MARKET RESEARCH INSIGHTS

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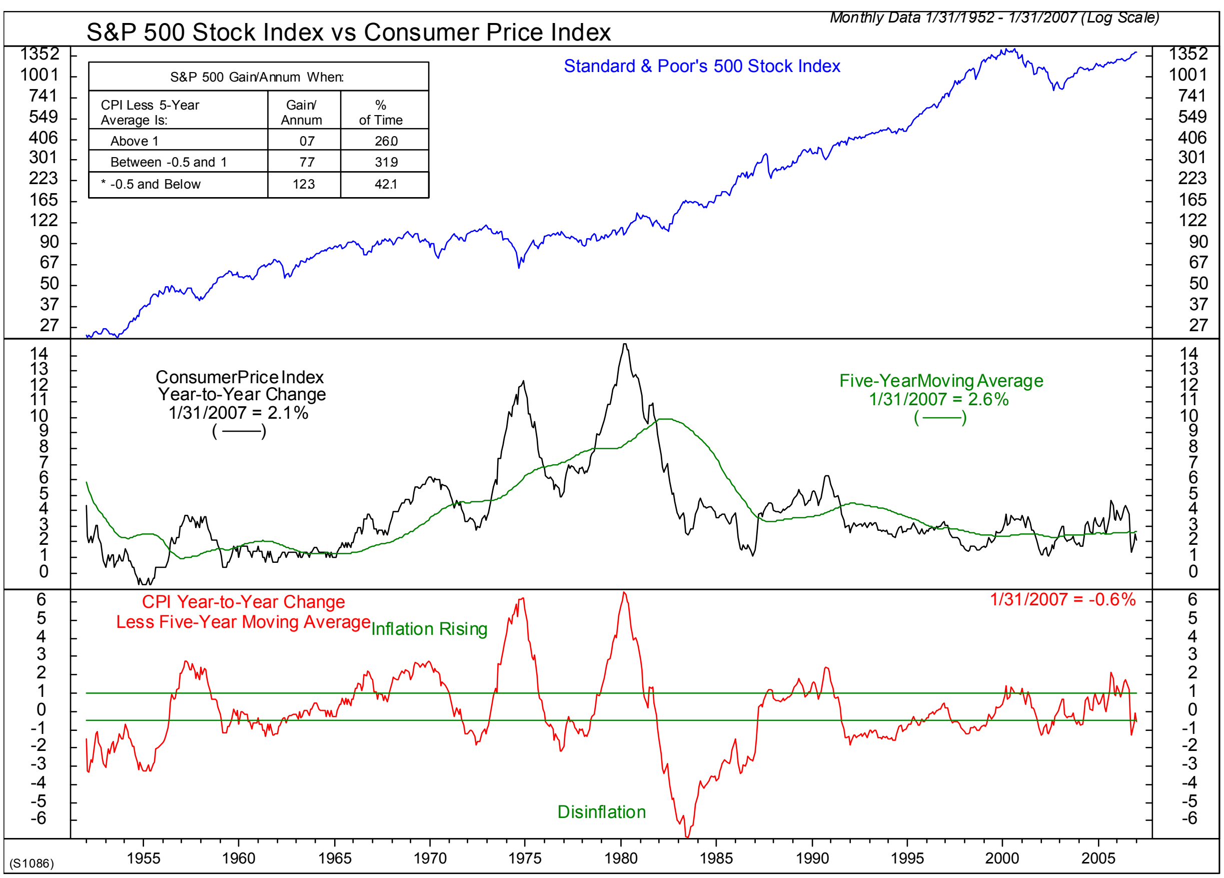
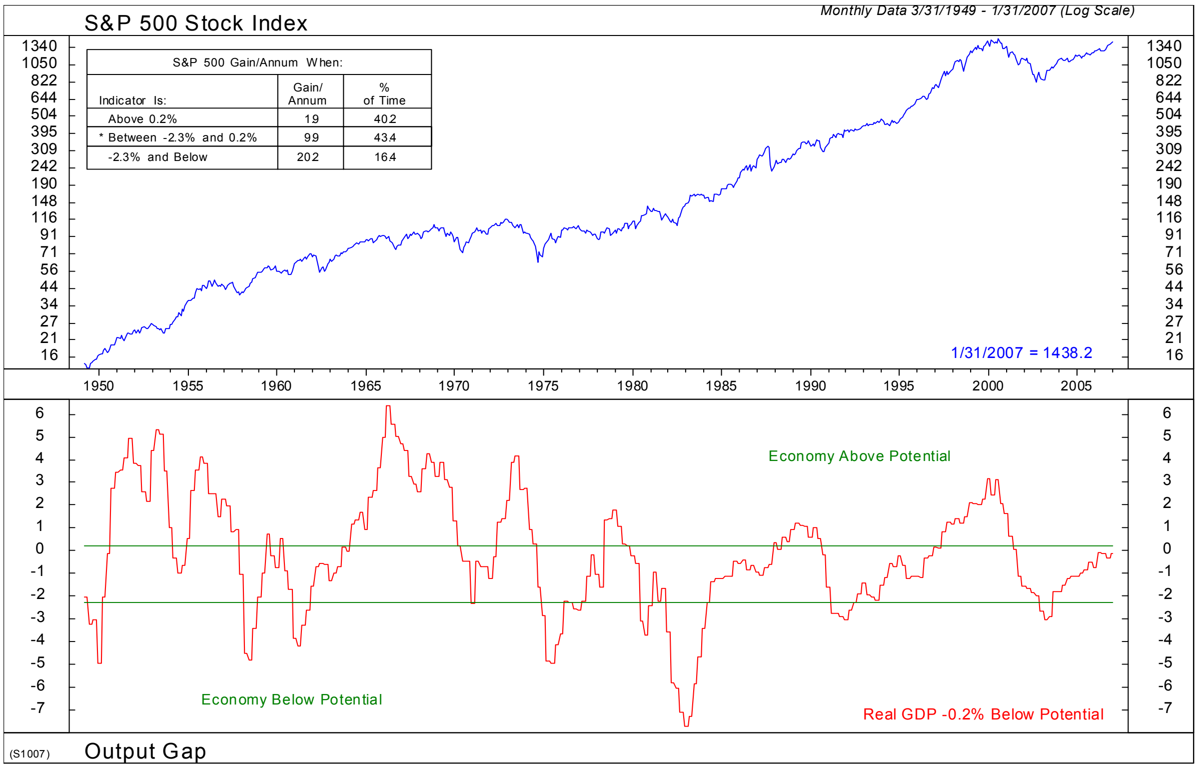
MARKET RECAP

In light of today's market decline, we continue to be constructive on the progress of global economies and participate in them primarily through US multinational corporations. The relative valuations of these US alternatives overseas appear stretched and therefore investors could justify a shift back to the large capitalized companies traded in US regulated markets. Over the past year Americans invested $120 billion in foreign securities up some 20% from 2005.

Despite this dramatic one day decline that we experienced in the Chinese markets, we don't think anything has taken place that could represent an inflection point at this juncture. This decline may be just a normal correction following such a dramatic rise experienced in Shanghai's equities in February. We emphasize that liquidity continues to drive markets and low global interest rates are the source that gives these markets their resilience. We do not see any similarities between the current conditions and those experienced in mid May of 2006 that triggered concerns of rising inflation and a possible US Fed response. See NDR Chart showing the S&P 500 and the CPI below.



The housing data just released, expected GDP growth, and durable goods expansion, all bode well for the US economy in 2007.The Chart below shows that the stock market has historically preferred weak growth of 1% and below. However, if one considers the "real world" economy, the average or the middle zone is closer to 3.5% real growth, a fair definition of the "goldilocks" economy. If you consider the global debt burden, a 4.5% year- to-year growth rate should be considered the new definition of "too hot".



We will have more to say on this subject at the end of the month but wanted to let you know that our belief is that the world's economy is fine, albeit slowing with equity prices reasonable. This is contingent on the premise that we avoid a global recession. Global equity markets should remain intact and we find no reason to be unduly pessimistic.