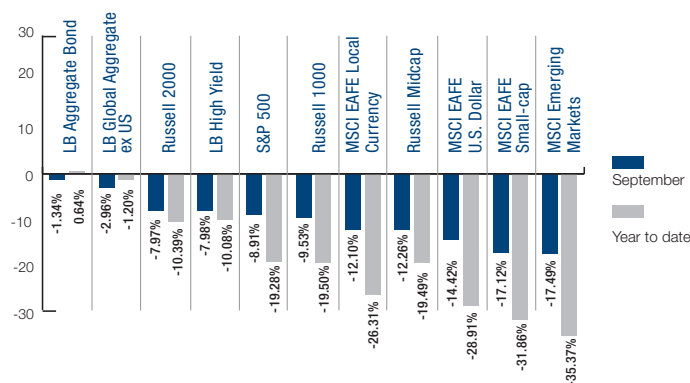


Capital Market Review

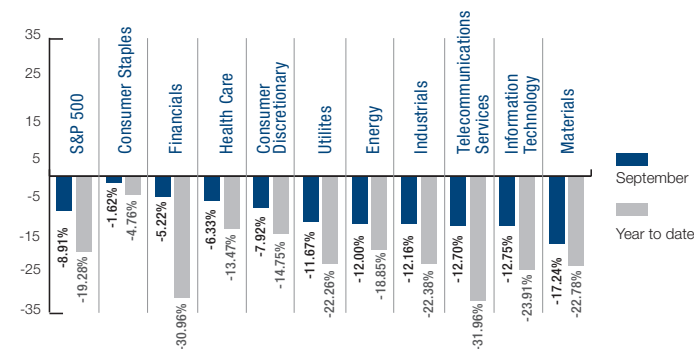
Asset Class Returns

- Markets across the board were negative in September with international equity markets losing more than 10% in one month (Emerging Markets, -17.49%).
- U.S. investment grade bonds outperformed most asset classes globally but still lost 1.34% for the month. This is the only listed asset class to be in positive territory year-to-date.
- While currency adjustments due to the falling dollar have improved international equity returns for domestic investors in the past few years, this has not been the case in 2008. The MSCI EAFE in U.S. Dollars (-28.91%) has performed worse than the MSCI EAFE in local currency terms (-26.31%).

Asset Class Returns



S&P 500 Sector Returns



S&P 500 Sector Returns

- The S&P 500, a broad representation of U.S. stocks, returned -8.91% in September and is down nearly 20% so far this year.

- Consumer Staples led all S&P 500 sectors in September but still lost 1.62%. It remains the best performing sector by far year-to-date, which is logical given its defensive nature.
- Six of the ten S&P 500 sectors, led by Telecommunications and Financials, have lost more than 20% year-to-date, while six sectors lost more than 10% in one month (Materials, -17.24%). Financials was actually one of the better relative performers in September.

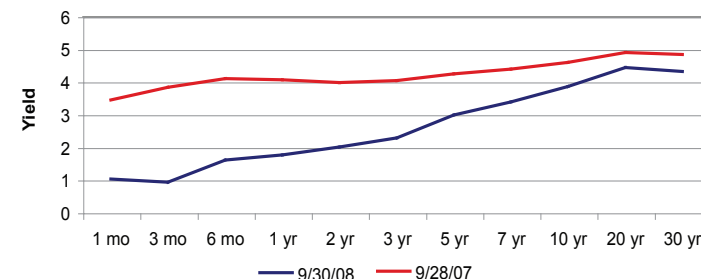
September Style Returns

	Value	Core	Growth		Value	Core	Growth
Large	-7.35	-9.53	-11.58	Large	-18.85	-19.50	-20.26
Mid	-9.05	-12.26	-15.28	Mid	-15.46	-19.49	-23.35
Small	-4.69	-7.97	-11.30	Small	-5.38	-10.39	-15.29

Style Returns

- Domestically, value has outpaced growth across all market capitalizations in both September and for the year. Internationally, growth has held up slightly better for the year, but both are down roughly 29.0%.
- Relatively speaking, small-cap value has held up fairly well this year, down only 5.38%.
- Mid-cap growth has been the hardest hit, both in September and year-to-date.

U.S. Treasury Yield Curve



Fixed Income Sectors

	September	YTD	12-mth
Lehman Brothers Aggregate	-1.34%	0.64%	3.66%
Treasuries	0.61%	4.58%	8.73%
Securitized	0.13%	2.24%	5.18%
Government Related	-0.11%	2.64%	6.00%
Corporate	-7.77%	-8.58%	-6.76%

International Equity Style Returns

	September	YTD	12-mth
MSCI EAFE Growth	-15.03%	-28.01%	-28.20%
MSCI EAFE	-14.42%	-28.91%	-30.12%
MSCI EAFE Value	-13.81%	-29.84%	-32.12%

Focus Items

	9/30/08	8/31/08	Change
Yen to Dollar	105.87	108.79	-2.69%
Euro to Dollar	0.71	0.69	2.29%
3-month T-Bill	0.92%	1.72%	-46.51%
10-yr. Treasury Rate	3.85%	3.83%	0.52%
Light Crude Oil	\$100.64	\$115.46	-12.84%

This material is for informational purposes only and should not be used or construed as a recommendation regarding any security outside of a managed account.

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein.

Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results.

Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments.

Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Asset Class Returns: Source: Russell, Lehman Brothers, Dow Jones, JP Morgan, Callan Associates

S&P 500 Sector Returns: [Source: Russell, FactSet, Standard & Poor's] Returns are based on the GICS Classification model. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: [Source: Russell] Style box returns based on the GICS Classification model. All values are cumulative total return for stated period including reinvestment of dividends. The Indices used from L to R, top to bottom are: Russell 1000 Value Index, Russell 1000 Index, Russell 1000 Growth Index, Russell Mid-cap Value Index, Russell Mid-cap Blend Index, Russell Mid-cap Growth Index, Russell 2000 Value Index, Russell 2000 Index, and Russell 2000 Growth Index.

Yield Curve Source: U.S. Dept. of the Treasury, Office of Debt Management, International Equity Style Returns, and Focus Items: Source: Callan Associates

Fixed Income Sectors: [Source: Lehman Brothers] Returns based on the four sectors of Lehman Global Sector Classification Scheme: Securitized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index, and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign, and Supranational), Corporate (dollar denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

Index Descriptions:

Lehman Brothers Aggregate Index: Measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. **LB Global Aggregate ex U.S. :** Measures changes in global investment-grade, fixed-rate debt markets. It combines non-U.S. dollar-denominated versions of the (an-European Index and the Japanese, Canadian, Australian and New Zealand components of the Global Treasury Index. **LB High Yield:** Covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included. **MSCI EAFE (Europe, Australasia, Far East):** A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. **MSCI EAFE Value:** Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style. **MSCI EAFE Growth:** Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style. **MSCI Emerging Markets:** Designed to measure equity market performance in 25 emerging market indexes. The index's three largest industries are materials, energy, and banks. **MSCI Local Currency:** A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next. **MSCI EAFE U.S. Dollar:** An unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East. **Russell 1000:** Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investable U.S. equity market. **Russell 1000 Value Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and lower forecasted growth values. **Russell 1000 Growth Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **Russell Mid-cap:** Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index. **Russell Mid-cap Value Index:** Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values. **Russell Mid-cap Growth Index:** Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values. **Russell 2000:** Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. **Russell 2000 Value Index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **Russell 2000 Growth Index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **Standard & Poor's 500 (S&P 500)** Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. The S&P 500 represents approximately 68% of the investable U.S. equity market.