

■ **US Equities:** After a volatile start during the first four months of the year, the S&P 500 Index ended 2005 with a 4.9% gain. Large capitalization equities outperformed small capitalization equities for the first time in four years (page 2).

■ **International (Non-US) Equities:** International developed and emerging equity markets significantly outperformed the US markets for the fourth consecutive year (page 2).

■ **Fixed Income:** The broad US bond market finished the year up 2.4% while international bonds returned -9.2% (page 4).

■ **Alternative Investments:** Hedge funds, commodities, and real estate continued to outperform bonds and large capitalization US stocks (page 5).

■ **Global Outlook:** Global GDP growth seems sustainable with Asian economies continuing to lead the way (page 8).

All major US and International equity indices moved higher in the fourth quarter driven by sustained corporate earnings growth, declines in oil prices, continued productivity gains, and a growing belief in the investing community that the US Federal Reserve might be close to the end of its monetary tightening process. The dollar rallied during the quarter driven primarily by continued discount rate increases by the Fed. The US discount rate stood at 4.25% at year-end, its highest rate since April 2001. Short-term rates moved higher than long-term rates creating an inverted yield curve. Historically an inverted yield curve has signaled an economic slowdown.

Rate hikes and high energy costs have started to take effect as US fourth quarter gross domestic product (GDP) growth slowed to 1.1%. For the year the US economy grew at 3.5%. High historical real estate valuations were also a major concern for the global economies, especially in Western Europe and the US. Although tragic on a human level, the effects of hurricanes Katrina, Rita, and Wilma were relatively inconsequential from an economic standpoint. Positives included a relatively high level of consumer confidence and steady corporate profits.

US EQUITIES

The US economy proved resilient during 2005. After a volatile start in the first four months of the year, the S&P 500 Index ended 2005 with a 4.9% gain. During the fourth quarter, the index was up 2.1% despite the interest rate hikes. Major US market indices ended November at their highest point of the year. Increases in consumer spending and residential construction helped returns in November. December ended flat or slightly negative for domestic markets with returns still positive for the year.

In a change from recent years, large capitalization stocks outperformed smaller capitalization stocks. The Russell 2000 Index was up 1.1% for the fourth quarter and 4.6% for 2005 compared to the returns of the Russell 1000 Index of 2.1% for the quarter and 6.3% for the year. The economic uncertainty during the quarter held back some of the smaller capitalization stocks. Fed rate increases, threats of inflation, and oil increases have traditionally had a larger negative impact on smaller companies. The steady returns that followed the hurricane season have shown investors that the US economy has solid underpinnings. Throughout the quarter, consumer spending remained moderate and new home purchases remained strong.

During the fourth quarter as well as for 2005, US growth stocks outperformed US value stocks in both the large and small capitalizations. Information technology and telecommunications boosted performance of growth stocks ahead of value in the second half of year. Driven by energy and utilities, value stocks outperformed growth stocks during the first quarter. However, as soon in exhibit 1, energy and utilities returns struggled for the quarter posting -7.7%

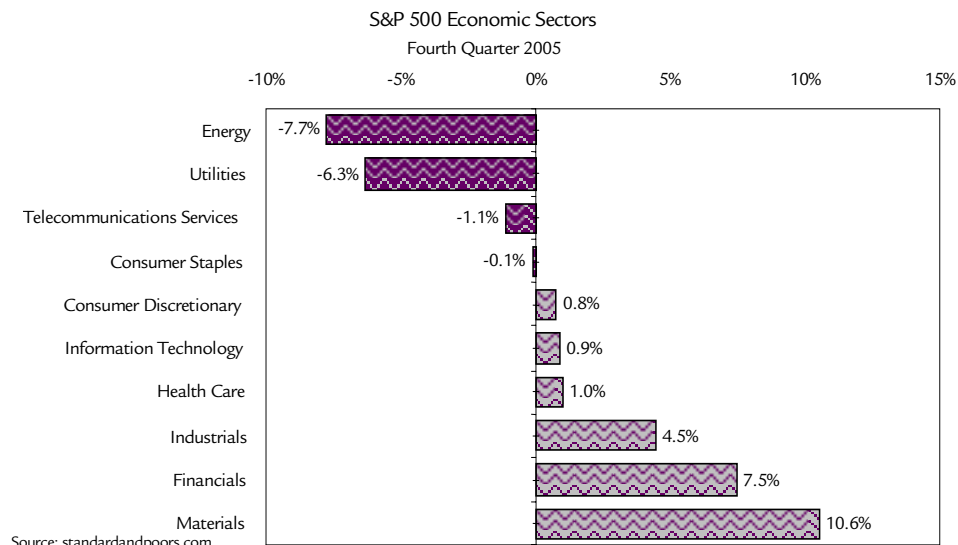


Exhibit 1

and -6.3% returns, respectively. Prices for crude oil and natural gas weakened after October as production in the Gulf of Mexico began to increase. Demand remained lower than normal due to an unseasonably warm winter. Top quartile active equity managers significantly outperformed passive managers in most asset classes for the quarter and the year.

INTERNATIONAL EQUITIES

International developed and emerging equity markets generally outperformed the US domestic equity markets in the fourth quarter and the year despite the rebound of the US dollar. The US dollar gained against the yen, euro, and most other currencies in 2005, which was the strongest showing for the US dollar in four years. US interest rates attracted foreign capital, while the repatriation of billions of dollars in profits by US multinational companies added support to the

currency. Until the US deficits decrease, WaterStreet views the 2005 US dollar strength as an interruption of a longer term dollar decline.

2005 was the third consecutive year of double-digit performance for the MSCI EAFE Index. For the fourth quarter, the index returned 4.1%, bringing the year-to-date return to 14.0%. As with the US domestic equity markets, the growth style outperformed the value style in the fourth quarter; however, the value style continued to slightly outperform the growth style for the year. Developed small capitalization stocks outperformed developed large capitalization stocks for the quarter and the year.

Emerging Markets continued to perform well in the fourth quarter. The MSCI Emerging Markets Index returned 7.2% in the fourth quarter, bringing the year-to-date return to 34.1%.

Developed Markets

Among developed international markets, Pacific countries outperformed European countries. The MSCI Pacific Index returned 8.7% and the MSCI Europe Index returned 2.0% in the fourth quarter. During the quarter, the European Central Bank raised its benchmark interest rate for the first time in 5 years to 2.25%. Highlighted developed country returns are shown in exhibit 2.

The Japanese economy experienced exceptional performance for the quarter and the year. Japan returned 11.9% in the fourth quarter, bringing its year-to-date return to 25.6% as shown in exhibit 2. Despite the third quarter GDP revision down from 0.4% to 0.2%, business conditions in Japan are improving, according to the central bank's quarterly Tankan survey. In the fourth quarter, the Nikkei 225 Index climbed

above 15,000, reaching a 5-year high. The Nikkei Index is a price-weighted average of 225 top-rated Japanese companies listed on the Tokyo Stock Exchange. One of the best performing industries in the fourth quarter was Japanese banking, which has developed tools to increase profitability, such as securitization of high-risk loans and building credit risk systems. An October report from the Japanese Ministry of Finance indicated that exports increased a record 8%.

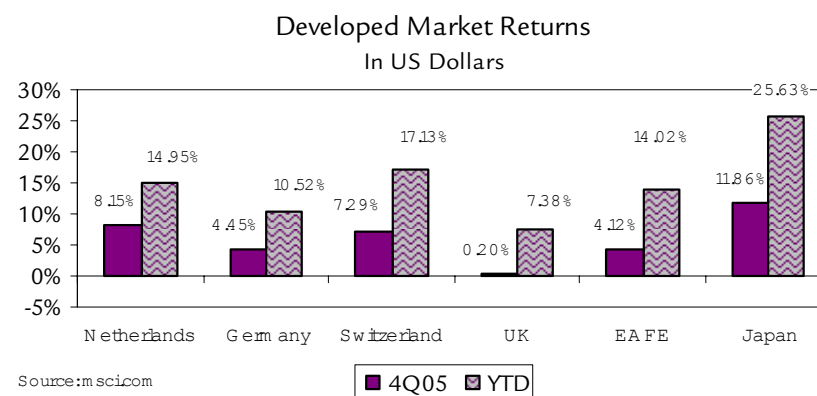


Exhibit 2

The Netherlands, Switzerland, and Germany, also posted strong gains for the quarter. The Netherlands returned 8.2% in the fourth quarter, bringing the country's year-to-date performance to 15.0%. Media, food and beverage, and consumer staples companies in the Netherlands also contributed to returns. Switzerland returned 7.3% in the fourth quarter mainly due to Swiss financials such as UBS, Credit Suisse, and Zurich Financial Service Group. Germany returned 4.5% in the fourth quarter, bringing the country's year-to-date return to 10.5% as shown in exhibit 2. The election of Germany's first female chancellor was met with a 12-year high in investor confidence.

Emerging Markets

Emerging markets continued to exhibit reasonable valuations as capital inflows hit a record in 2005. Asian markets outperformed European, Middle Eastern, and Latin American emerging markets with a fourth quarter return of 8.7%. Highlighted emerging market country returns are shown in exhibit 3. Most emerging market countries experienced gains in the fourth quarter with Colombia and Turkey as leaders.

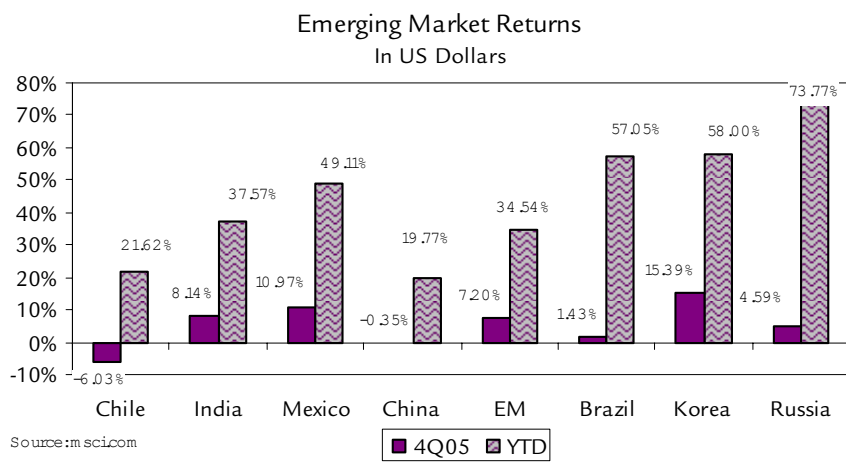


Exhibit 3

Several Asian countries benefited from strong economic growth and therefore reported GDP levels in line with expectations for the fourth quarter. Korea returned 15.4% as shown in exhibit 3, driven by local buyers who increased domestic capital inflows caused by government policy changes. Korea also benefited from China's growth during 2005 due to their trade surplus with China. However, China returned -0.4% in the fourth quarter, despite the rest of the

year. China grew more than 9% for the third straight year and grew past Britain's economy based on new GDP data. Taiwan returned 8.7% in the fourth quarter due to information technology and telecommunication companies such as Siliconware Precision and Taiwan Semiconductor. Overseas capital flows drove India's fourth quarter performance, which returned 8.1%. The Indian market is overvalued with a PE ratio of 18 despite the growth and capital flows.

Latin American returns ended the year with double-digit gains, led by companies in Brazil and Mexico as shown in exhibit 3. For the quarter Mexico gained 11% due to a healthy economy. Brazil gained a modest 1% in the quarter, which can be attributed to the increasing demand for Brazilian commodities such as iron ore and soy from China and India.

FIXED INCOME

Fixed income markets saw positive returns in the fourth quarter and for the year as shown in exhibit 4. These returns came in the last part of the quarter with November and December making up for a negative month in October. The biggest gains were earned by emerging market bonds and 30-year Treasuries earning 2.5% and 1.5% respectively for the quarter. The bond market, as represented by the Lehman Brothers Aggregate Bond Index, finished the year up 2.4% while the T-Bill Index returned 3.1%. Overall, longer term, higher quality bonds posted the best returns for the year.

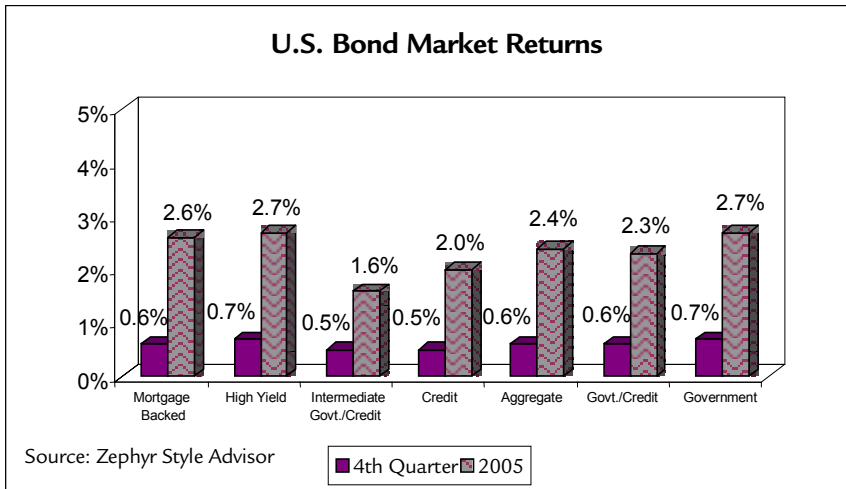


Exhibit 4

The Federal Open Market Committee (FOMC) raised rates eight times over the year, twice in the last quarter. The last increase in 2005 raised the short-term interest rate to 4.25%, up from 3.75% at the end of the third quarter. The Fed appears to be expressing confidence that it is accomplishing its dual goals of sustaining economic growth and containing inflationary pressures.

The Fed's rate increases moved the long-term interest rates below short-term rates, creating an inverted yield curve. In the last week of the year, the yield on the 2-year Treasury was 4.40%, while the yield on the 10-year was 4.38% as seen in exhibit 5. Traditionally, this has indicated an economic slowdown. The continued record levels of foreign investor interest in US debt may be keeping the longer term rates down. With the higher competitive yields of US debt and continued surpluses in foreign accounts, foreign bondholders are less driven to require greater compensation for holding longer duration investments.

Municipal bonds, as measured by the Lehman Municipal Index, returned 0.7% during the fourth quarter and 3.5% for the year. The index's yield ended the fourth quarter 0.12% higher than in the third quarter. Municipal bonds continue to offer competitive yields relative to other government securities. Investors continue to purchase municipal bonds as their issuance totaled more than \$400 billion in 2005. The majority of these issues were caused by refunding activity driven by low interest rates and a flattened yield curve.

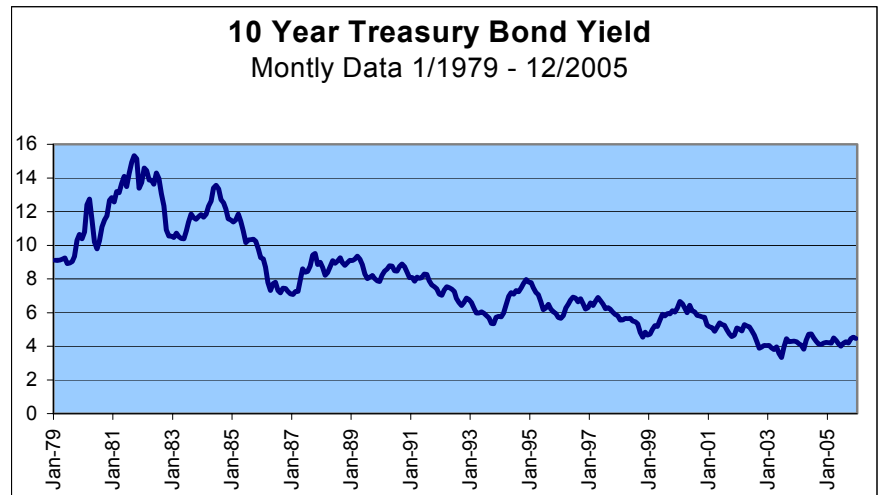


Exhibit 5

ALTERNATIVE INVESTMENTS

Alternative investments in 2005 were generally able to outperform traditional markets as equity and credit markets provided opportunities for managers to generate positive alpha. The following is a brief discussion of how hedge funds, commodities, and real estate investments performed during 2005. Exhibit 6 compares returns of traditional and alternative asset classes for the quarter and year.

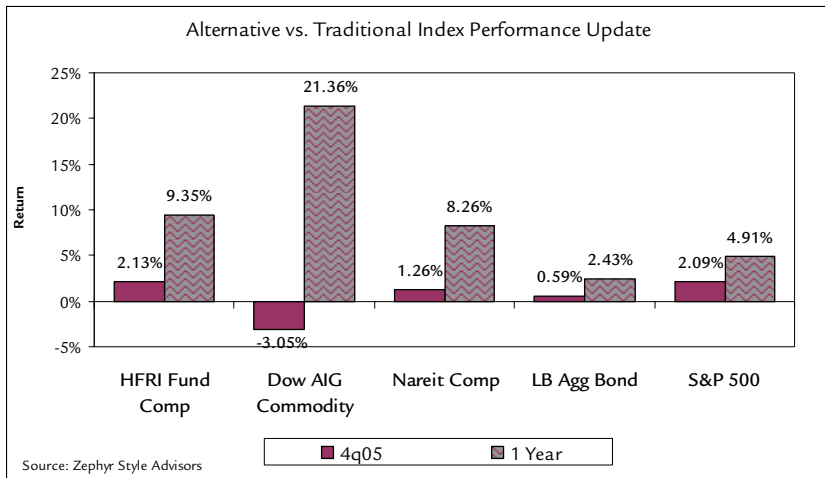


Exhibit 6

Hedge Funds

Hedge fund strategies in 2005 generally outpaced traditional equities. Hedge fund strategies as represented by the HFRI Fund Weighted Composite Index returned 9.4% in 2005 as compared to traditional US equities' 4.9% as represented by the S&P 500 index. As you can see in exhibit 7, most hedge fund strategies were positive for 2005 with the exception of convertible bond arbitrage. This strategy was unable to reclaim the ground it lost in the first five months of the year as technical issues regarding over-issuance pressured the strategy to an over 6% loss in the first five months of 2005.

Directional long/short equity strategies as represented by the HFRI Hedged Equity Index performed the best in 2005, returning 10.7% to investors. Managers in this strategy benefited from slightly increased volatility in the equity markets, which produced mispricings. However, volatility remains historically low in the US and Europe. Lower beta companies tended to outperform higher beta companies

through the year which signals that investors are paying more attention to company fundamentals. This in turn helps hedge fund managers who typically rely on fundamental research when managing their portfolios.

Emerging market hedge fund managers outperformed their developed market counterparts as emerging equity markets saw outstanding performance. Many hedge fund of funds managers continue to increase allocations to managers in the region to take advantage of relatively higher GDP growth as compared to developed economies. Record asset flows into the region are only helping to amplify the regions success. If China and India's economies remain robust, the effects of increased trade between the Asian economies will only help to continue and the region's success.

Over the past three years, distressed securities have continued to perform well. These investments, as represented by the HFRI Distressed Securities Index, returned 8.6% for the year and 18.7% over the last three years. Many investors believe that the record level of distressed debt issuance accompanied by historically low default levels paints a bleak outlook for the strategy in 2006. Rising default levels are believed to be signaling the market that the run in this strategy is coming to an end. Additionally rising interest rates also pose problems for future investments in this strategy. Still, many managers are starting to play the distressed trade from a different approach, such as taking activist positions in distressed securities to try and turn the company around.

Event driven strategies continue to provide positive returns. The strategies, as represented by the HFRI Event Driven Index returned 7.0% in 2005. The continuing surge in corporate activity in December marked the most active year for mergers

and acquisitions since 2000. This activity bodes well for event-driven managers, even those operating outside the traditional merger arbitrage strategy. Activist managers should continue to perform well in 2006.

	1 Month	1 Quarter	1 Year	3 Year	5 Year	10 Year
HFRI Convertible Arbitrage Index	0.88%	0.82%	-1.97%	2.93%	6.16%	9.41%
HFRI Distressed Securities Index	0.99%	1.68%	8.57%	18.70%	14.81%	12.33%
HFRI Merger Arbitrage Index	1.38%	1.04%	5.75%	5.76%	3.80%	9.00%
HFRI Event Driven Index	1.40%	0.76%	7.02%	15.55%	10.62%	12.96%
HFRI Relative Value Index	1.68%	2.61%	6.96%	7.41%	7.31%	9.71%
HFRI Macro Index	1.23%	2.25%	7.00%	10.79%	9.32%	9.95%
HFRI Equity Hedge Index	2.38%	2.58%	10.68%	12.83%	6.57%	14.19%
HFRI Equity Market Neutral Index	0.82%	1.22%	6.66%	4.41%	4.17%	7.77%
HFRI FOF: Conservative Index	1.03%	1.20%	4.85%	6.55%	5.25%	7.65%
HFRI FOF: Diversified Index	1.90%	2.12%	7.40%	8.65%	5.93%	7.84%
HFRI Fund of Funds Index (FOF)	1.78%	2.07%	7.37%	8.60%	5.87%	8.24%
Lehman US Aggregate Bond Index	0.95%	0.59%	2.43%	3.62%	5.87%	6.16%
S&P 500 Index	0.03%	2.09%	4.91%	14.39%	0.54%	9.07%

Source: Zephyr Style Advisor

Exhibit 7

Asset growth in the hedge fund industry grew approximately 4% in 2005, net of performance as stated by Hennessee Group, LLC, an advisor to hedge fund investors. This marks a significant slow down in growth in the industry from a high in 2001 of 34% and 19% in 2004. Another point of interest in 2005 was the disparity between investable and non-investable indices. Investable hedge fund indices provided by Credit Suisse/Tremont and Hedge Fund Research returned 3.5% and 2.7%, respectively. This is compared to returns of 7.6% and 9.4% in Credit Suisse/Tremont and Hedge Fund Research composite Index, respectively. This proves the need for investors to have access to top (closed) talent in the industry in order to realize superior returns from the asset class.

Commodities

Lead by energy and metals, commodities returned 21.4% for 2005 as represented by the Dow Jones-AIG Commodity Index. Energy returned 39.7% and metals returned 18.5%, respectively.

Natural gas, crude oil, unleaded gas, and heating oil, which comprise the energy exposure in the index, all returned north of 50% over the year. Natural gas' stellar gains in the quarter were more than erased in the second half of December with warmer than normal temperatures in key-demand generating regions of the US. Natural gas was down 9.0% in December.

Gold staged an impressive rebound in December closing at \$520 per ounce. Although we have not seen these valuations in 18-years, gold was down from its high of \$528 during the month, which was a 25-year high. Gold traded within a range of \$180, the widest since 1982.

Industrial metals, which were lead by zinc (+57.8% YTD) and copper (+61.4% YTD), performed strongly throughout the year. Zinc's performance is largely attributable to concerns that an accident at China's third-largest zinc smelter could impact production going forward. Rumors persist that the mill will be inoperable for up to three months. A strong rally in copper ensued following the news that employees of Codelco, the world's largest copper producer, went on strike. But positive reports on LME copper inventories tempered the strike-related gains in December.

Real Estate

Real Estate markets witnessed a bifurcation of returns in each market over the year. Residential markets showed some signs of cooling while commercial markets performed well. The residential real estate market had reason to retreat after sustaining a five-year boom. Mortgage rates rose steadily throughout the year as could be expected considering the Fed's tightening policy. The 20% growth in unsold newly built homes should help buyers as supply and demand effects push prices lower.

In publicly traded real estate investment trusts (REITs) investors saw muted returns when compared to 2004, returning 8.3% as compared to 30.4% the year before. Larger inflows at the outset of the year decreased and REITs ended up seeing inflows of just under \$2 billion in 2005.

Private investments in commercial projects such as luxury apartments and office buildings saw massive inflows of capital during the year. Over \$220 billion in commercial real estate changed hands in 2005, up from \$186 billion the year before. The foundations of this market remain strong as job creation has increased and vacancy rates in the top 50 markets have fallen and are predicted to fall even further in 2006.

GLOBAL OUTLOOK

The current global economic expansion appears sustainable but not necessarily robust. GDP growth continues to be compelling for much of Asia, India, parts of Europe, and Latin America. With regard to the United States there are many questions going into 2006. Will the US Federal Reserve "overshoot" in raising interest rates causing a significant

economic slowdown? Will the real estate bubble burst or will the inflated valuations slowly work their way out of the system? Are consumers too debt burdened to continue to spend and in turn fuel the US economy? Will energy prices stabilize?

Over the past few years the major driver in the US and to some extent in Europe has been massive monetary stimulus. Economists have argued that the Fed has held real interest rates negative for several years; rates remain historically low even today. We believe this started in earnest in 1998, a year which included notable events such as the Russian debt default and the "bail out" of Long Term Capital Management. It now appears that the very accommodating monetary policy of the Fed is over as the Fed Funds Rate has increased 14 consecutive times to the current level of 4.5%. There are many headwinds facing the US economy to include a large current account balance of -6.5% of GDP, continued deficit spending, high energy costs, negative real wage growth, and an overleveraged consumer. Real saving rates were negative in 2005 for the first time since the Great Depression. However, the US economy continues to be resilient because of several positive factors including increasingly sound banking systems abroad, new technologies, flexible wages and prices, globalization, and continued productivity gains.

Course of Action

Looking forward we still favor stocks to bonds and international equities to US equities. Global equity valuations seem compelling compared to fixed income investments. Earnings growth is slowing in the US but is still forecasted to grow by a healthy 8-10%.

We continue to overweight international stocks as valuations are still compelling versus US shares. Emerging market equities also continue selling at a relative discount of 10-15%. The dollar could resume its decline versus most currencies because of ballooning current account and federal deficits. Additionally, the end of rate hikes by the Fed and the possible raising of rates by the European and Japanese central banks could put additional pressure on the US dollar boosting foreign share returns. Consumer spending, as the major driver of the US economy, seems to be slowing with the economy growing at a 1.1% annualized rate for fourth quarter of 2005.

We believe overweighting small-to-mid sized companies in the US and international markets is a prudent course. Large capitalization companies tend to do well in macro-driven markets where stocks move as a group. This happened in the late 90's as the major driver was dramatically falling interest rates. We do not believe there are any significant macro themes currently, though increased merger and acquisition activity could help the large capitalization stocks.

We continue to prefer active to passive (index) investment managers especially in the more inefficient asset classes. In 2005, top-quartile core managers outperformed the S&P 500 by 2.3%, according to Morningstar. Top-quartile small capitalization and international managers outperformed the Russell 2000 by 5.0% and the MSCI EAFE by 3.5%, respectively. Research-intensive active managers will continue to find value across all capitalization stocks; however, we feel that greater appreciation will occur in growth stocks as opposed to value.

Bonds remain unattractive and we continue to recommend minimum allocations to fixed income investments globally. Expected returns and yields are still significantly lower than historical averages. Municipal bonds for US taxable investors are an exception. Renewed inflation pressures may also emerge with wage increases and energy costs leading the way. Low volatility hedge funds of funds remain a viable bond substitute.

Finally, hedge fund strategies appear more attractive than they have in the last 2-3 years. We continue to increase exposure to directional long/short total return managers as we expect volatility to increase.

This material is distributed by WaterStreet Investment Consultants, LLC (WaterStreet), and is for informational purposes only. No part of this document may be reproduced in any manner without the written permission of WaterStreet. WaterStreet does not represent that the information contained in this material is complete or accurate, and should not be relied upon as such. It is provided with the understanding that no fiduciary relationship exists because of this report. Opinions expressed in this report are the opinions of WaterStreet, and are subject to change without notice. WaterStreet assumes no liability for the interpretation or use of this report. Investment conclusions and strategies suggested in this report may not be suitable for all investors, and recommend consultation with a qualified investment profession prior to executing any investment strategy.

Please contact WaterStreet if you would like to receive a copy of our Glossary of Terms which defines market indices and statistical definitions

Output, Demand, and Jobs

% change on a year ago

	GDP		The Economist poll GDP forecasts		Industrial Production		Retail Sales (volume)		Unemployment % rate		
	latest	qtr*	2005	2006	latest	latest	latest	latest	year ago		
Australia	2.6	Q3	2.6	3.3	0.7	Q2	1.2	Q3	5.1	Nov	5.2
Austria	1.8	Q3	1.6	2.0	1.6	Sep	0.9	Sep	5.2	Nov	5.0
Belgium	1.1	Q3	1.3	1.8	-7.7	Oct	0.9	Sep	12.8	Nov†	12.8
Britain	1.7	Q3	1.7	2.1	-1.8	Oct	2.1	Nov	4.9	Oct††	4.5
Canada	2.8	Q3	2.9	3.0	1.1	Sep	2.2	Sep	6.4	Nov	7.2
Denmark	4.8	Q3	2.4	2.4	4.6	Oct	4.4	Oct	5.4	Oct	6.3
France	1.8	Q3	1.6	1.9	-1.4	Oct	0.5	Sep	9.7	Oct	10.0
Germany	1.4	Q3	1.0	1.5	3.8	Oct	-0.8	Oct	11.5	Nov\$	10.7
Italy	0.1	Q3	0.1	1.2	-2.7	Oct	0.1	Sep	7.7	Jun	8.1
Japan	2.9	Q3	2.4	2.2	3.0	Oct	0.4	Oct	4.5	Oct	4.6
Netherlands	0.9	Q3	0.7	1.8	0.1	Oct	2.7	Sep	6.5	Nov**	6.4
Spain	3.5	Q3	3.4	3.0	-0.4	Oct	-0.2	Oct	8.6	Oct	10.6
Sweden	3.4	Q3	2.4	2.8	2.5	Oct	7.3	Oct	5.0	Nov†	4.9
Switzerland	2.3	Q3	1.3	1.8	3.9	Q3	1.6	Sep	3.7	Nov†	3.9
United States	3.7	Q3	3.6	3.3	2.8	Nov	2.8	Oct	5.0	Nov	5.4
Euro Area	1.6	Q3	1.3	1.8	0.1	Oct	0.4	Oct	8.3	Oct	8.8

*% change on previous quarter at an annual rate. †Not seasonally adjusted. ‡New Series. ††Apr-Feb; claimant count rate 2.7% in May. \$EU

Source: The Economist, December 24th-January 6th, 2006

Prices and Wages

% change on a year ago

	Consumer Prices			Producer Prices			Wages/Earnings		
	latest		year ago	latest		year ago	latest		year ago
Australia	3.0	Q3	2.3	6.2	Q3	6.1	6.1	Q3	3.5
Austria	1.6	Nov	2.6	0.9	Nov	5.6	2.4	Nov	2.0
Belgium	2.6	Nov	2.5	1.6	Oct	6.0	2.3	Oct	2.4
Britain	2.1	Nov*	1.5	2.3	Nov	3.5	3.6	Oct**	4.2
Canada	2.6	Oct	2.3	1.4	Oct	5.4	2.2	Sep	2.4
Denmark	2.0	Nov	1.3	3.9	NOV	3.2	2.8	Q3	2.9
France	1.6	Nov	2.0	2.9	Oct	3.5	3.2	Q3	2.9
Germany	2.3	Nov	1.8	2.2	Nov	4.1	1.0	Oct	2.3
Italy	2.2	Nov	1.9	3.9	Oct	4.4	3.0	Oct	2.7
Japan	-0.7	Oct	0.5	1.9	Nov	2.1	-0.1	Oct	0.4
Netherlands:	1.8	Nov	1.3	4.7	Oct	7.1	1.1	Nov	0.8
Spain	3.4	Nov	3.5	4.9	Oct	5.4	3.4	Q2	3.1
Sweden	0.8	Nov	0.5	4.1	Oct	3.0	3.4	Sep	3.1
Switzerland	1.0	Nov	1.5	1.0	Oct	2.0	0.9	2004	1.4
United Stat	3.5	Nov	3.5	5.9	Oct	4.4	3.2	Nov	2.4
Euro Area	2.3	Nov	2.2	4.1	Oct	4.1	2.2	Q3	1.8

*RPI inflation rate 2.4% in Nov. **Aug-Oct.

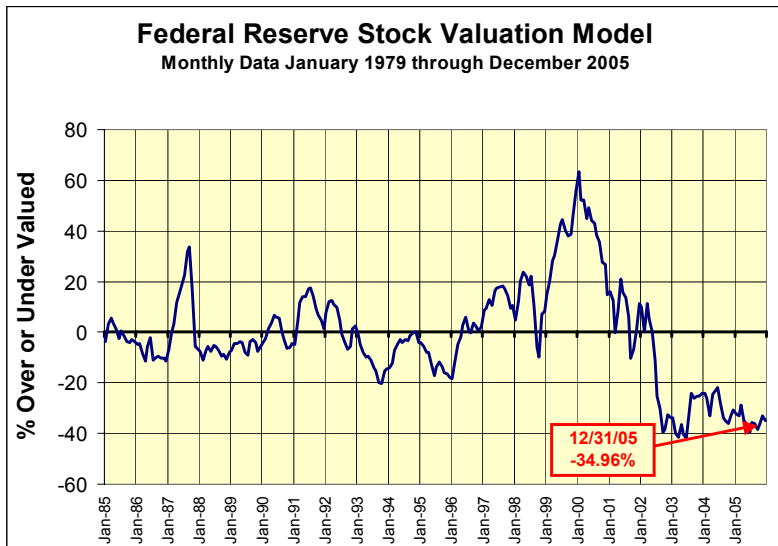
Source: The Economist, December 24th-January 6th, 2006

Trade, Exchange Rates, and Budget

	Trade balance*, latest 12 mos		Current Account Balance				Exchange Rate		Budget balance % of GDP 2005‡
			\$bn latest 12 mos	The Economist poll % of GDP, forecast		trade weighted** 2000=100			
				Q3	Q4	Dec 19th	year ago		
Australia	-15.3	Oct	-43.5	Q3	-5.9	-5.3	117.1	112.5	1.0
Austria	-1.9	Sep	0.2	Spe	nil	-0.2	103.8§	104.4	-2.0
Belgium	16.1	Oct	9.2	Jun	2.3	2.3	104.3§	105.1	nil
Britain	-115.5	Oct	-43.6	Q2	-1.7	-11.9	98.9	99.7	-3.1
Canada	50.9	Oct	19.6	Q3	1.6	1.6	124.9	115.1	1.3
Denmark	10.0	Oct	9.7	Oct	2.9	2.6	106.0	107.0	2.8
France	-28.9	Oct	-31.4	Oct	-1.1	-0.9	106.8§	107.7	-3.2
Germany	202.9	Oct	113.6	Oct	3.9	3.7	104.6§	105.5	-3.9
Italy	-11.2	Oct	-27.8	Sep	-1.4	-1.5	76.5§	77.1	-4.3
Japan	98.2	Oct	164.3	Oct	3.3	3.3	82.9	88.5	-6.5
Netherlands	39.3	Oct	44.3	Q3	4.2	4.2	103.8§	104.6	-1.6
Spain	-93.9	Sep	-79.0	Aug	-6.0	-5.7	77.2§	77.6	0.0
Sweden	20.8	Oct	24.2	Q3	7.1	6.5	95.1	101.4	1.2
Switzerland	7.0	Oct	51.4	Q2	12.5	12.0	106.4	108.5	-1.6
United States	-767.8	Oct	-780.6	Q3	-6.5	-6.5	86.4	81.1	-3.7
Euro Area	47.3	Sep	1.4	Sep	0.1	0.1	115.7	120.1	-2.9

*Merchandise. Australia, Britain, France, Canada, Japan, and United States imports fob, exports fob. All others cif/fob. **Bank of England except §IMF, April average. ‡OECD forecast.

Source: The Economist, December 24th-January 6th, 2006



Index Returns through December 2005

(not annualized if less than 1 year)

	1 Quarter	1 year	3 years	5 years	10 years
S&P 500	2.09%	4.91%	14.39%	0.54%	9.07%
Russell 1000	2.12%	6.27%	15.42%	1.07%	9.29%
Russell 1000 Growth	2.98%	5.26%	13.23%	-3.58%	6.73%
Russell 1000 Value	1.27%	7.05%	17.49%	5.28%	10.94%
Russell 2000	1.13%	4.55%	22.13%	8.22%	9.26%
Russell 2000 Growth	1.61%	4.15%	20.93%	2.28%	4.69%
Russell 2000 Value	0.66%	4.71%	23.18%	13.55%	13.08%
Russell 3000	2.04%	6.12%	15.90%	1.58%	9.20%
Russell 3000 Growth	2.86%	5.17%	13.78%	-3.15%	6.48%
Russell 3000 Value	1.21%	6.85%	17.89%	5.86%	11.04%
Lehman US Aggregate Bond Index	0.59%	2.43%	3.62%	5.87%	6.16%
Lehman US Municipal Bond	0.73%	3.53%	4.44%	5.59%	5.72%
Lehman US Treasury Long	1.07%	6.51%	5.54%	7.43%	7.35%
Lehman U.S. Treasury: 1-3 Year	0.70%	1.65%	1.48%	3.69%	4.80%

Source: Zephyr Style Advisors

International Developed Market Performance

Source: Morgan Stanley Capital International

REGIONS	In Local Currency		In US Dollars	
	4Q'05	YTD	4Q'05	YTD
EAFE	7.15%	29.54%	4.12%	14.02%
EURO	4.83%	25.52%	2.56%	8.92%
EUROPE	4.59%	25.52%	1.99%	9.93%
PACIFIC	12.68%	38.11%	8.65%	23.01%
THE WORLD INDEX	4.53%	16.34%	3.16%	10.02%
WORLD ex USA	6.85%	29.25%	3.98%	14.96%
NATIONAL INDICES				
AUSTRALIA	3.66%	25.61%	-0.43%	17.54%
AUSTRIA	5.36%	44.26%	3.08%	25.19%
BELGIUM	6.51%	27.00%	4.20%	10.21%
CANADA	2.87%	25.64%	2.20%	28.86%
DENMARK	8.82%	44.78%	6.52%	25.30%
FINLAND	5.42%	35.73%	3.13%	17.79%
FRANCE	2.94%	27.44%	0.71%	10.59%
GERMANY	6.76%	27.36%	4.45%	10.52%
GREECE	8.00%	33.79%	5.66%	16.10%
HONG KONG	-3.04%	8.13%	-2.99%	8.40%
IRELAND	7.34%	12.83%	5.02%	-2.09%
ITALY	2.17%	18.79%	-0.04%	3.09%
JAPAN	16.49%	44.70%	11.86%	25.63%
NETHERLANDS	10.54%	32.46%	8.15%	14.95%
NEW ZEALAND	-1.85%	9.48%	-3.60%	3.22%
NORWAY	-0.81%	40.54%	-4.43%	25.71%
PORTUGAL	7.43%	14.10%	5.11%	-0.98%
SINGAPORE	2.64%	16.51%	4.27%	14.38%
SINGAPORE FREE	2.64%	16.51%	4.27%	14.38%
SPAIN	-0.31%	20.90%	-2.46%	4.92%
SWEDEN	5.50%	33.25%	2.46%	11.26%
SWITZERLAND	9.67%	35.76%	7.29%	17.13%
UNITED KINGDOM	3.25%	20.09%	0.20%	7.38%

International Emerging Market Performance

Source: Morgan Stanley Capital International

REGIONS	In Local Currency		In US Dollars	
	4Q'05	YTD	4Q'05	YTD
EM (EMERGING MARKETS)	7.00%	35.81%	7.20%	34.54%
EM ASIA	7.40%	28.54%	8.74%	27.50%
EM EASTERN EUROPE	0.92%	59.76%	0.22%	49.82%
EM EUROPE	3.72%	59.21%	3.05%	51.17%
EM EUROPE & MIDDLE EA	5.81%	52.62%	5.27%	45.20%
EM LATIN AMERICA	5.65%	37.96%	3.51%	50.42%
NATIONAL INDICES				
ARGENTINA	-9.77%	66.06%	-13.11%	63.10%
BRAZIL	6.63%	38.09%	1.43%	57.05%
CHILE	-9.00%	12.05%	-6.03%	21.62%
CHINA	-0.40%	19.47%	-0.35%	19.77%
COLOMBIA	42.16%	101.70%	42.35%	107.52%
CZECH REPUBLIC	-0.29%	61.22%	-0.56%	46.20%
EGYPT	12.74%	147.31%	13.16%	161.59%
HUNGARY	-11.54%	40.33%	-14.43%	18.50%
INDIA	10.71%	42.44%	8.14%	37.57%
INDONESIA	7.58%	22.71%	12.50%	15.76%
ISRAEL	14.20%	34.13%	14.09%	27.44%
JORDAN	-2.73%	73.72%	-2.66%	73.85%
KOREA	11.99%	54.29%	15.39%	58.00%
MALAYSIA	-1.96%	1.74%	-2.24%	2.29%
MEXICO	9.46%	42.30%	10.97%	49.11%
MOROCCO	7.98%	28.23%	5.80%	13.97%
PAKISTAN	15.95%	65.92%	15.71%	64.91%
PERU	0.26%	38.09%	-1.01%	35.00%
PHILIPPINES	10.36%	17.10%	16.62%	23.92%
POLAND	0.13%	35.89%	-0.18%	24.96%
RUSSIA	4.72%	74.15%	4.59%	73.77%
SOUTH AFRICA	8.88%	44.48%	9.14%	28.34%
SRI LANKA	-20.72%	30.73%	-21.32%	33.76%
TAIWAN	7.57%	11.16%	8.69%	7.26%
THAILAND	0.74%	15.20%	0.90%	9.16%
TURKEY	17.24%	57.29%	16.74%	56.94%
VENEZUELA	-0.58%	-23.84%	0.05%	-24.07%