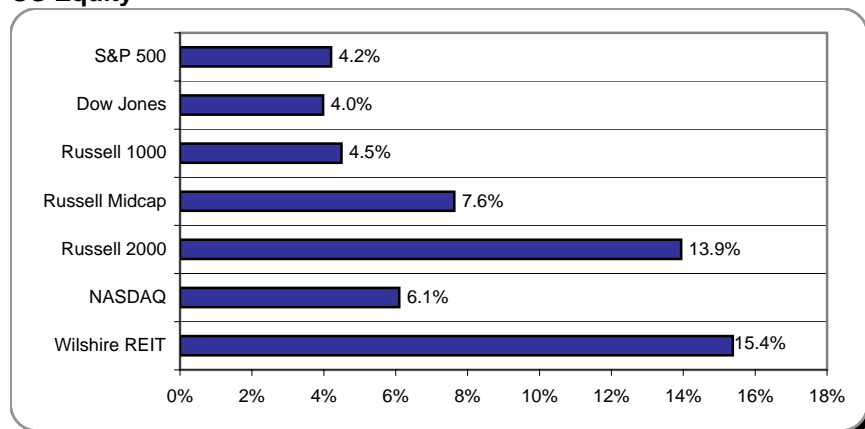


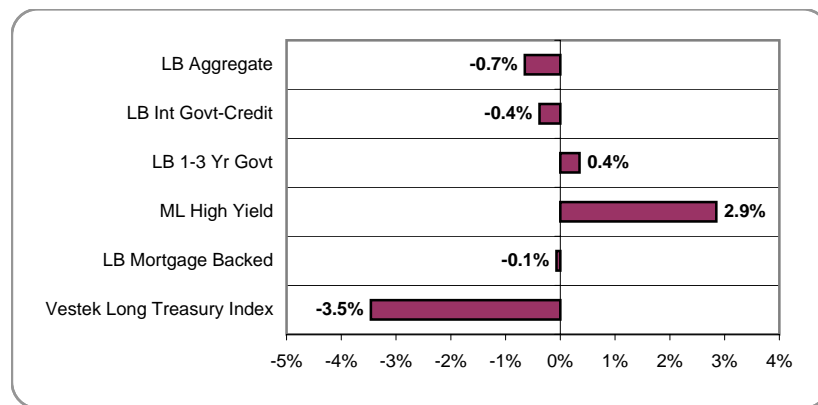
US Equity



- ◆ Rising tide and boats: Despite considerable back and forth during the quarter, net results were without weakness in any corner of the market. Among all equity yardsticks, only Utilities had a negative return .
- ◆ If there was a soft spot in the US equity mix, it was large cap growth. Russell's Top 200 Growth Index returned a measly 1.4%, versus 5.2% for its Value counterpart. Growth indexes in other market-cap slices performed much closer to their value brethren.
- ◆ The long-suffering NASDAQ has recovered respectably, but still reached only half the value of its early-2000 peak. REITs are still blazing their way toward a 21st Century look-alike for the NASDAQ's late 20th-Century romp. And now we shall see what happens...with rising loan rates.

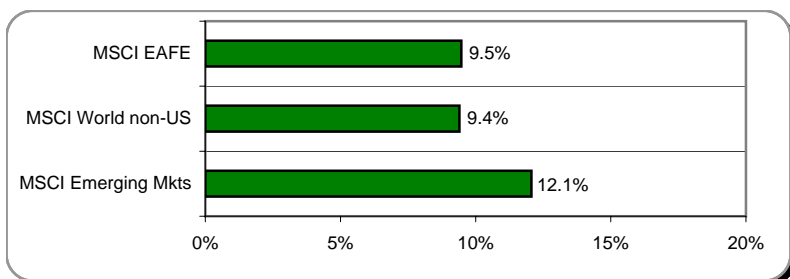
- ◆ For the first time in 18 years, there is a new Fed-head, Ben Bernanke, erstwhile White House economic advisor and inflation-targeting advocate. His Step 1: continue bumping interest rates.
- ◆ For the first time in years, the yield-curve inverted. On February 22, 30-year T-bond yields fell under 4.5%...below all other maturities, including even the lowly 3-month T-bill. Heady stuff. And quite unstable.
- ◆ More heady stuff: News came that, during all of 2005, the US household savings rate was negative, and still falling. Adjustable-rate mortgages climbed the Fed's stairstep, putting brakes on use of the family homestead as an ATM (and creating potential consumer stress).

US Fixed Income

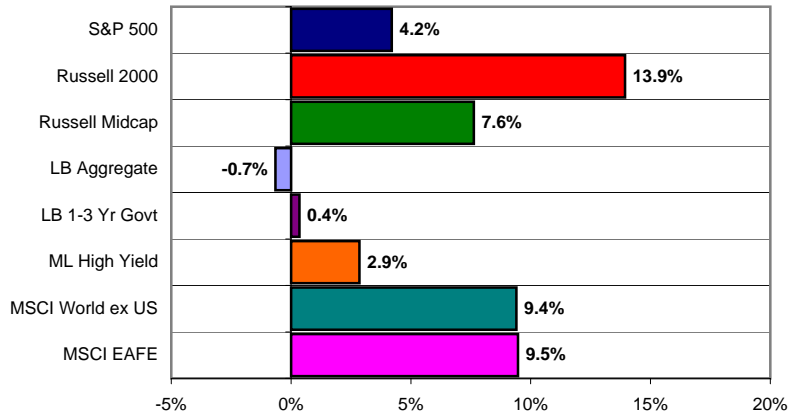


- ◆ The large cap, broad non-US equity indexes beat their US rivals by a wide margin for the quarter, as did their trailing 12-month returns.
- ◆ The center of excitement among developed markets has been Japan....finally. Its returns for the past 12 months have been 5 times those of the US and consumer activity is once again solid.
- ◆ Currencies have been mostly quiet in recent months, as world central banks are all keen on ratcheting up their interest rates. Even Japan has abandoned its deflation-era zero lending rate.

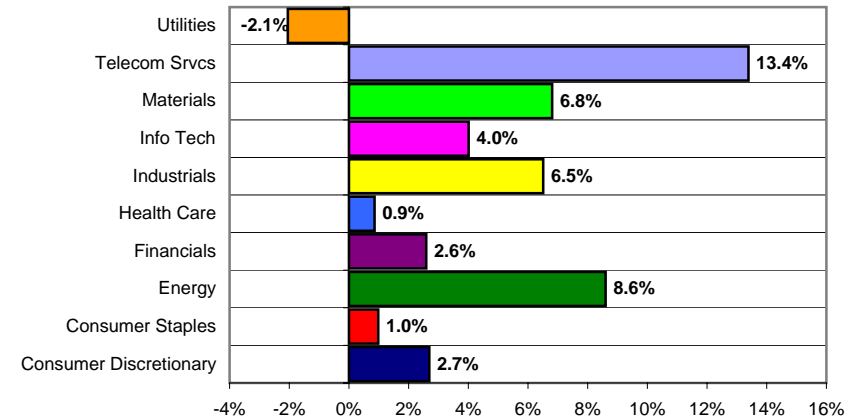
International Equity (returns measured in US Dollars)



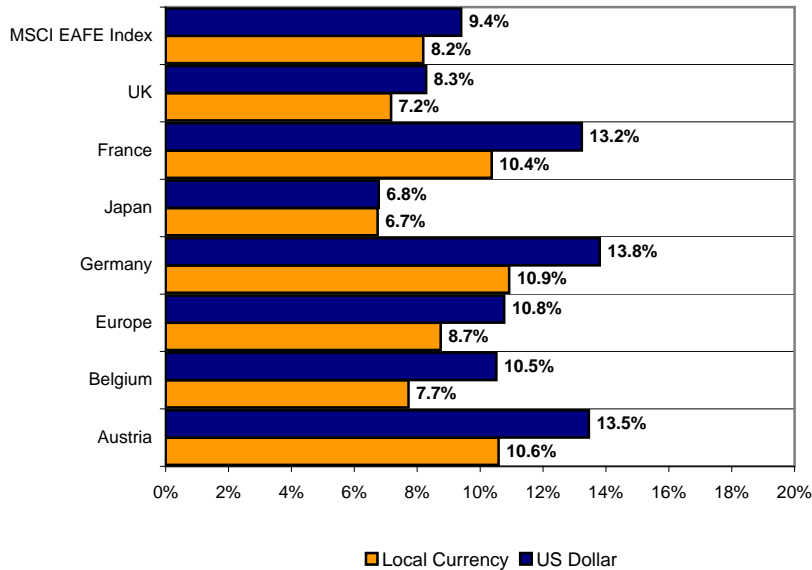
Major Market Indexes 1st Qtr 2006



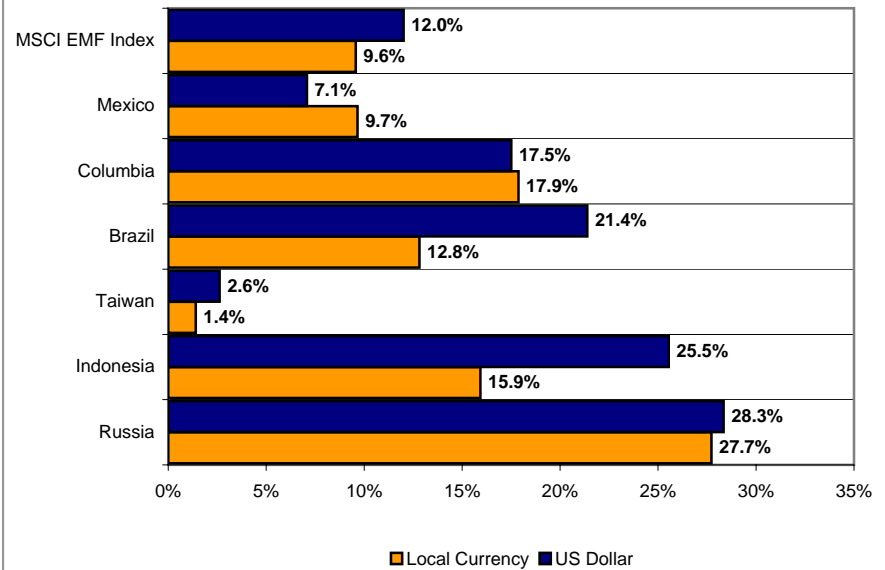
S&P Returns by Sector 1st Qtr 2006



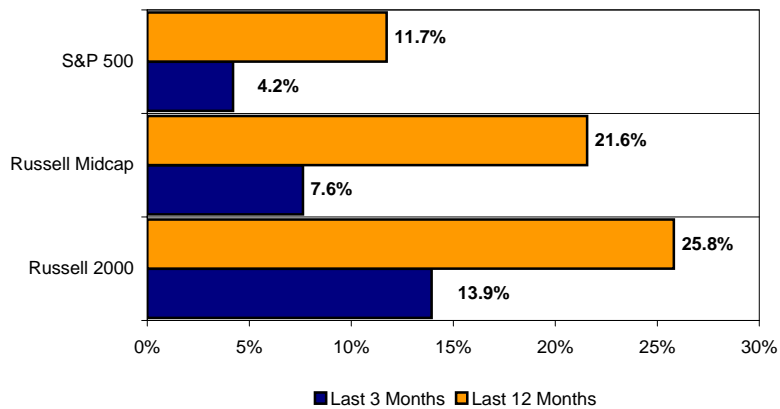
Developed Markets Returns 1st Qtr 2006



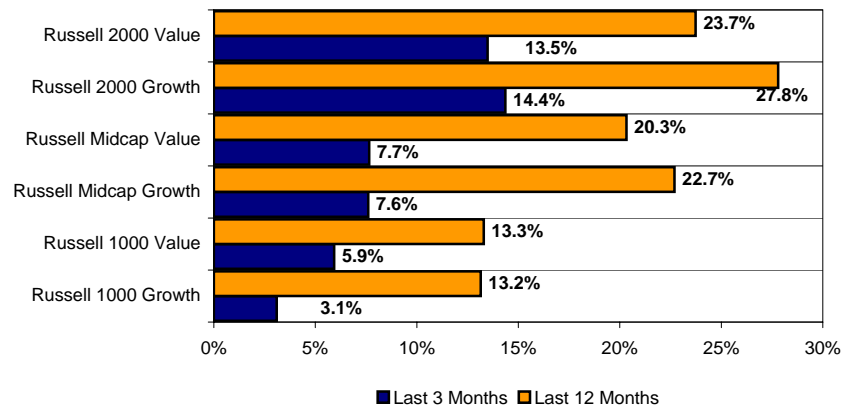
Emerging Markets Returns 1st Qtr 2006



Index Returns by Market Cap 1st Qtr 2006



Index Returns By Style 1st Qtr 2006



Growth vs. Value Style Stocks' Performance (rolling twelve months compound total returns) - Using the S&P 500 Index as a Baseline

