

- **US Equities** - The fourth quarter and 2006 were marked by favorable US equity returns, with the S&P 500 posting 6.7% and 15.8% returns, respectively. These returns were somewhat unexpected considering the expanding current account and fiscal deficits, the Iraq war, and a slowing US economy. (page 2)
- **International (Non-US) Equities** - International developed and emerging equity markets significantly outperformed the US markets for the fifth consecutive year. The Morgan Stanley EAFE Index returned 26.9%, in US dollar terms, for the year. (page 2)
- **Fixed Income** - Both International and US Fixed Income markets posted positive returns for the quarter with the Lehman Aggregate Index up 1.2% and the Citigroup Non-US World Government Index up 2.1%. However, both of these annual returns remain below historical averages. (page 4)
- **Alternative Investments** - This area enjoyed strong returns for the quarter as both the HFRI Fund of Fund Index and the Dow AIG Commodity Index gained 5.4% for the quarter. Real estate, as measured by the NAREIT Index, advanced 9.7%. (page 5)
- **Global Outlook** - World GDP growth remains robust in the 4.3% - 4.7% range. Inflation concerns have been muted by declining energy prices and a slowing US economy.

Global equity markets generated surprisingly strong results for both the fourth quarter and 2006. Performance was driven primarily by strong corporate profits, falling energy prices, and the general opinion that the European Central Bank was nearing the end of its interest rate hikes. Additionally, record merger & acquisition activity and share buybacks provided additional support for equity markets. Real estate was the best performing asset class for the third time in the last five years returning 34.4%. There was continued demand for commercial properties, which propelled prices. Emerging market results were again impressive as the MSCI Emerging Market Index returned 32.6% for the year. Venezuela and China were the top performers returning 79.5% and 82.9%, respectively. The worst performing asset class for the year was commodities returning 2.1% due to a 41.4% sell-off in the energy component.

The US Federal Reserve (Fed) and the Bank of Canada seem to have finished their interest rate hikes. We expect the remaining G7 countries, with the exception of Japan, to conclude interest rate hikes in early 2007. The conclusion of interest rate hikes, declining commodity prices and a continued slowdown in the US housing market proved beneficial for bond markets. The yield curve remains inverted with short yields higher than longer maturities.

Growth in the global economy continued above trend, although it is slowing due to a significant downturn in the US, where 2007 growth is projected to be 2%. Major risk factors

continue to be liquidity concerns in the event of major pricing dislocation in the credit markets, US current account deficits, and wage inflation.

US EQUITIES

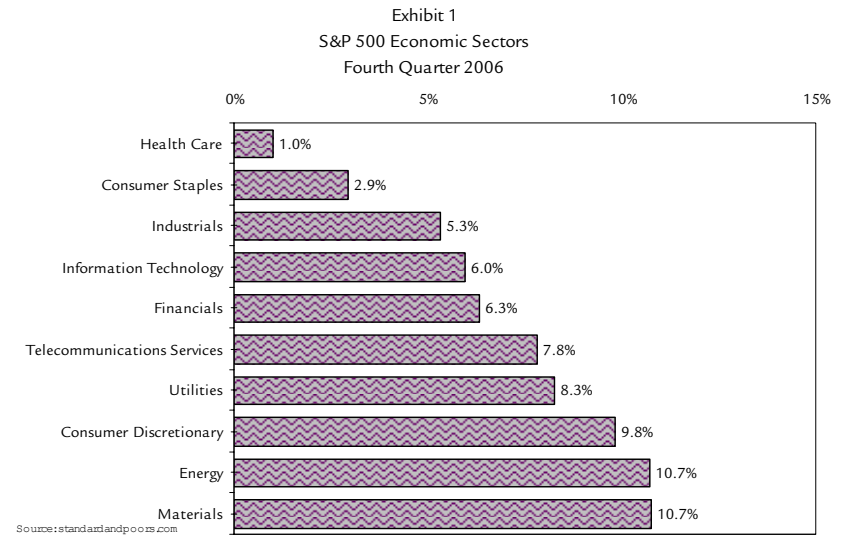
The US stock market posted strong fourth quarter returns with the S&P 500 Index gaining 6.7%, bringing the 2006 return to 15.8%. Despite some fluctuation in returns during the spring of 2006, the volatility in the US stock market was relatively low for the year.

Economic growth in the US remained moderate for the year. While housing prices and sales activity continued to decrease during the fourth quarter, employment continued to improve throughout the year with US unemployment dropping to 4.5%, its lowest level since 2001.

US value stocks continued to outperform their growth counterparts during both the fourth quarter and the year, with the Russell 3000 Value posting a 2006 gain of 22.3% versus the Russell 3000 Growth's return of 9.5%. Value dominated in both large and small capitalization stocks. Large capitalization value stocks generated particularly strong returns, more than doubling the 2006 return of large capitalization growth stocks. Small capitalization stocks also showed a bias towards value; with the Russell 2000 Value posting a 23.5% return for the year versus the 13.4% return of the Russell 2000 Growth. Small capitalization stocks outperformed large capitalization stocks for both the fourth quarter and 2006.

All S&P 500 Index sectors posted positive returns for the quarter, as illustrated in Exhibit I. The largest gains came from materials and energy with both sectors posting a fourth

quarter return of 10.7%. Telecommunications benefited from a surge in merger activity, while energy thrived on both increases in oil and gas prices and a boost in drilling and exploration activity.



The health care sector continued to lag other segments of the economy, but was able to post a modest 1% gain. Potential higher returns were dampened by the prospect of new government regulation and price controls on medical device and pharmaceutical companies.

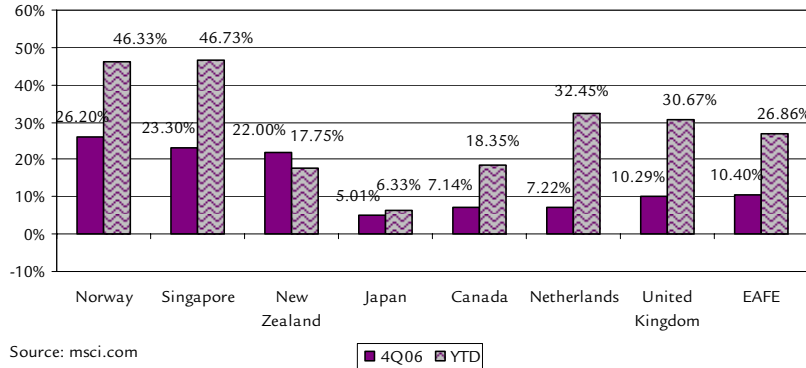
INTERNATIONAL EQUITIES

Developed Markets

International developed markets posted strong gains in the fourth quarter, as seen in Exhibit 2. The MSCI EAFE Index returned 10.4% during the quarter and 26.8% for 2006, benefiting in part from a weakening US dollar. Once again,

European countries performed well, while Pacific countries hindered relative performance due mainly to Japan’s lagging returns.

Exhibit 2
Developed Market Returns
In US Dollars



Europe’s merger & acquisition activity, specifically related to energy and financial services deals, increased during the quarter due to high liquidity in the capital markets contributing to fourth quarter returns. The market was fueled by record private equity buyouts, as well as favorable valuations fueled by the transactions. Even emerging nations, such as Russia, participated in the surge in buyout activity. Announced deals targeting European companies totaled \$1.4 trillion for the year, according to Thomson Financial.

From a sector perspective, resource and mining, financial services, industrials, and utilities companies performed well during the quarter while health care, consumer staples, media, and technology were weaker performers.

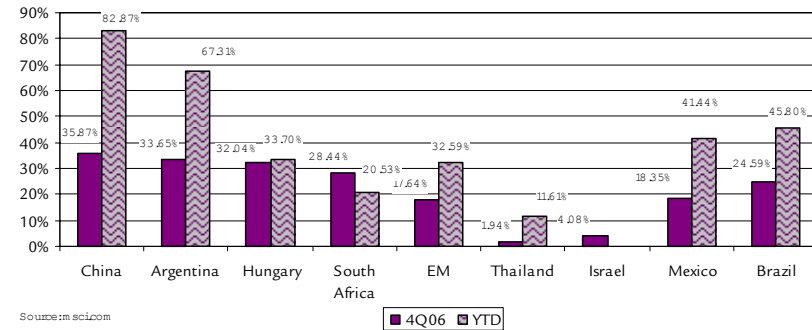
Norway, Singapore, and New Zealand led the way during the quarter returning over 19%, while Japan, Canada, the

Netherlands, and Switzerland posted more modest gains ranging from 5.0%-7.85%.

Emerging Markets

Emerging markets again posted very strong returns in the fourth quarter as both investor confidence in the developing markets and exported goods continued to increase. Exhibit 3 illustrates fourth quarter and year-to-date returns for emerging market countries. All emerging market regions (Asia, Eastern Europe, Europe, Middle East and Latin America) exhibited strength during the quarter.

Exhibit 3
Emerging Market Returns
In US Dollars



China returned an impressive 35.9%, in US dollar terms, in the fourth quarter making it the top performing country for the year gaining 82.9%. Investors benefited from massive infrastructure expenditures ahead of the 2008 Beijing Olympics and the country’s double-digit annual economic growth. Chinese bank and airline stocks rose during the quarter fueled by strong demand and an appreciating currency against the US dollar. In December, the Chinese banking sector opened to

foreign investors which caused an increase in demand for these companies. The country’s largest bank, Industrial & Commercial Bank of China, had its initial public offering (\$19 billion) in October, the largest in the history of world finance.

Other emerging market countries generating strong returns were Argentina, Venezuela, Hungary, and South Africa, each posting over 28% returns for the quarter. Telecommunication and financial services companies performed extremely well in these developing economies.

Thailand returned only 1.9% during the fourth quarter. On December 18th, the Bank of Thailand announced a policy imposing penalties on overseas investments held for less than a year. An attempt to limit further appreciation of their currency, the Thai Baht, the policy prompted a 16% collapse in Thailand’s SET Index the following day. In reaction to the decline in the stock market, the government of Thailand also announced that this policy does not apply to equity investments. This proposed and then abandoned currency control caused a loss of confidence among investors.

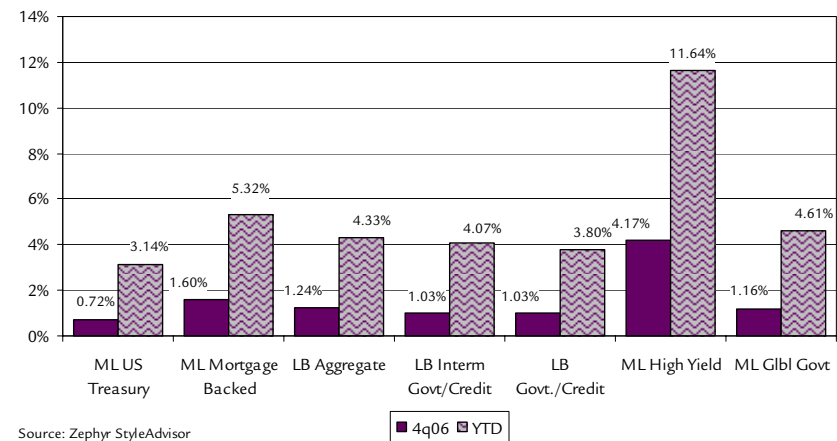
FIXED INCOME

The bond market rallied during the second half of the year as signs of a slowing economy led investors to believe that the US Federal Reserve would either maintain or drop rates in an attempt to avoid a recession. Expectations were met as the Fed held rates steady during the final quarter of the year. Overall, bond markets generated modest gains both during the quarter and the year. The Lehman Brothers Aggregate Bond Index posted a 1.2% return for the fourth quarter and a 4.3% return for the year. Short-term treasury bonds finished the year yielding 3.1%; the ten-year US Treasury bond rose during the

quarter to yield 4.7%. Please refer to Exhibit 4 for bond market returns.

A positive stock market coupled with investors’ large appetite for risk resulted in higher returns for high yield bonds and emerging market debt during the quarter. Even as risk premiums were at record lows, high yield bonds were among the best performers of the fixed income market, posting returns of 4.2% for the fourth quarter and 11.6% for the year.

Exhibit 4
Bond Market Returns



Source: Zephyr StyleAdvisor

As the US dollar depreciated by approximately 4% compared to the Euro, foreign bonds provided even higher gains for US investors during the year. Concern regarding the European Central Bank tightening caused European and UK bonds to lag treasuries during the fourth quarter. We expect European growth to continue, supported by both business confidence and capital spending. Japanese treasuries performed better than US treasuries during both the quarter and the year.

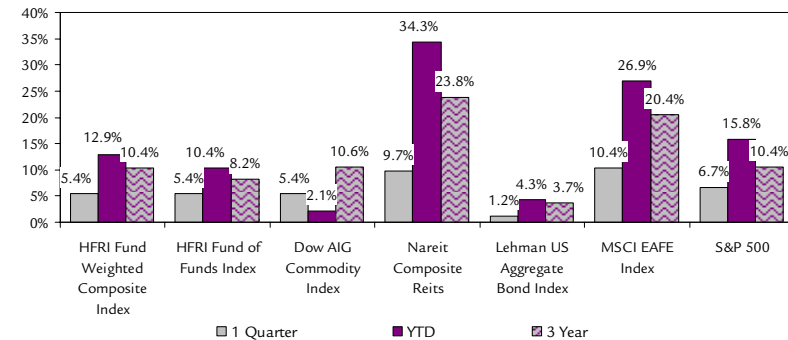
ALTERNATIVE INVESTMENTS

Hedge Funds

Last year's strong fourth quarter performance was repeated in the final quarter of 2006. Buoyant equity markets drove equity related hedge fund strategies higher, while prevalent merger and buyout activity bolstered event driven strategies. Hedge fund and hedge fund of fund strategies outpaced US fixed income markets delivering 8.1% and 5.6% excess returns over 90-Day T-Bills in 2006, respectively.

The HFRI Hedge Fund Weighted Composite's returned 5.4% and 12.9% for the quarter and year, respectively. Hedge fund of funds also enjoyed robust returns with the HFRI Hedge Fund of Funds Index returning 5.4% for the quarter and 10.4% for the year. Hedge fund indices performed in line with expectations relative to traditional long only strategies represented by the S&P 500 and the MSCI EAFE (refer to Exhibit 5). The net market exposure for the HFRI Weighted Composite and Fund of Fund Index was between 15% and 30%.

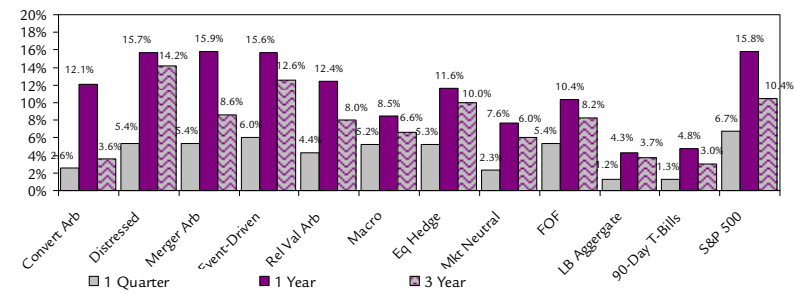
Exhibit 5
Alternative vs. Traditional Index Performance Update



Source: Zephyr Style Advisor

Many of the same drivers of third quarter performance remained in place for the fourth quarter. Specifically, ample liquidity, favorable equity markets, and markets receptive to announced deals all continued to support higher returns in the fourth quarter. Exhibit 6 presents some of the returns witnessed for individual hedge fund strategies as represented by the HFRI Index.

Exhibit 6
Alternative Strategies (HFRI Indices) vs. Traditional Index Performance Update



Source: Zephyr Style Advisor

As depicted in Exhibit 6, receptive equity markets supported stronger returns for equity-centric hedge fund strategies as represented by the HFRI Equity Hedge Index. The Index was up 5.3% for the quarter and 11.6% for the year. Equity Market Neutral managers, as represented by the HFRI Equity Market Neutral Index, were less successful, posting gains of 2.3% for the quarter and 7.6% for the year. Equity volatility, as measured by the VIX, finished the year at 11.6%, which is very low by historical standards. This three-year trend of lower equity volatility has limited the ability of market neutral managers to arbitrage mispricings between securities. As a result, the strategy has posted relatively low annualized returns over the three-year time period compared to most other strategies.

Distressed debt and other distressed securities investments also continued to generate strong returns during the quarter. The HFRI Distressed Securities Index rose 5.4% for the quarter and 15.7% for 2006. A number of historical situations continued to provide ample opportunities for managers to generate returns. Historically low corporate default rates, high recovery rates for companies in stressed situations, and incredibly tight credit spreads between junk debt and treasuries combined to drive returns for managers in the distressed space. Distressed managers are positioning for a correction in this market by increasing their cash allocation to take advantage of opportunities created by widening spreads. One area of the debt market that experienced higher levels of defaults last year was mortgage-backed residential loans.

The event driven and merger arbitrage space garnered the greatest interest and media attention during the year. Corporations flush with cash have taken advantage of opportunities to buyout their competitors and to expand into new markets through corporate mergers. In addition to corporate activity, a number of private equity firms have poured billions of dollars in capital into the market in search of buyout opportunities. The surge in activity has been a boon for hedge funds that are infusing the merger & acquisition and event driven arena with abundant capital.

For the quarter, both the HFRI Merger Arbitrage and HFRI Event Driven Indices generated returns of 5.4% and 6.0%, respectively. Given the amount of continued liquidity in the market, low interest rates, and a healthy economy, and barring any unforeseen market dislocations, we should continue to see a high level of activity in this area in 2007.

Commodities

Commodity markets rose in October and November, including a boost across all sectors when the US Dollar slid at the end of November. A December decline left the Dow AIG Commodity Index with a 5.4% gain for the fourth quarter and a slight 2.1% gain for 2006.

Industrial metals enjoyed the largest gains of the year, up 72.4% in 2006. Zinc, aluminum, and nickel generated very strong returns due to stock levels being at an all time low relative to demand. Copper prices declined in December due to worries about the US housing sector and improvements in the labor negotiations of key Latin American mines.

The largest gains for the fourth quarter were in the grains sector, up 26.2%. Concerns over drought conditions in Australia encouraged heavy buying of wheat futures. Analysts estimate Australian production could be down 35% from last year's levels. Poor weather conditions have also hurt production in the US and Eastern Europe.

The energy sector suffered a difficult 2006, declining 10.0% in the fourth quarter and ending the year down 41.4%. In this sector, natural gas experienced a very volatile year as well, down 72.1% in 2006. Natural gas rallied in October due to a combination of unseasonably cold weather and short-covering. However, the combination of strong natural gas storage levels and unusually warm weather in December, caused natural gas future prices to fall sharply. Crude prices declined in October as ample inventory levels and concerns over slowing US growth put pressure on prices. OPEC announced production cuts in October; however, cynicism about its ability to implement the cuts diminished the impact

on prices. Crude prices were very volatile during November, finally ending the year at \$62.38.

Precious metals enjoyed large gains in November on the back of the weaker dollar. Prices fell in December to end the quarter with a gain of 7.5%. Platinum experienced volatile trading as the market was excited over rumors of a possible Exchange Traded Fund (ETF) launch. However, skepticism around the availability of stocks of platinum to form an ETF caused gains to be short-lived.

Real Estate Investment Trusts (REITs)

An October and November rally in the Real Estate Investment Trust (REIT) market contributed to the market's gains of 9.5% for the quarter and 35.1% for the year, as measured by the FTSE NAREIT Equity REIT Index. All sectors of the REIT market performed well during 2006, with the health care sector showing particularly strong gains. Both valuations and the total return in the health care sector increased dramatically for the year, with a return of 44.6%, despite declining yields in this sector.

Most sectors of the REIT market experienced modest dips in December, with the residential sector declining 3.1%. Much of the drop was attributed to the slowing housing market. The November statistics released during December showed a drop in new housing permits of 3% from the previous month and a 31% drop from November 2005.

Private Equity

The mega leveraged buyout (LBO) funds experienced a record 2006. The average public to private deal size in 2006 was over \$1.5 billion compared to \$120 million in 2001. This past summer we saw the \$32.7 billion acquisition of healthcare

giant HCA become the biggest buyout ever, topping KKR's famed acquisition of RJR Nabisco for \$31 billion in 1989. Seven of the ten largest buyouts in history were announced in 2006, including Harrah's Entertainment at \$25.7 billion, Kinder Morgan at \$22 billion, and Freescale at \$17.6 billion.

In 2006, the private equity market broke all previous records. Private Equity Intelligence reports a total of 612 new funds that achieved a final close during 2006, raising \$401 billion in new commitments. Buyout and co-investment funds accounted for over half of the committed funds. Concerns rose regarding crowded exit channels for these investments, especially for the very large deals such as HCA. The IPO market was only \$200 billion in 2006, indicating that many managers may need to find alternative ways to realize the gain on their investment.

GLOBAL OUTLOOK

The global recovery is now in its sixth consecutive year, with 2006 GDP growth delivering an impressive 5.1% gain. Many economists expect the global economy to expand approximately 4.5% in 2007. Though GDP growth is slowing it still remains above its longer term trend line of 3.7%. The major positive factors are stabilizing energy prices, relatively low inflation in most developed economies, and the suspension of tightening by the G7, with the exception of Japan. OPEC and other oil producers seem satisfied with oil prices in the low \$60 a barrel range. Energy capacity continues to increase, while a temporary decrease in demand is helping reduce inflation fears. Wage gains are aiding in the offset of the residential housing slump in the US reducing chances for a recession in 2008. The US Federal Reserve continues to be

concerned about Core CPI which excludes food and energy, as it remains higher than their long-term target of 1.0%-2.0%.

We continue to believe there are two major risks in the capital markets. The first risk continues to be the current US account deficit, which is currently running at 6.3% of GDP. This deficit remains financed by China, Japan, and others. Additionally, structural budget deficits have increased dramatically since 2000 as savings rates in the US have continued to plummet. The Commerce Department recently reported that the savings rate in the US was -1.0% for 2006, its worst showing in 74 years. The last time the rate was lower was during the Great Depression in 1933. This of course creates an additional increase in the current account deficit. Any increase in savings seems unlikely, as it appears that the US Congress will have no choice but to raise taxes in an effort to balance the federal budget. As the US economy slows, so will its tax receipts. Unfortunately, economic history continues to repeat itself as governments cut taxes when they should not and increase them when they can most ill afford to do so.

The second risk factor remains the possible dislocation in the credit markets. The amount and use of credit derivatives continues to increase as the total national value approaches \$30 trillion. The risk is that some event will trigger a dramatic sell off in the credit market resulting in a liquidity crisis while everyone scrambles to find bids, and in some cases, their counterparties. Additionally, many private lenders are extending enormous amounts of credit to leveraged buyout firms who are primarily responsible for the record amount of merger & acquisition activity.

Course of Action

We continue to favor stocks to bonds and international equities to US equities. Valuation levels for stocks are not as compelling as they were a year ago; however, they remain notably more attractive than bonds. Earnings growth expectations have slowed somewhat in the US with the forward price-to-earnings (P/E) ratio of the S&P 500 standing at 14.9 at year end. Non-US developed and emerging markets continue to appear slightly more attractive than US shares on a valuation basis. The 12-month forward P/E for the MSCI EAFE and the MSCI Emerging Markets stood at 14.3 and 12.8 at year end, respectively. Since the inception of the MSCI EAFE in 1979, the average P/E has been 21.8. The average P/E for the MSCI Emerging Market Index since its 1997 inception has been 15.8. This is obviously a very short time period, making it difficult to draw any strong conclusions. Additionally, the MSCI EAFE returns are somewhat skewed by both the heavy weight and the superior performance of the Japanese market in the earlier years of the index (the Nikkei Index did not experience a single down year in the 1980's). Another driver of international stocks is GDP growth rates, with China and India still growing at almost 10%. Eastern Europe and Latin America also continue to generate strong economic growth.

In the US, market pundits have been expounding the merits of overweighting large capitalization stocks (now mega caps) for some years and have obviously been somewhat off base. Small capitalization stocks outperformed large capitalization stocks 18.4% to 15.8%, as measured by the Russell 2000 and S&P 500 in 2006, respectively. If something is said long enough it will eventually happen and the large capitalization camp may have their way in 2007. Last year we remained overweight small capitalization stocks as we did not see any significant drivers to propel large caps over small. However, large capitalization

stocks are currently cheap compared to small capitalization stocks by a discernible amount based on valuation factors. Additionally, if a major market dislocation was to occur large capitalization would obviously benefit as investors seek safety in large established companies. However, we still believe that, over the long run, small and mid capitalization stocks can create earnings growth faster than their large capitalization counterparts.

Growth stocks seem poised to outperform value going forward as energy, manufacturing, and financial service firm earnings come under pressure as the economy slows. Many technology and health care companies could see a resurgence of higher equity valuations, as earnings-per-share growth remains stable. Statistically we know value stocks will revert to their long-term mean return as will growth stocks. Large capitalization value stocks have outperformed growth stocks for seven consecutive years. Relative historical valuations also favor the growth style. We currently recommend overweighting growth stocks. As investors know growth stocks can go up violently and come down violently, so expect volatility. However, even with their inherent volatility we believe investors will be rewarded over the next market cycle by investing in growth.

In the alternative asset classes we expect commodities to stabilize over 2007, especially the energy complex. Oil should settle in a trading range around \$60-\$62 a barrel. The private equity class looks very crowded and could easily deliver single digit returns over the next 2-3 years. Global real estate, specifically in the commercial sector, is starting to look vulnerable as the global economy slows. Residential real estate does not appear to have found a bottom in the US. While we

are not adding to this asset class, we are maintaining normal weights.

We believe low volatility hedge fund of funds will continue to be a good bond alternative. We expect global markets to be somewhat “bumpy” for the next few months, posing a challenge for long-short equity and relative value managers. Finally, we believe top-tier managers will continue to achieve their stated investment goals.

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Output, prices and jobs

% change on a year ago

	Gross Domestic Product				Industrial	Consumer prices			Unemployment
	latest	qtr*	2006	2007	Production	latest	year ago	2007	Rate†, %
					Latest				
United States	+3.0 Q3	+2.0	+3.3	+2.2	+3.8 nov	+2.0 nov	+3.5	+2.1	4.5 nov
Japan	+1.6 Q3	+0.8	+2.8	+2.0	+4.8 nov	+0.3 nov	-1.0	+0.5	4.0 nov
China	+10.4 Q3	na	+10.5	+9.4	+14.9 nov	+1.9 nov	+1.3	+2.1	9.1 Q3
Britain	+2.7 Q3	+2.7	+2.6	+2.4	+0.6 oct	+2.7 nov	+2.1	+2.1	5.5 oct††
Canada	+2.5 Q3	+1.7	+2.8	+2.5	-2.4 oct	+1.4 nov	+2.0	+2.0	6.3 nov
Euro Area	+2.7 Q3	+2.0	+2.6	+1.9	+3.6 oct	+1.9 nov	+2.3	+2.1**	7.7 oct
Austria	+3.2 Q3	+3.6	+2.8	+2.3	+5.7 oct	+1.6 nov	+1.6	+1.6	4.7 dec
Belgium	+3.1 Q3	+2.5	+2.8	+2.0	+7.9 oct	+1.6 dec	+2.9	+1.9	12.3 oct
France	+1.9 Q3	nil	+2.1	+2.0	+2.3 oct	+1.4 nov	+1.6	+1.5	8.7 nov
Germany	+2.8 Q3	+2.6	+2.4	+1.5	+3.2 oct	+1.4 dec	+2.1	+2.2	9.8 nov
Greece	+4.4 Q3	na	+4.1**	+3.5**	+1.6 oct	+2.9 nov	+3.5	+2.8**	8.3 Q3
Italy	+1.7 Q3	+1.1	+1.7	+1.3	+3.7 oct	+1.8 nov	+2.2	+1.9	6.8 Q3
Netherlands	+2.7 Q3	+2.8	+2.7	+2.3	+2.1 oct	+1.0 nov	+1.8	+1.7	5.4 nov††
Spain	+3.8 Q3	+3.6	+3.5	+2.9	+3.4 nov	+2.7 dec	+3.7	+2.8	8.4 oct
Czech Republic	+5.8 Q3	+5.6	+6.0	+4.8	+12.8 oct	+1.5 nov	+2.4	+3.3	7.0 Q3
Denmark	+3.8 Q3	+2.5	+3.3	+2.3	+5.1 oct	+1.7 nov	+2.0	+1.9	4.0 nov
Hungary	+3.8 Q3	+4.2	+3.7	+2.4	+10.6 oct	+6.4 nov	+3.3	+5.9	7.4 oct
Norway	+2.6 Q3	+5.2	+2.5**	+2.3**	+4.2 oct	+2.6 nov	+1.8	+2.6**	3.3 oct††
Poland	+5.8 Q3	na	+5.3	+4.7	+11.7 nov	+1.4 nov	+1.0	+2.5**	14.8 nov§
Russia	+6.5 Q3	na	+6.7	+6.5	+3.0 nov	+9.1 dec	+10.9	+9.2**	6.7 nov§
Sweden	+4.4 Q3	+4.1	+4.4	+3.2	+2.6 oct	+1.7 nov	+0.8	+1.8	4.3 nov§
Switzerland	+2.4 Q3	+1.5	+2.9	+2.1	+8.2 Q3	+0.6 dec	+1.0	+1.1	3.1 nov§
Turkey	+3.4 Q3	na	+5.2	+4.0	+2.5 oct	+9.9 nov	+7.6	+8.6**	9.1 Q3
Australia	+2.2 Q3	+1.2	+2.6	+3.0	-3.0 Q2	+3.9 Q3	+3.0	+2.7	4.6 nov
Hong Kong	+6.8 Q3	+14.8	+6.0	+5.0	-0.6 Q3	+2.2 nov	+1.2	+2.5**	4.6 oct
India	+9.2 Q3	na	+8.3	+7.4	+6.2 oct	+6.3 nov	+5.3	+6.1**	4.6 oct
Indonesia	+5.5 Q3	na	+5.3	+5.8	+6.3 sep	+6.6 dec	+17.1	+6.6**	10.3 2005
Malaysia	+5.9 Q3	na	+5.5	+5.2	-0.8 oct	+3.0 nov	+3.5	+3.4**	3.1 Q3
Pakistan	+6.6 2006§§	na	+6.2**	+6.6**	+6.8 sep	+8.1 nov	+7.9	+7.0**	na
Singapore	+5.9 Q4	+7.6	+7.7	+5.0	+14.7 nov	+0.5 nov	+1.0	+1.0**	2.7 Q3
South Korea	+4.6 Q3	+4.4	+4.9	+4.2	+6.3 nov	+2.2 nov	+2.4	+2.3**	2.7 Q3
Taiwan	+5.0 Q3	na	+4.1	+3.9	+0.9 nov	+0.2 nov	+2.5	+1.5**	3.4 nov
Thailand	+4.7 Q3	+6.0	+4.3	+4.3	+7.7 nov	+3.5 dec	+5.8	+3.6**	1.7 oct
Argentina	+8.7 Q3	+10.8	+7.9	+6.3	+8.3 nov	+10.0 nov	+12.0	+9.8**	10.2 Q3§
Brazil	+3.2 Q3	+1.4	+3.0	+3.3	+4.8 nov	+3.0 nov	+6.2	+3.7**	9.5 nov§
Chile	+2.9 Q3	-0.2	+4.7	+5.3	+3.2 nov	+2.1 nov	+3.6	+2.3**	6.6 nov§††
Colombia	+7.7 Q2	+8.1	+5.1	+4.5	+17.4 nov	+4.5 dec	+4.9	+4.2**	11.0 nov§
Mexico	+4.6 Q3	+4.1	+4.4	+3.2	+4.6 oct	+4.1 nov	+2.9	+3.8**	3.6 nov§
Venezuela	+10.2 Q3	na	+7.8	+5.5	+12.2 sep	+15.8 nov	+15.3	+17.0**	10.1 Q2§
Egypt	+5.9 Q1	na	+5.5	+5.4	+4.0 2005	+12.2 nov	+3.4	+6.5**	11.8 Q1§
Israel	+4.8 Q3	-1.4	+4.2	+4.2	+37.1 oct	-0.3 nov	+2.7	+1.7**	8.3 Q1
Saudi Arabia	+5.3 2006**	na	+5.3**	+5.4**	na	+2.7 oct	+0.9	+2.0**	na
South Africa	+4.5 Q3	+4.7	+4.3	+4.2	+7.5 oct	+5.4 nov	+3.4	+5.6**	25.6 mar§

*% change on previous quarter at an annual rate. †The Economist poll. ‡National definitions. §Not seasonally adjusted.

**Economist Intelligence Unit estimate/forecast. ††Aug-Oct. ‡‡Sep-Nov. §§Year ending June

Source: The Economist January 6th-12th, 2006

Trade, exchange rates, budget balances and interest rates

	Trade Balance	Current-account balance		Budget		Interest Rates, %		
	latest 12	latest 12	% of GDP	Currency units, per \$		% of GDP	3-month	10-year gov't
	months, \$bn	months, \$bn	2007†	Jan 3rd	year ago	2007‡	latest	bonds, latest
United States	-842.2 oct	-880.3 Q3	-6.4	-	-	-2.3	5.24	4.68
Japan	+76.7 oct	+168.3 oct	+3.7	119	116	-4.8	0.44	1.68
China	+168.3 nov	+160.8 2005	+6.7	7.81	8.07	-1.9	3.26	3.06
Britain	-149.4 Oct	-69.7 Q3	-2.7	0.51	0.57	-2.7	5.28	4.75
Canada	+51.6 oct	+28.9 Q3	+0.6	1.17	1.15	0.7	4.15	4.05
Euro Area	-22.9 oct	-26.7 oct	-0.1	0.76	0.83	-1.7	3.73	na
Austria	-0.6 oct	+9.2 Q2	+1.4	0.76	0.83	-1.4	3.73	3.92
Belgium	+15.5 oct	+6.5 jun	+2.1	0.76	0.83	0.1	3.78	3.92
France	-36.3 oct	-42.4 oct	-1.3	0.76	0.83	-2.5	3.73	9.92
Germany	+194.6 oct	+114.8 oct	+3.2	0.76	0.83	-1.7	3.73	3.89
Greece	-41.3 sep	-27.9 oct	-7.1‡	0.76	0.83	-2.9	3.73	4.18
Italy	-27.7 oct	-43.5 oct	-1.9	0.76	0.83	-3.5	3.73	4.12
Netherlands	+38.2 oct	+63.2 Q3	+6.3	0.76	0.83	0.6	3.73	3.91
Spain	-110.1 oct	-99.9 sep	-8.0	0.76	0.83	0.6	3.73	3.93
Czech Republic	+1.8 oct	-5.2 Q3	-2.7	20.8	24.0	-4.0	2.55	3.70
Denmark	+7.5 oct	+7.7 oct	+2.2	5.65	6.17	3.0	3.88	3.87
Hungary	-2.9 oct	-6.9 Q3	-5.9	191	207	-7.1	8.03	7.23
Norway	+57.8 nov	+56.0 Q3	+3.6‡	6.25	6.57	19.3	3.91	4.28
Poland	-4.2 oct	-6.3 oct	-2.3	2.90	3.16	-2.5	4.21	5.14
Russia	+141.2 oct	+99.5 Q3	+7.3	26.3	28.7	5.9	11.00	6.24
Sweden	+19.7 nov	+26.2 Q3	+6.1	6.84	7.73	2.4	2.97	3.74
Switzerland	+9.7 nov	+55.3 Q2	+12.9	1.22	1.28	1.2	2.12	2.46
Turkey	-53.2 nov	-34.4 oct	-6.6	1.41	1.34	-2.8	19.74	19.32
Australia	-10.2 oct	-39.5 Q3	-5.1	1.26	1.34	1.1	6.41	5.90
Hong Kong	-17.3 nov	+19.2 Q3	+9.3	7.79	7.75	1.1	3.97	3.71
India	-48.8 nov	-13.7 Q3	-2.2	44.4	44.7	-4.3	7.17	7.67
Indonesia	+38.5 nov	+4.1 Q2	+1.4	8970	9655	-0.9	9.71	6.21§
Malaysia	+28.4 oct	+22.2 Q3	+11.1	3.51	3.77	-4.1	3.73	5.26§
Pakistan	-12.9 nov	-6.0 Q3	-5.1‡	60.9	59.8	-4.6	10.42	6.45§
Singapore	+35.2 nov	+39.0 Q3	+25.2	1.53	1.65	0.3	3.41	3.04
South Korea	+16.7 dec	+6.2 nov	nil	926	998	0.4	4.87	4.98
Taiwan	+22.0 nov	+26.3 Q3	+5.0	32.4	32.3	-2.8	1.82	2.09
Thailand	+1.3 nov	+2.1 nov	nil	35.6	40.5	-1.2	5.25	5.24
Argentina	+12.0 nov	+6.7 Q3	+1.6	3.06	3.04	1.4	10.88	na
Brazil	+46.1 dec	+13.8 nov	+0.3	2.14	2.31	-2.2	13.19	6.16§
Chile	+21.9 nov	+5.2 Q3	+2.2	538	515	5.8	5.28	5.30§
Colombia	+0.4 sep	-2.3 Q3	-2.1	2218	2282	-1.5	6.76	6.23§
Mexico	-5.9 nov	-1.3 Q3	-1.1	10.8	10.6	-0.3	7.01	7.42
Venezuela	+36.8 Q3	+29.7 Q3	+10.1	3412	2557	-2.5	10.00	6.55§
Egypt	-11.1 Q2	+3.5 Q2	+1.1	5.71	5.74	-8.0	9.76	5.47§
Israel	-7.6 Q2	+6.7 Q3	+1.5	4.19	4.58	-2.9	4.66	5.15
Saudi Arabia	+125.6 2005	+90.0 2005	+25.7‡	3.75	3.75	16.8	4.95	na
South Africa	-9.6 nov	-13.5 Q3	-4.9	6.91	6.16	-2.0	9.15	7.75

*Merchandise trade only. †The Economist poll. ‡Economist Intelligence Unit forecast. §Dollar denominated bonds.

Source: The Economist, January 6th-12th, 2007

International Developed Market Performance

Source: Morgan Stanley Capital International

REGIONS	In Local Currency		In US Dollars	
	4Q'06	YTD	4Q'06	YTD
EAFF	7.08%	16.94%	10.40%	26.86%
EURO	7.16%	21.65%	11.55%	36.00%
EUROPE	6.90%	19.62%	11.51%	34.36%
PACIFIC	7.54%	11.64%	7.99%	12.51%
THE WORLD INDEX	7.11%	16.12%	8.47%	20.65%
WORLD ex USA	7.41%	16.98%	10.17%	26.23%
NATIONAL INDICES				
AUSTRALIA	10.29%	23.32%	16.49%	32.51%
AUSTRIA	14.17%	22.67%	18.85%	37.14%
BELGIUM	5.82%	23.27%	10.15%	37.81%
CANADA	11.76%	17.90%	7.14%	18.35%
DENMARK	11.50%	24.73%	16.11%	39.53%
FINLAND	6.10%	17.22%	10.44%	31.04%
FRANCE	6.21%	21.14%	10.56%	35.42%
GERMANY	9.87%	22.36%	14.38%	36.79%
GREECE	10.55%	20.80%	15.08%	35.05%
HONG KONG	14.32%	30.75%	14.54%	30.35%
IRELAND	12.92%	32.00%	17.54%	47.56%
ITALY	7.77%	19.93%	12.19%	34.07%
JAPAN	5.98%	7.35%	5.01%	6.33%
NETHERLANDS	3.00%	18.48%	7.22%	32.45%
NEW ZEALAND	12.98%	13.74%	22.00%	17.75%
NORWAY	20.54%	34.55%	26.20%	46.33%
PORTUGAL	8.49%	32.72%	12.93%	48.37%
SINGAPORE	19.28%	35.48%	23.30%	46.73%
SINGAPORE FREE	19.28%	35.48%	23.30%	46.73%
SPAIN	9.89%	34.33%	14.39%	50.17%
SWEDEN	11.94%	24.37%	19.88%	44.64%
SWITZERLAND	4.99%	18.77%	7.85%	28.24%
UNITED KINGDOM	5.27%	14.62%	10.29%	30.67%

International Emerging Market Performance

Source: Morgan Stanley Capital International

REGIONS	In Local Currency		In US Dollars	
	4Q'06	YTD	4Q'06	YTD
EM (EMERGING MARKETS)	14.66%	28.88%	17.64%	32.59%
EM ASIA	13.07%	27.67%	15.21%	33.22%
EM EASTERN EUROPE	16.29%	40.12%	18.95%	46.78%
EM EUROPE	15.25%	32.83%	18.37%	36.58%
EM EUROPE & MIDDLE EAST	13.15%	22.27%	16.03%	26.74%
EM LATIN AMERICA	20.10%	37.63%	22.08%	43.48%
NATIONAL INDICES				
ARGENTINA	32.04%	69.52%	33.65%	67.31%
BRAZIL	22.53%	33.28%	24.59%	45.80%
CHILE	17.60%	34.43%	18.74%	29.33%
CHINA	35.61%	83.43%	35.87%	82.87%
COLOMBIA	9.98%	11.43%	17.57%	13.76%
CZECH REPUBLIC	10.42%	14.17%	18.16%	34.69%
EGYPT	10.23%	16.52%	10.78%	17.08%
HUNGARY	16.88%	19.10%	32.04%	33.70%
INDIA	12.04%	48.49%	16.26%	51.00%
INDONESIA	16.66%	59.79%	19.67%	74.83%
ISRAEL	2.20%	-11.77%	4.08%	-4.85%
JORDAN	-8.83%	-30.83%	-8.89%	-30.88%
KOREA	3.01%	4.14%	4.84%	13.19%
MALAYSIA	15.57%	28.01%	20.81%	37.14%
MEXICO	16.50%	43.96%	18.35%	41.44%
MOROCCO	2.81%	53.67%	6.23%	68.58%
PAKISTAN	-4.66%	5.46%	-5.17%	3.58%
PERU	13.16%	57.76%	13.85%	62.55%
PHILIPPINES	17.50%	47.54%	20.33%	59.66%
POLAND	13.85%	26.53%	22.93%	41.93%
RUSSIA	17.10%	54.31%	17.22%	55.93%
SOUTH AFRICA	16.58%	33.99%	28.44%	20.53%
SRI LANKA	29.01%	53.34%	24.58%	45.71%
TAIWAN	11.19%	19.95%	12.94%	20.90%
THAILAND	-1.96%	-1.60%	1.94%	11.61%
TURKEY	5.66%	-2.50%	12.82%	-6.97%
VENEZUELA	38.51%	132.11%	14.80%	79.53%