Trailing	Year to Date	1 Year Trailing	3 Year Trailing Average	5 Year Trailing Average	10 Year Trailing Average
Citigroup US 3 Month T-Bill	1.24	2.49	5.07	3.68	2.67	3.66
ML 1-3 Year Treasury	0.70	2.11	5.07	2.91	2.77	4.61
LB Intermediate Credit	-0.40	1.28	6.34	3.79	5.01	6.07
LB Intermediate Govt	0.01	1.53	5.42	3.18	3.50	5.35
LB Credit	-0.74	0.76	6.72	4.17	5.51	6.32
LB Govt	-0.33	1.11	5.55	3.62	4.09	5.85
ML Treasury	-0.40	1.03	5.46	3.56	4.08	5.79
Citigroup U.S. Inflation-Linked Sec. Index	-0.78	1.66	3.93	3.75	6.01	6.72
LBGC Intermed	-0.14	1.45	5.76	3.41	4.14	5.66
LBGC	-0.48	0.98	6.02	3.84	4.70	6.07
LB Mortgage	-0.50	1.04	6.38	4.27	4.14	5.86
LB Aggregate	-0.52	0.97	6.11	3.98	4.48	6.02
LBGC Long-Term	-1.85	-0.88	7.00	5.36	6.55	7.36
Citigroup AAA/AA Corp	-0.51	0.75	6.04	3.91	4.74	6.26
Citigroup A Corp	-0.99	0.28	6.37	4.16	5.40	6.53
Citigroup BBB Corp	-0.69	1.00	7.52	4.48	6.53	6.34
Citigroup CCC Hi-Yld	1.35	5.42	17.81	11.60	21.85	6.72
Citigroup High Yield	0.17	2.66	11.63	8.67	12.34	6.46

CALENDAR YEAR PERFORMANCE

2006	2005	2004	2003	2002	2001	2000
4.76	3.00	1.24	1.07	1.70	4.09	5.96
3.96	1.67	0.91	1.90	5.76	8.30	7.99
4.50	1.42	4.07	6.89	10.13	9.76	9.45
3.83	1.70	2.31	2.30	9.63	8.42	10.47
4.27	1.95	5.25	7.69	10.53	10.40	9.40
3.46	2.65	3.48	2.37	11.50	7.24	13.23
3.14	2.81	3.50	2.26	11.57	6.74	13.37
0.40	2.86	8.40	8.26	16.71	7.92	13.10
4.07	1.57	3.04	4.30	9.82	8.98	10.10
3.77	2.34	4.21	4.68	11.02	8.51	11.84
5.22	2.62	4.70	3.05	8.74	8.22	11.17
4.33	2.43	4.34	4.11	10.27	8.42	11.63
2.73	5.34	8.56	5.88	14.84	7.26	16.16
4.42	2.31	4.10	4.45	12.35	10.02	11.30
4.35	2.49	5.20	6.18	12.79	11.08	9.99
4.98	1.20	6.46	12.34	5.87	11.09	7.17
19.92	-3.70	15.70	64.70	-3.38	10.54	-21.74
11.85	2.08	10.79	30.62	-1.53	5.44	-5.68

- For the second quarter of 2007, the Federal Reserve once again chose to leave the Fed funds rate at 5.25%. This marks eighth consecutive session in which the monetary policy has been left unchanged.
- The yield of the 10-year Treasury note rose 38 basis points to 5.03%, and the yield of the 30-year Treasury note rose by 29 basis points to 5.13%.
- During the quarter, the short and long ends of the yield curve outperformed intermediates against the backdrop of increasing spreads and volatility. Rate volatility increased due to subprime-related housing concerns.
- Treasury inflation-protected securities (TIPS) and agencies underperformed treasuries during this time.
- In a flight to quality, higher quality asset-backed securities (ABS) outperformed lower quality counterparts. Subprime ABS were adversely affected by lackluster housing data, poor performance of home equity loans and the liquidation of several hedge funds that were experiencing poor performance.
- Of all spread sectors, mortgages underperformed Treasuries by the widest margin. Conversely, investment grade corporates performed strongly for the quarter due to strong corporate earnings and better than expected economic data.
- The JP Morgan Emerging Markets Bond Index Global declined 1.42% for the quarter. However, local-market debt gained on the weakness of the dollar. The currencies of Colombia, Turkey, India and Brazil performed the best, benefiting from foreign investment.

US Treasury Yield Curve - 6/30/07



INTERNATIONAL EQUITY MARKET PERFORMANCE

TRAILING PERFORMANCE as of: 6/30/2007

INDEX	3 Months Trailing	Year to Date	1 Year Trailing	3 Year Trailing Average	5 Year Trailing Average	10 Year Trailing Average
MSCI EAFE	6.67	11.09	27.54	22.75	18.21	8.04
MSCI EAFE Growth	6.87	12.24	25.71	21.07	15.75	5.47
MSCI EAFE Value	6.46	9.96	29.30	24.38	20.63	10.43
MSCI EAFE Small Cap	4.37	11.88	25.59	25.24	24.78	-
MSCI AC World	7.42	10.19	25.83	18.57	15.44	7.64
MSCI Emerging Markets	15.05	17.75	45.45	38.67	30.66	9.40
MSCI Canada	6.09	8.62	23.33	20.46	16.70	11.22
MSCI EM Latin America	19.81	27.09	62.61	57.24	43.34	15.24
MSCI Europe	8.68	12.94	33.08	25.11	19.25	10.72
MSCI Pacific Free	2.27	7.04	16.16	17.72	15.94	3.36
MSCI Japan	3.92	6.64	15.93	17.65	13.17	2.47
MSCI Pacific Free ex Japan	9.67	17.99	43.71	32.14	26.06	8.56
MSCI Far East Free	0.25	3.86	10.30	14.22	13.25	1.66

CALENDAR YEAR PERFORMANCE

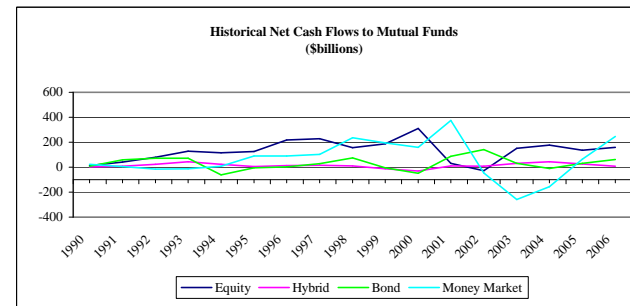
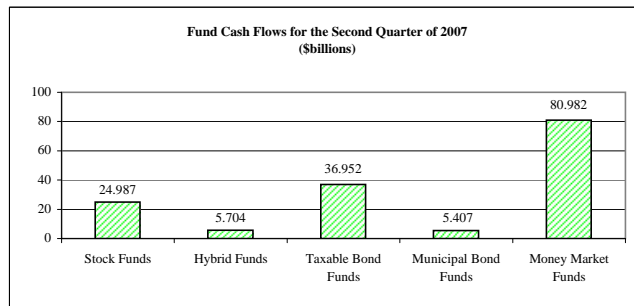
2006	2005	2004	2003	2002	2001	2000
26.86	14.02	20.70	39.17	-15.66	-21.21	-13.96
22.69	13.64	16.48	32.49	-15.76	-24.41	-24.40
31.05	14.39	24.88	45.96	-15.60	-18.22	-2.82
19.67	26.65	31.27	62.14	-7.44	-12.11	-7.22
21.53	11.37	15.75	34.63	-18.98	-15.91	-13.94
32.59	34.54	25.95	56.28	-6.00	-2.37	-30.61
17.90	25.63	13.84	27.08	-13.68	-15.09	9.34
43.48	50.42	39.62	73.66	-22.45	-0.39	-16.57
34.36	9.93	21.39	39.14	-18.09	-19.64	-8.14
12.51	23.01	19.30	38.98	-9.01	-25.22	-25.64
7.35	44.70	10.87	22.96	-18.61	-18.84	-19.74
33.15	14.84	29.55	47.03	-5.78	-9.43	-15.19
8.87	24.16	16.69	36.35	-10.82	-28.28	-27.00

- Developed equity markets overseas performed strongly during the second quarter, with the MSCI EAFE Index up 6.67% in \$US. Contributing factors included continued global growth and high levels of M&A activity.
- Leading sectors included energy, materials, industrials, information technology and telecommunication services. Healthcare was the worst performer during the quarter and the only sector to post a negative return.
- Growth issues bettered their value counterparts, though only by 41 basis points as measured by the EAFE style indexes.
- European stocks fared well, with the MSCI Europe Index up 8.68% in \$US. A declining dollar relative to both the euro and the pound sterling provided a boost, as did positive economic news and strong corporate earnings. Significant regional leaders included Germany (+16.2% in \$US), France (+9.9%) and the UK (+7.6%).
- The MSCI Japan Index lagged during the quarter, up just 3.92% in \$US, hurt primarily by a declining yen relative to the dollar. Other Asian countries fared significantly better, with the MSCI Pacific Free ex Japan up 9.67% during the period. Australia and New Zealand were some of the best performing markets in this region, up 10.3% and 13.0%, respectively.
- Emerging equity markets surged during the quarter, as indicated by the MSCI Emerging Markets Index's 15.05% increase. The strong results stood in contrast to the first quarter when a sharp decline in the Shanghai market triggered a broad sell-off. Latin American markets led during the second quarter, followed closely by emerging Asia.

MSCI EAFE Sector Performance as of 6/30/07

	2Q 2007	YTD 2007
Energy	17.56	16.98
Materials	13.75	25.65
Industrials	10.16	20.03
Information Technology	9.63	9.35
Telecommunication Svcs	9.15	10.74
Utilities	4.74	9.43
Consumer Discretionary	4.43	9.42
Consumer Staples	3.77	12.18
Financials	3.38	5.77
Healthcare	-0.37	1.14

Trends in Mutual Fund Investing*



*Data as per Investment Company Institute