Monthly Market COMMENTARY

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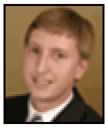
April Market Commentary



PETER MUSTIAN, SENIOR ANALYST

Latest Performance

	Apr-07	Latest Qtr.	Y-T-D	1 Year	3 Year	5 Year
EQUITY						
S&P 500	4.43%	3.53%	5.10%	15.24%	12.25%	8.54%
S&P 400	3.04%	5.19%	9.02%	10.19%	15.77%	11.47%
S&P 600	2.23%	3.38%	5.51%	7.65%	16.03%	11.56%
MSCI EAFE	4.44%	7.97%	8.70%	19.81%	22.51%	16.64%
MSCI Emerging Markets	4.63%	8.15%	6.99%	17.85%	33.22%	25.43%
FIXED INCOME						
Lehman Aggregate	0.54%	2.09%	2.05%	7.35%	4.40%	5.06%
Lehman Muni Bond	0.30%	1.37%	1.11%	5.78%	4.90%	5.16%
ML High Yield	1.32%	2.97%	4.08%	12.36%	9.29%	10.03%
T-Bills	0.44%	1.28%	1.69%	5.16%	3.54%	2.65%
SSB Global Bonds	1.10%	3.67%	2.26%	6.42%	4.58%	8.48%
OTHER						
DJ-AIG Commodity	1.16%	5.58%	5.81%	3.64%	9.23%	14.73%
DJ-Wilshire REIT	-0.07%	-4.88%	3.55%	26.55%	30.78%	22.61%

For the month of April, the S&P 1500, a broad measure of the U.S. equity markets, returned 4.2%, with large cap stocks gaining 4.4% and small cap stocks advancing 2.2%. At the sector level, health care (+6.4%) and information technology (+5.2%) posted the best returns, while on the downside, telecommunication stocks gained just 0.04% and consumer discretionary stocks gained 2.4%. Growth stocks outperformed value stocks across the broad market.

International markets remained strong following February's sell off. The MSCI EAFE Index advanced 2.9% in local currency terms, and was up 4.4% in dollar terms; growth stocks outperformed value stocks. Among developed markets, Germany and the Netherlands posted the most impressive gains, advancing by 6.8% and 6.5%, respectively in local currency terms. Spain and Japan were the only two developed countries in the index to produce negative returns, losing -1.2% and -0.8% respectively. The MSCI EAFE Small Cap Index returned 2.4% in local currency terms, and was down -0.08% in dollar terms. Emerging markets gained 3.4% in local currency terms, and was up 4.6% in dollar terms. The BRIC Index (Brazil, Russia, India, and China) returned 4.0% in dollar terms.

The fixed income markets remained mostly neutral for the month as investors battled the stock market volatility. The 10-Year Treasury ended at 4.63%, down 2 basis points from the prior month. The 30-year Treasury yielded 4.81% at month end, also down 2 basis points from the prior month. The Lehman Aggregate Bond Index returned 0.5%, government bonds gained 0.5% as well, while corporate bonds gained 0.7%. Mortgage backed bonds managed a gain of 0.5%, while municipals gained 0.3%. The high yield market backed by a stabilized equity market and steady interest rates, returned 1.3%. International government bonds gained 1.5% for the month and TIPS returned 0.71%, as a result of declining yields.

Commodities ended on a positive note in April. The Dow Jones-AIG Commodity Index returned 1.16%, raking in gains in unleaded gas, zinc, copper, and wheat. Real estate, as represented by the S&P REIT Index, gained 0.1%.

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Equity markets reached record levels as the month of April came to an end. The Dow Jones Industrial Average closed above the 13,000 level for the first time. Strong performance during the month was primarily due to a series of positive quarterly corporate earnings announcements, gentler Federal Reserve statements and strong consumer spending supported by gains in employment and personal income. However, despite these positive catalysts for the equity markets, the state of overall economy remains somewhat in question. The U.S. Gross Domestic Product (GDP) grew at a slower-than-expected 1.3% annualized rate in the first quarter according to preliminary reports. This is the slowest pace since 2003. There were also some signs that consumer inflation picked up, according to an initial estimate. Additionally, our economy faces challenges from a declining dollar due to pessimism over U.S. economic growth and a struggling housing sector. The dollar continued its slide during the month and at one point approached an all-time low against the Euro and other major currencies. However, it is interesting to note that according to a recently released report entitled *Greed & Fear*, half of the earnings of the Dow Jones Industrial Average constituents come from overseas. This has lead some to suggest that the weakness in the U.S. dollar will have less of an impact and in fact, it has been a noteworthy factor in contributing to the series of positive corporate earnings surprises. That being said, much uncertainty remains with respect to the state of overall economy, and it seems increasingly unlikely that the strong returns generated in April will continue throughout the year.

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