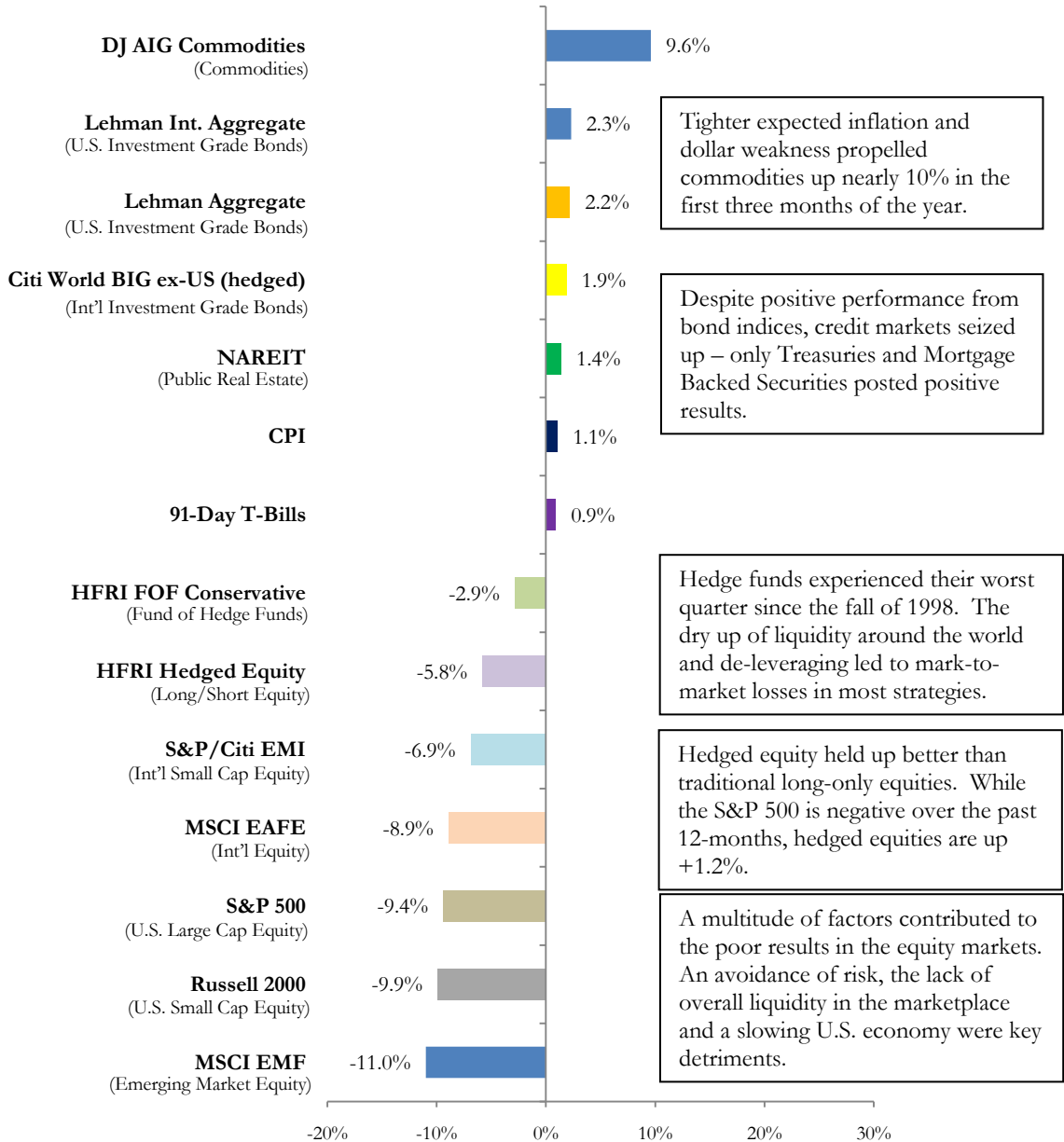
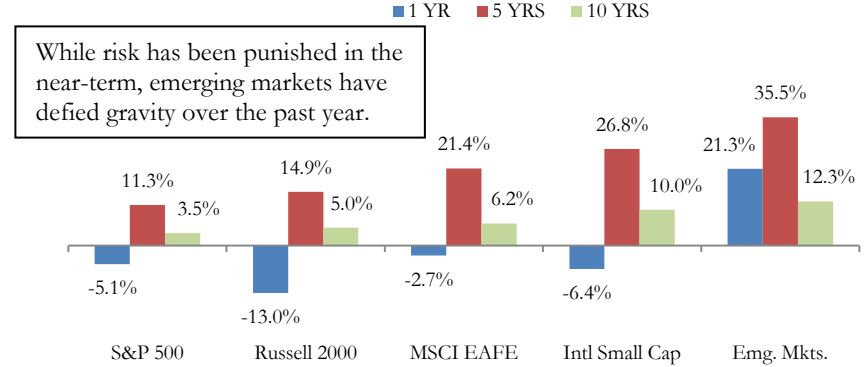


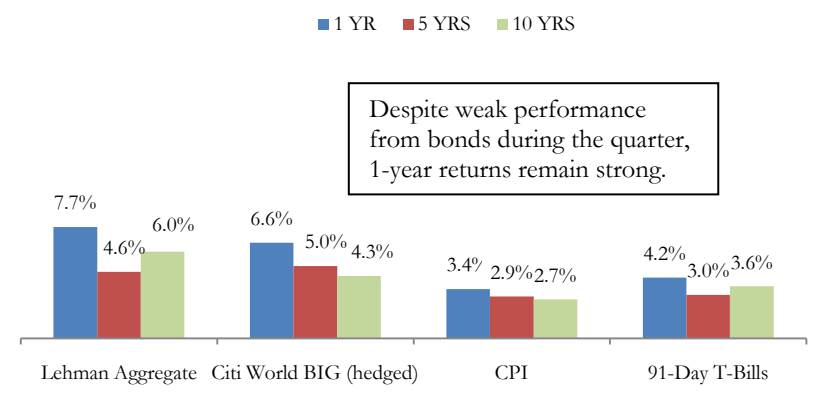
First Quarter 2008 Performance



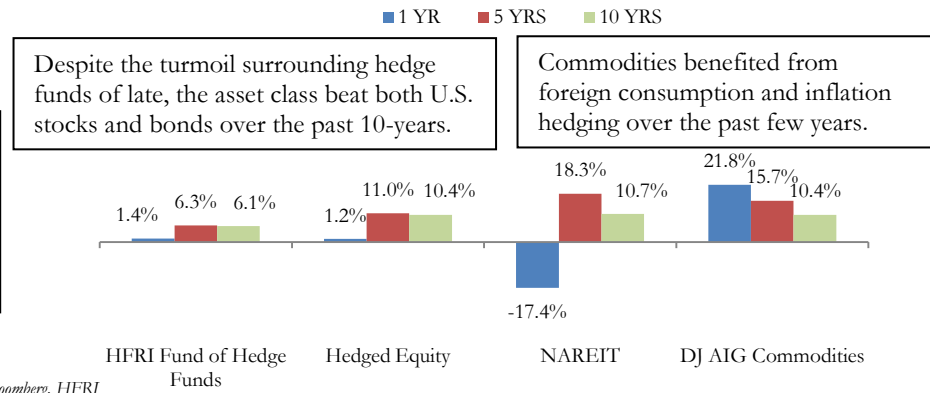
Equity Performance



Fixed Income Performance



Alternative Investments

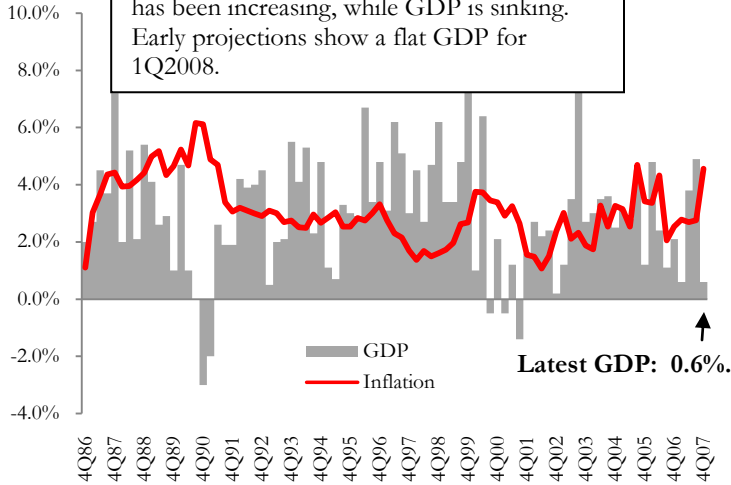


Source: FactSet, Bloomberg, HFRI

**Economic Environment**

**Inflation and GDP**

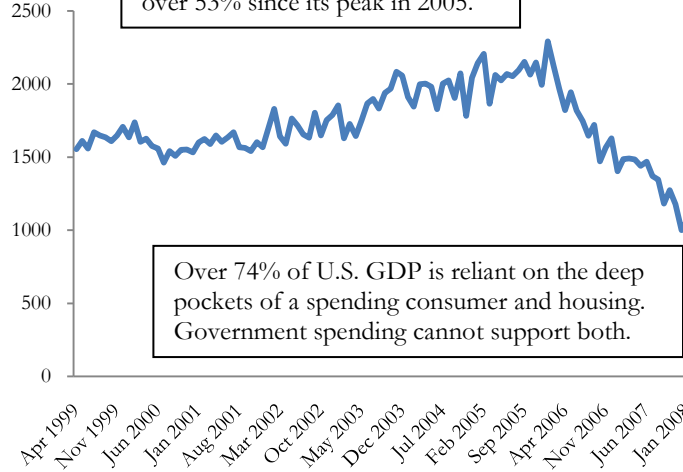
Recent inflation and GDP releases have been worrisome. Inflation, particularly in food, has been increasing, while GDP is sinking. Early projections show a flat GDP for 1Q2008.



Source: BEA and JP Morgan

**New Housing Starts**

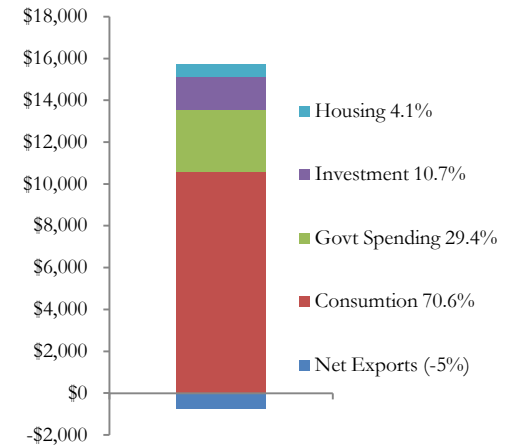
New home building has declined over 53% since its peak in 2005.



Over 74% of U.S. GDP is reliant on the deep pockets of a spending consumer and housing. Government spending cannot support both.

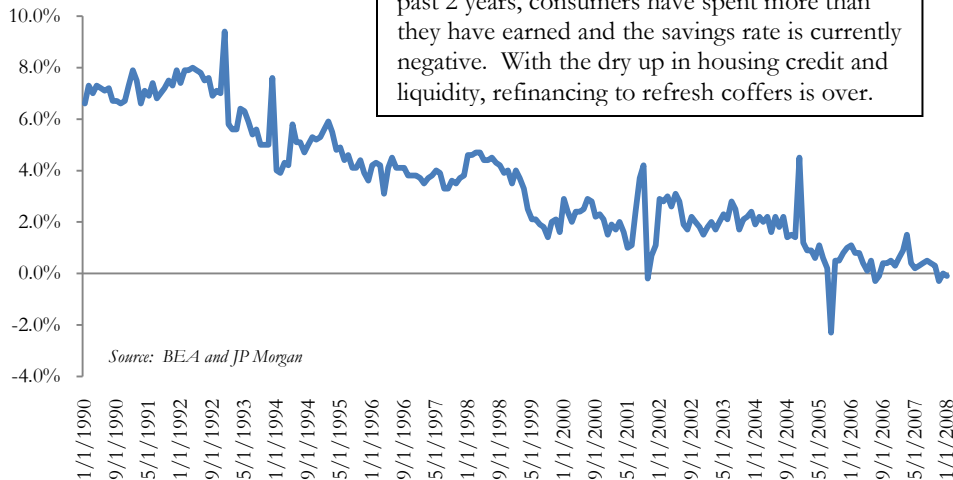
**Components of GDP**

(\$billions)



**U.S. Personal Savings Rate**

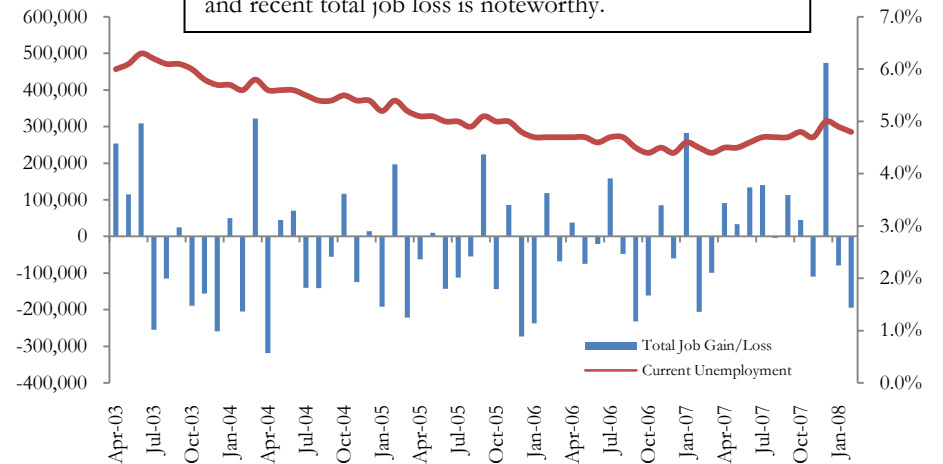
The U.S. Consumer is tapped out. Over the past 2 years, consumers have spent more than they have earned and the savings rate is currently negative. With the dry up in housing credit and liquidity, refinancing to refresh coffers is over.



Source: BEA and JP Morgan

**Employment Statistics**

While employment remains strong versus the historical average (4.8% vs. 5.6%), the slowdown in the economy and recent total job loss is noteworthy.

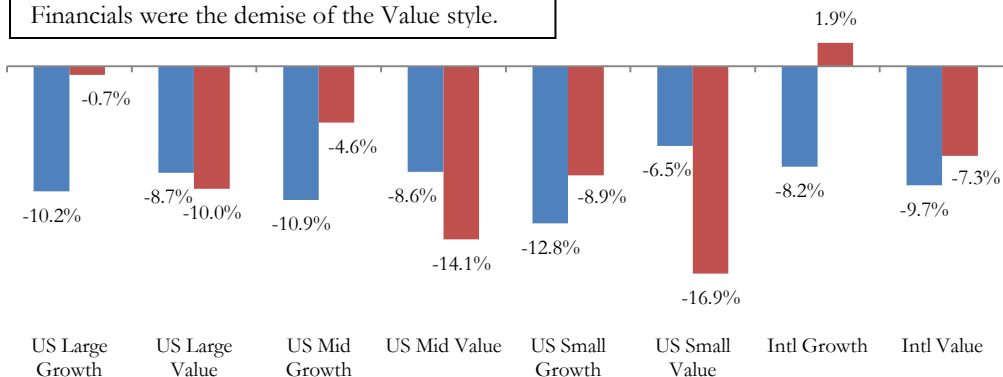


Global Equity

Value versus Growth / Large versus Small

■ 1 QTR ■ 1 Year

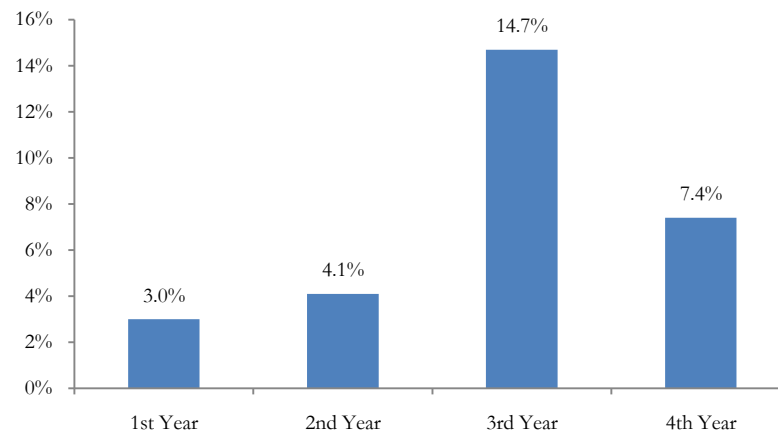
Growth slightly outperformed value during the quarter, as the general market sell-off hit poorer quality assets hardest. Over the past year, Financials were the demise of the Value style.



Source: FactSet

Average Annual Returns by Presidential Cycle Years

(S&P 500 Index 1932 – 2007 – Year 4 Represents Election Year)



Source: Bloomberg

Mutual Fund Flows

Does not include Funds classified as Equity Income, Long/Short, or Market Neutral

Mutual fund flows demonstrate the extent of the flight to quality. All equity asset classes suffered net outflows giving credence to the analysts who claim the most recent sell-off was attributable to liquidity driven aspects and not an issue surrounding fundamentals.

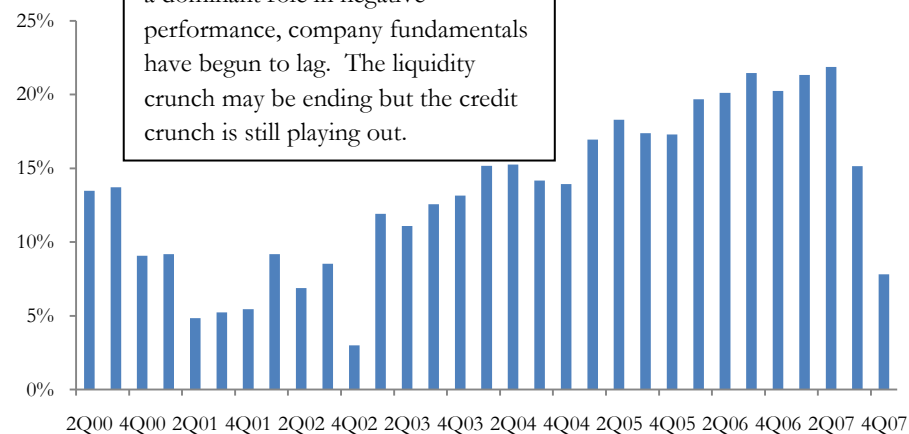
Billions USD	AUM	2008	2007	2006	2005	2004	2003	2002	2001
<b>US Equity</b>	3,807	(43)	33	44	37	146	138	37	76
<b>Intl/Global Eq.</b>	1,599	(3)	157	161	126	89	38	10	13
<b>Emerging Mkts</b>	304	(1)	38	26	20	4	8	1	(1)
<b>Allocation-Based</b>	1,103	15	115	88	101	103	69	24	12
<b>Fixed Income</b>	1,556	30	105	64	19	13	31	123	53
<b>Real Estate</b>	72	1	(1)	10	1	8	6	3	1
<b>Gold/Real Assets</b>	128	3	14	10	16	7	3	1	0

Source: Lipper and JP Morgan

S&P 500 Earnings Growth

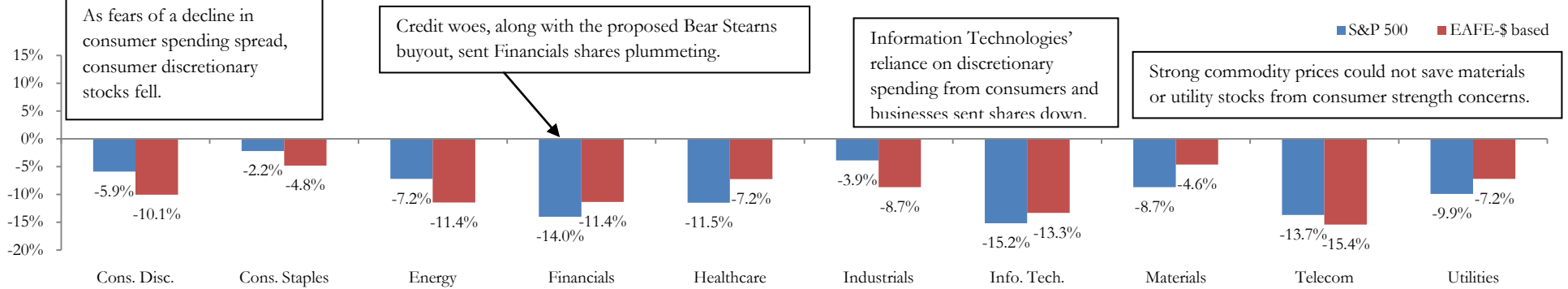
Operating Basis, Quarterly

Although lack of liquidity has played a dominant role in negative performance, company fundamentals have begun to lag. The liquidity crunch may be ending but the credit crunch is still playing out.

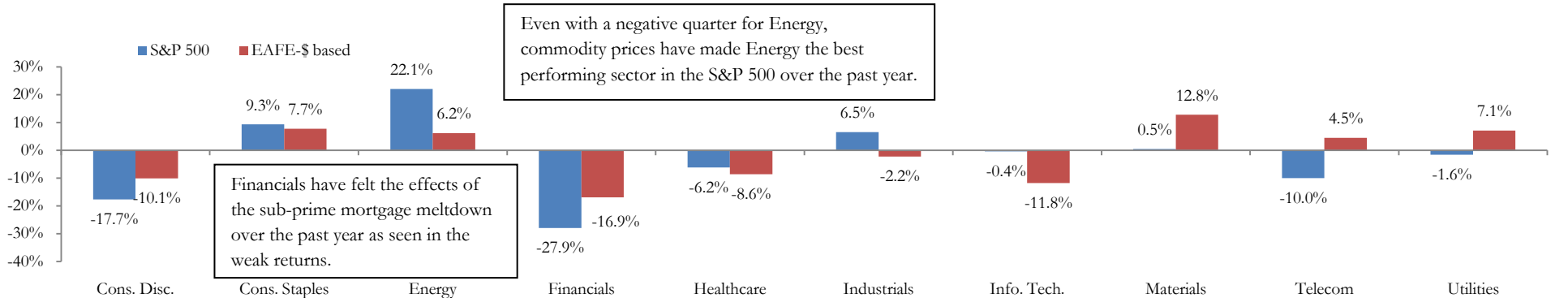


Source: Bloomberg

**Sector Returns – First Quarter 2008**

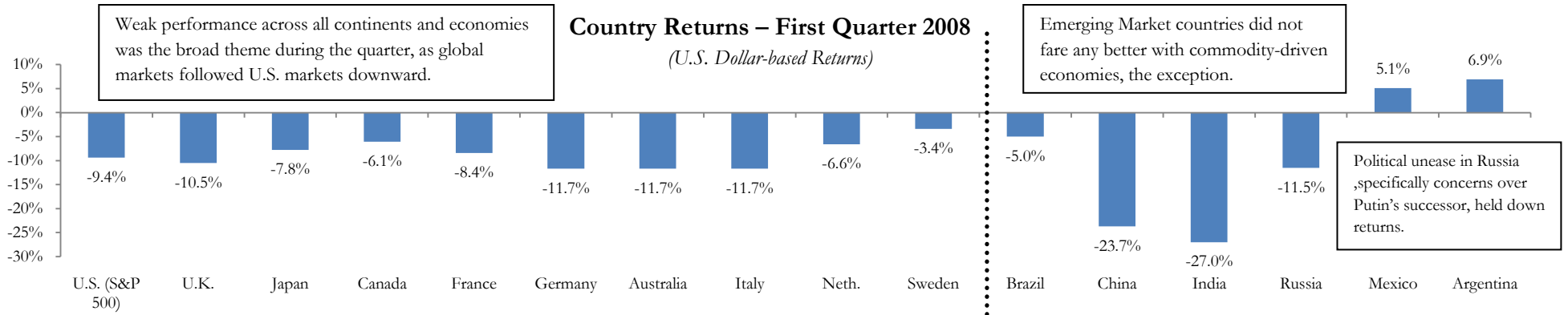


**Sector Returns – One Year Ended 3/31/08**



**Country Returns – First Quarter 2008**

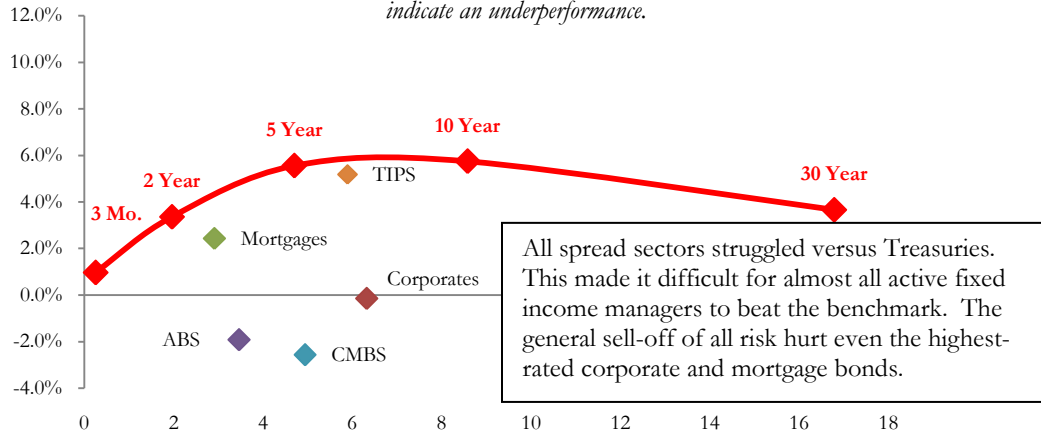
*(U.S. Dollar-based Returns)*



**Fixed Income**

**Spread Sector Performance vs. Treasuries**

Plots above the line indicates spread sectors outperformed while below the line indicate an underperformance.

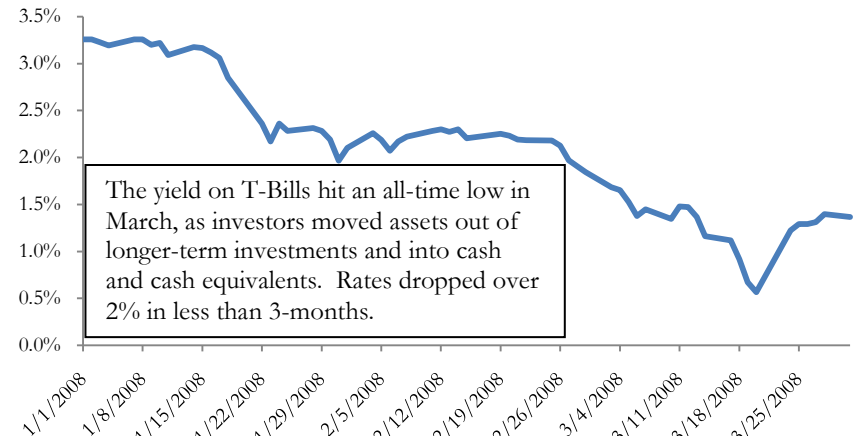


All spread sectors struggled versus Treasuries. This made it difficult for almost all active fixed income managers to beat the benchmark. The general sell-off of all risk hurt even the highest-rated corporate and mortgage bonds.

Source: Bloomberg

**“The Flight to Quality”**

as measured by the Yield on 3-Month T-Bills

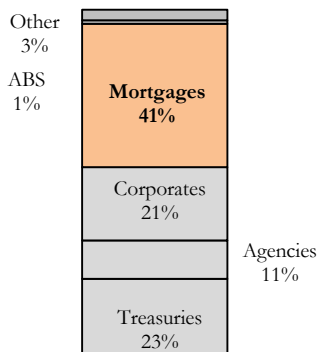


The yield on T-Bills hit an all-time low in March, as investors moved assets out of longer-term investments and into cash and cash equivalents. Rates dropped over 2% in less than 3-months.

Source: Bloomberg

**Lehman U.S. Aggregate by Sector**

Mortgages make up a large component of the Lehman Brothers Aggregate Index, with over 1,200 bonds in mortgages alone. Most active managers will have fewer than 400 bonds in a total portfolio.

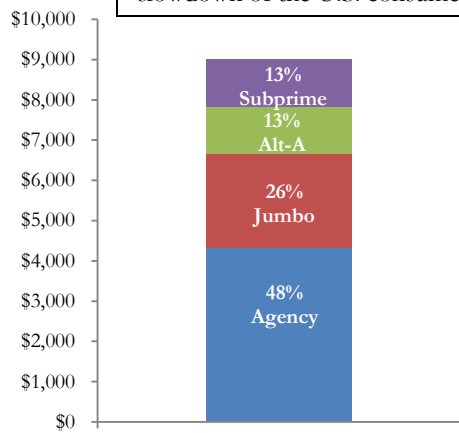


Source: Lehman Brothers

**Total Mortgage Outstanding Components**

shown in U.S. \$ Billions

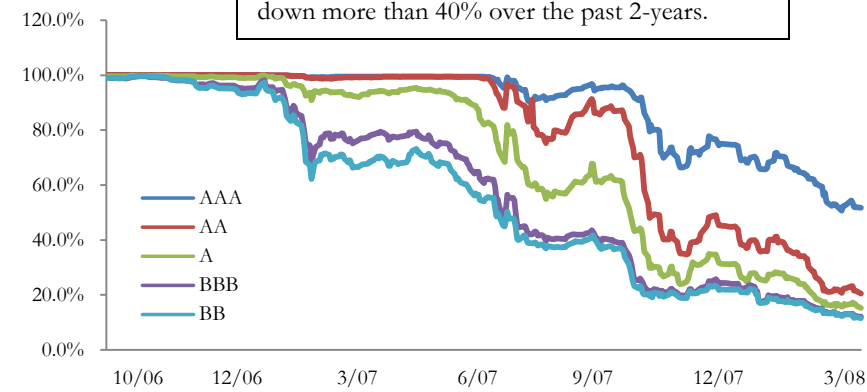
Of the entire universe of mortgage securities, over 26% are under pressure as a result of the subprime issues and slowdown of the U.S. consumer.



**Performance of Subprime Loans**

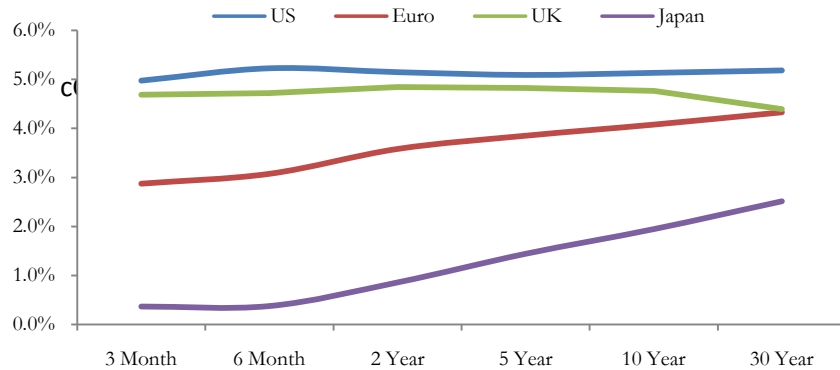
as measured by Subprime Asset-Backed Swap Indices

Despite quality, fixed income investors have fled this area of the market. Concerns with bond insurers and the quality of the mortgages created an effective “run on the bank”. AAA-issues are down more than 40% over the past 2-years.



**Fixed Income (con't)**

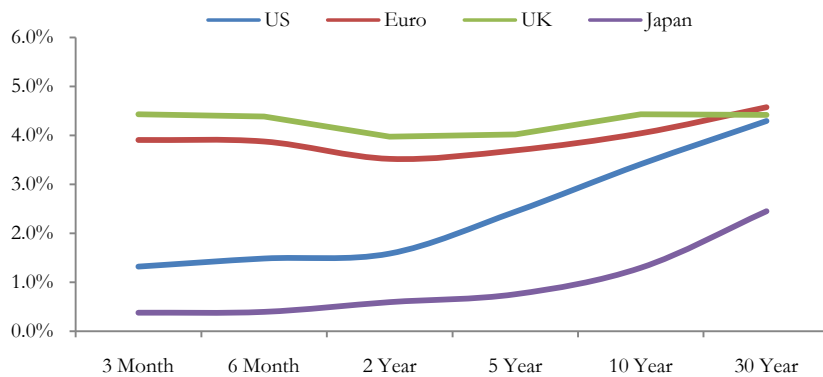
**Global Yield Curves – ended June 30, 2006**



Source: Bloomberg

In 2006 the U.S. offered the most attractive yields compared to other major sovereign nations, a big help in maintaining dollar strength in the face of a massive U.S. current account deficit. Fast forward to 2008 and the Fed's recent actions coupled with a declining dollar have driven yields down below the U.K. and Euro yield curve. The U.S. is no longer the highest yielding curve.

**Global Yield Curves – ended March 31, 2008**



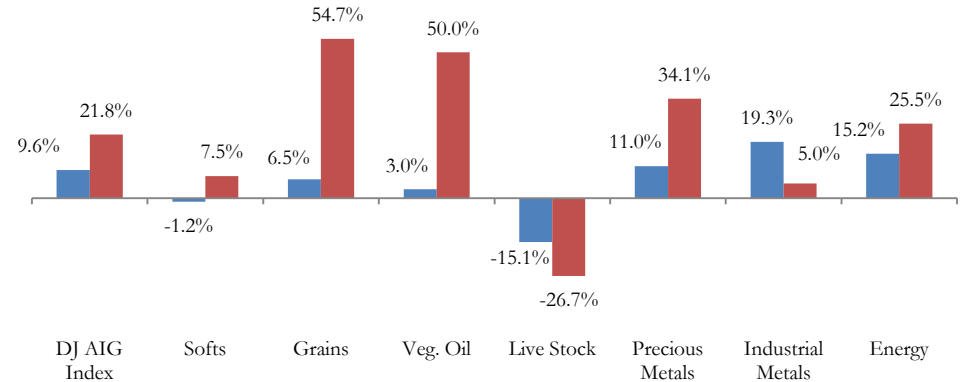
Source: Bloomberg

**Real Assets / Private Equity**

**Commodities**

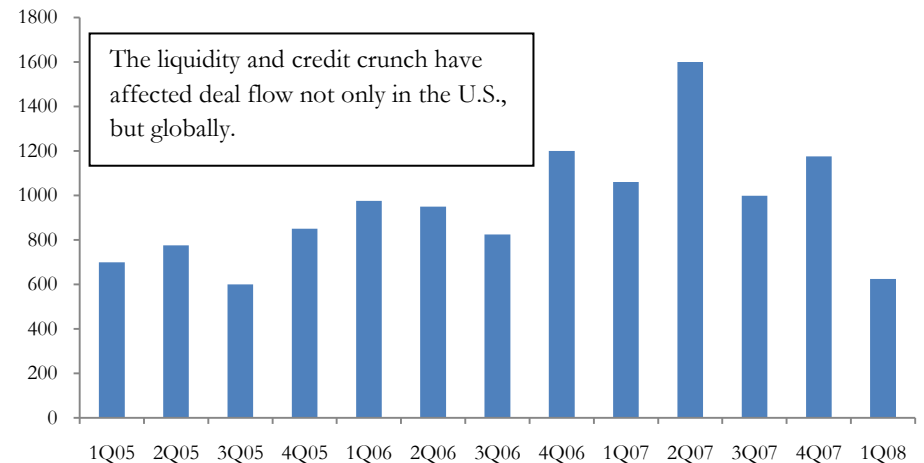
Dry growing seasons in Russia and Australia, combined with a global increase in bio-fuel demand, led to higher prices for agriculture commodities over the past year.

Metals and energy rallied in the first quarter behind an increase in oil and natural gas and inflation fears.



Source: Bloomberg

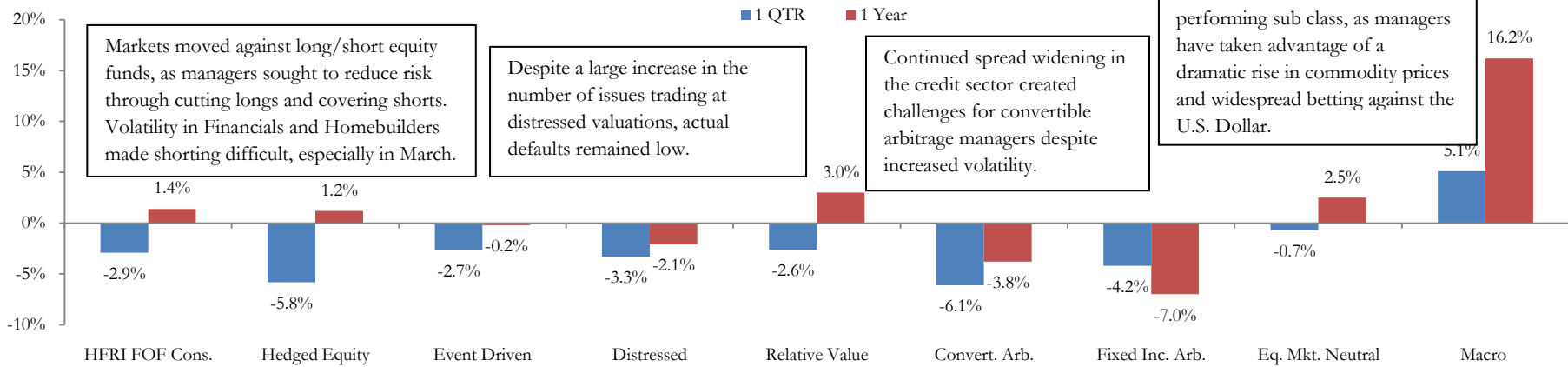
**Global M&A Activity (\$billions)**



Source: Dealogic

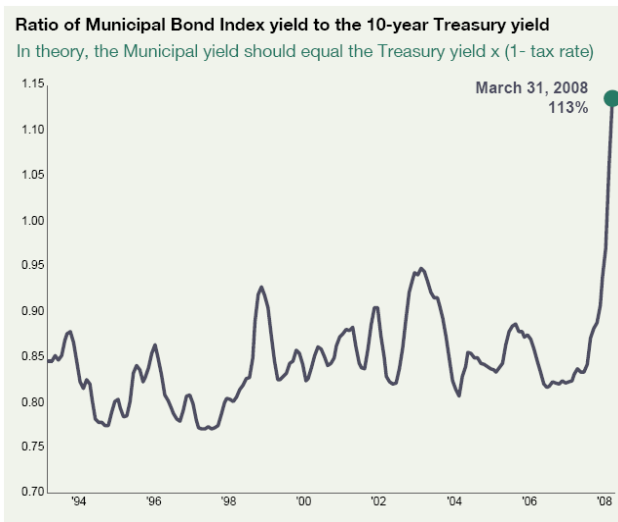
**Hedge Funds**

**Hedge Fund Index Performance**



Source: HFRI Research

**Market Turbulence Creates Opportunities**

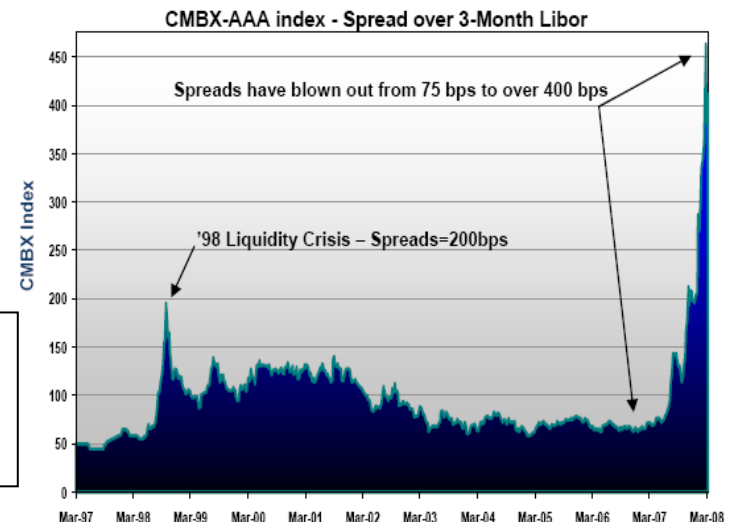


Source: FactSet and JP Morgan

Periods of turbulence often lead to irrational investor behavior, creating potential opportunities for hedge funds and other astute investment managers.

Are municipalities really in such poor shape that their bonds should be trading at such a premium to 10-year Treasuries?

The liquidity crisis of 1998 resulted in only half the spread widening seen in today's environment. Is it truly twice as bad this time?



Source: Bloomberg and UBP

<b>*Annualized</b>	<b>First Quarter</b>	<b>One Year</b>	<b>Two Years*</b>	<b>Three Years*</b>	<b>Five Years*</b>	<b>Ten Years*</b>
<b><i>U.S. Markets</i></b>						
CPI	1.1	3.4	3.1	3.2	2.9	2.7
Dow Jones Industrial Average	-7.0	1.6	7.5	7.8	11.4	5.5
Russell 3000 Index	-9.5	-6.1	2.2	6.1	12.1	3.9
NASDAQ Index	-14.1	-5.9	-1.3	4.5	11.2	2.2
S&P 500 Index	-9.4	-5.1	3.0	5.9	11.3	3.5
Russell 1000 Index	-9.5	-5.4	2.9	6.2	11.9	3.8
Russell 1000 Value Index	-8.7	-10.0	2.5	6.0	13.7	5.5
Russell 1000 Growth Index	-10.2	-0.7	3.1	6.3	10.0	1.3
Russell Mid Cap Index	-10.0	-8.9	0.9	7.4	16.3	7.7
Russell Mid Cap Value Index	-8.6	-14.1	0.3	6.6	16.8	8.2
Russell Mid Cap Growth Index	-10.9	-4.6	1.0	7.8	15.2	5.2
Russell 2000 Index	-9.9	-13.0	-4.0	5.1	14.9	5.0
Russell 2000 Value Index	-6.5	-16.9	-4.2	4.3	15.4	7.5
Russell 2000 Growth Index	-12.8	-8.9	-3.8	5.7	14.2	1.7
91-Day T-Bills Index	0.9	4.2	4.6	4.2	3.0	3.6
Lehman Aggregate Bond Index	2.2	7.7	7.1	5.5	4.6	6.0
Lehman Intermediate Aggregate Bond Index	2.3	7.8	7.2	5.5	4.4	5.9
Lehman Gov't/Credit Index	2.5	8.4	7.4	5.5	4.6	6.1
Lehman Intermediate Gov't/Credit Index	3.0	8.9	7.5	5.7	4.4	5.9
ML 1-3 year Treasury Index	3.0	9.0	7.0	5.4	3.6	
Dow Jones AIG Commodity Index	9.6	21.8	15.4	12.1	15.7	10.4
HFRI Fund of Funds Conservative Index	-2.9	1.4	4.8	6.0	6.3	6.1
HFRI Equity Hedge Index	-5.8	1.2	4.4	8.6	11.0	10.4
NAREIT Equity Index	1.4	-17.4	0.3	11.7	18.3	10.7
<b><i>Non-U.S. Markets</i></b>						
MSCI EAFE Index	-8.9	-2.7	8.1	13.3	21.4	6.2
MSCI EAFE Growth Index	-9.7	1.9	9.6	14.3	19.8	4.3
MSCI EAFE Value Index	-8.2	-7.3	6.6	12.2	22.9	7.8
Citigroup EMI World ex-U.S. Index	-6.9	-6.4	7.4	15.0	26.8	10.0
MSCI Emerging Markets Index	-11.0	21.3	21.0	29.2	35.5	
S&P/Citigroup -World Broad Investment Grade ex-U.S. Index (unhedged)	-9.3	-1.3	5.5	9.5	15.4	