Capital Markets Overview
First Quarter 2006

WaterStreet Investment Consultants, LLC

- **US Equities** began the first three months of 2006 with an impressive 4.2% return as measured by the S&P 500 Index. Small capitalization stocks significantly outperformed large. Increased consumer and business spending spurred the economy forward.

- **International (Non-US) Equities** continued their strong performance, with the weakening dollar adding to gains for US investors. Developed non-US market returns more than doubled US equity returns in the first quarter returning 9.5%. Emerging market equities rallied for the seventh quarter in a row, returning 12.1%.

- **Fixed Income** markets showed mixed results during the quarter. The Treasury markets saw declines while the credit-sensitive markets showed generally positive results. The quarter's strongest fixed income returns came from emerging markets.

- **Alternative Investments** continued their impressive run. Their performance was lifted higher by equity markets worldwide and the lack of any specific market dislocations. High liquidity and cash rich investors continue to seek out opportunities in event driven strategies, which have recently produced strong returns.

- **Global Outlook** remains bullish as the global recovery that began in 2002 progresses with 2006 GDP growing between 4.0% and 4.3%. Emerging market and Asian economies continue to lead the way.

US and international equity markets produced strong returns during the first quarter with small capitalization US and emerging market equities realizing the largest traditional asset class gains. The major driver of returns continues to be strong corporate profits throughout most economic sectors. In the US, earnings growth for the S&P 500 exceeded expectations by over 5%. Earnings grew by approximately 13.5%. Earnings continued to expand internationally as well. The US dollar resumed its slide against most currencies, falling 2% against the Euro and nearly 1% against the British pound. This loss occurred in spite of two 0.25% Discount Rate increases by the US Federal Reserve. The US discount rate stood at 4.75% at quarter end with treasury futures pointing to a 50% chance of the discount rate climbing to 5.25% by August. The underlying concern seems to be wage inflation, which has not been an issue for well over a decade. Bond yields in the US rose as the yield curve flattened from its inverted position at year end. US bonds remained under pressure with the Lehman Aggregate Bond Index losing -0.64% for the quarter. Emerging market bonds spreads hit historic lows versus US treasuries.

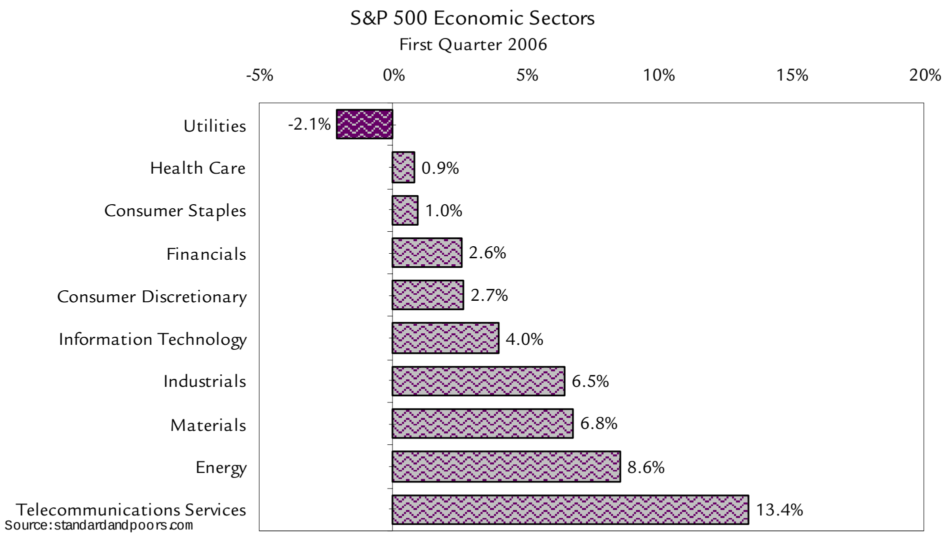
GDP growth in the US resumed with the economy growing at a 4.8% rate after an anemic fourth quarter 2005. US GDP growth is forecasted to be 3.3% for 2006. GDP growth globally remained healthy with many economies continuing to expand 7%-10% including China, India, Singapore, and Russia. Global growth remains impressive given significantly higher energy costs and rising interest rates in the US, Europe, and Japan.

100 Congress Avenue Suite 1400 Austin, TX 78701 Tel 512.334.3300 Fax 512.334.3301 Toll-Free 866.747.3300
www.waterstreetconsultants.com

US EQUITIES

US equity markets began the first three months of 2006 with an impressive 4.2% return as measured by the S&P 500 Index. In addition to an increase in consumer and business spending, positive reports from the manufacturing, construction, and service sectors spurred the economy.

In the S&P 500 Index, utilities were the only negative performing sector for the quarter, dropping 2.1%. Telecommunications led the Index with a 13.4% gain. Another positive influence on S&P 500 Index returns was the energy sector's 8.4% gain (see S&P 500 Economic Sectors chart). The price for a barrel of crude oil rose during the quarter to over $66.00 from the year end price of $61.00.



Small capitalization US stocks outperformed large capitalization stocks significantly during the first quarter. The Russell 2000 Index was up 13.9% compared to 4.4% for the Russell 1000 Index. The difference between growth and value stocks was not as clear. For small capitalization stocks, growth outperformed value, while value outperformed growth in large capitalization stocks.

The Federal Reserve raised rates twice during the quarter in an effort to ward off inflation. The Consumer Price Index increased just over 2% for the year ending February 2006. This is slightly higher than the increase in hourly wages during the same period. A slowdown in productivity growth and a drop in unemployment to 4.7% stimulated much of the wage increases.

INTERNATIONAL EQUITIES

Developed Markets

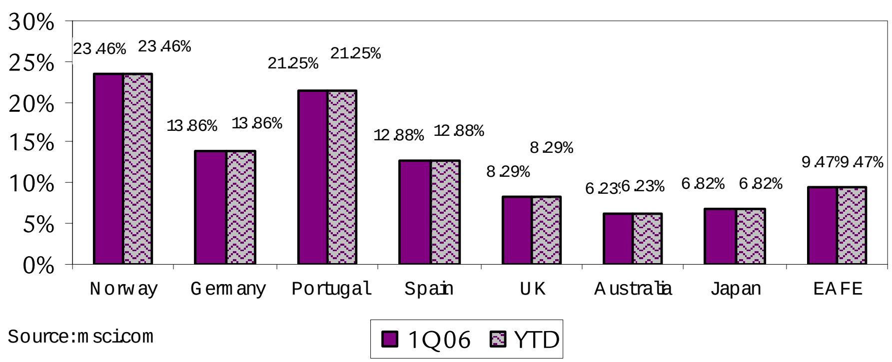
Non-US developed markets continued their strong performance, with the weakening dollar adding to gains for US investors. The quarterly returns, as measured by the MSCI Europe Asia and Far East Index (EAFE), more than doubled the return of the S&P 500 Index. The MSCI EAFE Index returned 9.5% for the quarter, bringing the 12-month return to 24.9%.

Continental Europe, as measured by the MSCI Europe Index, led the developed markets for the quarter, returning 10.8%. A strengthening Euro and increased merger activity contributed to performance. The Euro gained 2.4% against the US dollar to end at $1.21, while the dollar weakened 0.2% against the Yen to 117.72. The first quarter represented the third busiest period ever for mergers and acquisitions.

Both the US Federal Reserve and the European Central Bank (ECB) raised rates in the first quarter. The ECB benchmark rate now stands at 2.5%. Japan has also indicated intentions to increase rates for the first time in five years. Rate hikes suggest strong global economies. The major central banks are concerned that economies are accelerating at rates that could spawn renewed inflation.

Among the developed markets, Scandinavian countries led the way with Norway and Finland both up more than 20% for the quarter in dollar terms. None of the developed countries had negative returns in their own currencies for the quarter, and only New Zealand (the one country with a loss in dollar terms) underperformed the S&P 500 Index. The Developed Market Returns chart highlights the returns of developed countries for the first quarter.

Developed Market Returns
In US Dollars



Source: msci.com

The German equity market posted a 13.9% return for the quarter. A solid January retail sales report raised hopes that sluggish consumer spending would increase in Germany. In the recent past Germany's economic growth has been overly dependent on exports. The newly elected chancellor of Germany, Angela Merkel, is creating renewed optimism as well. She is viewed as much more of a budget hawk than her predecessor, Gerhard Schroder.

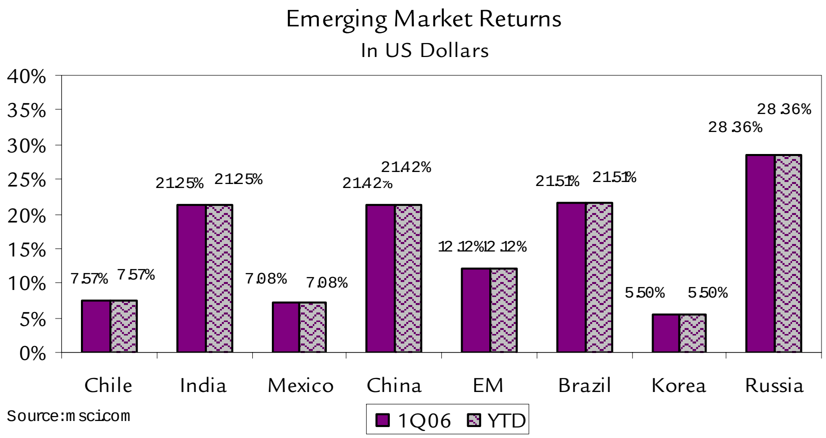
Japanese stocks also advanced, although the gains were dampened by the possible increase in interest rates and a major business scandal at Internet service provider Livedoor Co, Ltd. MSCI Japan Index gained 6.8% for the quarter bringing its 12-month return to 37.4%.

Emerging Markets

Emerging market equities rallied for the seventh quarter in a row. The MSCI Emerging Markets Index returned 12.1% during the first quarter and 48.0% for the trailing 12-month period. Year-to-date emerging market capital inflows were $20 billion, which exceeded inflows for all of 2005. Emerging market real GDP growth has far outpaced G-7 rates since 2000, with 2006 expected to continue that trend. Improved health of emerging market economies, company balance sheets, high commodity prices, and strong investor inflows have been the main drivers of recent returns in the asset class.

During the quarter, Eastern European and Latin American regions returned 15.7% and 19.8%, respectively, outperforming Asia, Emerging Europe, and the Middle East. Almost all emerging markets countries saw gains during the first quarter. Venezuela led the way returning 50.2% with its large exposure to energy markets and a booming economy.

Russia, Brazil, China, and India were top performing countries during the quarter as shown in the Emerging Markets Returns graph. Russia, the second largest oil producer, benefited from the surge in oil prices as well as other commodity prices. Brazilian shares rallied during the quarter, boosted by export growth and high domestic interest rates. China performed well



due to export growth. Chinese consumer spending should help strengthen the economy. Finally, India has attracted investment from its young, educated workforce and falling interest rates have sparked a real estate boom. India's benchmark, the Sensex Index, topped 11,000 for the first time from upward revisions of GDP growth estimates and advances by metals companies such as Tata Steel, Ltd.

The only emerging market region to post a loss for the quarter was the Middle East as two of its markets, Jordan and Israel lost -14.6% and -3.3%, respectively. Most of the loss in other Middle Eastern countries is attributed to a pullback in oil prices as well as investors reducing exposure to overextended markets. Middle Eastern countries' equity markets have tripled in value over the past three years.

Fears about higher interest rates and a weak US dollar led to periods of inconsistent returns for US exporters, South Korea, and Mexico. South Korean stocks, such as Samsung Electronics, were hurt during the quarter by a weakened US dollar as consumer spending decreased. Mexican shares led to sell offs due to concerns about whether the US Fed will keep raising rates.

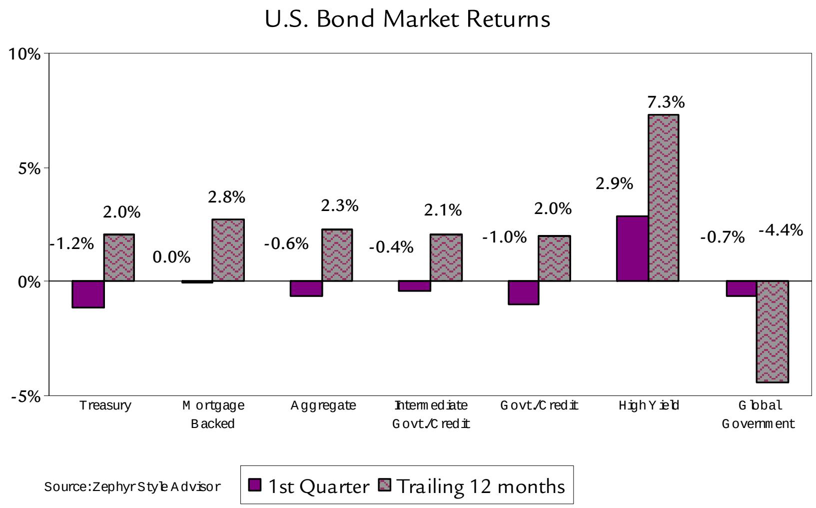
FIXED INCOME

The first quarter brought with it the uncertainty of a new Federal Reserve Chairman and the direction he would move monetary policy. Departing Chairman, Alan Greenspan, and incoming Chairman, Ben Bernanke, oversaw another two 0.25% discount rate increases. By the end of the quarter the Federal Funds Target Rate stood at 4.75%.

Rising short-term rates coupled with increasing fear of inflation combined to generate negative bond market returns for the quarter. The first quarter's strongest results came from emerging markets debt (as represented by the Merrill Lynch Emerging Market Sovereign and Corporate Bond Index), as it posted a respectable 3.5% return for the quarter. The quarter's weakest results came from long-term treasury bonds, as the Merrill Lynch US Treasury Master Index posted -1.2% for the quarter.

The yield curve remained partially inverted for most of the quarter. At the end of the quarter the benchmark 2-year Treasury bond yielded 4.72%, while the benchmark 10-year Treasury bond yielded 4.70%. The 20-year Treasury bond closed the quarter yielding 4.91%, while the 30-year Treasury bond, reintroduced in February after a 4-year hiatus, yielded 4.89%.

High yield bonds, as measured by the Merrill Lynch High Yield Master Index, returned 2.9%, the strongest quarterly returns of



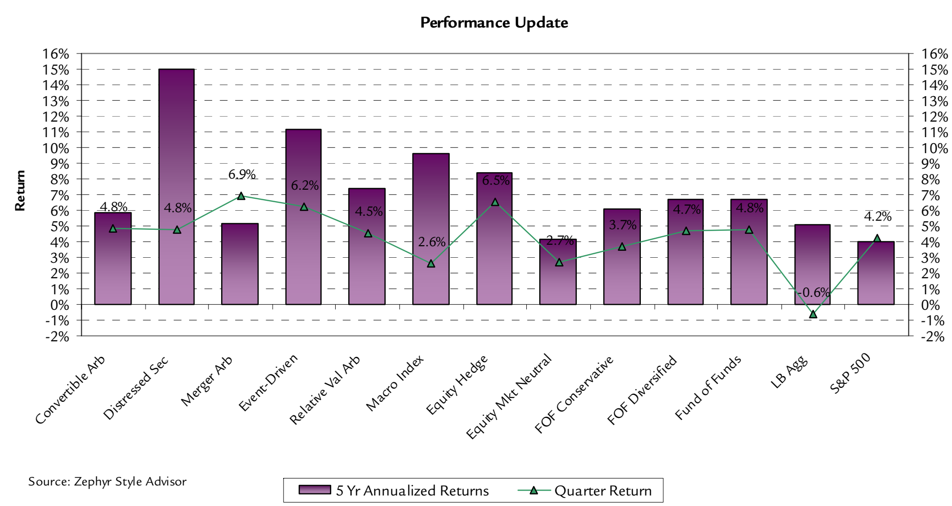
the domestic bond markets. As strong corporate earnings brought more cash to already healthy balance sheets, investors appeared more comfortable investing in lower-rated credits. Tempering this enthusiasm has been the high level of leveraged buyouts and shareholder-friendly cash deployment such as dividend increases and share repurchases. Furthermore, the major rating agencies continue to forecast rising default rates over the coming year.

Municipal bonds also posted positive results for the first quarter, outperforming comparable treasuries. Municipal bonds continue to offer attractive yields relative to treasury bonds, often 90% of the nominal yield of a treasury, despite their exemption from federal income tax. Tempering municipal bond returns were the low issuance levels, relative to the last two years (as reported by the Bond Market Association), which is likely a function of higher long-term interest rates.

ALTERNATIVE INVESTMENTS

Hedge Funds

Hedge funds and fund of funds continued their impressive performance run in the first quarter. Strong equity and credit markets lacked any specific dislocations allowing hedge funds to post 5.9% gains as represented by the HFRI Hedge Fund Weighted Composite Index. Correspondingly, hedge fund of fund managers returned 4.8% during the quarter as represented by the HFRI Funds Composite Index. (See the graphical depiction of hedge fund returns by strategy for the first quarter of 2006 titled Performance Update.) The biggest driver of hedge fund returns in the first quarter was the continuing rally of small and micro capitalization companies that are favored by long/short equity hedge fund investors. The HFRI Equity Hedge Index finished the quarter up 6.5%. Hedge funds that focus on international equity strategies reaped the biggest rewards for the quarter as international markets posted significantly higher returns compared to the US.



Event driven managers also posted positive returns, gaining 6.2% as shown by the HFRI Event Driven Index. Event driven equity returns, spurred mainly by corporate activities, remained robust for two primary reasons throughout the quarter. First, many companies continued to hold large reserves of cash for corporate take-outs and restructurings. Secondly, a proliferation of private equity buy-out funds and activist hedge fund managers have injected the corporate environment with ample amounts of cash, which has driven returns in the strategy. Robust merger, acquisition, and restructuring activity globally will continue to create opportunities for talented event driven managers.

Event driven credit opportunities remained few-and-far-between for most managers. The lack of specific deal flow or catalytic events continued to add to the unattractiveness of the strategy. Continued inflows into the strategy are placing pressure on managers to find new ideas, or lever tight spreads to squeeze returns in the absence of good opportunities. This is concerning to us as it increases the risk of outsized negative returns from spread movements, which most agree will happen sooner rather than later.

Relative value strategies, as measured by the HFRI Relative Value Index, continued to steadily provide positive returns albeit slightly less than other strategies. For the quarter, the Index was up 4.5%. Convertible arbitrage's rebound from the downward spiral the strategy endured in the first five months of 2005 has been surprising to some market watchers. For the quarter, the HFRI Convertible Arbitrage Index returned 4.8%, where returns were driven mostly by investors re-engaging the strategy. We continue to believe that the best returns from this strategy are behind it.

Going forward, we continue to favor non-US long/short equity, event driven, and market neutral strategies. Higher interest rates and increases in volatility should help equity long/short and market neutral managers take advantage of increased mispricings and dislocations.

Commodities

Higher gasoline prices in March helped the Dow AIG Commodity Index post a positive March return and recoup some of February's losses to end the quarter down -2.4%. The market appears anxious about possible supply disruptions later this spring due to refinery maintenance and shutdowns resulting from the implementation of the Energy Act of 2005. Natural gas was the primary cause of the index's loss for the quarter, posting a 30% decline during the first three months of the year. Ample supplies of gas coupled with low demand expectations due to mild winter weather were the causes for the drop in natural gas prices.

Livestock also declined over the first quarter. US supplies have increased. Overseas markets remain mostly closed to US beef producers, creating excess supply.

Metals posted strong gains during the quarter, with gold and silver hitting 25-year highs. The possible approval of a proposed silver exchange traded fund is promoting sharp gains.

Real Estate Investment Trusts (REITs)

Despite critics' expectations for REITs to underperform in a rising interest rate environment, REITs finished the first quarter with a 14% return, significantly outperforming the S&P 500

Index. Apartments and offices were the best performing sectors in the REIT market, although all sectors enjoyed positive results during the quarter. Rent growth as well as increasing merger and acquisition activity in the office and residential sectors are driving returns.

Private Equity

WaterStreet has had a positive outlook on international investing for several years, to include the private equity market. Asia is also becoming an important area for venture capital investing. Larger populations and a growing middle class are leading to increased demand for consumer goods, technology, and energy. Economies in Asia are growing fast and conditions for foreign investment are improving.

The leveraged buyout (LBO) markets have seen sharp increases, especially compared to venture capital. LBOs enjoyed record high dollar volume and number of transactions in 2005. This is a significant increase in both compared to 2004. The volume and number of deals for buyout-backed IPOs also increased in 2005. Venture capital fundraising saw only modest increases and venture-backed IPOs declined in 2005. Many market specialists see this trend as proof that Sarbanes-Oxley is forcing venture capitalists to hold companies longer so they are more mature when they go public. They believe LBO-backed IPOs are favored for their more mature companies.

GLOBAL OUTLOOK

Global economic expansion remains on track with many parts of Latin America, Eastern Europe, and Asia continuing economic growth at two to three times that of older, more developed markets. Globalization continues to keep labor costs low and major central banks seem determined to normalize monetary policy. The US economy continues to show its resiliency despite huge current account and fiscal budget deficits. We expect US growth to moderate as lag effects from rising energy costs and recent monetary policy slow demand. This may already be happening, as job growth remains lackluster. Wage inflation worries in many key industries make additional discount rate increases by the US Federal Reserve likely.

The big news globally is Japan. It finally appears that excess debt and labor have finally worked their way out of the system after the “bubble burst” 15 years ago. GDP growth is forecast to be 3.0% in 2006, Japan’s fastest since 1991. The Bank of Japan also began to exit its strategy of zero interest rate policy in March, making it possible to start raising short rates later this year. A normal and sustainable economic expansion seems likely and will have positive effects for Japan’s trading partners as well as other Asian economies.

For the world, major risks continue to be the cost of financing the US’s massive current account deficit (now annualizing over $900 billion), continued high energy prices (over $70 a barrel), and the economic and political fallout related to the continuing Iraq War. The recent confrontation with Iran over its nuclear program could be another factor that makes the global equity markets anxious. Finally, investors’ recent increased appetite for risk causes hesitation as spreads between US treasury obligations and most other fixed income instruments are at near historic lows. Mutual fund investors also appear to be rushing to invest in international shares and abandoning large capitalization US shares.

Course of Action

WaterStreet continues to favor stocks over bonds and international equities to US equities. Global equity valuations remain cheap compared to yields afforded on fixed income investments. We continue to overweight international stocks as valuations are compelling though, somewhat less so in light of the continued outperformance versus US equities. Over the past 12 months ending March 31st, the S&P 500 has returned 11.7% versus the 24.9% and 47.5% for MSCI EAFE Index and the MSCI Emerging Markets index, respectively. International developed and emerging market equities continue to sell at a relative 5% to 10% discount to US shares. US investors will achieve gains from currency if the dollar continues its descent versus most currencies.

We also maintain our recommendation to overweight small to mid-sized companies in the US and international markets. As we consider last quarter we believe that there is no real driver to propel large capitalization shares in the US. Small capitalization shares as measured by the Russell 2000 Index soared 13.7% beating the S&P 500 Index by an impressive 9.5%. Large capitalization stocks are trading at better relative value than small and mid-sized companies, but there remains no catalyst. Small and mid capitalization shares continue to be propelled by hedge fund investors and to lesser extent, individual investors chasing returns.

We continue to recommend minimum allocations to fixed income investments as allowed by client investment policy. All major central banks seem to be in-sync with raising short rates to slow economic expansion and keep inflation under control. Yields remain significantly lower than historical averages. We could become more positive on US bonds if the housing market slowed substantially. Increases in home values have contributed to consumers' ability to continue spending while real wage growth is actually falling. A plan to address trade and fiscal deficits would also be positive for bonds although this seems unlikely with US mid-term elections coming in November.

Low volatility hedge funds remain a viable bond substitute. We remain overweight to low volatility hedge fund of funds versus bonds in total return investment structures. Hedge fund strategies are performing according to expectations as volatility and interest rates continue to increase. We continue to increase exposures to hedge strategies that offer unique risks, correlations, and capacity with top tier managers.

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*	2006	2007	latest		latest		latest		year ago
Australia	2.7	Q4	2.8	2.7	0.6	Q4	1.9	Q4	5.0	Mar	5.2
Austria	2.1	Q4	1.9	1.8	8.2	Jan	4.5	Jan	5.0	Mar	5.1
Belgium	1.5	Q4	2.1	1.8	2.7	Jan	-2.5	Jan	12.4	Feb†	12.7
Britain	1.8	Q4	2.0	1.9	-1.4	Feb	2.1	Feb	5.0	Jan††	4.7
Canada	2.9	Q4	2.1	2.1	0.9	Jan	4.4	Jan	6.3	Mar	6.9
Denmark	3.3	Q4	1.9	2.0	7.1	Feb	3.8	Feb	5.0	Feb	6.0
France	1.5	Q4	1.7	1.5	-0.4	Feb	1.7	Feb	9.6	Feb	10.1
Germany	1.0	Q4	1.6	2.3	3.2	Jan	1.1	Feb	11.4	Mar§	12.1
Italy	0.5	Q4	2.1	1.9	3.4	Feb	0.2	Jan	7.7	Dec	7.9
Japan	4.0	Q4	0.4	0.6	3.7	Feb	-0.7	Jan	4.1	Feb	4.6
Netherlands	1.6	Q4	1.6	1.5	0.6	Feb	7.4	Jan	6.1	Feb**	6.5
Spain	3.5	Q4	3.5	2.8	2.3	Feb	0.1	Feb	8.7	Feb	9.9
Sweden	2.9	Q4	1.2	1.8	1.5	Feb	7.7	Feb	5.6	Feb†	5.7
Switzerland	2.7	Q4	1.2	1.2	3.9	Q4	3.1	Jan	3.6	Mar†	3.9
United States	3.2	Q4	3.0	2.3	3.3	Feb	5.1	Feb	4.7	Mar	5.1
Euro Area	1.7	Q4	2.0	2.0	2.5	Jan	1.0	Feb	8.2	Feb	8.8

*% change on previous quarter at an annual rate. †Not seasonally adjusted. ††Nov-Jan; claimant count rate 2.9% in Feb. §EU harmonised rate 8.9%

Source: The Economist, April 15th-21st, 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	2.8	Q4	2.6	4.8	Q4	8.2	5.3	Q4	2.9
Austria	1.2	Feb	3.2	1.9	Mar	4.0	2.7	Feb	2.1
Belgium	1.7	Mar	3.1	3.7	Feb	4.3	2.3	Oct	2.4
Britain	2.0	Feb*	1.6	2.5	Mar	2.9	3.5	Jan**	4.2
Canada	2.2	Feb	2.1	0.6	Feb	2.8	0.6	Jan	2.0
Denmark	1.9	Mar	1.4	4.3	Feb	3.5	2.9	Q4	2.9
France	1.9	Feb	1.6	3.5	Feb	3.1	3.3	Q4	3.0
Germany	1.8	Mar	1.8	2.5	Mar	3.3	1.1	Jan	1.1
Italy	2.1	Mar	1.9	1.9	Feb	4.7	2.6	Feb	3.4
Japan	0.5	Feb	-0.3	2.9	Feb	1.3	0.4	Feb	0.1
Netherlands	1.0	Mar	1.8	5.6	Feb	5.2	1.7	Mar	0.6
Spain	3.9	Mar	3.4	6.3	Feb	4.9	2.5	Q4	2.7
Sweden	1.1	Mar	0.1	4.9	Feb	2.8	3.4	Dec	2.0
Switzerland	1.0	Mar	1.4	1.5	Feb	1.7	0.9	2004	1.4
United States	3.6	Feb	3.0	3.7	Feb	4.5	3.4	Mar	2.6
Euro Area	2.2	Mar	2.1	5.4	Feb	4.2	2.4	Q4	2.4

*RPI inflation rate 2.4% in Feb. **Nov-Jan.

Source: The Economist, April 15th-21st, 2006

Emerging Market Economies

	% change on year ago						Latest 12 months, $bn				Foreign reserves*	
	GDP		Industrial production		Consumer Prices		Trade balance		Current Account		$bn, latest	
China	9.9	Q4	16.2	Feb	0.9	Feb	108.1	Mar	128.5	H1	853.7	Feb
Hong Kong	7.6	Q4	5.9	Q4	1.6	Feb	-11.3	Feb	19.7	Q4	125.9	Mar
India	7.6	Q4	8.8	Feb	4.4	Jan	-39.4	Mar	-13.3	Q4	136.6	Feb
Indonesia	4.9	Q4	-15.4	Jan	15.7	Mar	29.8	Feb	3.0	Q4	33.3	Jan
Malaysia	5.2	Q4	5.8	Feb	3.2	Feb	26.8	Feb	19.9	Q4	71.6	Feb
Pakistan	8.4	2005†	19.3	Sep	8.0	Feb	-10.1	Feb	-3.7	Q4	9.8	Feb
Philippines	6.1	Q4	-2.8	Jan	7.6	Mar	-3.8	Jan	2.4	Dec	18.0	Mar
Singapore	9.1	Q1	37.2	Feb	1.2	Feb	30.6	Feb	33.2	Q4	122.2	Mar
South Korea	5.3	Q4	20.0	Feb	2.0	Mar	19.3	Feb	11.1	Feb	217.3	Mar
Taiwan	6.4	Q4	14.1	Feb	0.4	Mar	8.9	Mar	16.4	Q4	257.1	Mar
Thailand	4.7	Q4	12.8	Feb	5.7	Mar	-7.0	Feb	-1.8	Feb	52.9	Feb
Argentina	9.1	Q4	8.6	Feb	11.1	Mar	11.3	Feb	5.4	Q4	19.6	Feb
Brazil	1.4	Q4	5.4	Feb	5.3	Mar	45.8	Mar	13.5	Feb	59.2	Mar
Chile	5.8	Q4	5.0	Feb	4.0	Mar	9.7	Feb	0.7	Q4	16.0	Mar
Colombia	3.7	Q4	5.9	Jan	4.1	Mar	1.4	Jan	-1.9	Q4	15.0	Mar
Mexico	2.7	Q4	6.0	Jan	3.4	Mar	-4.9	Feb	-5.7	Q4	75.6	Feb
Peru	4.4	Jan	4.1	Jan	2.5	Mar	5.2	Feb	1.0	Q4	13.4	Mar
Venezuela	10.2	Q4	13.6	Jan	12.1	Mar	31.5	Q4	25.4	Q4	21.8	Jan
Egypt	5.2	Q1§	4.0	2005†	4.0	Feb	-11.1	Q4	1.8	Q3	21.3	Feb
Israel	4.8	Q4	8.4	Jan	3.1	Feb	-8.7	Feb	2.4	Q4	28.0	Mar
Saudi Arabia	6.5	2005‡	na		1.5	Jan	84.6	2004	51.9	2004	23.2	Feb
South Africa	4.5	Q4	3.8	Feb	3.9	Feb	-4.7	Feb	-10.1	Q4	20.6	Mar
Czech Republic	6.9	Q4	11.8	Feb	2.8	Feb	1.7	Feb	-2.6	Q4	29.4	Feb
Hungary	4.3	Q4	11.6	Feb	2.3	Mar	-3.3	Feb	-8.0	Q4	21.5	Mar
Poland	4.2	Q4	10.1	Feb	0.7	Feb	-2.9	Jan	-4.5	Jan	43.7	Feb
Russia	7.0	Q4	1.0	Feb	10.6	Mar	128.1	Feb	84.3	Q1	205.9	Mar
Turkey	9.5	Q4	5.0	Feb	8.2	Mar	-45.3	Feb	-24.7	Feb	56.5	Feb

*Excluding gold, except Singapore and China; IMF definition. †Year ending June. ‡Economist Intelligence Unit estimate. §2005

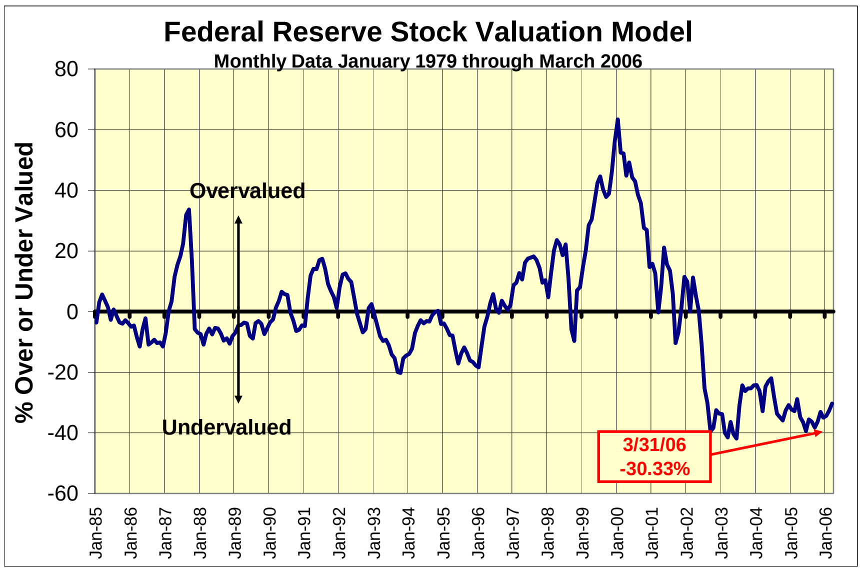
Source: The Economist, April 15th-21st, 2006

Trade, Exchange Rates, and Budget

	Trade balance*, latest 12 mos		Current Account Balance $bn latest 12 mos		Current Account Balance: The Economist poll % of GDP, forecast 2006	2007	Exchange Rate trade weighted** 2000=100 April 11th	year ago	Budget balance % of GDP 2005‡
Australia	-12.8	Feb	-42.1	Q4	-5.5	-5.0	117.2	116.4	1.0
Austria	-1.9	Jan	0.5	Dec	0.1	0.1	104.8§	1085.8	-2.0
Belgium	12.9	Jan	6.6	Dec	2.0	2.1	106.4§	107.7	nil
Britain	-121.5	Feb	-57.4	Q4	-2.5	-2.5	97.2	101.1	-3.1
Canada	57.8	Jan	25.2	Q4	2.2	1.6	126.9	115.7	1.3
Denmark	9.4	Jan	6.0	Feb	2.7	2.5	106.1	106.4	2.8
France	-30.3	Feb	-39.7	Jan	-1.6	-1.3	107.1§	108.6	-3.2
Germany	195.8	Feb	113.3	Feb	3.9	4.1	108.5§	110.2	-3.9
Italy	-14.6	Jan	-26.5	Jan	-1.5	-1.4	106.7§	108.1	-4.3
Japan	89.0	Jan	162.7	Jan	3.7	3.6	80.8	87.0	-6.5
Netherlands	39.0	Jan	39.8	Q4	5.7	5.6	107.2§	108.5	-1.6
Spain	-97.6	Jan	-85.5	Dec	-7.3	-7.4	105.2§	106.1	0.3
Sweden	19.2	Feb	21.8	Q4	6.5	6.1	96.6	99.1	1.2
Switzerland	7.0	Feb	50.2	Q4	13.0	12.3	105.3	107.2	-1.6
United States	-792.6	Jan	-804.9	Q4	-6.8	-6.7	86.5	83.1	-3.7
Euro Area	18.1	Jan	-40.3	Jan	-0.3	-0.1	117.4	118.0	-2.9

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

Source: The Economist, April 15th-21st, 2006



Valuation ratio = (S&P 500 / fair value) - 100   fair value = 12 month earnings per share / 10 Year Treasury Bond Yield
Source: Thompson Financial, Dr. Ed Yardeni's Economic Network

International Developed Market Performance

Source: Morgan Stanley Capital International

	In Local Currency		In US Dollars	
	1Q'06	**YTD**	**1Q'06**	**YTD**
REGIONS				
EAFE	8.27%	8.27%	9.47%	9.47%
EURO	9.59%	9.59%	12.43%	12.43%
EUROPE	8.81%	8.81%	10.83%	10.83%
PACIFIC	7.23%	7.23%	6.79%	6.79%
THE WORLD INDEX	6.19%	6.19%	6.72%	6.72%
WORLD ex USA	8.27%	8.27%	9.41%	9.41%
NATIONAL INDICES				
AUSTRALIA	9.28%	9.28%	6.23%	6.23%
AUSTRIA	10.61%	10.61%	13.48%	13.48%
BELGIUM	7.74%	7.74%	10.53%	10.53%
CANADA	8.35%	8.35%	8.50%	8.50%
DENMARK	7.17%	7.17%	9.89%	9.89%
FINLAND	17.48%	17.48%	20.53%	20.53%
FRANCE	10.37%	10.37%	13.24%	13.24%
GERMANY	10.98%	10.98%	13.86%	13.86%
GREECE	11.96%	11.96%	14.86%	14.86%
HONG KONG	7.18%	7.18%	7.09%	7.09%
IRELAND	12.30%	12.30%	15.22%	15.22%
ITALY	5.98%	5.98%	8.73%	8.73%
JAPAN	6.78%	6.78%	6.82%	6.82%
NETHERLANDS	8.87%	8.87%	11.69%	11.69%
NEW ZEALAND	6.76%	6.76%	-4.19%	-4.19%
NORWAY	19.66%	19.66%	23.46%	23.46%
PORTUGAL	18.19%	18.19%	21.25%	21.25%
SINGAPORE	8.12%	8.12%	11.08%	11.08%
SINGAPORE FREE	8.12%	8.12%	11.08%	11.08%
SPAIN	10.03%	10.03%	12.88%	12.88%
SWEDEN	11.94%	11.94%	14.31%	14.31%
SWITZERLAND	6.38%	6.38%	7.29%	7.29%
UNITED KINGDOM	7.18%	7.18%	8.29%	8.29%

International Emerging Market Performance

Source: Morgan Stanley Capital International

	In Local Currency		In US Dollars	
	1Q'06	**YTD**	**1Q'06**	**YTD**
REGIONS				
EM (EMERGING MARKETS)	9.67%	9.67%	12.12%	12.12%
EM ASIA	7.10%	7.10%	9.66%	9.66%
EM EASTERN EUROPE	19.06%	19.06%	19.84%	19.84%
EM EUROPE	16.53%	16.53%	17.26%	17.26%
EM EUROPE & MIDDLE EAS	11.77%	11.77%	12.00%	12.00%
EM LATIN AMERICA	12.24%	12.24%	15.69%	15.69%
NATIONAL INDICES				
ARGENTINA	29.95%	29.95%	27.63%	27.63%
BRAZIL	12.93%	12.93%	21.51%	21.51%
CHILE	10.33%	10.33%	7.57%	7.57%
CHINA	21.52%	21.52%	21.42%	21.42%
COLOMBIA	17.91%	17.91%	17.54%	17.54%
CZECH REPUBLIC	6.18%	6.18%	10.93%	10.93%
EGYPT	8.59%	8.59%	8.42%	8.42%
HUNGARY	9.62%	9.62%	7.60%	7.60%
INDIA	20.05%	20.05%	21.25%	21.25%
INDONESIA	15.94%	15.94%	25.54%	25.54%
ISRAEL	-2.11%	-2.11%	-3.31%	-3.31%
JORDAN	-14.59%	-14.59%	-14.59%	-14.59%
KOREA	1.41%	1.41%	5.50%	5.50%
MALAYSIA	5.66%	5.66%	8.42%	8.42%
MEXICO	9.66%	9.66%	7.08%	7.08%
MOROCCO	36.32%	36.32%	39.25%	39.25%
PAKISTAN	23.17%	23.17%	22.50%	22.50%
PERU	10.21%	10.21%	11.30%	11.30%
PHILIPPINES	7.12%	7.12%	11.04%	11.04%
POLAND	6.11%	6.11%	6.33%	6.33%
RUSSIA	27.73%	27.73%	28.36%	28.36%
SOUTH AFRICA	14.67%	14.67%	17.98%	17.98%
SRI LANKA	14.47%	14.47%	13.95%	13.95%
TAIWAN	1.41%	1.41%	2.62%	2.62%
THAILAND	2.46%	2.46%	8.01%	8.01%
TURKEY	6.27%	6.27%	6.75%	6.75%
VENEZUELA	46.54%	46.54%	50.19%	50.19%