

STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
**INVESTMENT PERFORMANCE ANALYSIS**  
DECEMBER 31, 2006

**STRATEGIC INVESTMENT SOLUTIONS, INC.**

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### ECONOMIC REVIEW

- The trade deficit (import/export of goods & services) narrowed in the period September through November. The deficit for September was \$64.3 billion, \$58.9 billion in October and \$58.2 billion for November. In the fourth quarter, the dollar once again turned in a mixed performance against major currencies. The dollar rose against the Japanese Yen; it began the quarter at 118.01 and ended at 119.07 for an increase of 0.9%. Against the Euro, the dollar started at 1.2686 and fell to a quarterly-ending value of 1.3189 for a decrease of 3.9%. The dollar fell against the British pound beginning the quarter at 1.8718 falling to 1.9563, a 4.5% decline.
- Fourth quarter GDP growth increased at an annual rate of 3.5%. The third quarter GDP (final) was 2.0% on an annualized basis. The fourth quarter saw two monthly declines in the consumer price index (CPI-U). October and November CPI numbers declined by 0.5% and 0.1%, respectively, but rose by 0.1% for December. From a year-on-year perspective, the CPI was 1.3%, 2.0%, and 2.5% higher for October, November, and December. Crude oil prices continued their decline in the fourth quarter reaching an annual low in October registering a price of \$57 per barrel. This is in stark contrast with the year's high in July at \$75 per barrel. November witnessed an increase in crude to \$64 per barrel finally settling back to \$60 per barrel in December. The fourth quarter unemployment rate remained relatively stable. For October, November, and December the rates were 4.4%, 4.5%, and 4.5% respectively. It remains to be seen whether this historically low rate is the natural rate of unemployment which prevents an acceleration of inflation.

### EQUITY MARKETS REVIEW

- For the fourth quarter, all indices were in positive territory. The biggest winners, in descending order, were the EAFE (\$), the Russell 2000 Value, and finally the Russell 2000. From a yearly perspective, all indices achieved positive returns with the EAFE \$ and Russell 2000 Value reporting the highest returns of 26.9% and 23.5% respectively. Not surprisingly, Energy turned in the best performance for the fourth quarter with a 11.3% return followed by Materials' return of 10.9% and Consumer Discretionary in third place with a 10.4% return. From a yearly perspective, all sectors turned in positive returns with Communications leading the way with an impressive 33.7% return followed by Energy's return of 24.6% and finally Financials bringing up third place with a 19.4% return.
- Among large capitalization stocks, value outperformed growth during the quarter, with the Russell 1000 Value (R1000V) adding 8.0% versus the Russell 1000 Growth (R1000G) adding 5.9%. Among smaller capitalization stocks, value outperformed growth, with the R2000V adding 9.0% vs. the R2000G, which increased 8.8%. Small stocks have outperformed large stocks for the trailing 12-month period, with the Russell 2000 returning 18.3% and the Russell 1000 returning 15.5%.
- The MSCI EAFE returned 10.46% and 26.9% for the quarter and year, respectively (U.S. \$ terms).

### FIXED INCOME MARKETS REVIEW

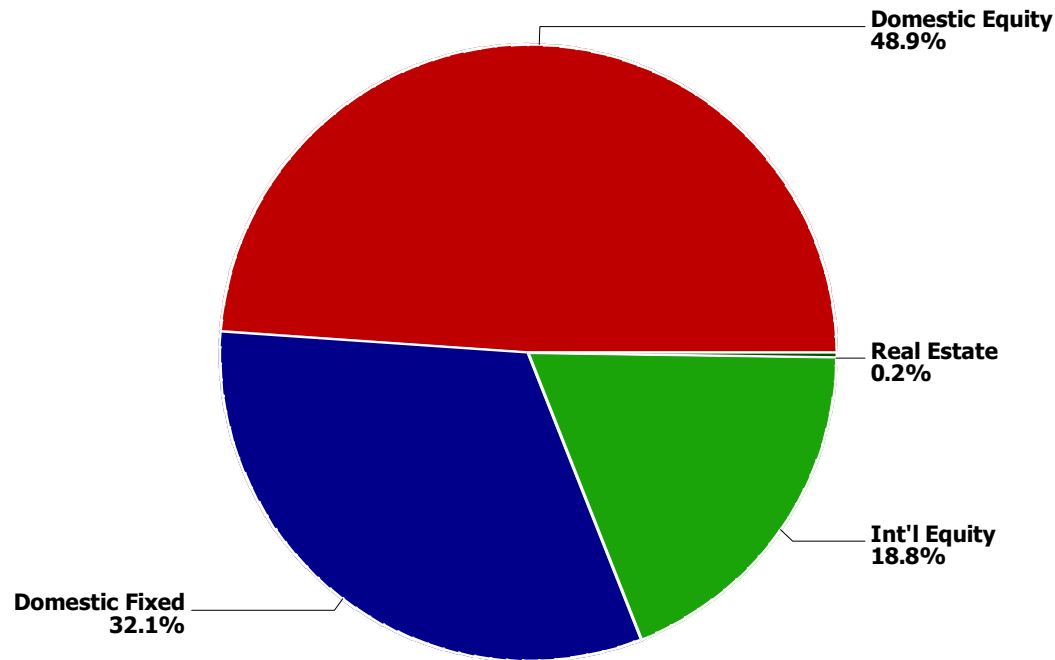
- In the two FOMC meetings in the fourth quarter, the Federal Reserve kept short-term rates unchanged. The current yield curve shows a slight inversion from the three- to six-month maturities and then flattens out for the remaining longer-dated maturities. From a yearly perspective, interest rates across all maturities are clearly higher with the yield curve dated 31 December 2006 relative to the curve dated 31 December 2005. For the fourth quarter, there is a slight inversion of the curve: the three-month rate is 20 basis points higher than the thirty-year rate.
- During the fourth quarter, the major bond indices showed positive returns. The Lehman Aggregate Bond Index (LAB) posted a 1.2% gain, while the Citigroup World Government Bond (CWGB) Index increased 1.8%. The Lehman Mortgage Backed (LBMB) Index ended the quarter 1.6% higher. High yield corporates, as measured by the Citigroup High Yield (CHY) Index, gained 4.4%. For the trailing 12 months, the LAB was up 4.3%, the CWGB up 6.1%, LBMB up 5.2% and the CHY up 11.9%.

### REAL ESTATE MARKETS REVIEW

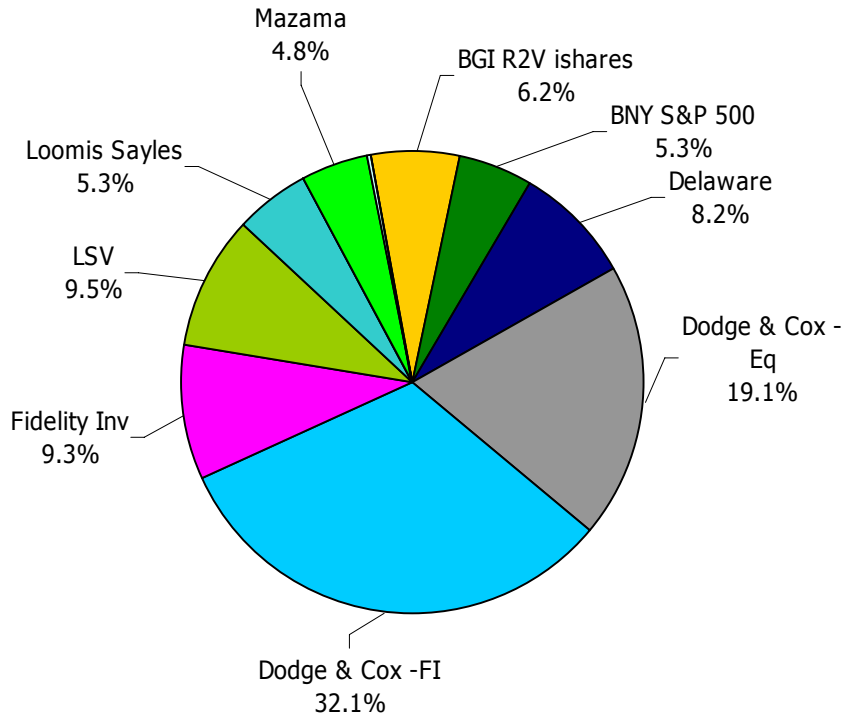
- For the one year period ending 12/31/06, the NAREIT index was up 9%; for three years, 17%; for five years, 18%; and for ten years, 12%. In 2006, housing starts dropped 13%, the biggest yearly decline since 1991, to 1.801 million.
- In a potential sign as to the popularity of commercial real estate, Blackstone offered to buy Equity Office Properties for \$20 billion. Equity Office owns stakes in 543 buildings from New York to Los Angeles. Shareholders votes are scheduled for Feb 5<sup>th</sup>; if Equity Office accepts a competing offer, Blackstone will receive a \$200 million breakup fee.

- The composite fund returned 5.8% in the fourth quarter of 2006 and ranked in the 56<sup>th</sup> percentile among other public funds greater than \$100 million (5.8% median). The fund trailed its policy index (6.0%) during this time period. Longer term, the three and five-year returns of 10.7% and 9.3%, were slightly under and above median among total public plans (10.9% and 8.8%, respectively).
  
- Fourth quarter results were enhanced by the following factors:
  1. The Bank of NY S&P 500 Index Fund matched the S&P 500 Index return of 6.7% and matched the median large cap core manager return of 6.7 %.
  2. In its first full quarter, Delaware's return of 6.0% compared favorably to the Russell 1000 Growth Index (5.9%); it ranked 34<sup>th</sup> among large cap growth managers. Above par security selection from its Consumer Discretionary (MGM Mirage) and Healthcare (Zimmer Holdings) investments contributed to performance alpha.
  3. Fidelity Investments matched the MSCI ACWI -ex (11.2%) and ranked in the second quartile among its international equity peers. Stock selection in the Australian financial (QBE Insurance) and Chinese consumer discretionary (Li & Fung, Esprit Holdings) sectors contributed to relative performance. An under-allocation to the Emerging Markets detracted.
  4. LSV (11.8%) beat the MSCI ACWI -ex US (11.2%) and ranked 25<sup>th</sup> among international equity managers. LSV's stock selection and value bias helped results.
  5. The Dodge & Cox-Fixed Income 1.8% return beat its benchmark, the Lehman Aggregate Index (1.2%), and ranked in the top decile among core bond managers, with a median return of 1.2%. D&C's shorter effective duration (3.9 years vs. 4.6 years for the index), issue-specific corporate holdings, and overweighting in the corporate and MBS sectors added to relative results.

- Fourth quarter results were hindered by the following factors:
  1. In its first full quarter, Loomis was beaten by its benchmark, the Russell 1000 Growth Index (4.4% vs. 5.9%), and ranked in the 65<sup>th</sup> percentile among large growth equity managers. Loomis' negative performance alpha was a result of sub-par Info Tech (BEA Systems, Oracle) and Healthcare (Gilead Sciences) investments.
  2. Behind its benchmark, the Russell 1000 Value Index (8.0%), Dodge & Cox-Equity (6.6%) ranked in the fourth quartile among large cap value managers (median 7.5%). Holding below par Materials (Nova Chemicals, Akzo Nobel) and carrying a double weight in Healthcare stocks were negative factors to performance.
  3. Mazama (6.7%) trailed its benchmark and ranked at the 74<sup>th</sup> percentile of the small and mid cap growth manager universe (7.9% median). The Russell 2500 Growth Index returned 8.2%. It carried weak stock selection from its Financials (East West Bancorp, Calamos Asset Management) and Healthcare (Herman Miller) sectors.
  4. BGI Russell 2000 Value iShares replaced Charlotte Capital in mid-November. Its combined return of 8.2% ranked 81<sup>st</sup> among small cap value managers (8.8% median). The Russell 2000 Value Index returned 9.0%.



| Manager Type   | Market Value         | Current%     |
|--|----------------------|--------------|
| <span style="color: red;">■</span> Domestic Equity   | 676,310,260          | 48.9         |
| <span style="color: blue;">■</span> Domestic Fixed   | 444,664,829          | 32.1         |
| <span style="color: green;">■</span> Int'l Equity    | 260,147,882          | 18.8         |
| <span style="color: darkgreen;">■</span> Real Estate | 2,771,436            | 0.2          |
| <b>Total</b>   | <b>1,383,894,407</b> | <b>100.0</b> |



| Manager         | Market Value         | Current%     |
|-----------------|----------------------|--------------|
| BGI R2V ishares | 85,160,087           | 6.2          |
| BNY S&P 500     | 74,032,045           | 5.3          |
| Delaware        | 113,200,965          | 8.2          |
| Dodge & Cox -Eq | 264,156,293          | 19.1         |
| Dodge & Cox -FI | 444,664,829          | 32.1         |
| Fidelity Inv    | 128,820,692          | 9.3          |
| LSV             | 131,327,190          | 9.5          |
| Loomis Sayles   | 73,092,961           | 5.3          |
| MFS             | 538,441              | 0.0          |
| Mazama          | 66,022,625           | 4.8          |
| Real Estate     | 2,771,436            | 0.2          |
| Transition Acct | 106,843              | 0.0          |
| <b>Total</b>    | <b>1,383,894,407</b> | <b>100.0</b> |

# StanCERA

Periods Ending December 31, 2006

## Performance Summary

|  | 1 QTR        |           | FISCAL YTD   |           | CALENDAR YTD |           | 2 YEAR       |           | 3 YEAR       |           | 5 YEAR       |           | Allocation |        |
|--|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|------------|--------|
|  |              |           |              |           |              |           |              |           |              |           |              |           | Actual     | Target |
| <b>Total Fund *</b>                                | <b>5.8%</b>  | <b>56</b> | <b>9.8%</b>  | <b>52</b> | <b>13.9%</b> | <b>46</b> | <b>10.3%</b> | <b>57</b> | <b>10.7%</b> | <b>57</b> | <b>9.3%</b>  | <b>29</b> |            |        |
| <i>Policy Index <sup>1</sup></i>                   | 6.0%         | 37        | 10.2%        | 20        | 13.7%        | 56        | 10.0%        | 67        | 10.3%        | 66        | 8.2%         | 67        | 100.0%     | 100.0% |
| <i>Public Plan &gt; \$100 Million Median</i>       | 5.8%         |           | 9.9%         |           | 13.8%        |           | 10.6%        |           | 10.9%        |           | 8.8%         |           |            |        |
| US EQUITY MANAGERS                                 |              |           |              |           |              |           |              |           |              |           |              |           |            |        |
| <b>BNY - gross of fees</b>                         | <b>6.7%</b>  | <b>46</b> | <b>12.8%</b> | <b>36</b> | <b>15.8%</b> | <b>49</b> | <b>10.3%</b> | <b>64</b> | <b>10.5%</b> | <b>58</b> |              |           | 5.3%       | 4.8%   |
| <i>BNY - net of fees</i>                           | 6.7%         |           | 12.8%        |           | 15.8%        |           | 10.3%        |           | 10.5%        |           |              |           |            |        |
| <i>S&amp;P 500 Index</i>                           | 6.7%         | 56        | 12.7%        | 41        | 15.8%        | 55        | 10.2%        | 73        | 10.4%        | 74        |              |           |            |        |
| <b>Delaware<sup>3</sup></b>                        | <b>6.0%</b>  | <b>34</b> |              |           |              |           |              |           |              |           |              |           | 8.2%       | 8.9%   |
| <i>Delaware - net of fees</i>                      | 5.9%         |           |              |           |              |           |              |           |              |           |              |           |            |        |
| <b>Loomis Sayles<sup>3</sup></b>                   | <b>4.4%</b>  | <b>65</b> |              |           |              |           |              |           |              |           |              |           | 5.3%       | 5.9%   |
| <i>Loomis Sayles - net of fees</i>                 | 4.2%         |           |              |           |              |           |              |           |              |           |              |           |            |        |
| <i>Russell 1000 Growth Index</i>                   | 5.9%         | 36        |              |           |              |           |              |           |              |           |              |           |            |        |
| <b>Dodge &amp; Cox - gross of fees</b>             | <b>6.6%</b>  | <b>78</b> | <b>11.7%</b> | <b>81</b> | <b>18.9%</b> | <b>62</b> | <b>14.3%</b> | <b>49</b> | <b>16.2%</b> | <b>27</b> | <b>13.6%</b> | <b>9</b>  | 19.1%      | 17.5%  |
| <i>Dodge &amp; Cox - net of fees</i>               | 6.5%         |           | 11.6%        |           | 18.7%        |           | 14.2%        |           | 16.0%        |           | 13.4%        |           |            |        |
| <i>Russell 1000 Value Index</i>                    | 8.0%         | 32        | 14.7%        | 30        | 22.2%        | 17        | 14.4%        | 48        | 15.1%        | 49        | 10.9%        | 42        |            |        |
| <b>Mazama - gross of fees</b>                      | <b>6.7%</b>  | <b>74</b> | <b>11.9%</b> | <b>9</b>  | <b>11.7%</b> | <b>60</b> | <b>13.1%</b> | <b>28</b> |              |           |              |           | 4.8%       | 4.3%   |
| <i>Mazama - net of fees</i>                        | 6.5%         |           | 11.4%        |           | 10.8%        |           | 12.2%        |           |              |           |              |           |            |        |
| <i>Russell 2500 Growth Index</i>                   | 8.2%         | 41        | 6.9%         | 49        | 12.3%        | 55        | 10.2%        | 62        |              |           |              |           |            |        |
| <b>BGI R2V ishares - gross of fees<sup>4</sup></b> | <b>8.2%</b>  | <b>81</b> | <b>7.8%</b>  | <b>81</b> | <b>15.4%</b> | <b>78</b> | <b>8.1%</b>  | <b>90</b> | <b>10.9%</b> | <b>99</b> |              |           | 6.2%       | 5.0%   |
| <i>BGI R2V ishares - net of fees</i>               | 8.2%         |           | 7.7%         |           | 14.9%        |           | 7.4%         |           | 10.2%        |           |              |           |            |        |
| <i>Russell 2000 Value Index</i>                    | 9.0%         | 43        | 11.8%        | 17        | 23.5%        | 17        | 13.7%        | 34        | 16.5%        | 48        |              |           |            |        |
| <b>US Equity Composite</b>                         | <b>6.5%</b>  | <b>68</b> | <b>10.9%</b> | <b>46</b> | <b>13.8%</b> | <b>58</b> | <b>10.2%</b> | <b>65</b> | <b>11.7%</b> | <b>54</b> | <b>8.5%</b>  | <b>50</b> | 48.9%      | 46.4%  |
| <i>80% R1000/ 20% R2000</i>                        | 7.3%         | 43        | 11.3%        | 43        | 15.1%        | 52        | 10.4%        | 57        | 11.0%        | 62        | 7.4%         | 60        |            |        |
| <i>Russell 3000 Index</i>                          | 7.1%         | 46        | 12.1%        | 34        | 15.7%        | 47        | 10.8%        | 53        | 11.2%        | 59        | 7.2%         | 61        |            |        |
| INTERNATIONAL EQUITY MANAGERS                      |              |           |              |           |              |           |              |           |              |           |              |           |            |        |
| <b>LSV - gross of fees</b>                         | <b>11.8%</b> | <b>25</b> | <b>17.5%</b> | <b>20</b> | <b>32.0%</b> | <b>10</b> | <b>23.7%</b> | <b>17</b> |              |           |              |           | 9.5%       | 10.0%  |
| <i>LSV - net of fees</i>                           | 11.6%        |           | 17.1%        |           | 31.1%        |           | 23.0%        |           |              |           |              |           |            |        |
| <b>Fidelity - gross of fees<sup>2</sup></b>        | <b>11.2%</b> | <b>34</b> | <b>14.2%</b> | <b>71</b> |              |           |              |           |              |           |              |           | 9.3%       | 10.0%  |
| <i>Fidelity - net of fees</i>                      | 11.0%        |           | 13.9%        |           |              |           |              |           |              |           |              |           |            |        |
| <b>International Equity Composite</b>              | <b>11.5%</b> | <b>31</b> | <b>15.8%</b> | <b>36</b> | <b>29.6%</b> | <b>23</b> | <b>22.8%</b> | <b>21</b> | <b>21.0%</b> | <b>54</b> | <b>14.3%</b> | <b>85</b> | 18.8%      | 20.0%  |
| <i>MSCI ACWI -ex US Index</i>                      | 11.2%        | 34        | 15.6%        | 37        | 27.2%        | 41        | 22.0%        | 39        | 21.6%        | 40        | 16.1%        | 60        |            |        |
| US FIXED INCOME MANAGER                            |              |           |              |           |              |           |              |           |              |           |              |           |            |        |
| <b>Dodge &amp; Cox - gross of fees</b>             | <b>1.8%</b>  | <b>7</b>  | <b>5.4%</b>  | <b>23</b> | <b>5.8%</b>  | <b>7</b>  | <b>4.2%</b>  | <b>15</b> | <b>4.2%</b>  | <b>36</b> | <b>5.9%</b>  | <b>20</b> | 32.1%      | 33.6%  |
| <i>Dodge &amp; Cox - net of fees</i>               | 1.8%         |           | 5.3%         |           | 5.7%         |           | 4.1%         |           | 4.1%         |           | 5.8%         |           |            |        |
| <i>Lehman Aggregate Index</i>                      | 1.2%         | 51        | 5.1%         | 50        | 4.3%         | 77        | 3.4%         | 84        | 3.7%         | 80        | 5.1%         | 79        |            |        |
| <b>Real Estate</b>                                 | <b>0.0%</b>  |           |              |           |              |           |              |           |              |           |              |           | 0.2%       | 0.0%   |

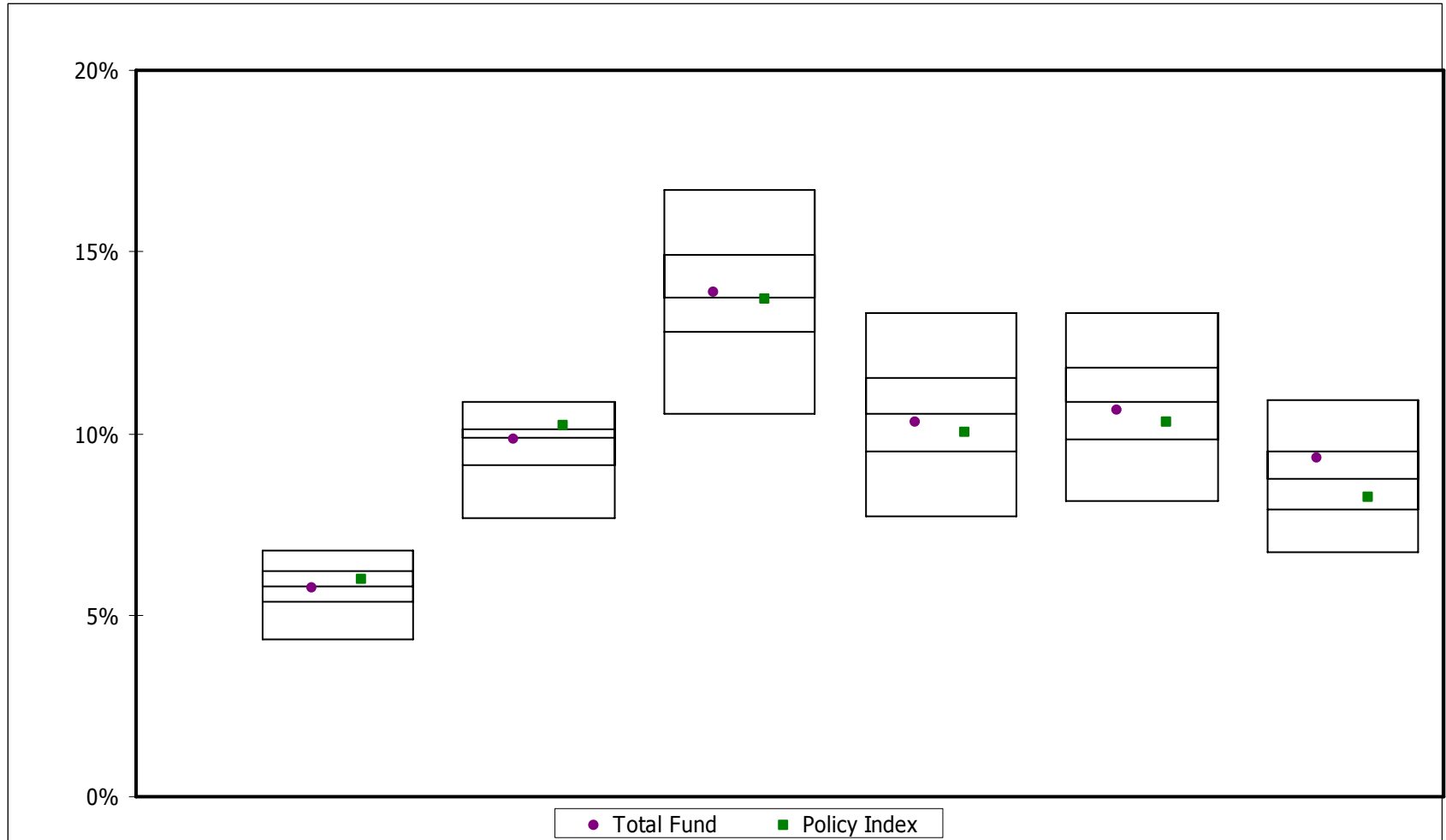
Rankings: 1=highest, 10=lowest.

\* Total Fund and US managers are ranked against appropriate peer universes. Other managers and asset class composites are ranked against asset class universes.

<sup>1</sup> Effective 10/1/06, policy index is 37% Russell 1000, 9% Russell 2000, 20% MSCI ACWI -ex US and 34% Lehman Aggregate. MSCI ACWI -ex US return is linked with previous MSCI EAFE returns.

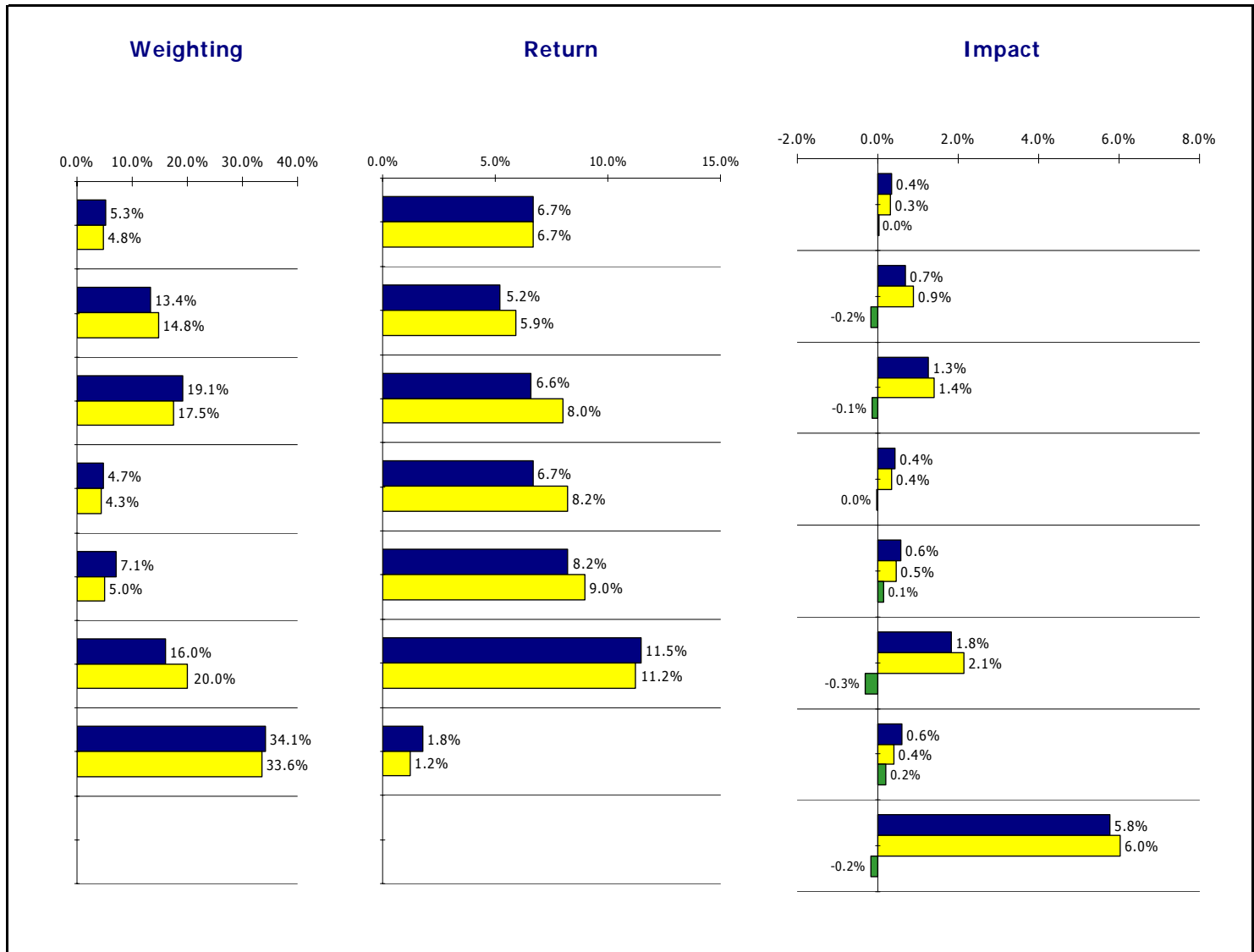
<sup>2</sup> Putnam was replaced by Fidelity April 2006.

<sup>3</sup> MFS was replaced by Delaware (60%) and Loomis Sayles (40%) effective 8/18/06



|                     | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|---------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                     | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| <b>Total Fund</b>   | 5.8%   | 56   | 9.8%       | 52   | 13.9%        | 46   | 10.3%  | 57   | 10.7%  | 57   | 9.3%   | 29   |
| <b>Policy Index</b> | 6.0%   | 37   | 10.2%      | 20   | 13.7%        | 56   | 10.0%  | 67   | 10.3%  | 66   | 8.2%   | 67   |
| <b>Median</b>       | 5.8%   |      | 9.9%       |      | 13.8%        |      | 10.6%  |      | 10.9%  |      | 8.8%   |      |



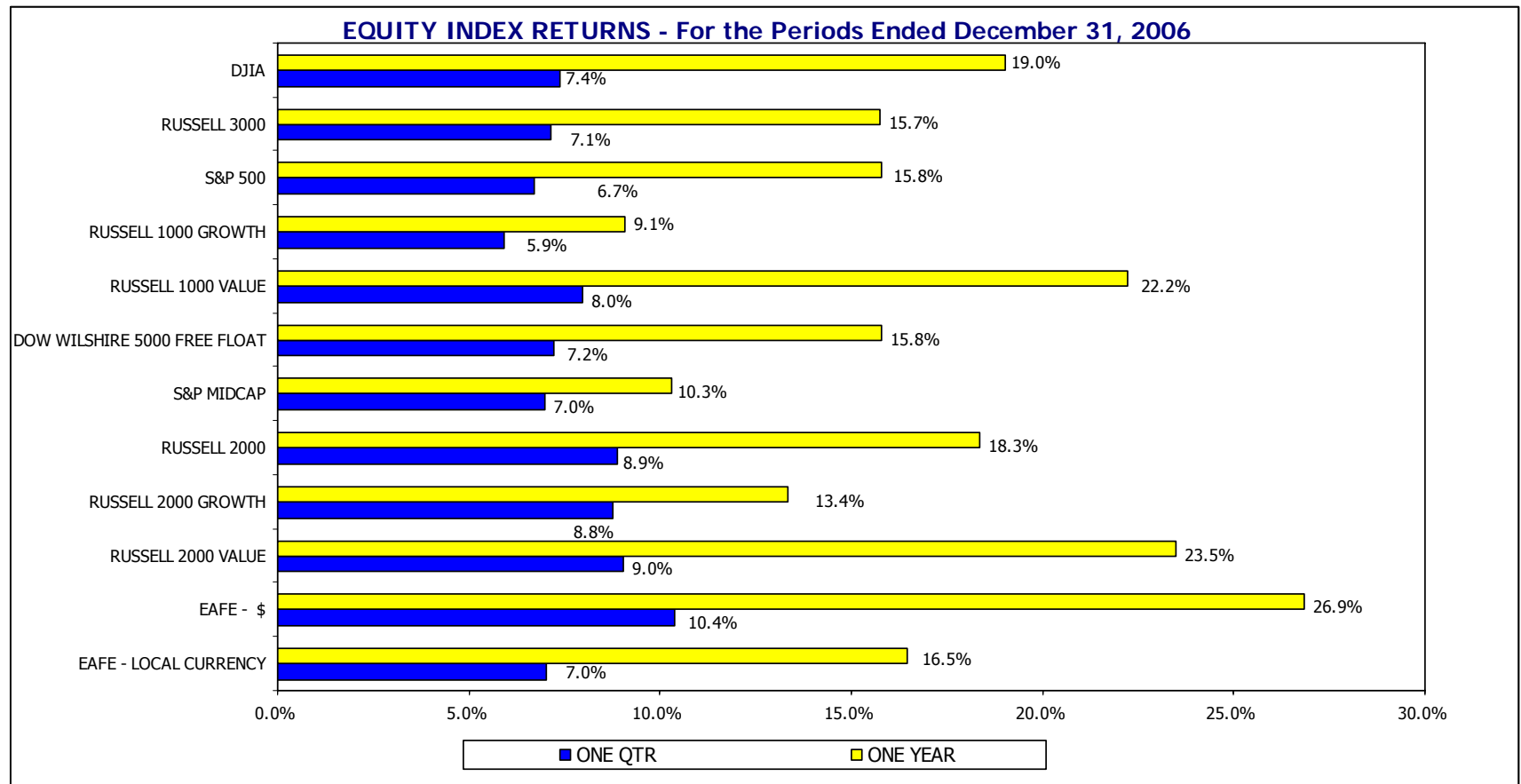


■ StanCERA ■ Policy Index ■ Impact

**Equity Index Returns - Short Term**

\* For the fourth quarter, all indices were in positive territory. The biggest winners, in descending order, were the EAFE (\$), the Russell 2000 Value, and the Russell 2000. For the year, all indices achieved positive returns with the EAFE \$ and Russell 2000 Value reporting the highest returns of 26.9% and 23.5% respectively.

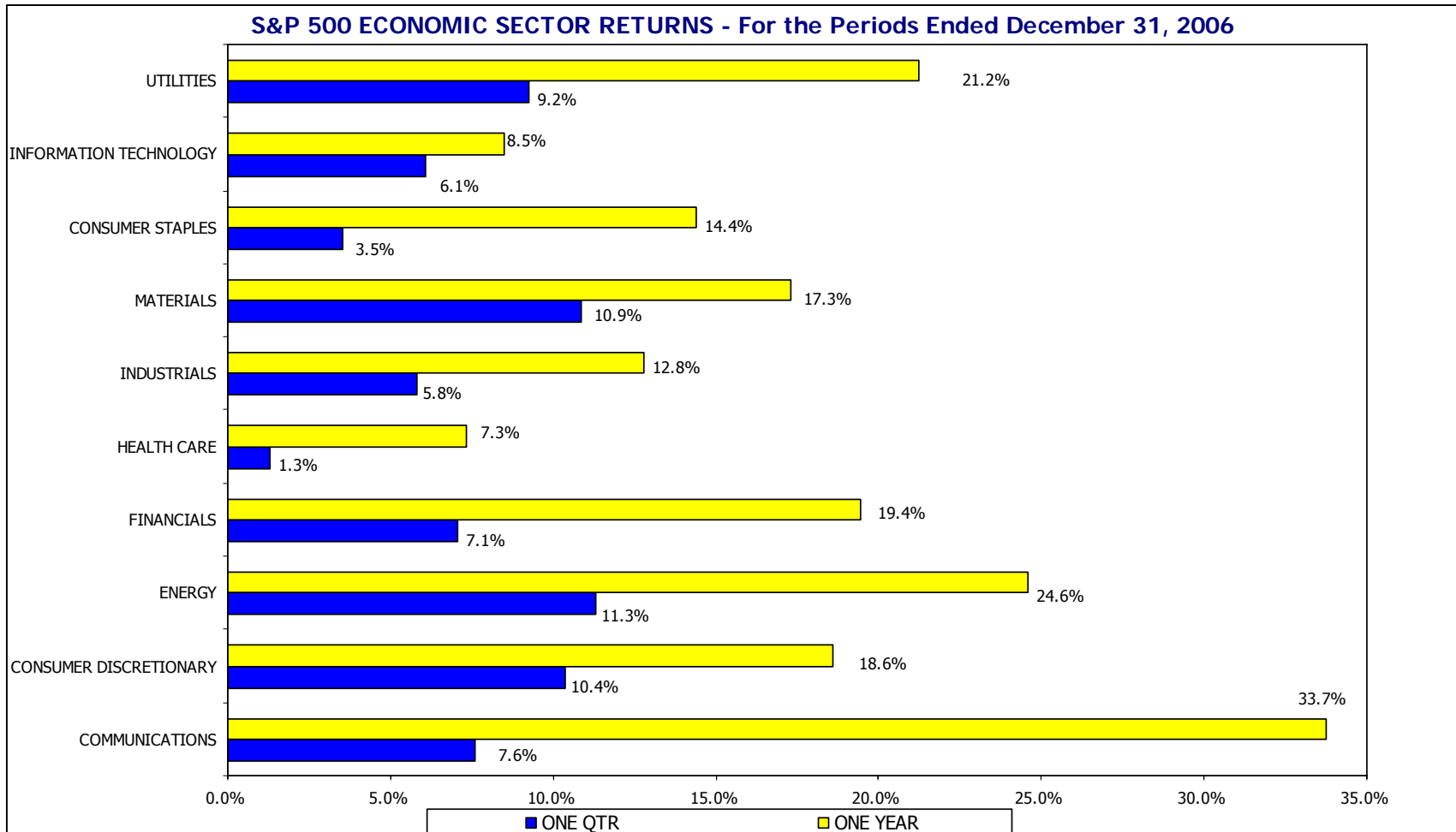
\* From a style perspective in the fourth quarter, the Russell 2000 Value was the biggest winner, followed closely by the Russell 2000, and the Russell 2000 Growth. For the year as a whole, Value took top honors: Russell 2000 Value and the Russell 1000 Value. In third place was the small cap core index of the Russell 2000.



**Equity Sector Returns**

\* Energy turned in the best performance for the fourth quarter, with a 11.3% return, followed by Materials' return of 10.9%. Consumer Discretionary was in third place, with a 10.4% return.

\* From a yearly perspective, all sectors turned in positive returns, with Communications leading the way with an impressive 33.7% return, followed by Energy's return of 24.6% and Financial bringing up third place with a 19.4% return.

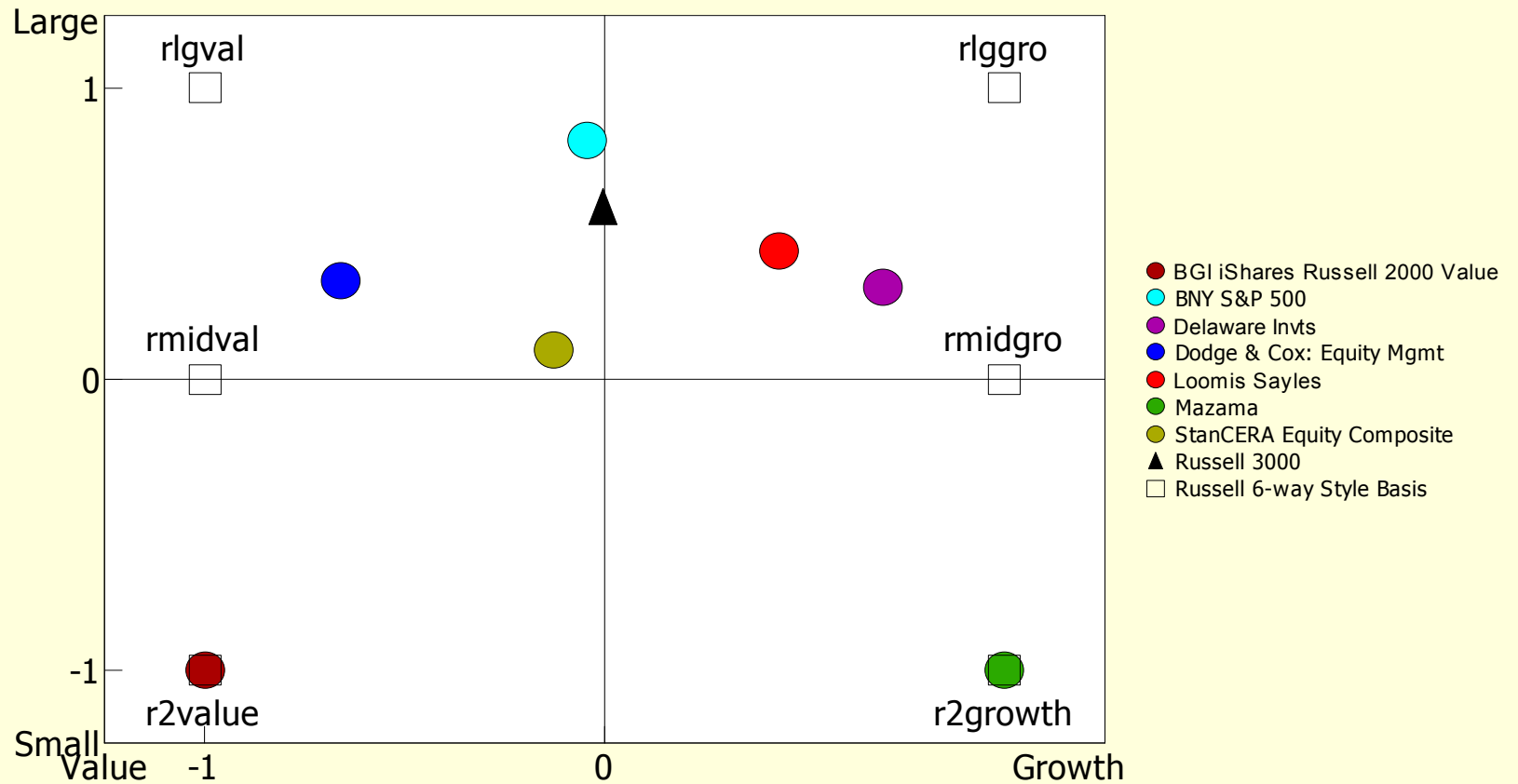


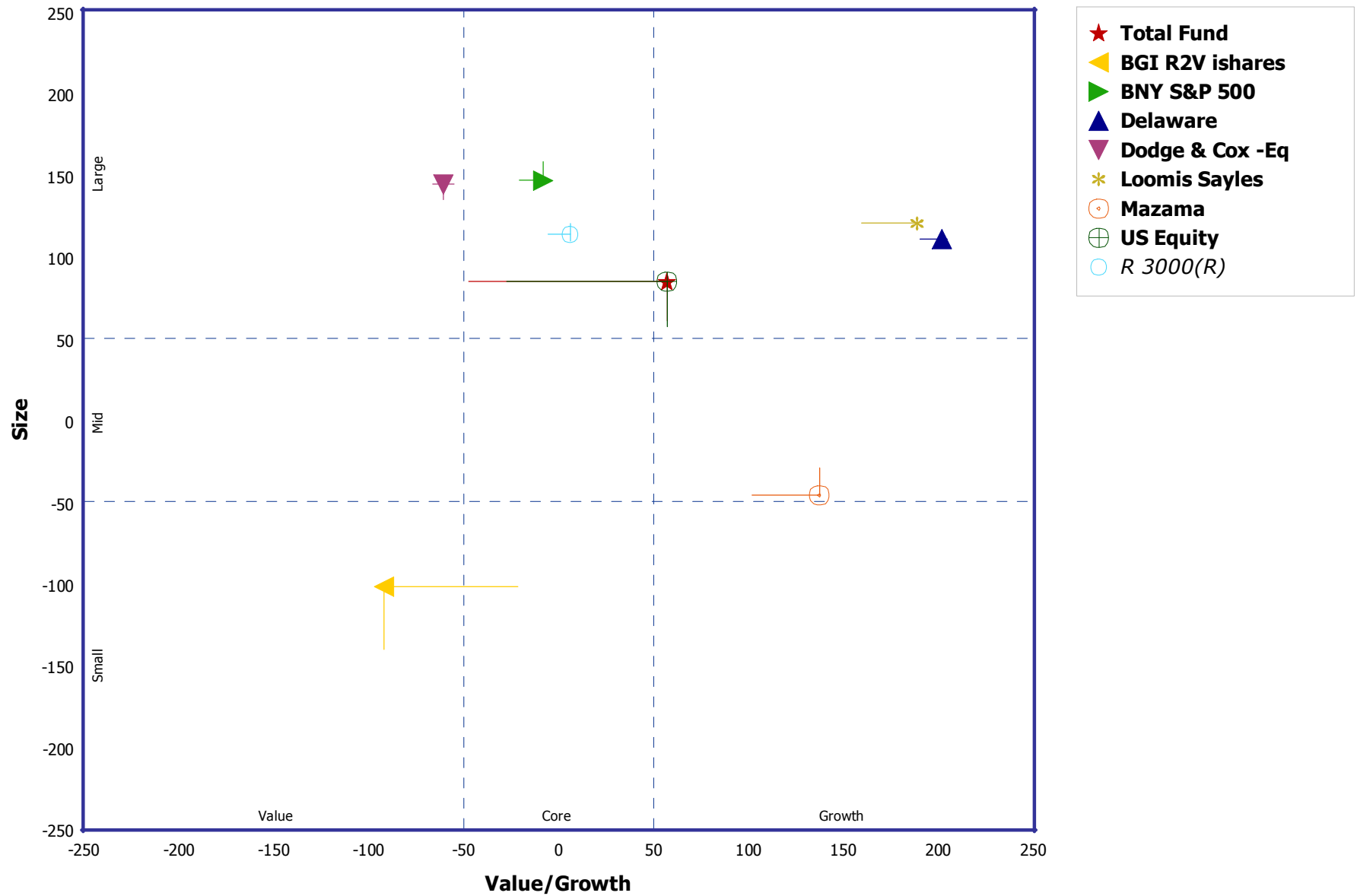
Zephyr StyleADVISOR: Strategic Investment Solutions, Inc.

# Manager Style

Single Computation

January 2002 - December 2006

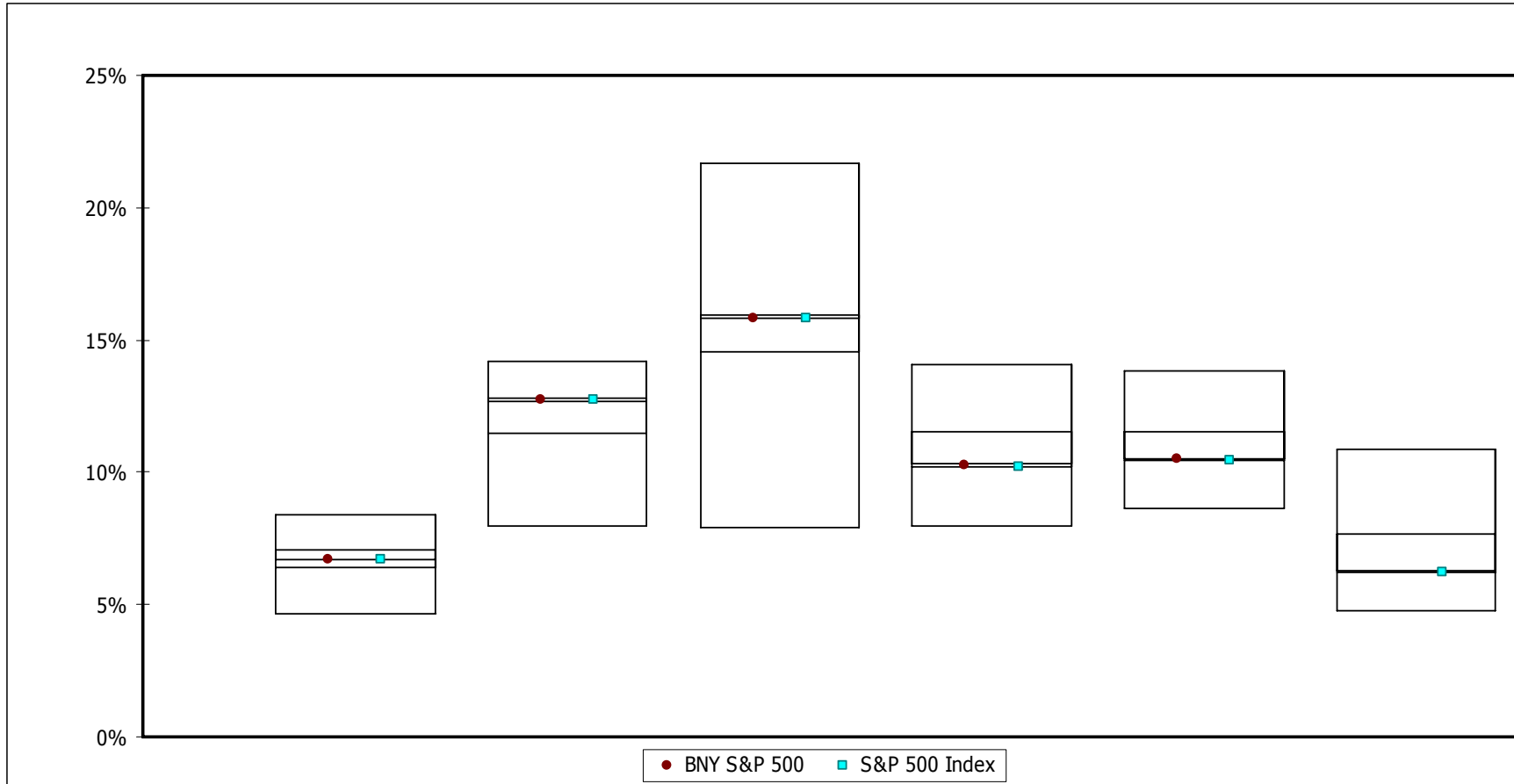




Style assignment based on Morningstar © Size and VCG Scores and Morningstar Style Box™ methodology

|                 | <b>DIVIDEND YIELD (%)</b> |    |                         |    | <b>CAPITALIZATION (\$B)</b> |    |                         |    | <b>P/E RATIO</b>         |    |                         |    |
|-----------------|---------------------------|----|-------------------------|----|-----------------------------|----|-------------------------|----|--------------------------|----|-------------------------|----|
|                 | <b><u>QTR ENDING</u></b>  |    | <b><u>YR ENDING</u></b> |    | <b><u>QTR ENDING</u></b>    |    | <b><u>YR ENDING</u></b> |    | <b><u>QTR ENDING</u></b> |    | <b><u>YR ENDING</u></b> |    |
| BGI R2V ishares | 1.76                      | 27 | 1.81                    | 26 | 1.18                        | 95 | 0.67                    | 98 | 16.13                    | 65 | 15.23                   | 80 |
| BNY S&P 500     | 1.84                      | 20 | 1.84                    | 17 | 101.41                      | 9  | 87.63                   | 10 | 16.34                    | 63 | 20.30                   | 61 |
| Delaware        | 0.70                      | 77 |                         |    | 44.42                       | 51 |                         |    | 27.24                    | 1  |                         |    |
| Dodge & Cox     | 1.75                      | 29 | 1.66                    | 33 | 72.69                       | 36 | 52.90                   | 43 | 15.87                    | 67 | 16.74                   | 66 |
| Loomis Sayles   | 0.56                      | 82 |                         |    | 63.04                       | 43 |                         |    | 22.38                    | 13 |                         |    |
| Mazama          | 0.23                      | 94 | 0.19                    | 95 | 2.82                        | 74 | 2.92                    | 73 | 24.79                    | 4  | 17.89                   | 43 |
| Russell 3000    | 1.69                      | 33 | 1.71                    | 29 | 90.10                       | 20 | 72.08                   | 29 | 16.69                    | 55 | 17.17                   | 50 |
| Median          | 1.20                      |    | 1.21                    |    | 47.68                       |    | 47.89                   |    | 17.33                    |    | 17.21                   |    |

|                 | <b>5 YRS EPS GROWTH</b>  |    |                         |    | <b>RETURN ON EQUITY</b>  |    |                         |    | <b>PRICE/BOOK</b>        |    |                         |    |
|-----------------|--------------------------|----|-------------------------|----|--------------------------|----|-------------------------|----|--------------------------|----|-------------------------|----|
|                 | <b><u>QTR ENDING</u></b> |    | <b><u>YR ENDING</u></b> |    | <b><u>QTR ENDING</u></b> |    | <b><u>YR ENDING</u></b> |    | <b><u>QTR ENDING</u></b> |    | <b><u>YR ENDING</u></b> |    |
| BGI R2V ishares | 11.57                    | 94 | 7.70                    | 88 | 8.94                     | 92 | 4.31                    | 99 | 2.10                     | 97 | 1.88                    | 98 |
| BNY S&P 500     | 20.30                    | 61 | 12.16                   | 57 | 18.73                    | 27 | 20.00                   | 27 | 3.56                     | 46 | 3.72                    | 40 |
| Delaware        | 30.76                    | 14 |                         |    | 18.08                    | 35 |                         |    | 5.74                     | 1  |                         |    |
| Dodge & Cox     | 17.03                    | 82 | 9.09                    | 78 | 14.42                    | 65 | 14.60                   | 71 | 2.70                     | 81 | 2.59                    | 82 |
| Loomis Sayles   | 40.95                    | 3  |                         |    | 21.52                    | 5  |                         |    | 5.99                     | 1  |                         |    |
| Mazama          | 27.49                    | 27 | 9.12                    | 78 | 7.63                     | 95 | 13.00                   | 82 | 4.03                     | 31 | 3.95                    | 33 |
| Russell 3000    | 21.22                    | 54 | 12.36                   | 49 | 17.96                    | 37 | 18.85                   | 42 | 3.65                     | 39 | 3.74                    | 38 |
| Median          | 21.83                    |    | 12.28                   |    | 16.65                    |    | 17.73                   |    | 3.49                     |    | 3.64                    |    |



|                          | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                          | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| <b>BNY S&amp;P 500</b>   | 6.7%   | 46   | 12.8%      | 36   | 15.8%        | 49   | 10.3%  | 64   | 10.5%  | 58   |        |      |
| <i>S&amp;P 500 Index</i> | 6.7%   | 56   | 12.7%      | 41   | 15.8%        | 55   | 10.2%  | 73   | 10.4%  | 74   | 6.2%   | 77   |
| <b>Median</b>            | 6.7%   |      | 12.7%      |      | 15.8%        |      | 10.3%  |      | 10.5%  |      | 6.3%   |      |

| <b>Portfolio Characteristics</b>      |                  |                    |
|---------------------------------------|------------------|--------------------|
|                                       | <b>Portfolio</b> | <b>S&amp;P 500</b> |
| Total Number of Securities            | 499              |                    |
| Total Market Value \$                 | 72,924,260       |                    |
| Average Market Capitalization (000's) | 101,411,800      | 101,462,600        |
| Median Market Capitalization (000's)  | 13,187,000       | 13,172,900         |
| Equity Segment Yield                  | 1.84             | 1.80               |
| Equity Segment P/E                    | 16.34            | 16.51              |
| Equity Segment Beta                   | 1.05             | 1.00               |
| Price/Book Ratio                      | 3.56             | 3.64               |
| Five Year Earnings Growth             | 20.30            | 20.38              |
| Return On Equity                      | 18.73            | 18.92              |

| <b>Ten Largest Holdings</b> |           |               |
|-----------------------------|-----------|---------------|
| <b>Name</b>                 | <b>\$</b> | <b>Weight</b> |
| EXXON MOBIL CORP            | 2,560,898 | 3.5           |
| GENERAL ELEC CO             | 2,197,748 | 3.0           |
| CITIGROUP INC               | 1,568,196 | 2.2           |
| MICROSOFT                   | 1,480,082 | 2.0           |
| BANK OF AMERICA COR         | 1,373,765 | 1.9           |
| PROCTER & GAMBLE CO         | 1,166,907 | 1.6           |
| JOHNSON & JOHNSON           | 1,096,772 | 1.5           |
| PFIZER INC                  | 1,070,043 | 1.5           |
| AMERICAN INTL GROUP         | 1,067,439 | 1.5           |
| ALTRIA GROUP INC            | 1,030,611 | 1.4           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| ALLEGHENY TECHNOLOG        | 46.0          |
| GOODYEAR TIRE & RUB        | 44.8          |
| PHELPS DODGE CORP          | 41.6          |
| AMERICAN PWR CONVER        | 39.8          |
| UNISYS CORP                | 38.5          |
| SABRE HLDGS CORP           | 37.0          |
| REALOGY CORP COM           | 33.7          |
| DYNEGY INC NEW             | 30.7          |
| MONSTER WORLDWIDE I        | 28.9          |
| BIOMET INC                 | 28.2          |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| CITRIX SYS INC              | -25.3         |
| CIRCUIT CITY STORES         | -24.3         |
| CORNING INC                 | -23.4         |
| APOLLO GROUP INC            | -20.9         |
| WHOLE FOODS MKT INC         | -20.8         |
| MICRON TECHNOLOGY I         | -19.8         |
| SANDISK CORP                | -19.6         |
| MOLEX COM USD0.05           | -18.6         |
| ADVANCED MICRO DEVI         | -18.1         |
| MOTOROLA INC DEL            | -17.6         |



|                    | Portfolio                   |                       | S&P 500                     |                       | Attribution            |                         |              |
|--------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                    | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 10.0                        | 10.4                  | 10.1                        | 10.4                  | 0.0                    | 0.0                     | 0.0          |
| Consumer Staples   | 9.6                         | 3.5                   | 9.6                         | 3.5                   | 0.0                    | 0.0                     | 0.0          |
| Energy             | 9.3                         | 11.3                  | 9.3                         | 11.3                  | 0.0                    | 0.0                     | 0.0          |
| Financials         | 22.3                        | 7.0                   | 22.1                        | 7.1                   | 0.0                    | 0.0                     | 0.0          |
| Health Care        | 12.7                        | 1.1                   | 12.7                        | 1.3                   | 0.0                    | 0.0                     | 0.0          |
| Industrials        | 11.0                        | 5.8                   | 11.1                        | 5.8                   | 0.0                    | 0.0                     | 0.0          |
| Info Technology    | 15.2                        | 6.0                   | 15.3                        | 6.1                   | 0.0                    | 0.0                     | 0.0          |
| Materials          | 2.9                         | 11.3                  | 2.9                         | 10.9                  | 0.0                    | 0.0                     | 0.0          |
| Telecom Services   | 3.5                         | 6.7                   | 3.5                         | 7.6                   | 0.0                    | 0.0                     | 0.0          |
| Utilities          | 3.4                         | 9.2                   | 3.4                         | 9.2                   | 0.0                    | 0.0                     | 0.0          |
| Miscellaneous      | 0.0                         |                       | 0.0                         |                       |                        |                         |              |
| <b>TOTAL</b>       | 100%                        | 6.6                   | 100%                        | 6.6                   | -0.1                   | 0.0                     | -0.1         |

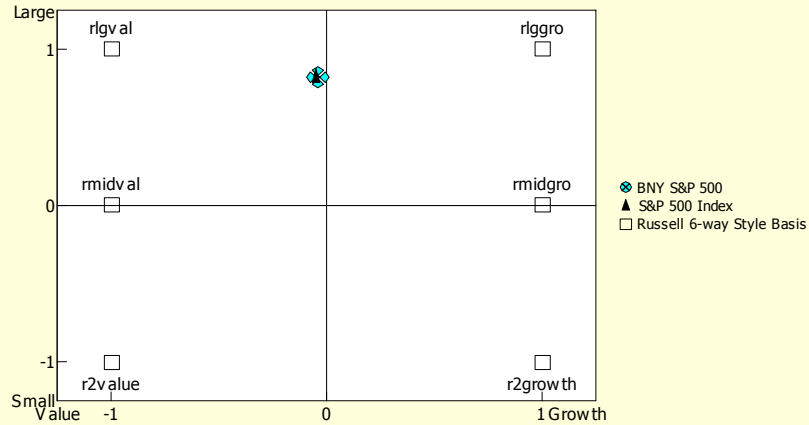
|   |             |  |             |
|---|-------------|--|-------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.6</b>  | <b>Stock Selection (E)</b>                     | <b>-0.1</b> |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>6.6</b>  | <b>Sector Weighting (F)</b>                    | <b>0.0</b>  |
| <b>Total Relative Return Difference (B/D)</b> | <b>-0.1</b> | <b>Total Selection (E * F)</b>                 | <b>-0.1</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>6.7</b>  | <b>Total Value Added (Selection * Trading)</b> | <b>0.1</b>  |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.6</b>  |  |             |
| <b>Intra-Period Trading (* / B)</b>           | <b>0.1</b>  |  |             |

Zephyr StyleADVISOR: Strategic Investment Solutions, Inc.

### Manager Style

Single Computation

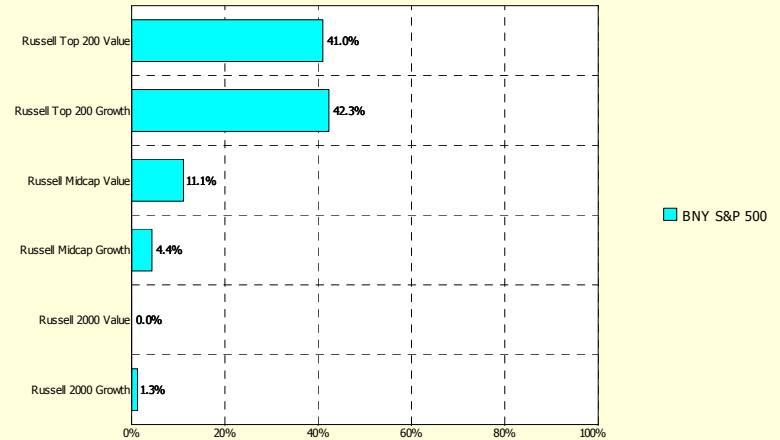
January 2002 - December 2006



### Asset Allocation

Single Computation

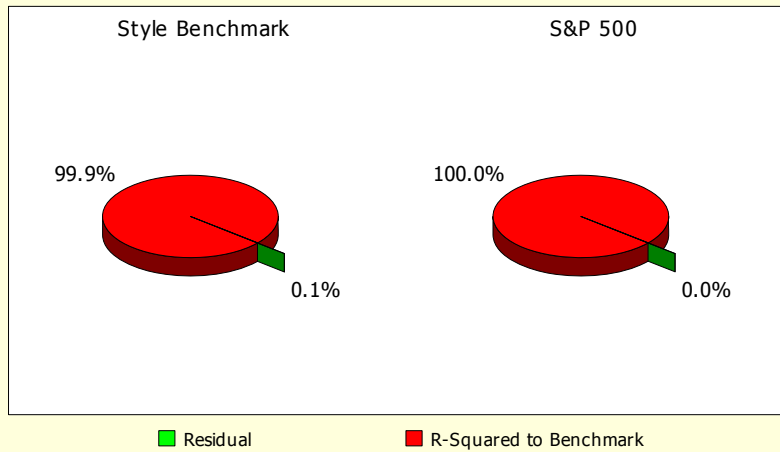
January 2002 - December 2006



### Performance Attribution

BNY S&P 500

January 2002 - December 2006

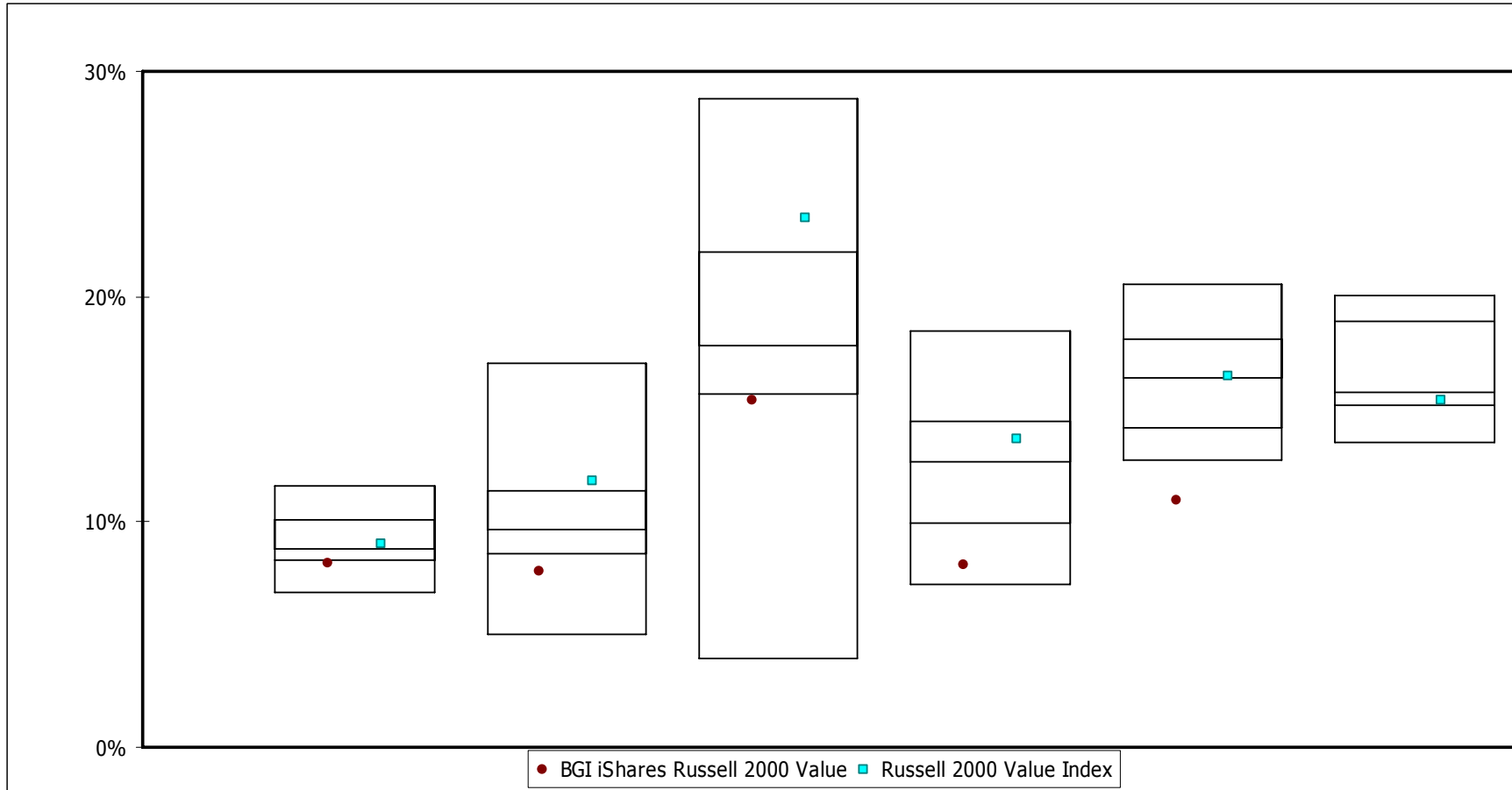


### Manager Performance

Single Computation

January 2002 - December 2006





|                                | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                                | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| BGI iShares Russell 2000 Value | 8.2%   | 81   | 7.8%       | 81   | 15.4%        | 78   | 8.1%   | 90   | 10.9%  | 99   |        |      |
| Russell 2000 Value Index       | 9.0%   | 43   | 11.8%      | 17   | 23.5%        | 17   | 13.7%  | 34   | 16.5%  | 48   | 15.4%  | 69   |
| Median                         | 8.8%   |      | 9.7%       |      | 17.8%        |      | 12.7%  |      | 16.4%  |      | 15.7%  |      |

| <b>Portfolio Characteristics</b>      |                  |                        |
|---------------------------------------|------------------|------------------------|
|                                       | <b>Portfolio</b> | <b>R 2000(R) VALUE</b> |
| Total Number of Securities            | 1217             |                        |
| Total Market Value \$                 | 83,237,841       |                        |
| Average Market Capitalization (000's) | 1,182,400        | 1,183,000              |
| Median Market Capitalization (000's)  | 665,700          | 651,600                |
| Equity Segment Yield                  | 1.76             | 1.76                   |
| Equity Segment P/E                    | 16.13            | 16.14                  |
| Equity Segment Beta                   | 1.17             | 1.17                   |
| Price/Book Ratio                      | 2.10             | 2.09                   |
| Five Year Earnings Growth             | 11.57            | 11.67                  |
| Return On Equity                      | 8.94             | 8.91                   |

| <b>Ten Largest Holdings</b> |           |               |
|-----------------------------|-----------|---------------|
| <b>Name</b>                 | <b>\$</b> | <b>Weight</b> |
| REALTY INCOME CORP          | 302,306   | 0.4           |
| BIG LOTS INC                | 302,006   | 0.4           |
| NATIONWIDE HEALTH P         | 290,145   | 0.3           |
| WESTAR ENERGY INC           | 277,019   | 0.3           |
| ALEXANDRIA REAL EST         | 274,334   | 0.3           |
| PNM RES INC                 | 259,384   | 0.3           |
| HIGHWOODS PPTYS INC         | 258,444   | 0.3           |
| KKR FINL CORP COM           | 252,253   | 0.3           |
| JACK IN THE BOX INC         | 250,533   | 0.3           |
| NICOR INC COM               | 244,882   | 0.3           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| TERRA INDS INC             | 55.4          |
| SUREWEST COMMUNICAT        | 43.0          |
| READERS DIGEST ASSN        | 29.8          |
| TNS INC                    | 27.8          |
| CEC ENTMT INC              | 27.7          |
| JER INVT TR INC COM        | 24.6          |
| JACUZZI BRANDS INC         | 24.4          |
| PEROT SYS CORP             | 18.9          |
| MAXIMUS INC                | 18.3          |
| CABOT MICROELECTRON        | 17.8          |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| AXCELIS TECHNOLOGIE         | -17.2         |
| SOURCE INTERLINK CO         | -14.1         |
| TRIQUINT SEMICONDUCT        | -13.5         |
| RF MICRO DEVICES IN         | -10.4         |
| CARRIER ACCESS CORP         | -7.6          |
| SYNNEX CORP                 | -4.7          |
| BROOKLINE BANCORP I         | -3.6          |
| BANKATLANTIC BANCOR         | -2.6          |
| NAVIGANT CONSULTING         | -1.5          |
| NAVIGATORS GROUP IN         | 0.4           |

|                           | Portfolio                   |                       | R 2000(R) VALUE             |                       | Attribution            |                         |              |
|---------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                           | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| <b>Cons Discretionary</b> | 17.9                        | 9.3                   | 14.5                        | 12.4                  | -0.6                   | 0.1                     | -0.4         |
| <b>Consumer Staples</b>   | 0.0                         |                       | 3.4                         | 13.4                  | 0.0                    | -0.1                    | -0.1         |
| <b>Energy</b>             | 1.7                         | 21.0                  | 4.2                         | 7.6                   | 0.2                    | 0.0                     | 0.3          |
| <b>Financials</b>         | 29.6                        | 5.9                   | 35.4                        | 6.4                   | -0.1                   | 0.1                     | 0.0          |
| <b>Health Care</b>        | 2.2                         | -2.8                  | 4.6                         | 8.0                   | -0.2                   | 0.0                     | -0.2         |
| <b>Industrials</b>        | 11.4                        | 16.2                  | 11.6                        | 10.1                  | 0.7                    | 0.0                     | 0.7          |
| <b>Info Technology</b>    | 22.4                        | 4.8                   | 13.6                        | 6.7                   | -0.4                   | -0.2                    | -0.6         |
| <b>Materials</b>          | 4.4                         | 15.9                  | 5.5                         | 19.1                  | -0.1                   | -0.1                    | -0.2         |
| <b>Telecom Services</b>   | 4.8                         | 21.5                  | 1.6                         | 10.8                  | 0.5                    | 0.1                     | 0.6          |
| <b>Utilities</b>          | 5.7                         | 9.9                   | 5.6                         | 8.5                   | 0.1                    | 0.0                     | 0.1          |
| <b>Miscellaneous</b>      | 0.0                         |                       | 0.0                         |                       |                        |                         |              |
| <b>TOTAL</b>              | 100%                        | 8.9                   | 100%                        | 9.0                   | 0.0                    | -0.1                    | -0.1         |

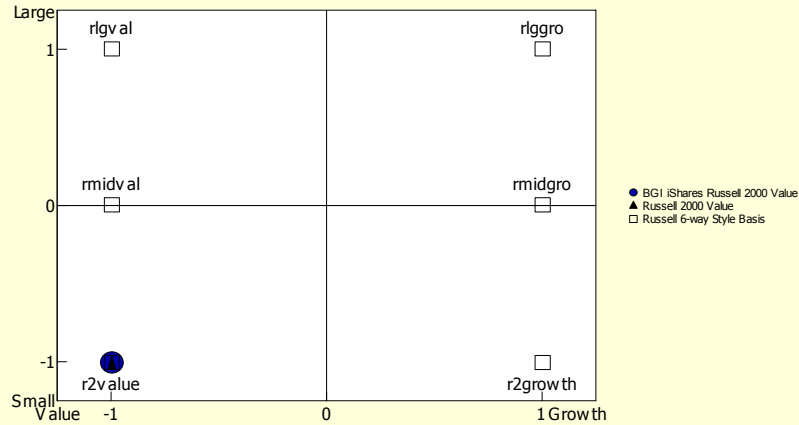
|   |             |  |             |
|---|-------------|--|-------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>8.9</b>  | <b>Stock Selection (E)</b>                     | <b>0.0</b>  |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>9.0</b>  | <b>Sector Weighting (F)</b>                    | <b>-0.1</b> |
| <b>Total Relative Return Difference (B/D)</b> | <b>-0.1</b> | <b>Total Selection (E * F)</b>                 | <b>-0.1</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>8.7</b>  | <b>Total Value Added (Selection * Trading)</b> | <b>-0.3</b> |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>8.9</b>  |  |             |
| <b>Intra-Period Trading (* / B)</b>           | <b>-0.2</b> |  |             |

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Manager Style

Single Computation

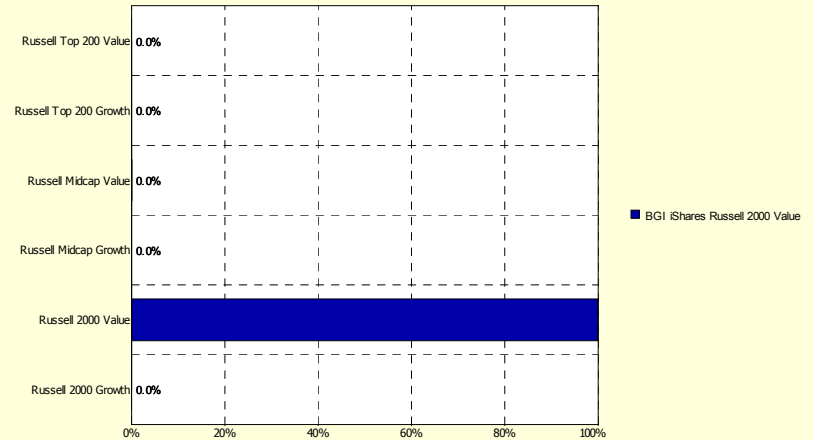
January 2002 - December 2006



Asset Allocation

Single Computation

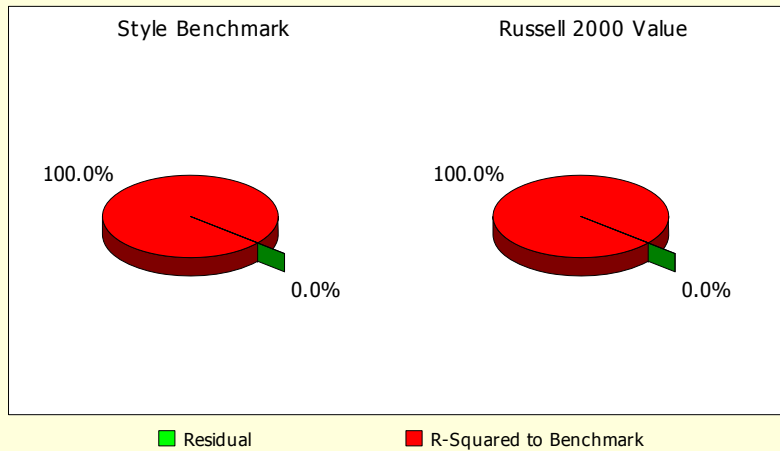
January 2002 - December 2006



Performance Attribution

BGI iShares Russell 2000 Value

January 2002 - December 2006

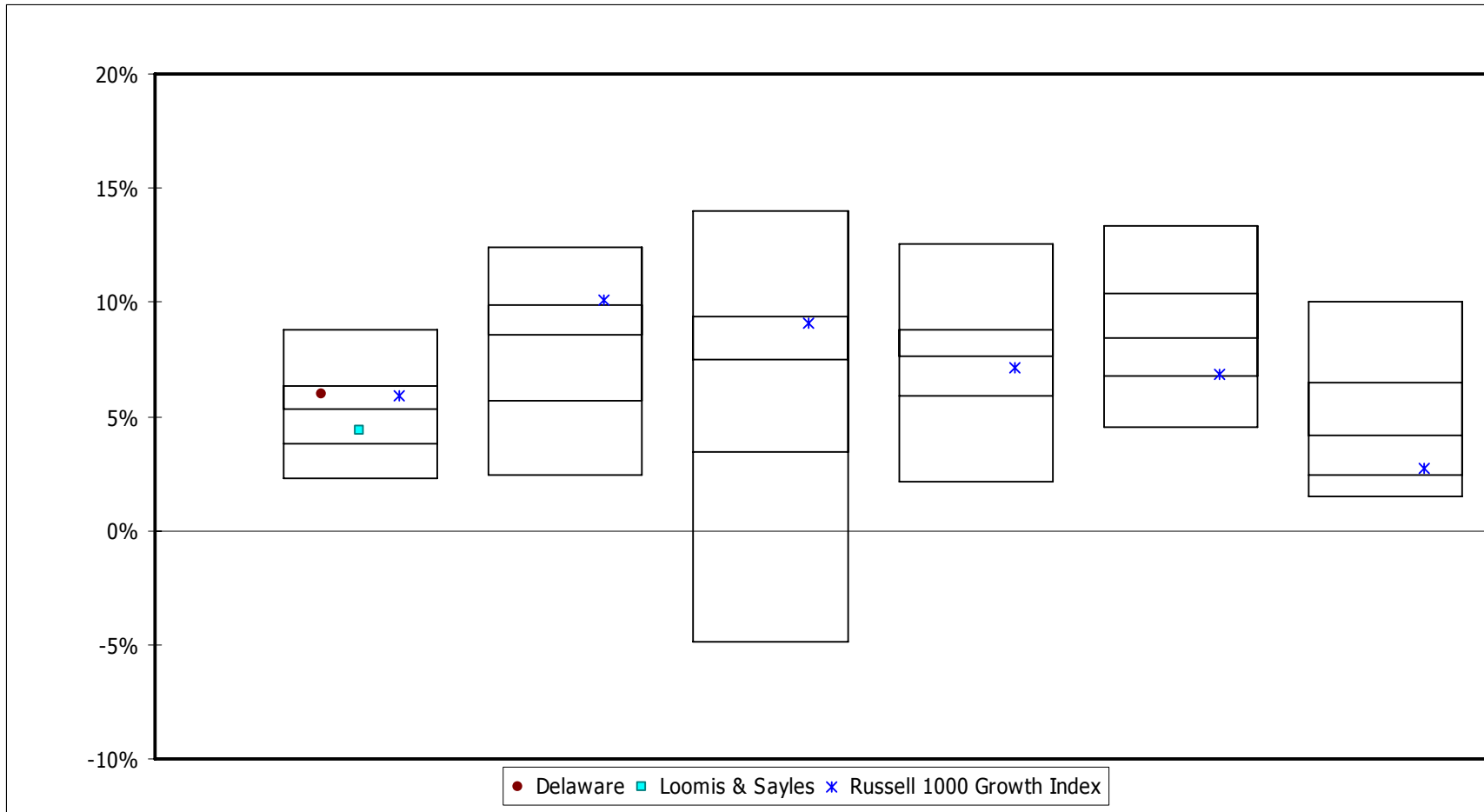


Manager Performance

Single Computation

January 2002 - December 2006





|                                  | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 1 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|----------------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                                  | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| Delaware                         | 6.0%   | 34   |            |      |              |      |        |      |        |      |        |      |
| Loomis & Sayles                  | 4.4%   | 65   |            |      |              |      |        |      |        |      |        |      |
| <i>Russell 1000 Growth Index</i> | 5.9%   | 36   | 10.1%      | 22   | 9.1%         | 31   | 7.2%   | 59   | 6.9%   | 74   | 2.7%   | 70   |
| Median                           | 5.3%   |      | 8.6%       |      | 7.5%         |      | 7.6%   |      | 8.4%   |      | 4.2%   |      |

| <b>Portfolio Characteristics</b>      |                  |                     |
|---------------------------------------|------------------|---------------------|
|                                       | <b>Portfolio</b> | <b>R 1000(R) GR</b> |
| Total Number of Securities            | 26               |                     |
| Total Market Value \$                 | 112,183,283      |                     |
| Average Market Capitalization (000's) | 44,424,600       | 71,763,100          |
| Median Market Capitalization (000's)  | 18,931,400       | 5,233,000           |
| Equity Segment Yield                  | 0.70             | 1.13                |
| Equity Segment P/E                    | 27.24            | 20.37               |
| Equity Segment Beta                   | 1.35             | 1.17                |
| Price/Book Ratio                      | 5.74             | 4.77                |
| Five Year Earnings Growth             | 30.76            | 24.37               |
| Return On Equity                      | 18.08            | 20.33               |

| <b>Ten Largest Holdings</b> |           |               |
|-----------------------------|-----------|---------------|
| <b>Name</b>                 | <b>\$</b> | <b>Weight</b> |
| QUALCOMM INC                | 6,065,600 | 5.4           |
| EBAY INC                    | 5,562,950 | 5.0           |
| UNITEDHEALTH GROUP          | 5,373,000 | 4.8           |
| UNITED PARCEL SVC I         | 5,124,480 | 4.6           |
| INTERCONTINENTALEXC         | 5,071,300 | 4.5           |
| SEAGATE TECHNOLOGY          | 5,035,000 | 4.5           |
| STAPLES INC COM             | 4,939,500 | 4.4           |
| GENENTECH INC               | 4,867,800 | 4.3           |
| GOOGLE INC                  | 4,835,040 | 4.3           |
| WALGREEN CO                 | 4,818,450 | 4.3           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| MGM MIRAGE INC             | 45.2          |
| WEIGHT WATCHERS INT        | 18.9          |
| ZIMMER HLDGS INC           | 16.1          |
| SEAGATE TECHNOLOGY         | 15.3          |
| GOOGLE INC                 | 14.6          |
| INTERNATIONAL GAME         | 12.0          |
| STAPLES INC COM            | 9.7           |
| UNITEDHEALTH GROUP         | 9.2           |
| PAYCHEX INC                | 7.9           |
| CHICAGO MERCANTILE         | 6.7           |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| SANDISK CORP                | -19.6         |
| EXPEDITORS INTL WAS         | -8.9          |
| WAL MART STORES INC         | -6.0          |
| INTUIT INC                  | -4.9          |
| GENENTECH INC               | -1.9          |
| PRAXAIR INC                 | 0.7           |
| WALGREEN CO                 | 3.6           |
| PROCTER & GAMBLE CO         | 4.2           |
| QUALCOMM INC                | 4.3           |
| UNITED PARCEL SVC I         | 4.7           |



|                           | Portfolio                   |                       | R 1000(R) GR                |                       | Attribution            |                         |              |
|---------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                           | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| <b>Cons Discretionary</b> | 12.8                        | 20.0                  | 13.3                        | 10.8                  | 1.2                    | 0.0                     | 1.1          |
| <b>Consumer Staples</b>   | 10.7                        | 0.6                   | 10.0                        | 2.1                   | -0.2                   | 0.0                     | -0.2         |
| <b>Energy</b>             | 0.0                         |                       | 3.5                         | 8.2                   | 0.0                    | -0.1                    | -0.1         |
| <b>Financials</b>         | 7.1                         | 6.2                   | 8.6                         | 7.3                   | -0.1                   | 0.0                     | -0.1         |
| <b>Health Care</b>        | 16.5                        | 6.8                   | 18.1                        | 2.7                   | 0.7                    | 0.0                     | 0.7          |
| <b>Industrials</b>        | 14.3                        | -1.7                  | 14.6                        | 5.7                   | -1.0                   | 0.0                     | -1.0         |
| <b>Info Technology</b>    | 34.9                        | 5.9                   | 26.5                        | 6.2                   | -0.1                   | 0.0                     | -0.1         |
| <b>Materials</b>          | 3.7                         | 0.7                   | 3.0                         | 11.2                  | -0.4                   | 0.0                     | -0.3         |
| <b>Telecom Services</b>   | 0.0                         |                       | 0.9                         | 5.6                   | 0.0                    | 0.0                     | 0.0          |
| <b>Utilities</b>          | 0.0                         |                       | 1.4                         | 1.0                   | 0.0                    | 0.1                     | 0.1          |
| <b>Miscellaneous</b>      | 0.0                         |                       | 0.0                         |                       |                        |                         |              |
| <b>TOTAL</b>              | 100%                        | 6.0                   | 100%                        | 5.9                   | 0.1                    | 0.0                     | 0.1          |

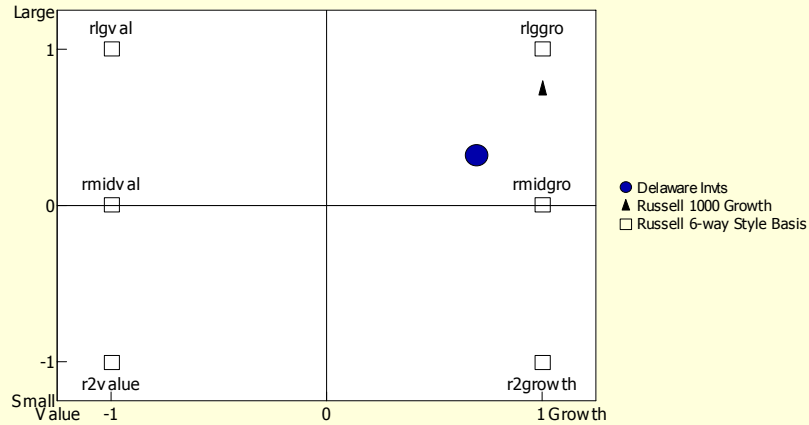
|   |            |  |            |
|---|------------|--|------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.0</b> | <b>Stock Selection (E)</b>                     | <b>0.1</b> |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>5.9</b> | <b>Sector Weighting (F)</b>                    | <b>0.0</b> |
| <b>Total Relative Return Difference (B/D)</b> | <b>0.1</b> | <b>Total Selection (E * F)</b>                 | <b>0.1</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>6.0</b> | <b>Total Value Added (Selection * Trading)</b> | <b>0.1</b> |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.0</b> |  |            |
| <b>Intra-Period Trading (* / B)</b>           | <b>0.0</b> |  |            |

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Manager Style

Single Computation

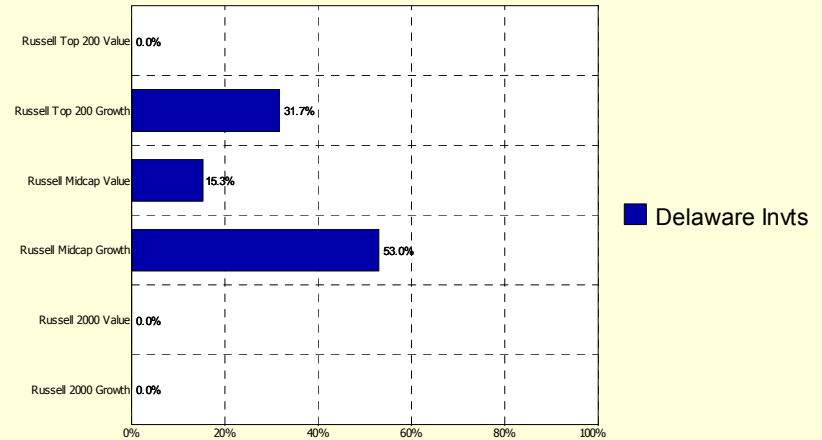
January 2002 - December 2006



Asset Allocation

Single Computation

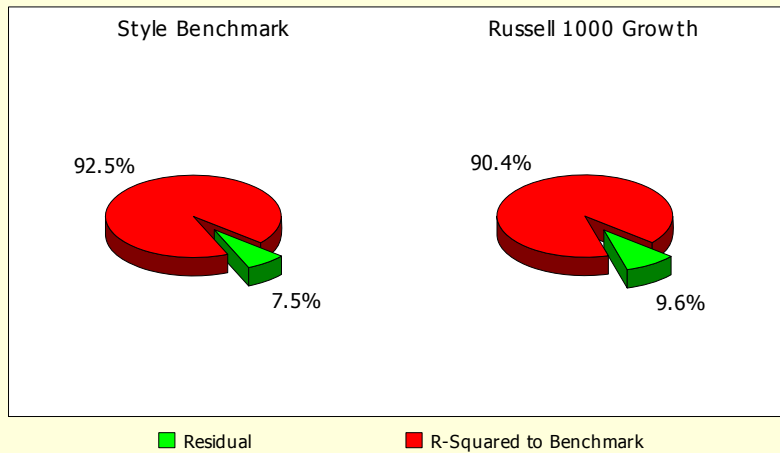
January 2002 - December 2006



Performance Attribution

Delaware Invs

January 2002 - December 2006



Single Computation

Manager Performance

Single Computation

January 2002 - December 2006



| <b>Portfolio Characteristics</b>      |                  |                     |
|---------------------------------------|------------------|---------------------|
|                                       | <b>Portfolio</b> | <b>R 1000(R) GR</b> |
| Total Number of Securities            | 53               |                     |
| Total Market Value \$                 | 71,584,993       |                     |
| Average Market Capitalization (000's) | 63,041,600       | 71,763,100          |
| Median Market Capitalization (000's)  | 24,092,700       | 5,233,000           |
| Equity Segment Yield                  | 0.56             | 1.13                |
| Equity Segment P/E                    | 22.38            | 20.37               |
| Equity Segment Beta                   | 1.43             | 1.17                |
| Price/Book Ratio                      | 5.99             | 4.77                |
| Five Year Earnings Growth             | 40.95            | 24.37               |
| Return On Equity                      | 21.52            | 20.33               |

| <b>Ten Largest Holdings</b> |           |               |
|-----------------------------|-----------|---------------|
| <b>Name</b>                 | <b>\$</b> | <b>Weight</b> |
| GOOGLE INC                  | 3,118,831 | 4.4           |
| CISCO SYS INC               | 3,061,862 | 4.3           |
| MICROSOFT                   | 2,295,488 | 3.2           |
| GOLDMAN SACHS GROUP         | 2,293,522 | 3.2           |
| APPLE INC                   | 2,274,645 | 3.2           |
| JOHNSON & JOHNSON           | 2,188,563 | 3.1           |
| CB RICHARD ELLIS GR         | 2,112,118 | 3.0           |
| ORACLE CORP                 | 2,022,674 | 2.8           |
| PRECISION CASTPARTS         | 1,855,947 | 2.6           |
| GILEAD SCIENCES INC         | 1,855,440 | 2.6           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| CB RICHARD ELLIS GR        | 35.0          |
| MONSTER WORLDWIDE I        | 28.9          |
| NVIDIA CORP                | 25.1          |
| COACH INC                  | 24.9          |
| PRECISION CASTPARTS        | 24.0          |
| CISCO SYS INC              | 18.9          |
| GOLDMAN SACHS GROUP        | 18.1          |
| MCGRAW-HILL COS INC        | 17.5          |
| NORDSTROM INC              | 16.9          |
| GOOGLE INC                 | 14.6          |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| BEA SYS INC                 | -17.2         |
| EXPEDITORS INTL WAS         | -8.9          |
| PRICE T ROWE GROUP          | -8.2          |
| BEST BUY INC                | -8.0          |
| GILEAD SCIENCES INC         | -5.6          |
| PEPSICO INC COM             | -3.7          |
| CVS CORP                    | -3.6          |
| ORACLE CORP                 | -3.4          |
| SYMANTEC CORP               | -2.0          |
| GENENTECH INC               | -1.9          |

|                           | Portfolio                   |                       | R 1000(R) GR                |                       | Attribution            |                         |              |
|---------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                           | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| <b>Cons Discretionary</b> | 10.9                        | 11.0                  | 13.3                        | 10.8                  | 0.0                    | -0.1                    | -0.1         |
| <b>Consumer Staples</b>   | 9.6                         | -4.0                  | 10.0                        | 2.1                   | -0.6                   | 0.0                     | -0.6         |
| <b>Energy</b>             | 2.6                         | 6.8                   | 3.5                         | 8.2                   | 0.0                    | 0.0                     | 0.0          |
| <b>Financials</b>         | 20.6                        | 9.8                   | 8.6                         | 7.3                   | 0.5                    | 0.2                     | 0.7          |
| <b>Health Care</b>        | 15.9                        | -3.1                  | 18.1                        | 2.7                   | -0.9                   | 0.1                     | -0.8         |
| <b>Industrials</b>        | 8.6                         | 10.6                  | 14.6                        | 5.7                   | 0.4                    | 0.0                     | 0.4          |
| <b>Info Technology</b>    | 31.8                        | 2.3                   | 26.5                        | 6.2                   | -1.2                   | 0.0                     | -1.2         |
| <b>Materials</b>          | 0.0                         |                       | 3.0                         | 11.2                  | 0.0                    | -0.1                    | -0.1         |
| <b>Telecom Services</b>   | 0.0                         |                       | 0.9                         | 5.6                   | 0.0                    | 0.0                     | 0.0          |
| <b>Utilities</b>          | 0.0                         |                       | 1.4                         | 1.0                   | 0.0                    | 0.1                     | 0.1          |
| <b>Miscellaneous</b>      | 0.0                         |                       | 0.0                         |                       |                        |                         |              |
| <b>TOTAL</b>              | 100%                        | 4.2                   | 100%                        | 5.9                   | -1.7                   | 0.1                     | -1.7         |

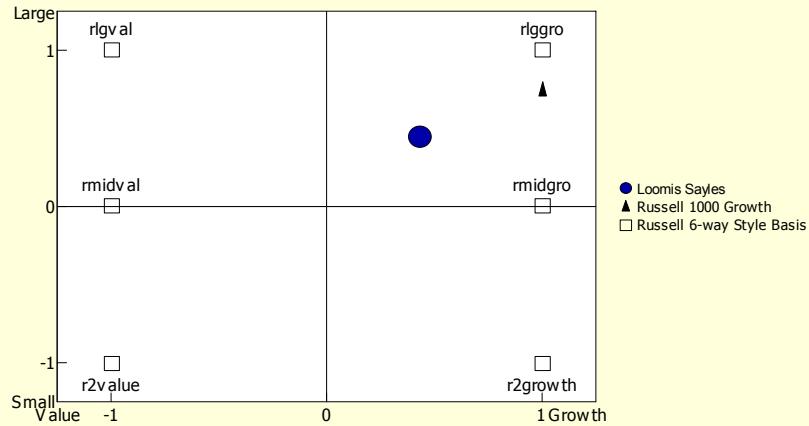
|   |             |  |             |
|---|-------------|--|-------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>4.2</b>  | <b>Stock Selection (E)</b>                     | <b>-1.7</b> |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>5.9</b>  | <b>Sector Weighting (F)</b>                    | <b>0.1</b>  |
| <b>Total Relative Return Difference (B/D)</b> | <b>-1.7</b> | <b>Total Selection (E * F)</b>                 | <b>-1.7</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>4.4</b>  | <b>Total Value Added (Selection * Trading)</b> | <b>-1.4</b> |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>4.2</b>  |  |             |
| <b>Intra-Period Trading (* / B)</b>           | <b>0.3</b>  |  |             |

Zephyr StyleADVISOR: Strategic Investment Solutions, Inc.

Manager Style

Single Computation

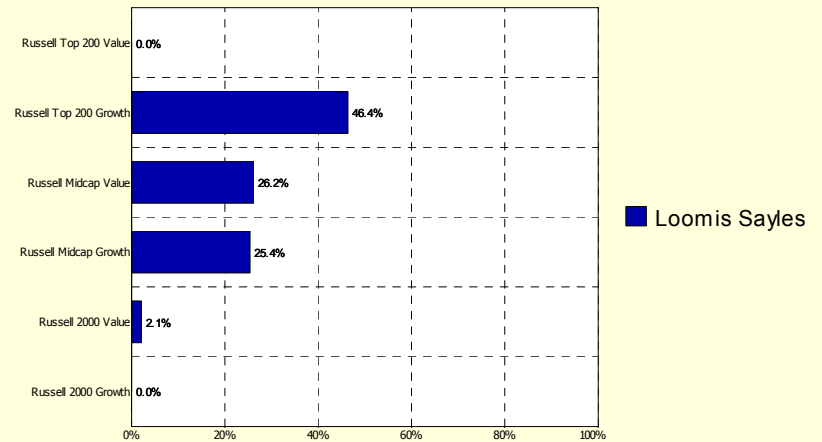
January 2002 - December 2006



Asset Allocation

Single Computation

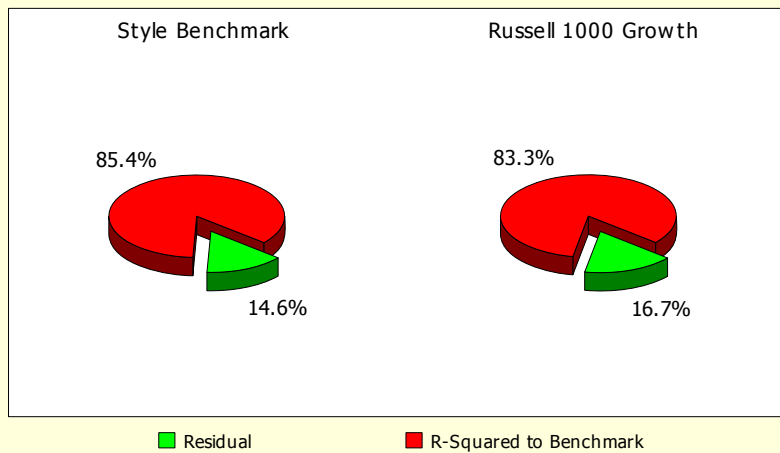
January 2002 - December 2006



Performance Attribution

Loomis Sayles

January 2002 - December 2006

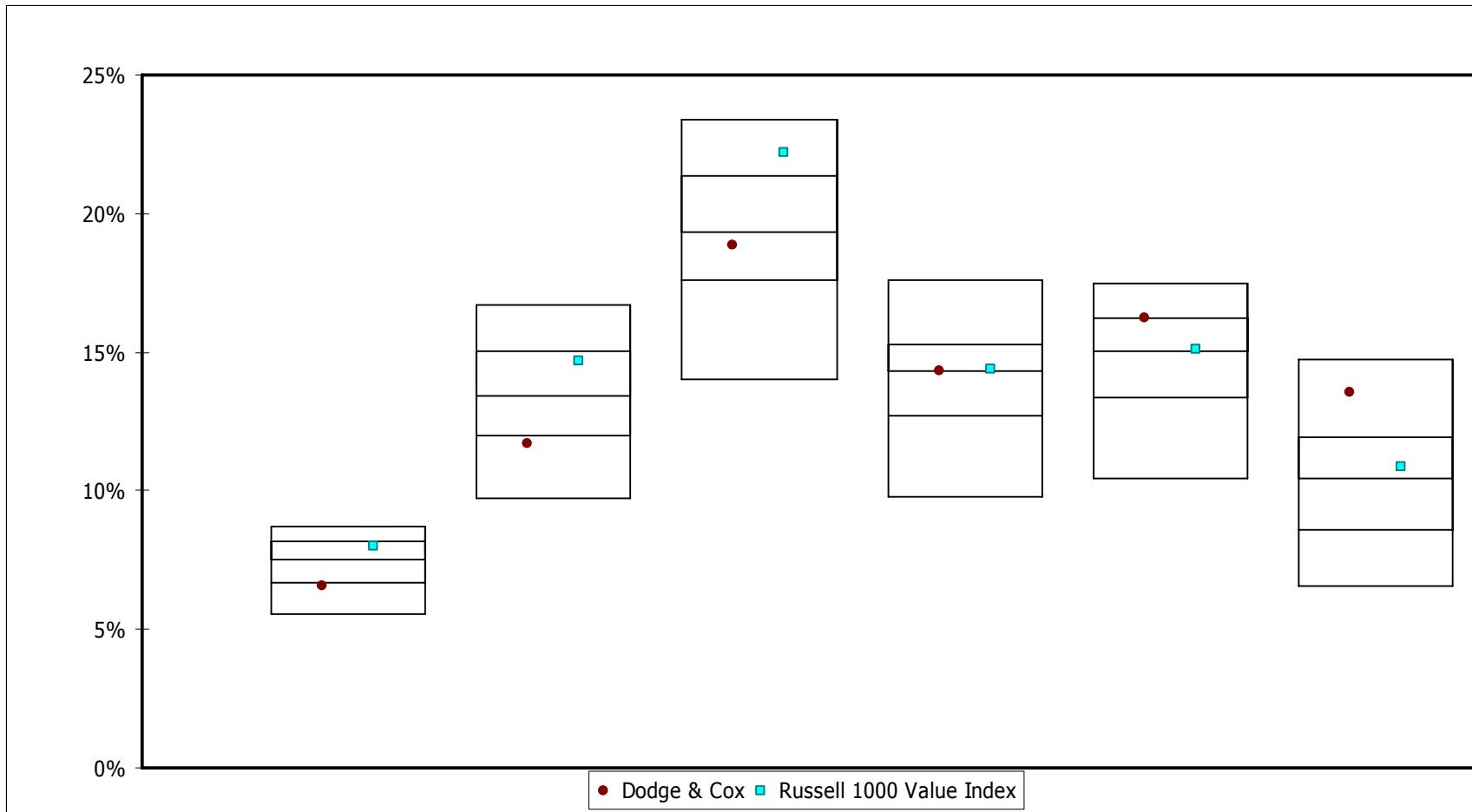


Manager Performance

Single Computation

January 2002 - December 2006





|                          | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|--------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                          | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| Dodge & Cox              | 6.6%   | 78   | 11.7%      | 81   | 18.9%        | 62   | 14.3%  | 49   | 16.2%  | 27   | 13.6%  | 9    |
| Russell 1000 Value Index | 8.0%   | 32   | 14.7%      | 30   | 22.2%        | 17   | 14.4%  | 48   | 15.1%  | 49   | 10.9%  | 42   |
| Median                   | 7.5%   |      | 13.4%      |      | 19.4%        |      | 14.3%  |      | 15.0%  |      | 10.4%  |      |

| <b>Portfolio Characteristics</b>      |                  |                        |
|---------------------------------------|------------------|------------------------|
|                                       | <b>Portfolio</b> | <b>R 1000(R) VALUE</b> |
| Total Number of Securities            | 84               |                        |
| Total Market Value \$                 | 256,683,789      |                        |
| Average Market Capitalization (000's) | 72,688,800       | 121,290,200            |
| Median Market Capitalization (000's)  | 25,964,600       | 5,336,200              |
| Equity Segment Yield                  | 1.75             | 2.33                   |
| Equity Segment P/E                    | 15.87            | 13.86                  |
| Equity Segment Beta                   | 1.04             | 0.95                   |
| Price/Book Ratio                      | 2.70             | 2.59                   |
| Five Year Earnings Growth             | 17.03            | 18.21                  |
| Return On Equity                      | 14.42            | 16.88                  |

| <b>Ten Largest Holdings</b> |            |               |
|-----------------------------|------------|---------------|
| <b>Name</b>                 | <b>\$</b>  | <b>Weight</b> |
| COMCAST CORP-CL A           | 10,017,056 | 3.9           |
| HEWLETT PACKARD CO          | 9,834,927  | 3.8           |
| NEWS CORP INC               | 7,913,232  | 3.1           |
| PFIZER INC                  | 7,381,500  | 2.9           |
| WACHOVIA CORP               | 7,081,619  | 2.8           |
| SONY CORP                   | 6,852,800  | 2.7           |
| MCDONALD'S CORP             | 6,848,985  | 2.7           |
| TIME WARNER INC NEW         | 6,751,800  | 2.6           |
| WAL MART STORES INC         | 6,720,388  | 2.6           |
| SANOFI-AVENTIS              | 6,463,800  | 2.5           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| AMERICAN PWR CONVER        | 39.8          |
| THOMSON MULTIMEDIA         | 24.3          |
| INTERPUBLIC GROUP C        | 23.6          |
| VODAFONE GROUP PLC         | 23.6          |
| AVAYA INC                  | 22.2          |
| EQUITY OFFICE PPTYS        | 22.0          |
| CONOCOPHILLIPS             | 21.6          |
| TIME WARNER INC NEW        | 19.8          |
| MBIA INC                   | 19.4          |
| BMC SOFTWARE INC           | 18.3          |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| MOTOROLA INC DEL            | -17.6         |
| FEDERATED DEPT STOR         | -11.5         |
| NOVA CHEMICALS CORP         | -8.9          |
| PFIZER INC                  | -7.9          |
| WAL MART STORES INC         | -6.0          |
| MATSUSHITA ELEC IND         | -4.9          |
| CAPITAL ONE FINL CO         | -2.3          |
| GENWORTH FINL INC           | -2.0          |
| CARDINAL HEALTH INC         | -1.9          |
| WELLS FARGO & CO NE         | -0.9          |

|                    | Portfolio                   |                       | R 1000(R) VALUE             |                       | Attribution            |                         |              |
|--------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                    | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 22.6                        | 9.8                   | 8.3                         | 10.7                  | -0.2                   | 0.4                     | 0.2          |
| Consumer Staples   | 4.0                         | 1.2                   | 7.8                         | 5.6                   | -0.2                   | 0.1                     | -0.1         |
| Energy             | 9.1                         | 11.5                  | 13.3                        | 12.9                  | -0.1                   | -0.2                    | -0.3         |
| Financials         | 16.1                        | 6.3                   | 36.6                        | 7.2                   | -0.1                   | 0.1                     | 0.0          |
| Health Care        | 17.3                        | 0.3                   | 7.6                         | -1.6                  | 0.3                    | -0.9                    | -0.5         |
| Industrials        | 9.0                         | 6.8                   | 6.9                         | 7.7                   | -0.1                   | 0.0                     | -0.1         |
| Info Technology    | 14.5                        | 8.5                   | 3.5                         | 6.9                   | 0.2                    | -0.1                    | 0.1          |
| Materials          | 5.2                         | 2.6                   | 3.6                         | 11.8                  | -0.5                   | 0.1                     | -0.4         |
| Telecom Services   | 0.9                         | 23.6                  | 6.2                         | 7.6                   | 0.1                    | 0.0                     | 0.2          |
| Utilities          | 1.5                         | 10.3                  | 6.3                         | 11.6                  | 0.0                    | -0.2                    | -0.2         |
| Miscellaneous      | 0.0                         |                       | 0.0                         |                       |                        |                         |              |
| <b>TOTAL</b>       | 100%                        | 6.7                   | 100%                        | 7.9                   | -0.5                   | -0.7                    | -1.1         |

|   |             |  |             |
|---|-------------|--|-------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.7</b>  | <b>Stock Selection (E)</b>                     | <b>-0.5</b> |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>7.9</b>  | <b>Sector Weighting (F)</b>                    | <b>-0.7</b> |
| <b>Total Relative Return Difference (B/D)</b> | <b>-1.1</b> | <b>Total Selection (E * F)</b>                 | <b>-1.1</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>6.8</b>  | <b>Total Value Added (Selection * Trading)</b> | <b>-1.0</b> |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.7</b>  |  |             |
| <b>Intra-Period Trading (* / B)</b>           | <b>0.1</b>  |  |             |

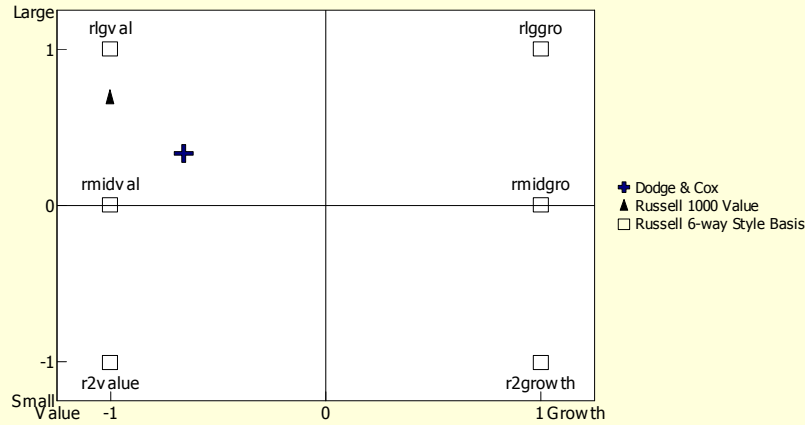


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Manager Style

Single Computation

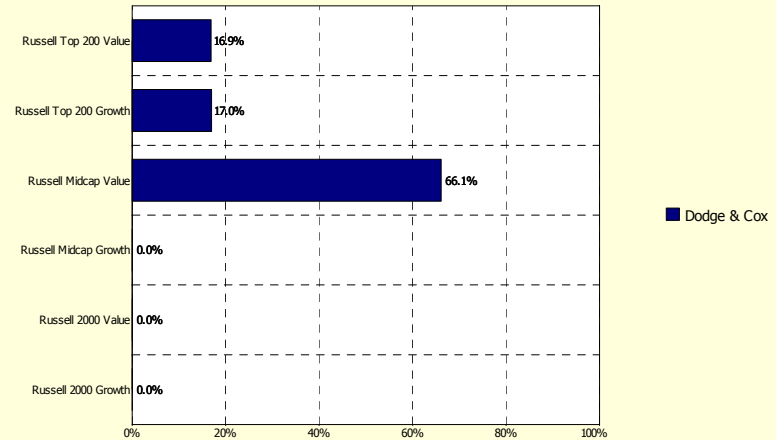
January 2002 - December 2006



Asset Allocation

Single Computation

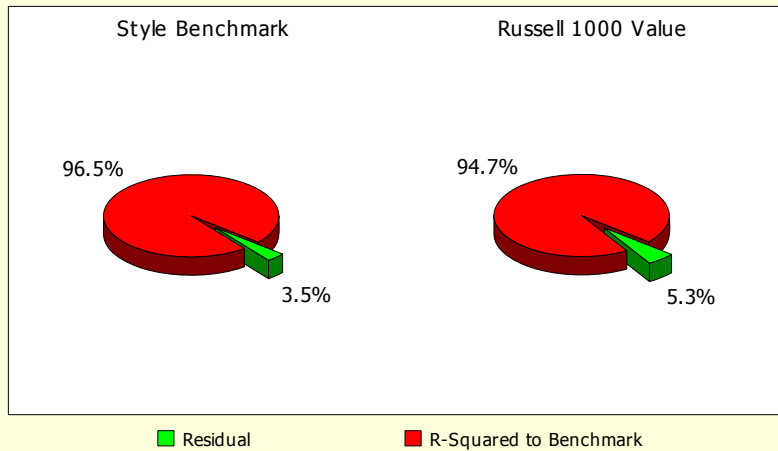
January 2002 - December 2006



Performance Attribution

Dodge & Cox: Equity Mgmt

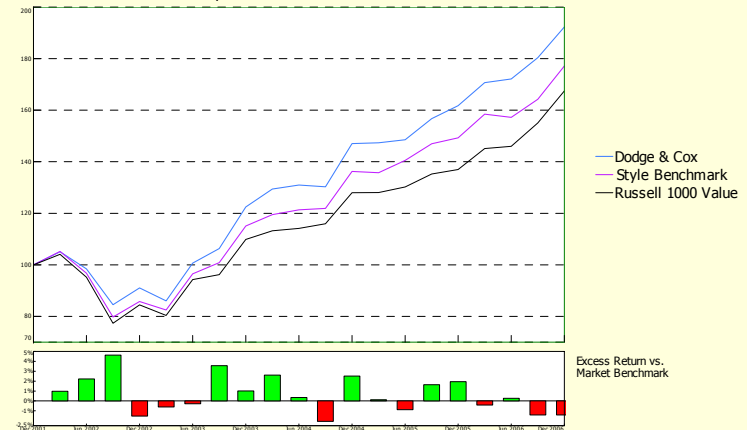
January 2002 - December 2006

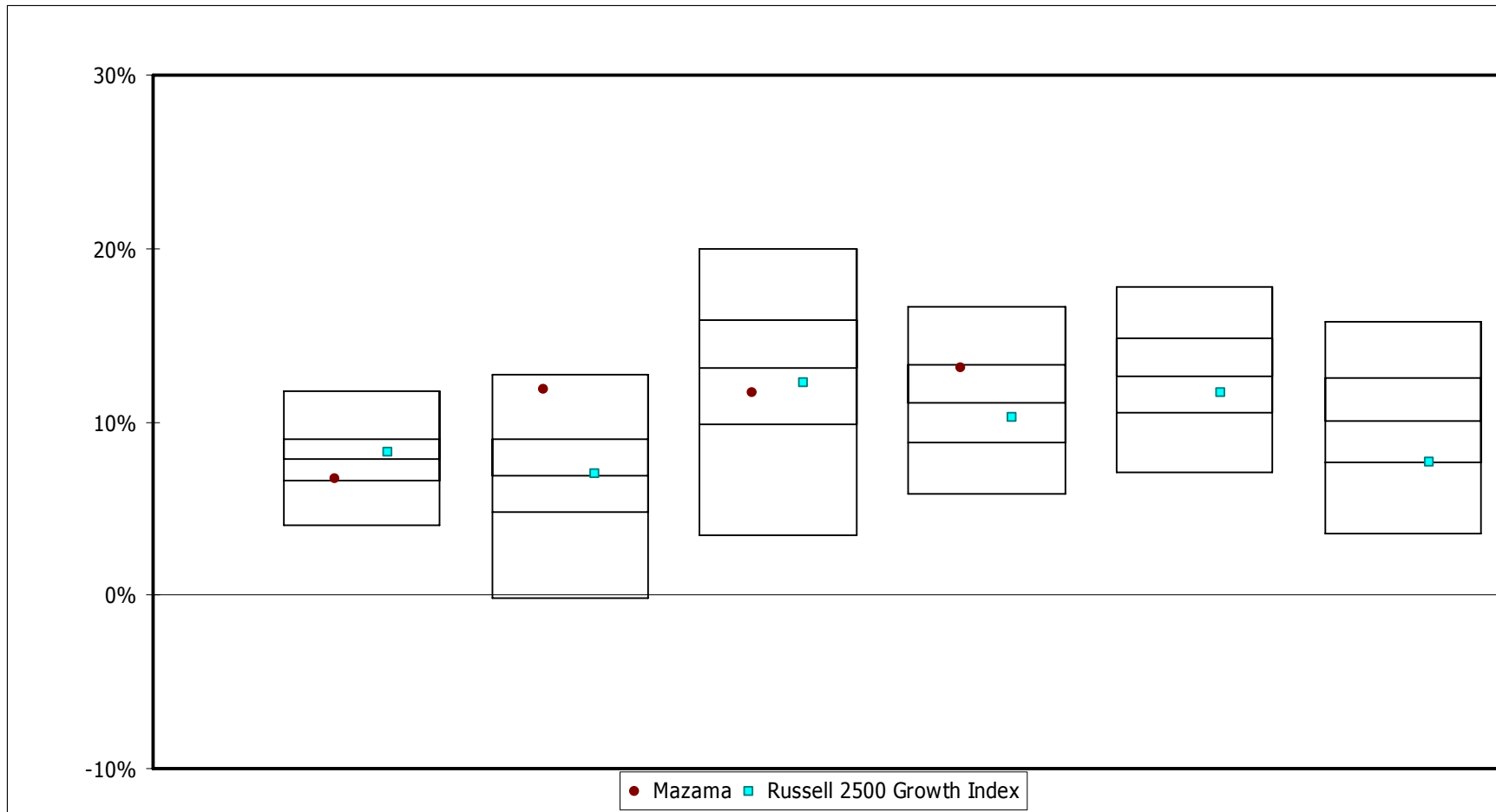


Manager Performance

Single Computation

January 2002 - December 2006





|                           | 1 QTR  |      | FISCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|---------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                           | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| Mazama                    | 6.7%   | 74   | 11.9%      | 9    | 11.7%        | 60   | 13.1%  | 28   |        |      |        |      |
| Russell 2500 Growth Index | 8.2%   | 41   | 6.9%       | 49   | 12.3%        | 55   | 10.2%  | 62   | 11.6%  | 60   | 7.6%   | 76   |
| Median                    | 7.9%   |      | 6.9%       |      | 13.1%        |      | 11.1%  |      | 12.7%  |      | 10.1%  |      |

| <b>Portfolio Characteristics</b>      |                  |                      |
|---------------------------------------|------------------|----------------------|
|                                       | <b>Portfolio</b> | <b>R 2500(TM) GR</b> |
| Total Number of Securities            | 98               |                      |
| Total Market Value \$                 | 65,589,911       |                      |
| Average Market Capitalization (000's) | 2,824,800        | 2,527,000            |
| Median Market Capitalization (000's)  | 1,670,700        | 880,200              |
| Equity Segment Yield                  | 0.23             | 0.54                 |
| Equity Segment P/E                    | 24.79            | 20.60                |
| Equity Segment Beta                   | 1.63             | 1.38                 |
| Price/Book Ratio                      | 4.03             | 4.31                 |
| Five Year Earnings Growth             | 27.49            | 27.93                |
| Return On Equity                      | 7.63             | 13.51                |

| <b>Ten Largest Holdings</b> |           |               |
|-----------------------------|-----------|---------------|
| <b>Name</b>                 | <b>\$</b> | <b>Weight</b> |
| CEPHALON INC                | 2,795,277 | 4.3           |
| RED HAT INC                 | 2,654,200 | 4.0           |
| MEDAREX INC                 | 2,134,197 | 3.3           |
| E TRADE GROUP INC           | 2,109,722 | 3.2           |
| POLYCOM INC                 | 2,108,062 | 3.2           |
| QUICK SLIVER INC            | 2,063,250 | 3.1           |
| FLEXTRONICS INTL LT         | 2,036,552 | 3.1           |
| CROCS INC COM               | 1,792,800 | 2.7           |
| ALTERA CORP COM             | 1,639,344 | 2.5           |
| BROOKS AUTOMATION I         | 1,438,560 | 2.2           |

| <b>Ten Best Performers</b> |               |
|----------------------------|---------------|
| <b>Name</b>                | <b>Return</b> |
| MEDAREX INC                | 37.6          |
| SKYWORKS SOLUTIONS         | 36.4          |
| EXCO RESOURCES INC         | 36.3          |
| SYNOPSIS INC COM           | 35.5          |
| METABASIS THERAPEUT        | 33.8          |
| QUICK SLIVER INC           | 29.6          |
| CROCS INC COM              | 27.2          |
| POLYCOM INC                | 26.0          |
| FEI CO                     | 24.9          |
| MANHATTAN ASSOC INC        | 24.6          |

| <b>Ten Worst Performers</b> |               |
|-----------------------------|---------------|
| <b>Name</b>                 | <b>Return</b> |
| CIRCUIT CITY STORES         | -24.3         |
| PIXELWORKS INC COM          | -22.4         |
| ERESEARCHTECHNOLOGY         | -16.9         |
| CUBIST PHARMACEUTIC         | -16.7         |
| ALKERMES INC                | -15.6         |
| DEPOMED INC                 | -15.4         |
| CREE INC                    | -13.9         |
| EAST WEST BANCORP I         | -10.5         |
| RF MICRO DEVICES IN         | -10.4         |
| FLEXTRONICS INTL LT         | -9.2          |

|                    | Portfolio                   |                       | R 2500(TM) GR               |                       | Attribution            |                         |              |
|--------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|------------------------|-------------------------|--------------|
|                    | Pct of Begin Mkt Val<br>(A) | Rate of Return<br>(B) | Pct of Begin Mkt Val<br>(C) | Rate of Return<br>(D) | Stock Selection<br>(E) | Sector Weighting<br>(F) | Total<br>(G) |
| Cons Discretionary | 12.5                        | 15.3                  | 15.8                        | 9.1                   | 0.8                    | 0.0                     | 0.8          |
| Consumer Staples   | 0.0                         |                       | 2.2                         | 6.4                   | 0.0                    | 0.0                     | 0.0          |
| Energy             | 3.1                         | 11.1                  | 6.3                         | 8.6                   | 0.1                    | 0.0                     | 0.1          |
| Financials         | 16.0                        | -0.2                  | 10.8                        | 6.8                   | -1.1                   | -0.1                    | -1.2         |
| Health Care        | 19.7                        | -0.1                  | 18.7                        | 4.5                   | -0.9                   | 0.0                     | -0.9         |
| Industrials        | 5.5                         | 11.3                  | 17.7                        | 9.8                   | 0.1                    | -0.2                    | -0.1         |
| Info Technology    | 42.1                        | 8.0                   | 21.3                        | 8.6                   | -0.3                   | 0.1                     | -0.2         |
| Materials          | 1.0                         | 1.9                   | 5.0                         | 14.8                  | -0.1                   | -0.2                    | -0.4         |
| Telecom Services   | 0.0                         |                       | 1.7                         | 12.1                  | 0.0                    | -0.1                    | -0.1         |
| Utilities          | 0.0                         |                       | 0.5                         | 15.0                  | 0.0                    | 0.0                     | 0.0          |
| Miscellaneous      | 0.0                         |                       | 0.0                         |                       | 0.0                    | 0.0                     | 0.0          |
| <b>TOTAL</b>       | 100%                        | 6.2                   | 100%                        | 8.3                   | -1.4                   | -0.5                    | -1.9         |

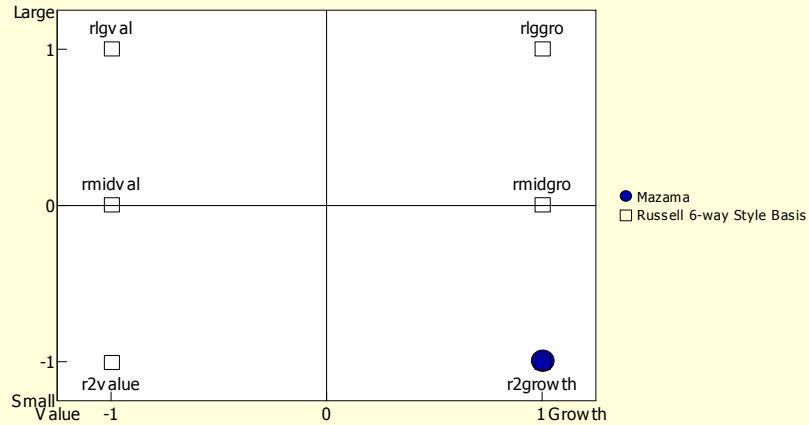
|   |             |  |             |
|---|-------------|--|-------------|
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.2</b>  | <b>Stock Selection (E)</b>                     | <b>-1.4</b> |
| <b>Benchmark Buy/Hold Return (D)</b>          | <b>8.3</b>  | <b>Sector Weighting (F)</b>                    | <b>-0.5</b> |
| <b>Total Relative Return Difference (B/D)</b> | <b>-1.9</b> | <b>Total Selection (E * F)</b>                 | <b>-1.9</b> |
| <b>Equity Only Actual Return (*)</b>          | <b>6.8</b>  | <b>Total Value Added (Selection * Trading)</b> | <b>-1.4</b> |
| <b>Equity Only Buy/Hold Return (B)</b>        | <b>6.2</b>  |  |             |
| <b>Intra-Period Trading (* / B)</b>           | <b>0.6</b>  |  |             |

Zephyr StyleADVISOR: Strategic Investment Solutions, Inc.

### Manager Style

Single Computation

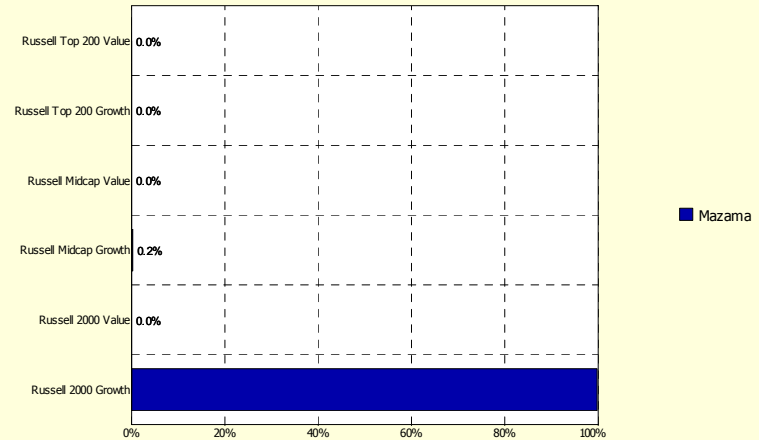
January 2002 - December 2006



### Asset Allocation

Single Computation

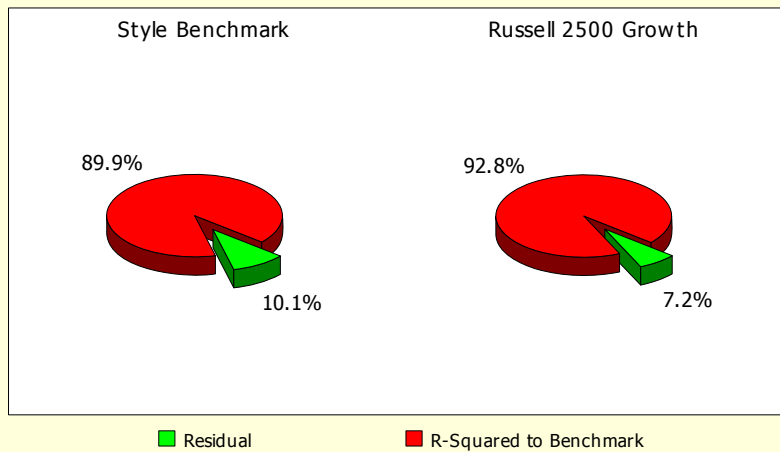
January 2002 - December 2006



### Performance Attribution

Mazama

January 2002 - December 2006



Single Computation

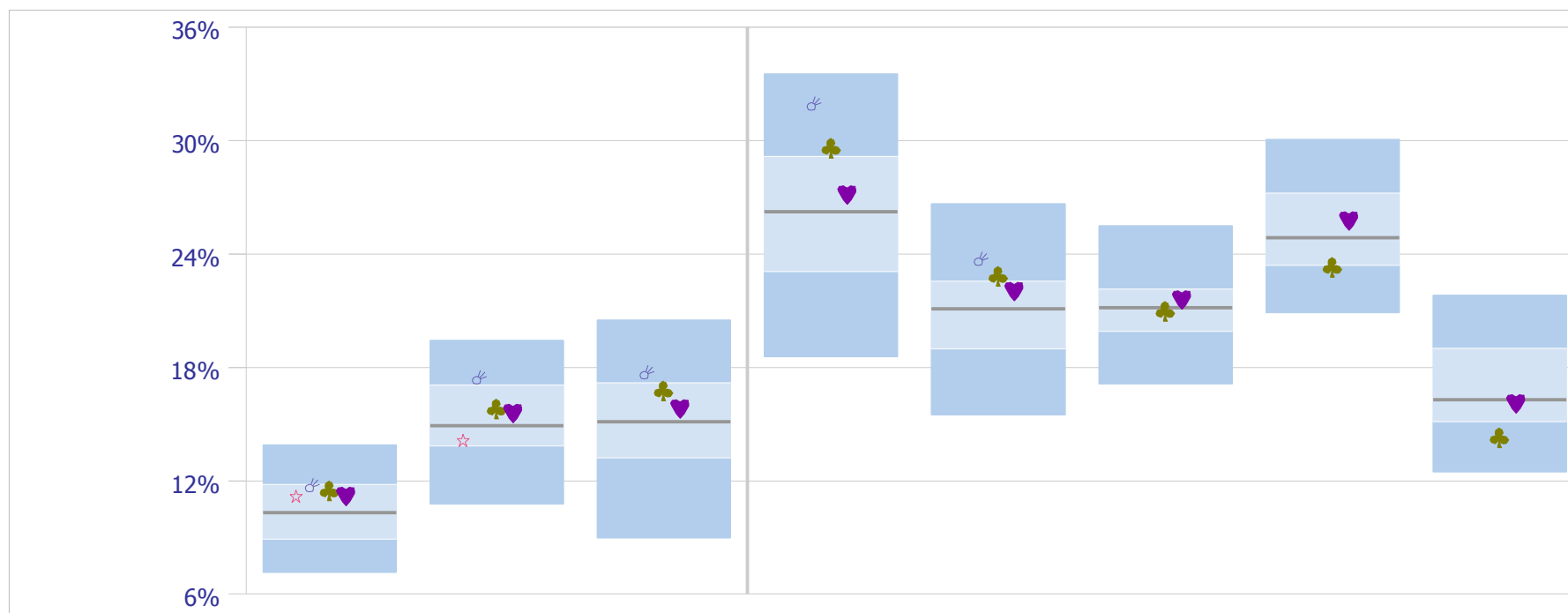
### Manager Performance

Single Computation

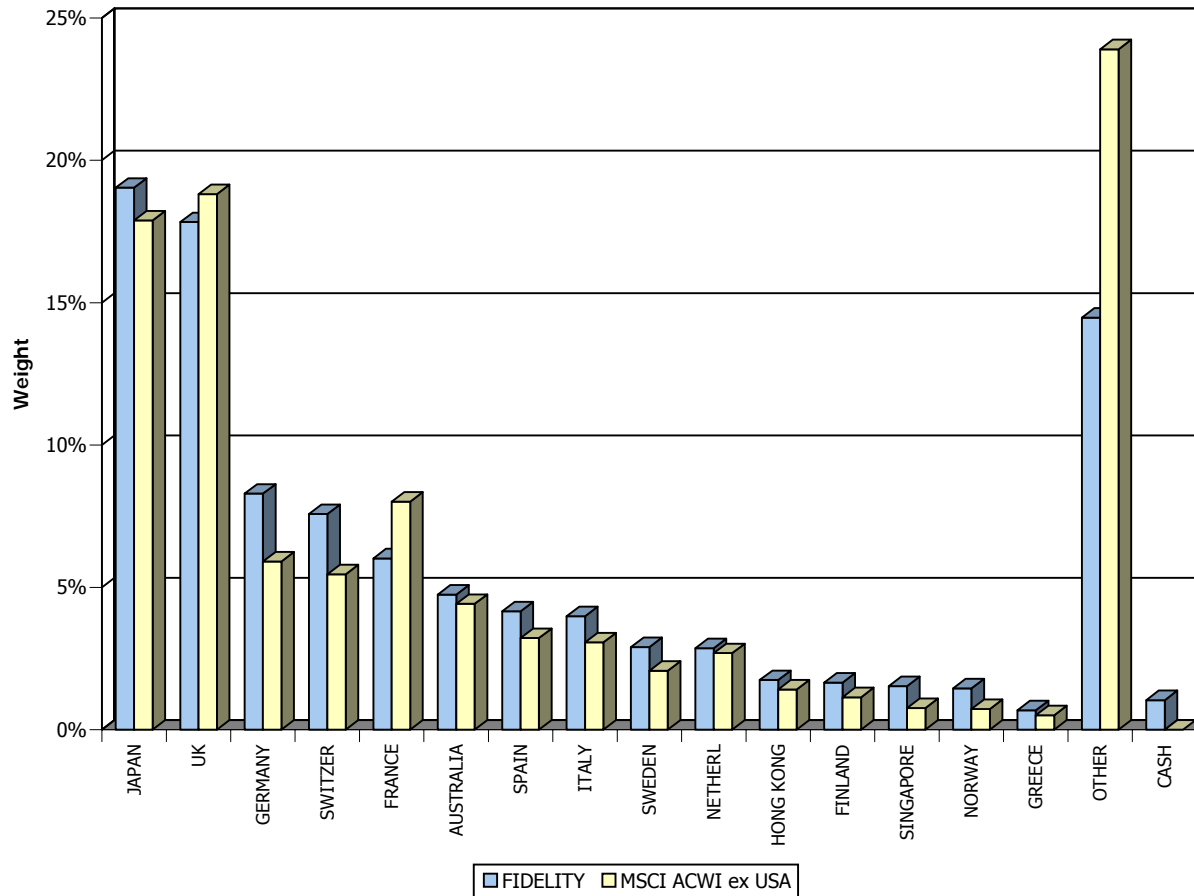
January 2002 - December 2006



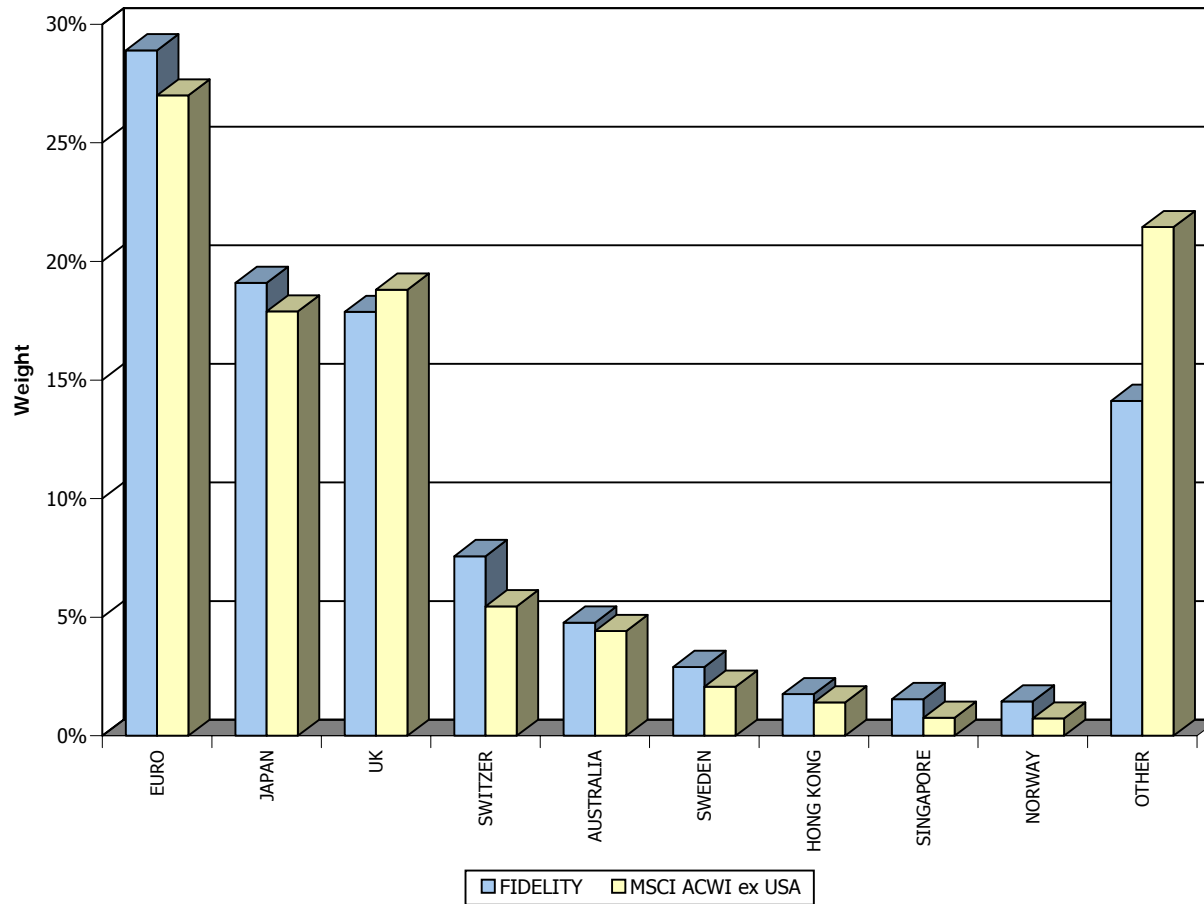
Excess Return vs. Market Benchmark



|                   | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year    |    | Two Years   |    | Three Years |    | Four Years  |    | Five Years  |    |
|-------------------|-------------|----|--------------|----|----------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|
| ☆ Fidelity Inv    | 11.2        | 34 | 14.2         | 71 |                |    |             |    |             |    |             |    |             |    |             |    |
| ♂ LSV             | 11.8        | 25 | 17.5         | 20 | 17.7           | 19 | 32.0        | 10 | 23.7        | 17 |             |    |             |    |             |    |
| ♣ Intl Equity     | 11.5        | 31 | 15.8         | 36 | 16.8           | 31 | 29.6        | 23 | 22.8        | 21 | 21.0        | 54 | 23.3        | 77 | 14.3        | 85 |
| ♥ MSCI ACWI-ex US | 11.2        | 34 | 15.6         | 37 | 15.8           | 41 | 27.2        | 41 | 22.0        | 39 | 21.6        | 40 | 25.8        | 39 | 16.1        | 60 |
| <b>Median</b>     | <b>10.3</b> |    | <b>14.9</b>  |    | <b>15.1</b>    |    | <b>26.2</b> |    | <b>21.1</b> |    | <b>21.2</b> |    | <b>24.9</b> |    | <b>16.3</b> |    |

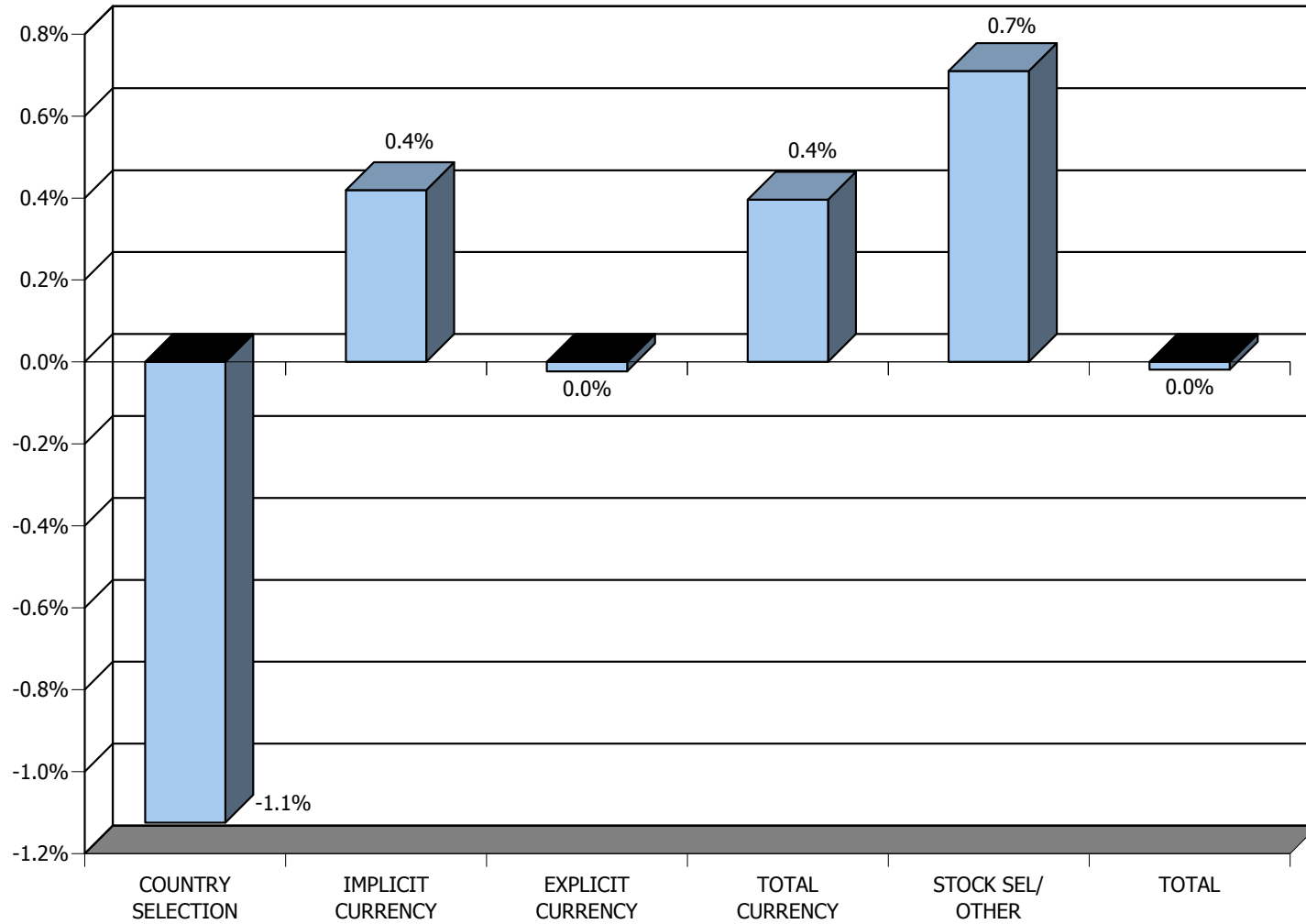


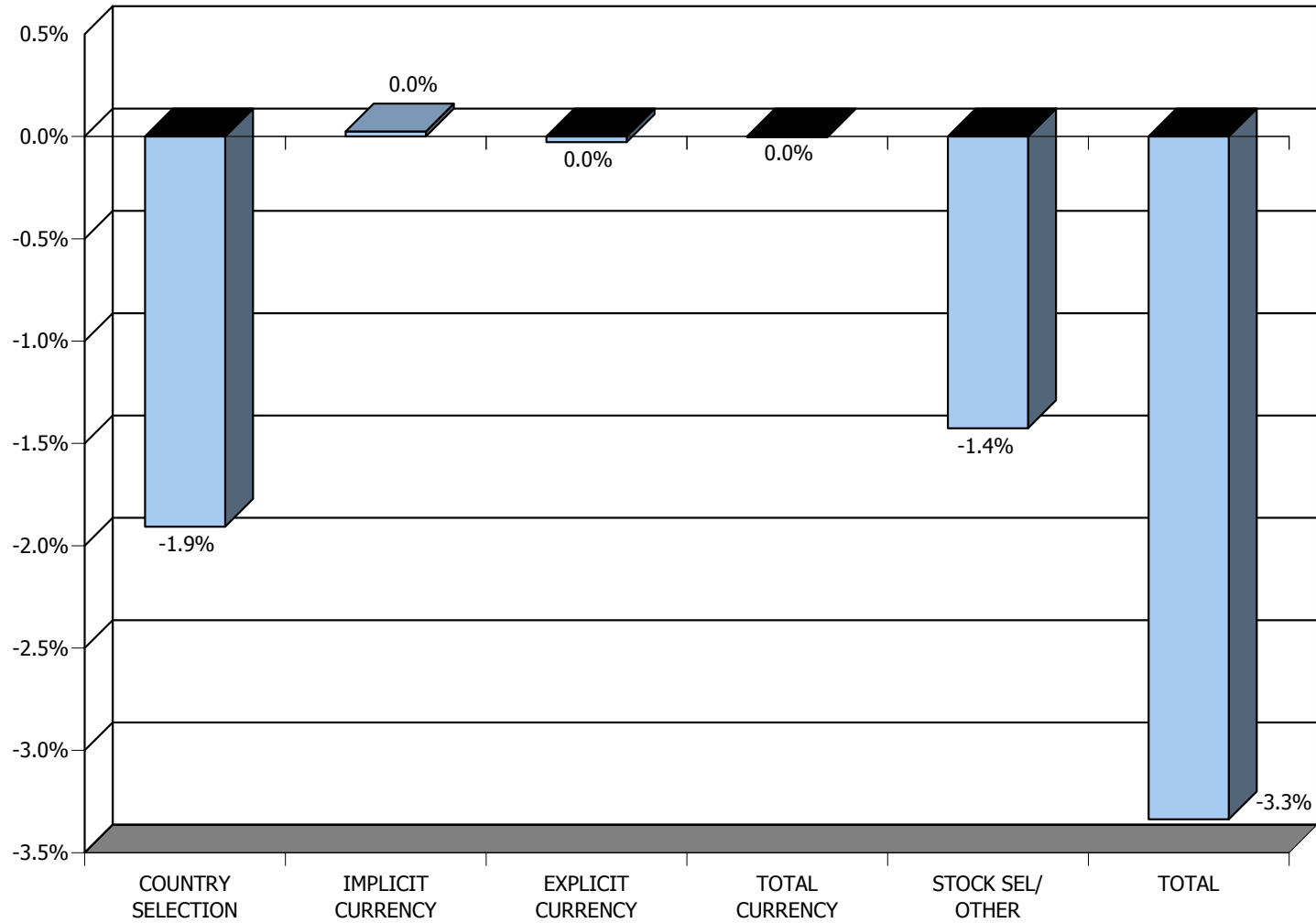
| COUNTRY   | MARKET VALUE | FIDELITY | MSCI ACWI ex USA |
|-----------|--------------|----------|------------------|
| JAPAN     | \$ 24,521    | 19.0%    | 17.9%            |
| UK        | \$ 22,966    | 17.8%    | 18.8%            |
| GERMANY   | \$ 10,683    | 8.3%     | 5.9%             |
| SWITZER   | \$ 9,759     | 7.6%     | 5.5%             |
| FRANCE    | \$ 7,754     | 6.0%     | 8.0%             |
| AUSTRALIA | \$ 6,114     | 4.7%     | 4.4%             |
| SPAIN     | \$ 5,356     | 4.2%     | 3.2%             |
| ITALY     | \$ 5,133     | 4.0%     | 3.1%             |
| SWEDEN    | \$ 3,745     | 2.9%     | 2.1%             |
| NETHERL   | \$ 3,691     | 2.9%     | 2.7%             |
| HONG KONG | \$ 2,248     | 1.7%     | 1.4%             |
| FINLAND   | \$ 2,135     | 1.7%     | 1.1%             |
| SINGAPORE | \$ 1,973     | 1.5%     | 0.8%             |
| NORWAY    | \$ 1,872     | 1.5%     | 0.7%             |
| GREECE    | \$ 885       | 0.7%     | 0.5%             |
| OTHER     | \$ 18,649    | 14.5%    | 23.9%            |
| CASH      | \$ 1,337     | 1.0%     | 0.0%             |
|           | \$ 128,821   | 100.0%   | 100.0%           |

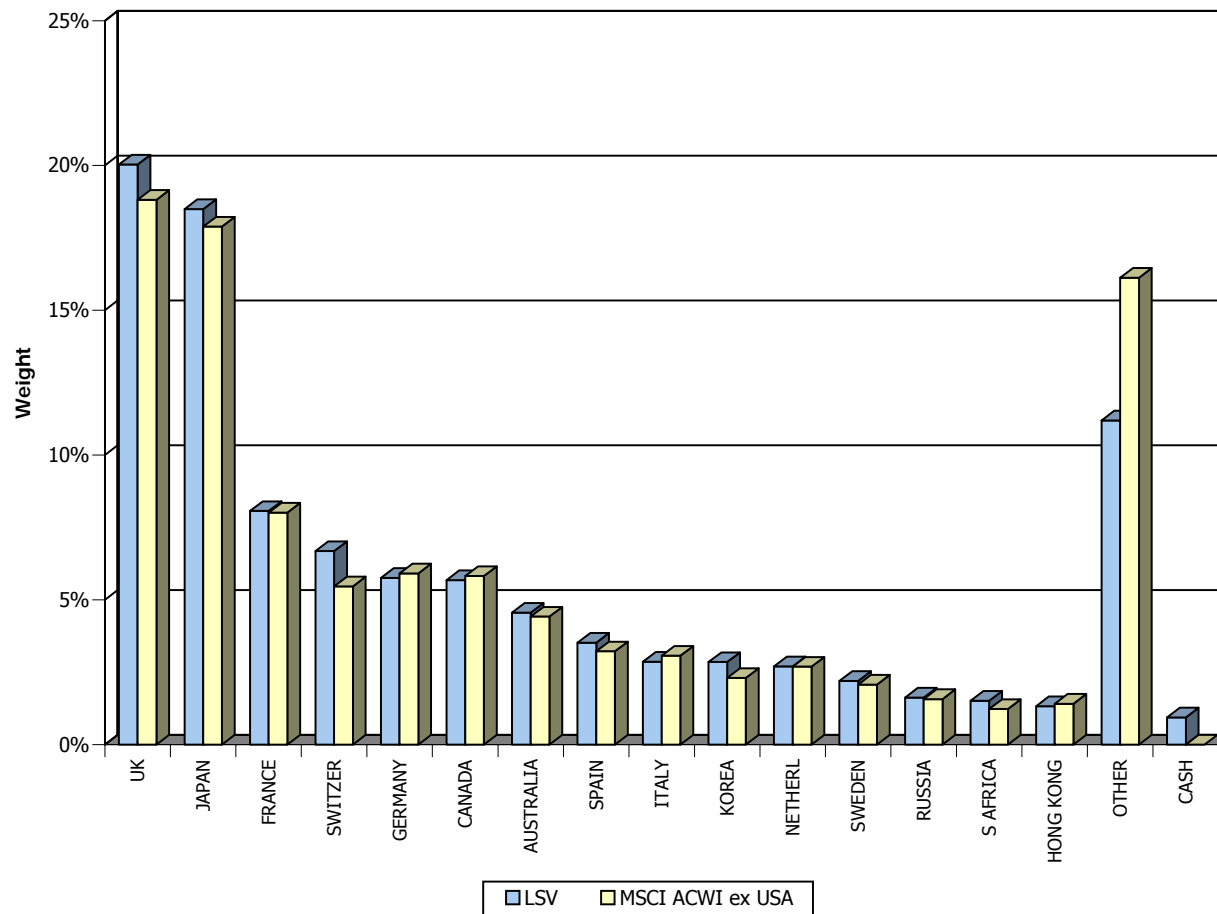


| CURRENCY  | MARKET VALUE | FIDELITY | MSCI ACWI ex USA |
|-----------|--------------|----------|------------------|
| EURO      | \$ 37,226    | 28.9%    | 27.0%            |
| JAPAN     | \$ 24,603    | 19.1%    | 17.9%            |
| UK        | \$ 23,026    | 17.9%    | 18.8%            |
| SWITZER   | \$ 9,759     | 7.6%     | 5.5%             |
| AUSTRALIA | \$ 6,144     | 4.8%     | 4.4%             |
| SWEDEN    | \$ 3,745     | 2.9%     | 2.1%             |
| HONG KONG | \$ 2,265     | 1.8%     | 1.4%             |
| SINGAPORE | \$ 1,993     | 1.5%     | 0.8%             |
| NORWAY    | \$ 1,872     | 1.5%     | 0.7%             |
| OTHER     | \$ 18,187    | 14.1%    | 21.5%            |
|           | \$ 128,821   | 100.0%   | 100.0%           |

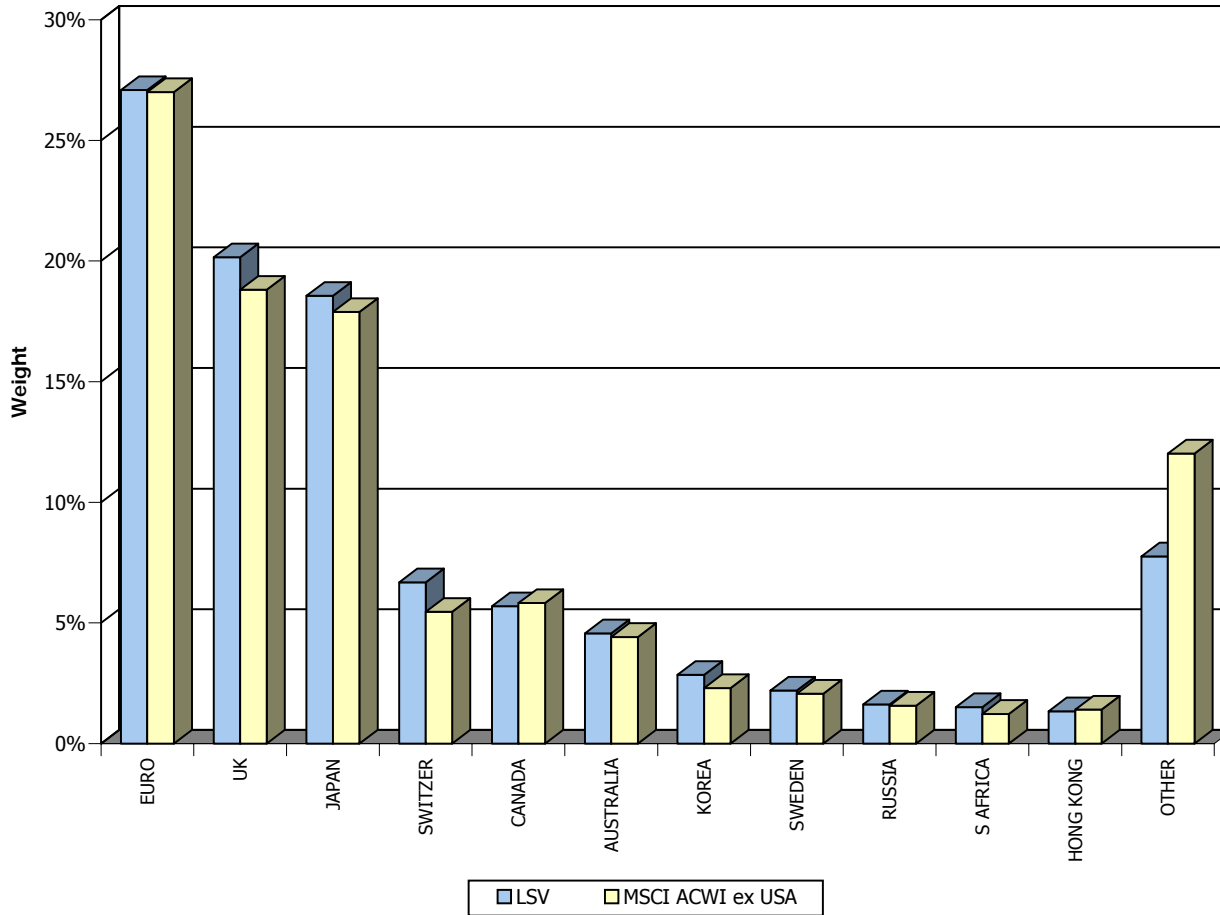




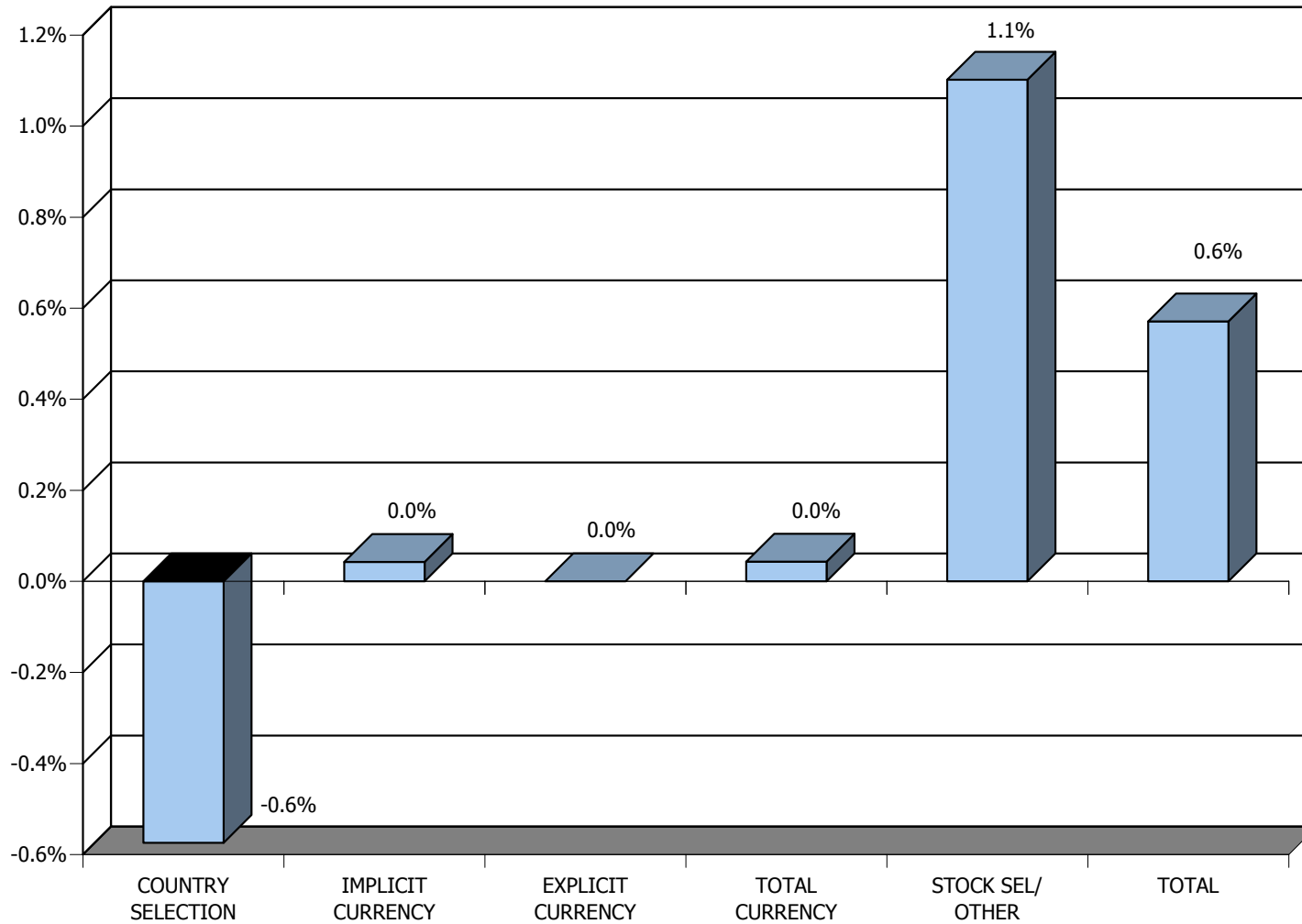


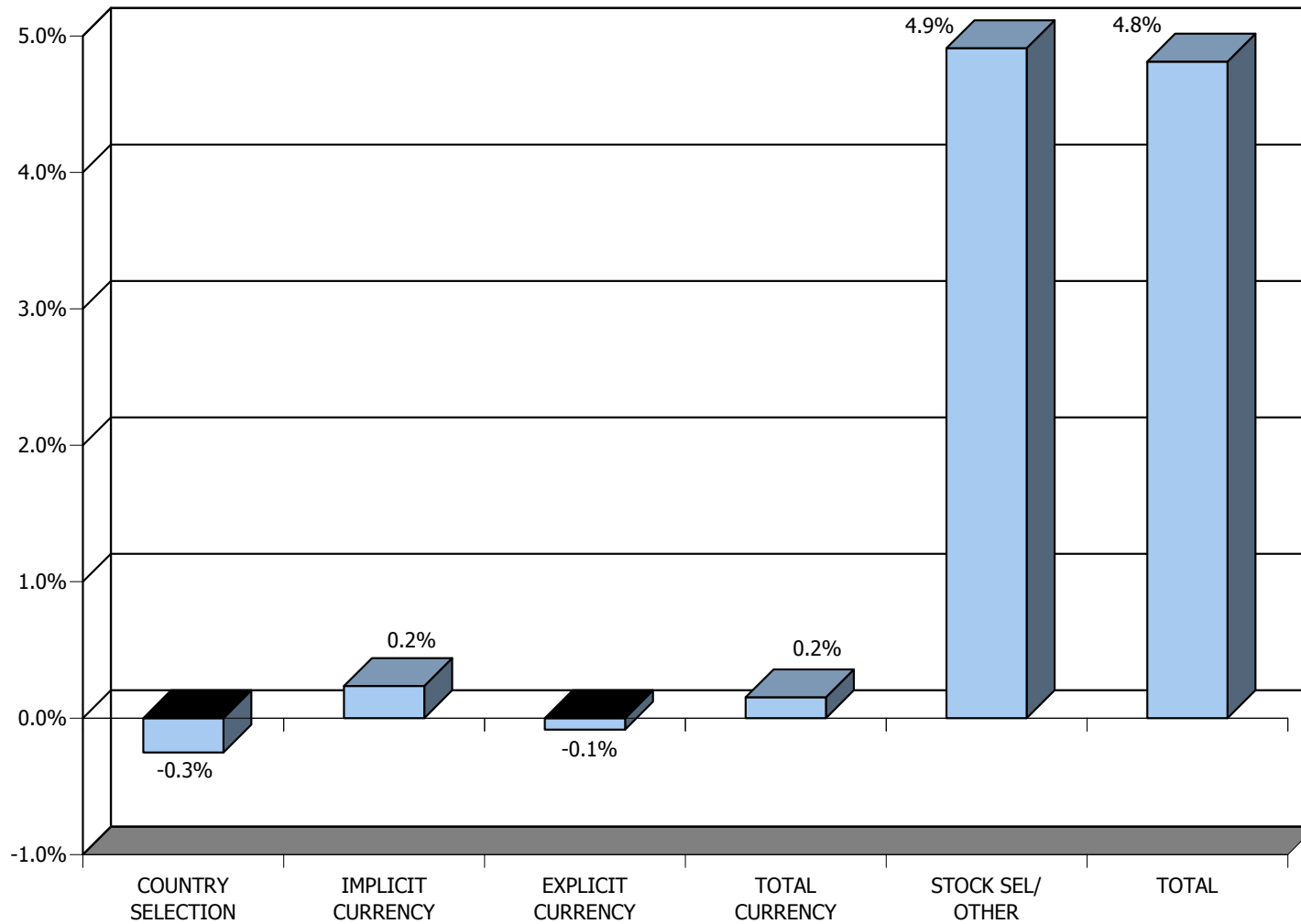


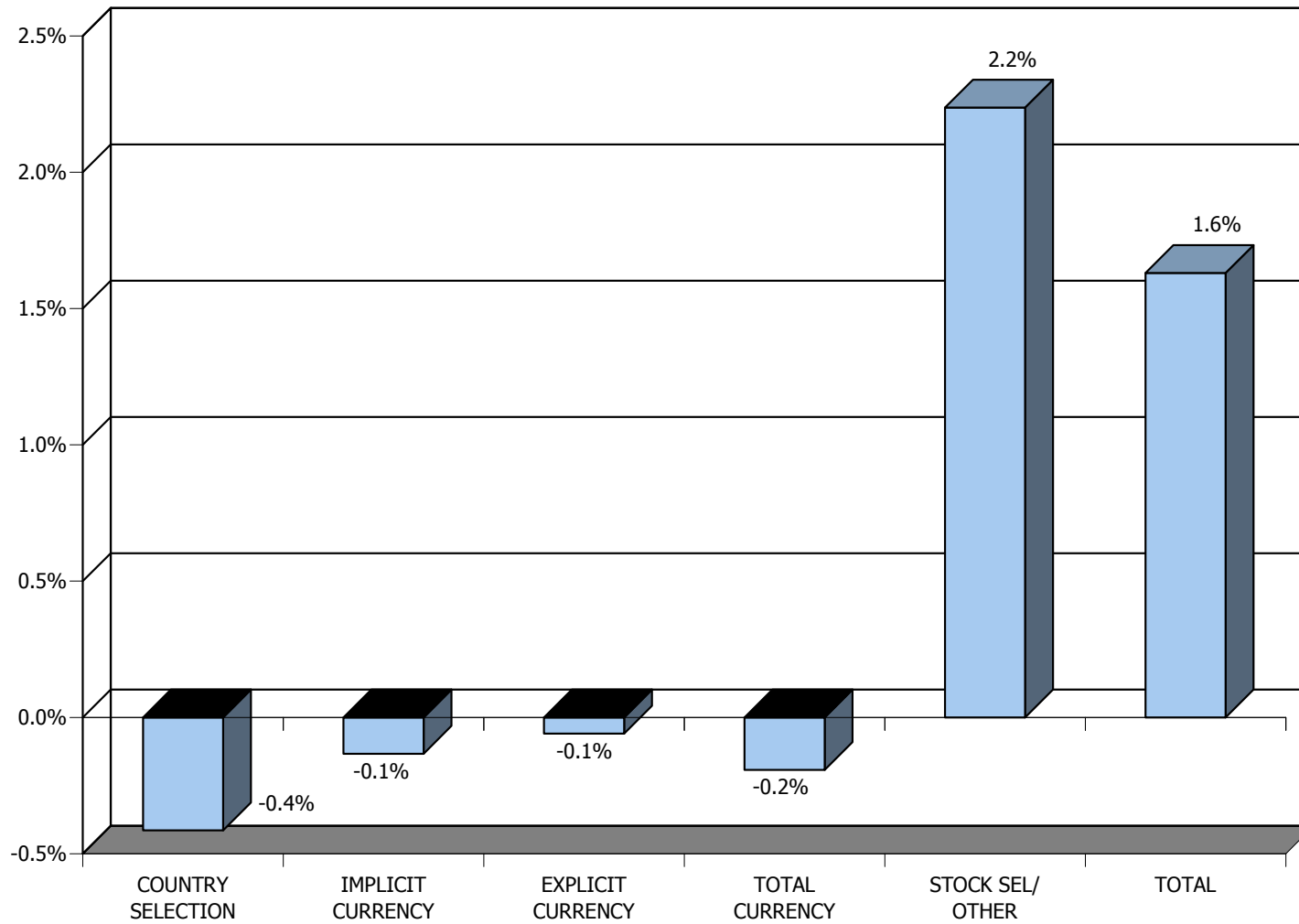
| COUNTRY   | MARKET VALUE | LSV    | MSCI ACWI ex USA |
|-----------|--------------|--------|------------------|
| UK        | \$ 26,309    | 20.0%  | 18.8%            |
| JAPAN     | \$ 24,282    | 18.5%  | 17.9%            |
| FRANCE    | \$ 10,593    | 8.1%   | 8.0%             |
| SWITZER   | \$ 8,775     | 6.7%   | 5.5%             |
| GERMANY   | \$ 7,560     | 5.8%   | 5.9%             |
| CANADA    | \$ 7,463     | 5.7%   | 5.8%             |
| AUSTRALIA | \$ 5,981     | 4.6%   | 4.4%             |
| SPAIN     | \$ 4,628     | 3.5%   | 3.2%             |
| ITALY     | \$ 3,762     | 2.9%   | 3.1%             |
| KOREA     | \$ 3,743     | 2.8%   | 2.3%             |
| NETHERL   | \$ 3,552     | 2.7%   | 2.7%             |
| SWEDEN    | \$ 2,881     | 2.2%   | 2.1%             |
| RUSSIA    | \$ 2,132     | 1.6%   | 1.6%             |
| S AFRICA  | \$ 1,985     | 1.5%   | 1.2%             |
| HONG KONG | \$ 1,745     | 1.3%   | 1.4%             |
| OTHER     | \$ 14,701    | 11.2%  | 16.1%            |
| CASH      | \$ 1,235     | 0.9%   | 0.0%             |
|           | \$ 131,327   | 100.0% | 100.0%           |



| CURRENCY  | MARKET VALUE | LSV    | MSCI ACWI ex USA |
|-----------|--------------|--------|------------------|
| EURO      | \$ 35,563    | 27.1%  | 27.0%            |
| UK        | \$ 26,473    | 20.2%  | 18.8%            |
| JAPAN     | \$ 24,366    | 18.6%  | 17.9%            |
| SWITZER   | \$ 8,775     | 6.7%   | 5.5%             |
| CANADA    | \$ 7,474     | 5.7%   | 5.8%             |
| AUSTRALIA | \$ 5,995     | 4.6%   | 4.4%             |
| KOREA     | \$ 3,743     | 2.8%   | 2.3%             |
| SWEDEN    | \$ 2,881     | 2.2%   | 2.1%             |
| RUSSIA    | \$ 2,132     | 1.6%   | 1.6%             |
| S AFRICA  | \$ 1,985     | 1.5%   | 1.2%             |
| HONG KONG | \$ 1,751     | 1.3%   | 1.4%             |
| OTHER     | \$ 10,189    | 7.8%   | 12.0%            |
|           | \$ 131,327   | 100.0% | 100.0%           |



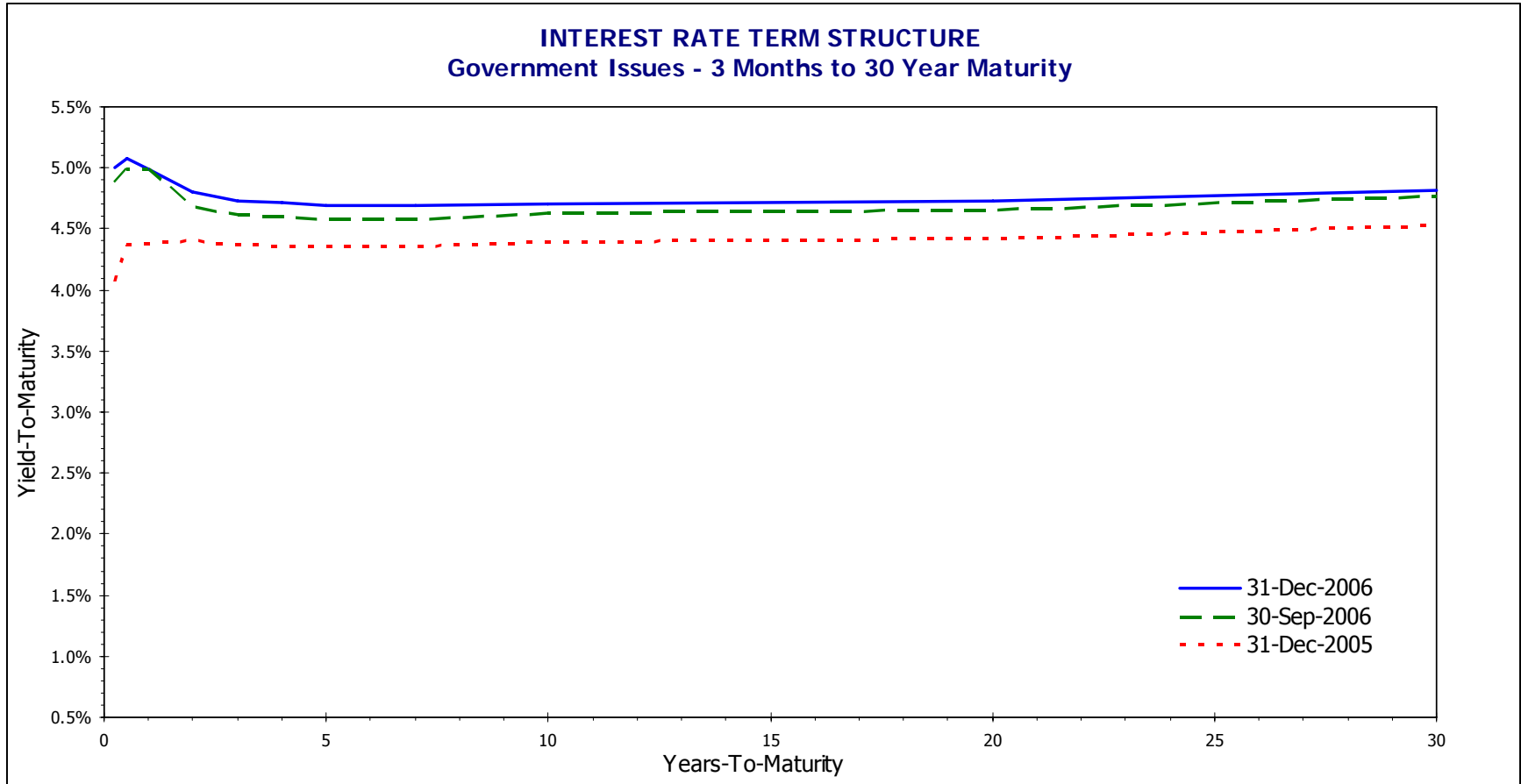




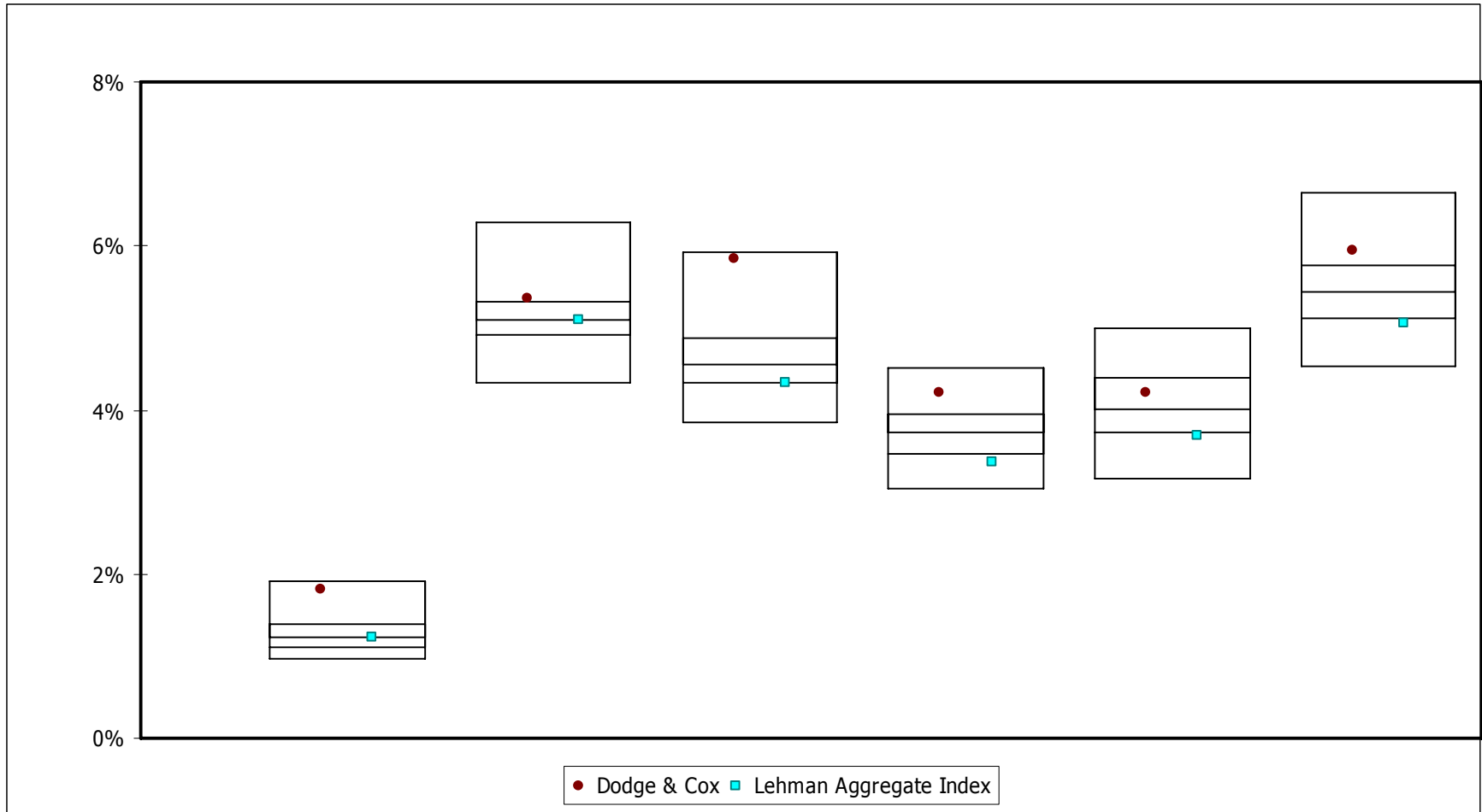
**Treasury Yield Curve**

\* In the two FOMC meetings in the fourth quarter, the Federal Reserve kept short-term rates unchanged. The current yield curve shows a slight inversion from the three- to six- month maturities; it then flattens out for the remaining longer-dated maturities.

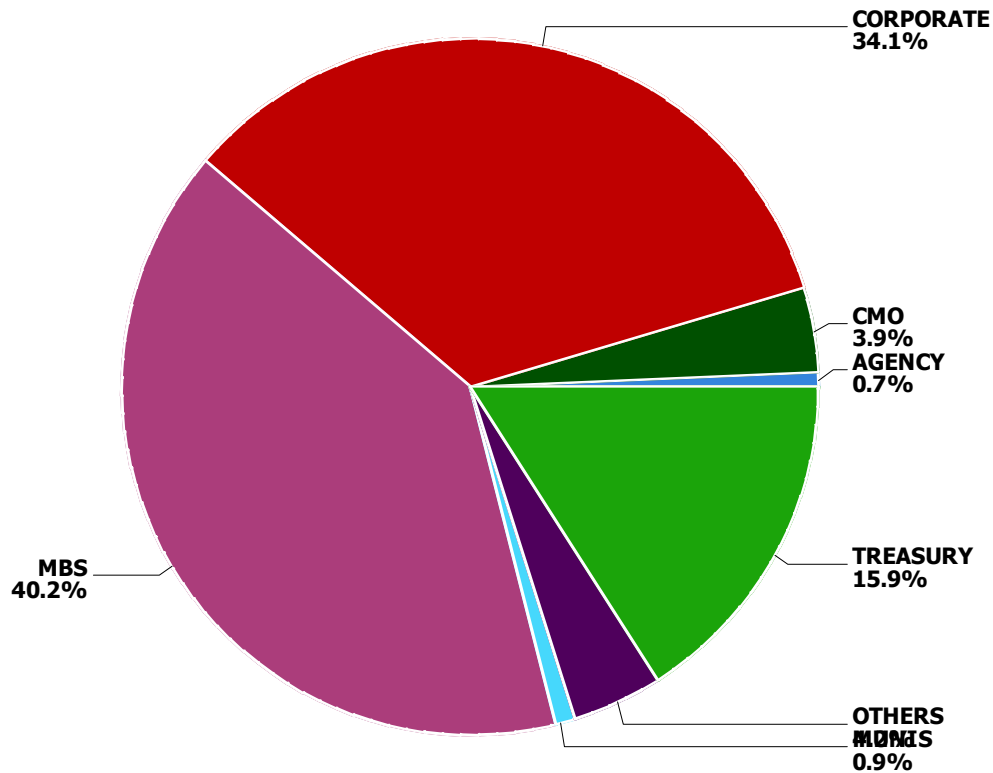
\* From a yearly perspective, interest rates across all maturities are clearly higher, with the yield curve dated 31 December 2006 relative to the curve dated 31 December 2005.







|                        | 1 QTR  |      | FASCAL YTD |      | CALENDAR YTD |      | 2 YEAR |      | 3 YEAR |      | 5 YEAR |      |
|------------------------|--------|------|------------|------|--------------|------|--------|------|--------|------|--------|------|
|                        | Return | Rank | Return     | Rank | Return       | Rank | Return | Rank | Return | Rank | Return | Rank |
| Dodge & Cox            | 1.8%   | 7    | 5.4%       | 23   | 5.8%         | 7    | 4.2%   | 15   | 4.2%   | 36   | 5.9%   | 20   |
| Lehman Aggregate Index | 1.2%   | 51   | 5.1%       | 50   | 4.3%         | 77   | 3.4%   | 84   | 3.7%   | 80   | 5.1%   | 79   |
| Median                 | 1.2%   |      | 5.1%       |      | 4.6%         |      | 3.7%   |      | 4.0%   |      | 5.4%   |      |



| Sector       | Account Weight | Index Weight  | Difference  |
|--------------|----------------|---------------|-------------|
| ABS          | 0.0%           | 6.3%          | -6.3%       |
| Agencies     | 0.7%           | 11.1%         | -10.3%      |
| CMO          | 3.9%           | 0.0%          | 3.9%        |
| Corporates   | 34.1%          | 17.3%         | 16.8%       |
| Foreign      | 0.0%           | 3.8%          | -3.8%       |
| MBS          | 40.2%          | 34.0%         | 6.3%        |
| Municipals   | 0.9%           | 0.0%          | 0.9%        |
| Others       | 4.2%           | 0.0%          | 4.2%        |
| Treasuries   | 15.9%          | 25.8%         | -9.8%       |
| Utilities    | 0.0%           | 1.9%          | -1.9%       |
| <b>Total</b> | <b>100.0%</b>  | <b>100.0%</b> | <b>0.0%</b> |

Benchmark: LB AGGREGATE

| Portfolio Characteristics  |                |              |
|----------------------------|----------------|--------------|
|                            | Portfolio      | LB AGGREGATE |
| Total Number of Securities | 147            |              |
| Total Market Value         | \$ 441,666,434 |              |
| Current Coupon             | 5.70           | 5.36         |
| Yield To Maturity          | 5.35           | 5.36         |
| Average Life               | 4.92           | 6.96         |
| Duration                   | 3.32           | 4.46         |
| Quality                    | 9.00           | 9.56         |

| Duration (in Years) |       |
|---------------------|-------|
| Range               | %Held |
| 0.0 to 1.0          | 8.1   |
| 1.0 to 3.0          | 51.4  |
| 3.0 to 4.0          | 7.1   |
| 4.0 to 6.0          | 10.8  |
| 6.0 to 8.0          | 5.6   |
| Over 8.0            | 5.1   |
| Unclassified        | 11.9  |

| Quality   |       |
|-----------|-------|
| Range     | %Held |
| Govt (10) | 56.5  |
| Aaa (10)  | 4.4   |
| Aa (9)    | 2.1   |
| A (8)     | 6.6   |
| Baa (7)   | 11.8  |
| Below Baa | 9.6   |
| Other     | 9.0   |

| Yield to Maturity |       |
|-------------------|-------|
| Range             | %Held |
| 0.0 to 5.0        | 20.8  |
| 5.0 to 7.0        | 64.3  |
| 7.0 to 9.0        | 1.5   |
| 9.0 to 11.0       | 0.9   |
| 11.0 to 13.0      | 0.0   |
| Over 13.0         | 0.0   |
| Unclassified      | 11.9  |

| Average Life |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 1.0   | 8.1   |
| 1.0 to 3.0   | 24.8  |
| 3.0 to 5.0   | 34.8  |
| 5.0 to 10.0  | 14.4  |
| 10.0 to 20.0 | 1.5   |
| Over 20.0    | 4.4   |
| Unclassified | 11.9  |

| Coupon       |       |
|--------------|-------|
| Range        | %Held |
| 0.0 to 5.0   | 27.7  |
| 5.0 to 7.0   | 58.5  |
| 7.0 to 9.0   | 12.8  |
| 9.0 to 11.0  | 0.7   |
| 11.0 to 13.0 | 0.0   |
| Over 13.0    | 0.0   |
| Unclassified | 0.2   |