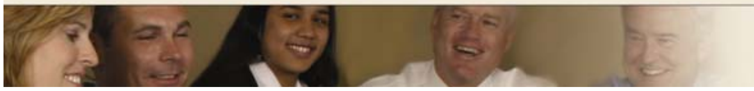
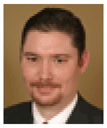


August Market Commentary



JEREMY FRANK, SENIOR ANALYST

Latest Performance						
	Aug-07	Latest Qtr.	Y-T-D	1 Year	3 Year	5 Year
EQUITY						
S&P 500	1.50%	-3.28%	5.20%	15.13%	12.16%	12.00%
S&P 400	0.92%	-5.53%	8.14%	16.48%	15.75%	15.60%
S&P 600	1.87%	-4.85%	5.01%	14.27%	15.69%	16.89%
MSCI EAFE	-1.56%	-2.89%	7.40%	18.71%	22.16%	19.53%
MSCI Emerging Markets	-2.13%	7.87%	21.12%	43.63%	38.56%	32.73%
FIXED INCOME						
Lehman Aggregate	1.23%	1.76%	3.06%	5.25%	3.69%	4.31%
Lehman Muni Bond	-0.43%	-0.19%	0.48%	2.30%	3.55%	4.16%
ML High Yield	1.12%	-3.71%	0.93%	6.57%	7.10%	11.63%
T-Bills	0.56%	1.34%	3.51%	5.29%	4.02%	2.89%
SSB Global Bonds	1.62%	4.01%	4.21%	5.79%	4.25%	6.69%
OTHER						
DJ-AIG Commodity	-3.63%	-3.01%	2.76%	1.78%	9.13%	13.23%
DJ-Wilshire REIT	5.91%	-11.57%	-8.38%	1.75%	17.96%	20.00%

A glance at the final performance numbers for the month of August obscures what was among the most volatile markets in the last 5 years. A confluence of events led to volatility reminiscent of August 1998. As was the case in 1998, taking center stage was the hedge fund world, though this time quantitative market neutral strategies were the primary instigators of the market chaos. During the first week of August there was rumored to be large liquidations at some quantitative hedge funds. The liquidations led to somewhat perverse behavior of long/short models, with a complete decoupling of portfolio longs and shorts. Many funds, using similar models, saw their long positions fall while their short positions rose. At the same time, the stock market began to deteriorate and by mid-month market losses were in excess of 5% for the month. As the equity market situation stabilized another crisis loomed and it was once again driven by sub-prime market woes. This time commercial paper collateralized by CDOs containing sub-prime loans experienced a significant sell-off that led to several short-term bond mutual funds experiencing outsized losses. As investors became very wary of commercial paper a flight to quality ensued, causing T-Bill yields to drop roughly 200 basis points, at one point trading under 3%. Amazingly, as the month came to an end the markets rebounded, yields stabilized and all looked calm, causing the monthly numbers to conceal one of the most tumultuous and volatile markets in recent history.

For the month of August, the S&P 1500, a broad measure of the U.S. equity markets, returned 1.47%. Large cap stocks slightly underperformed small cap stocks as the S&P 500 gained 1.50% versus the S&P 600 Index's 1.87%. At the sector level, technology (2.88%) and consumer staples stocks (2.58%) had the largest gains for the month. The materials sector (-0.51%) were the leading detractors during the month. Growth stocks once again outperformed value stocks across the broad market.

International markets were negative for the month. The MSCI EAFE Index fell 1.70% in local currency terms, and was down 1.56%% in dollar terms. Just like their domestic counterparts, growth stocks outperformed value stocks during the month. Among developed markets, Finland (5.86%) was the only country to post significant gains during the month while New Zealand (-13.00%) and Sweden (-5.53%) suffered considerable losses. The MSCI EAFE Small

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Cap Index lost 5.16% and emerging markets lost 2.13%. The BRIC Index lost 0.12%.

The fixed income markets were generally positive for the month, with the exception of municipals. The 10-Year Treasury yield ended at 4.54%, down 24 basis points from the prior month. The 30-year Treasury yielded 4.83% at month end, down 9 basis points from the prior month. The Lehman Aggregate Bond Index gained 1.23%. Government bonds increased 1.51%, while investment grade corporate bonds gained 0.81%. Mortgage backed bonds gained 1.18%, while municipals lost 0.43%. The high yield market gained 1.12%. International government bonds gained 1.62% for the month and TIPS gained 0.87%.

The Dow Jones-AIG Commodity Index lost 3.63% during August. Real estate, as represented by the DJ Wilshire REIT Index, gained 5.91%.

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