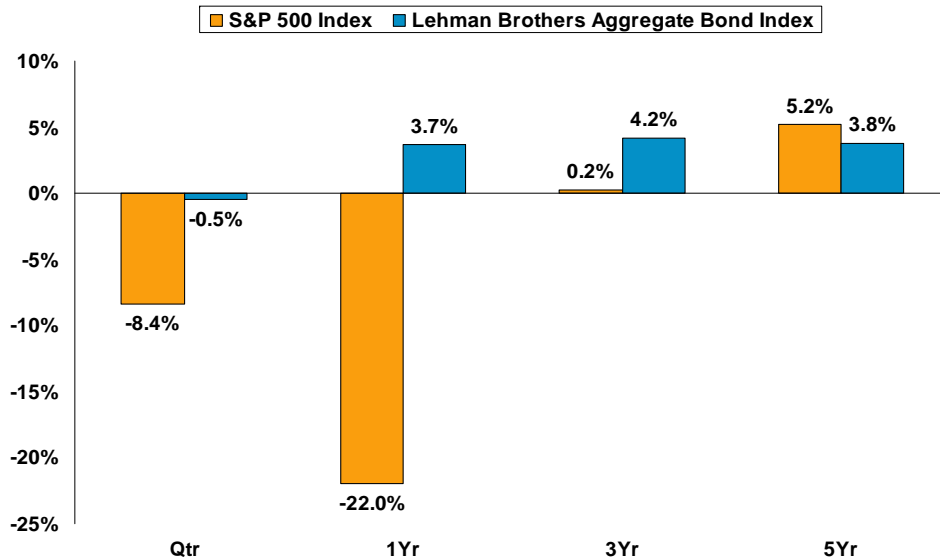


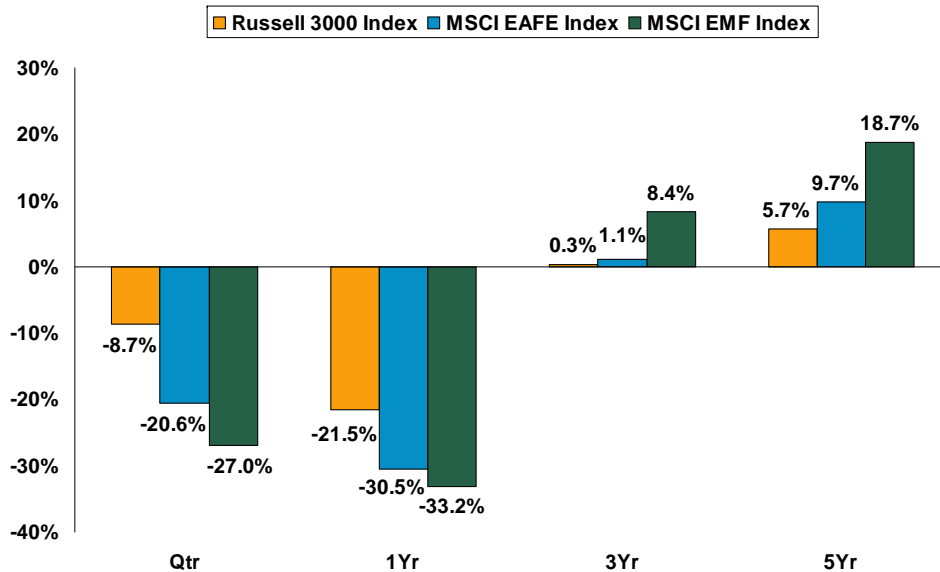
Third Quarter 2008 - Market Overview

Stocks vs. Bonds



Sources: Standard & Poor's and Lehman Brothers

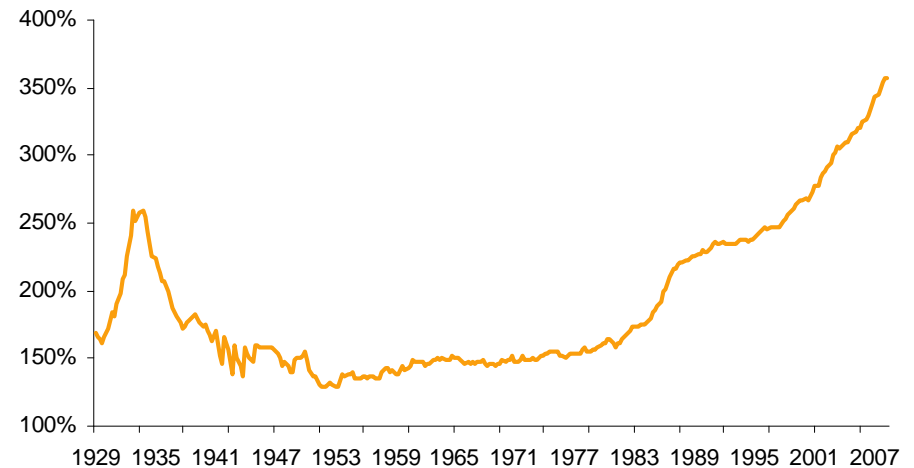
U.S., International, & Emerging



Sources: MSCI Barra and Russell

- Stocks declined globally and most significantly during the month of September, as a string of bad news triggered by the credit crisis weighed on the markets, creating concerns about the impacts to global economic growth as the enormous deleveraging continued.
- The government put Fannie Mae and Freddie Mac into conservatorship and the largest investment bank names on Wall Street were forever altered. Lehman Brothers declared bankruptcy and Goldman Sachs, Morgan Stanley, and Merrill Lynch sought the protection of commercial bank structures, while credit markets came to a near standstill as news on a Wall Street bailout developed.
- U.S. Treasuries posted positive returns for the quarter as investors' risk aversion pushed short-term yields down significantly, however, the Lehman Brothers Aggregate Index declined slightly.
- International equity markets declined more than U.S. markets and the rise in value of the U.S. dollar further detracted from U.S. investors' returns. Falling energy prices and slowing economic growth had the greatest negative impact on emerging markets.
- Crude oil dropped from last quarter's record \$147 per barrel to approximately \$100 per barrel amid concerns over an economic downturn.

Total Credit Market Debt to GDP (%)

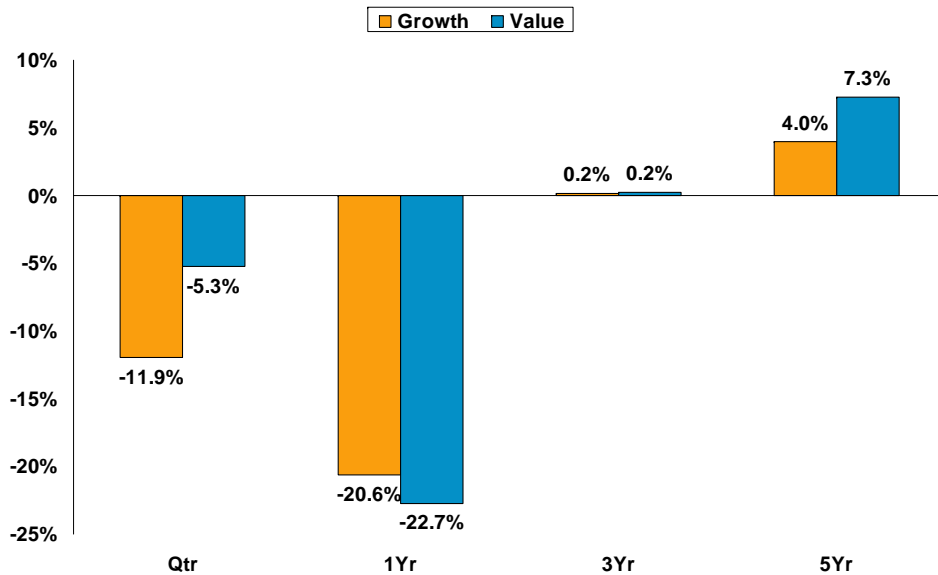


Sources: Ned Davis Research



Third Quarter 2008 – Domestic Equity

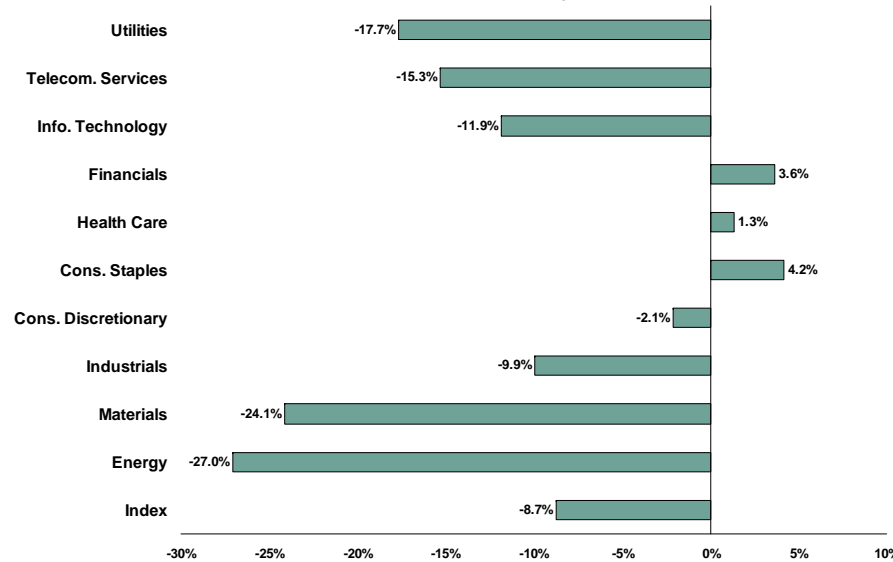
Russell 3000 Index Style Returns



Source: Russell

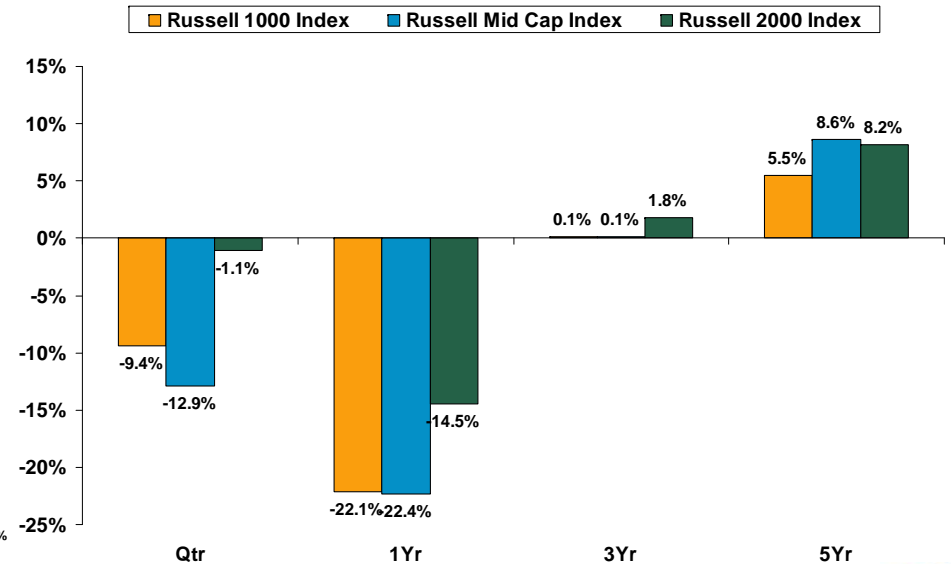
- The S&P 500 Index declined 8.4% and the Russell 3000 Index fell 8.7%, while the NASDAQ fell 9.2% for the quarter.
- Mid cap stocks, down 12.9% and large cap stocks, down 9.4%, accounted for the majority of the negative return in the Russell 3000 Index, as small cap stocks experienced better performance, down only 1.1%. Growth stocks underperformed value stocks by 6.6% points, as information technology, a significant weight in the growth indices, was down approximately 12.0%, thus accounting for nearly 3.0% points of the difference in performance.
- Energy, down 27.0%, was the worst performing sector in the Russell 3000 Index, a reversal from the previous quarter, as oil prices fell from approximately \$140 per barrel at the end of June to approximately \$100 per barrel at the end of September.
- The consumer staples sector returned 4.2% and was the best performing sector in the Russell 3000 Index, as investors favored defensive stocks amid the continued financial crisis.
- Although most sectors in the Russell 3000 Index posted negative returns in the third quarter, financial stocks, despite heightened volatility, returned 3.6%. This rebound was primarily due to positive performance of commercial banks and diversified financial companies.

Russell 3000 Index Quarterly Returns



Source: Russell

Large Cap, Mid Cap, & Small Cap

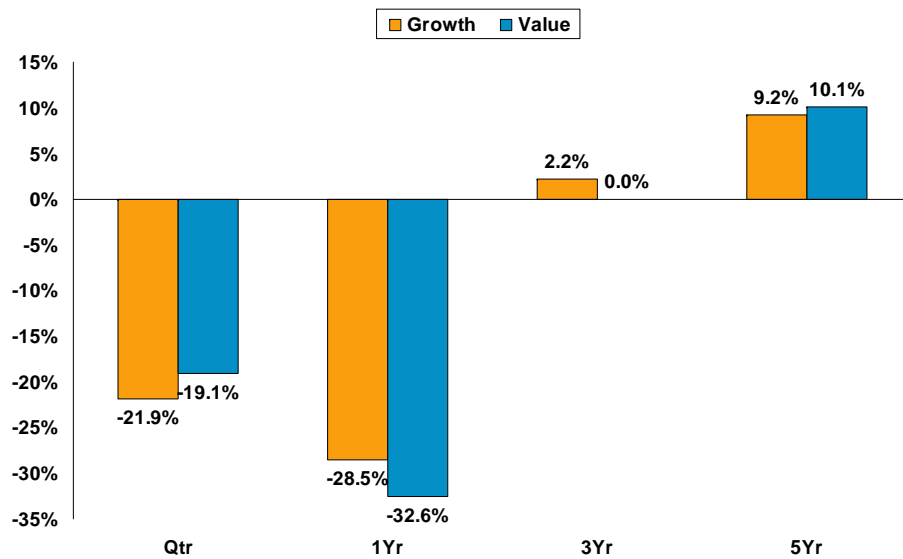


Source: Russell



Third Quarter 2008 – International Equity

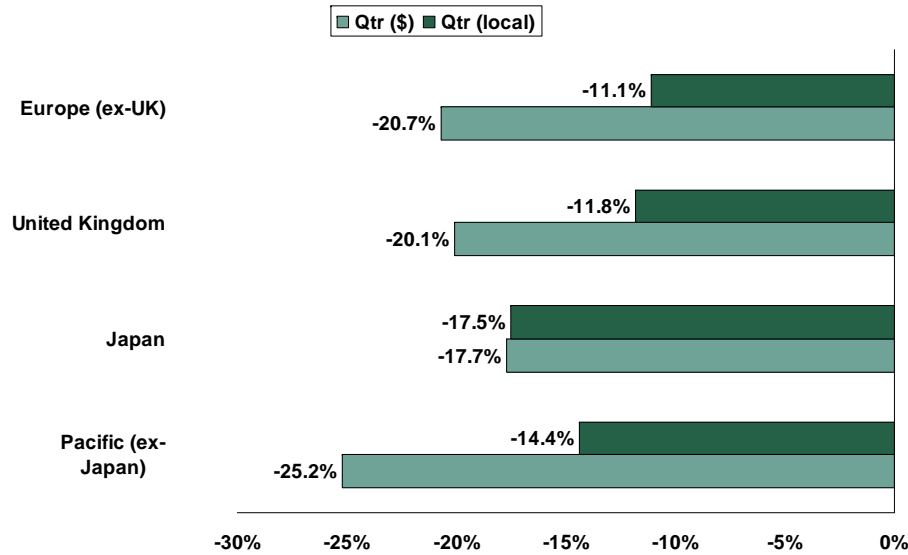
MSCI EAFE Index Style Returns



- International equities were broadly lower, as the negative impact from the global credit crisis was widespread. International value stocks, down 19.1%, declined less than growth stocks, which fell 21.9%.
- The U.S. dollar appreciated against most major currencies, which led to weaker performance for international stocks in U.S. dollar terms. For example, U.K. stocks fell 11.8% in local currency but declined 20.1% in U.S. dollars, as the British pound fell versus the U.S. dollar.
- European and Asian equities posted negative returns amid inflationary concerns and expected declines in corporate profits, which detracted from the global economic outlook.
- Emerging markets declined 27.0% in U.S. dollars and 20.9% in local currencies, as Latin America declined over 32% due to commodity prices falling from record levels. The Philippines, which constitutes less than 1% of the MSCI Emerging Markets Index, was the only country that posted positive returns in U.S. dollars during the quarter.
- Emerging Europe declined almost 28% amid Russia's conflict with neighboring Georgia that led to instability in the region.

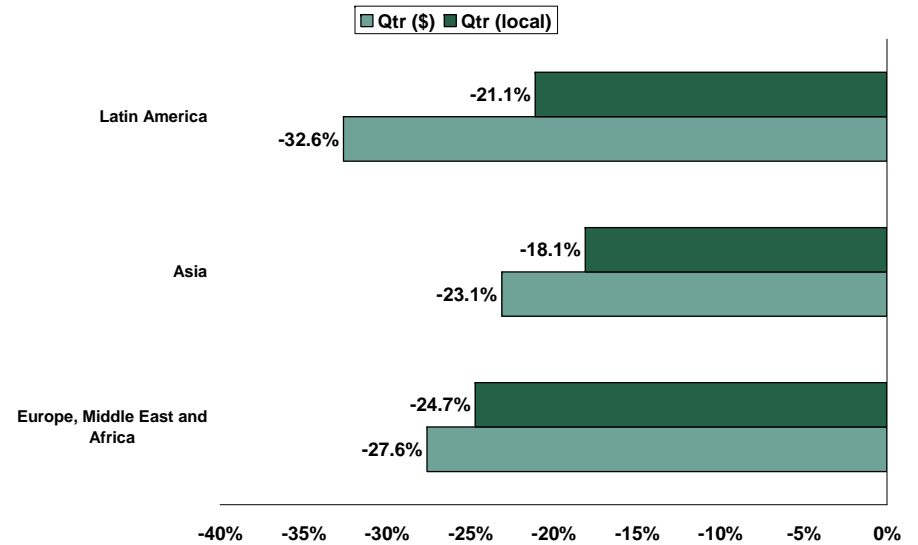
Source: MSCI Barra

MSCI EAFE-net Regional Quarterly Returns



Source: MSCI Barra

MSCI Emerging Markets Regional Quarterly Returns

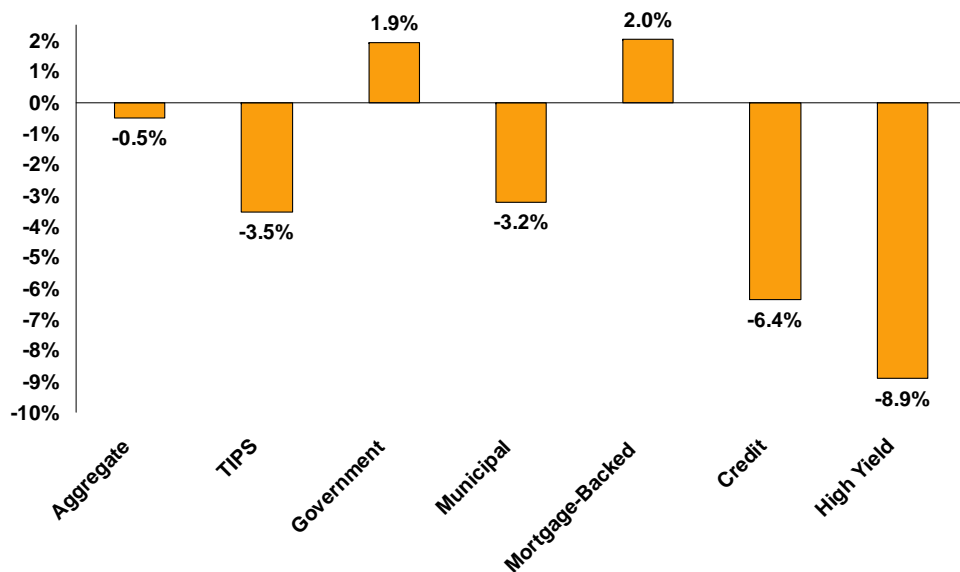


Source: MSCI Barra



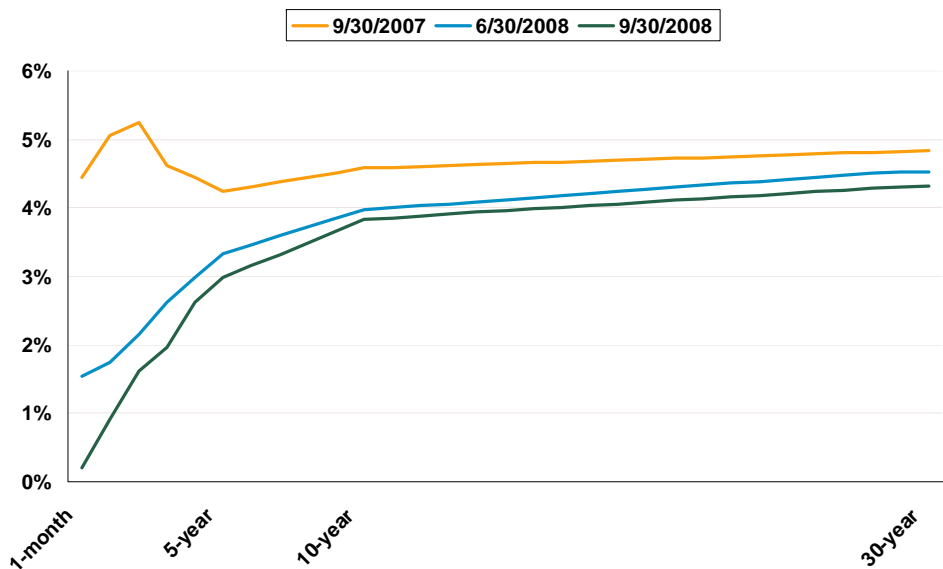
Third Quarter 2008 – Fixed Income

Lehman Brothers U.S. Fixed Income Index Returns



Source: Lehman Brothers

U.S. Treasury Yield Curve

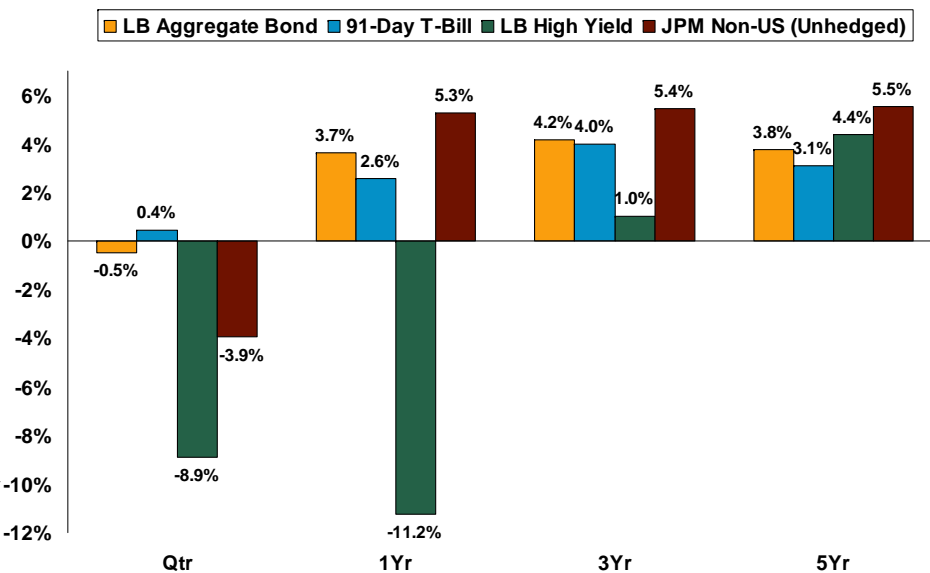


Source: Bloomberg

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- The Lehman Brothers Aggregate Index (LBAG) declined 0.5% for the quarter as investors seeking safety caused short-term interest rates to plummet after the government placed Fannie Mae and Freddie Mac into conservatorship and credit markets seized.
- Treasuries experienced the strongest investor demand and at times 3-month T-Bills, which provide yield based on a discounted price to par, traded at and above par as investors sought the safest investments.
- Mortgage-backed securities (MBS) benefitted from the Treasury's commitment to purchase new MBS originated by Fannie Mae and Freddie Mac, pushing returns up 2% for the quarter.
- Investment grade credit sectors declined 6.4% amid the lack of liquidity that sent spreads higher by approximately 2% points.
- High yield bonds suffered the largest decline in fixed income during the quarter, as a lack of demand for risk caused spreads on high yield bonds to reach record highs approaching 12%.
- The continued strengthening of the U.S. dollar detracted from performance of non-dollar denominated bonds, which dropped 3.9%.

Broad Fixed Income

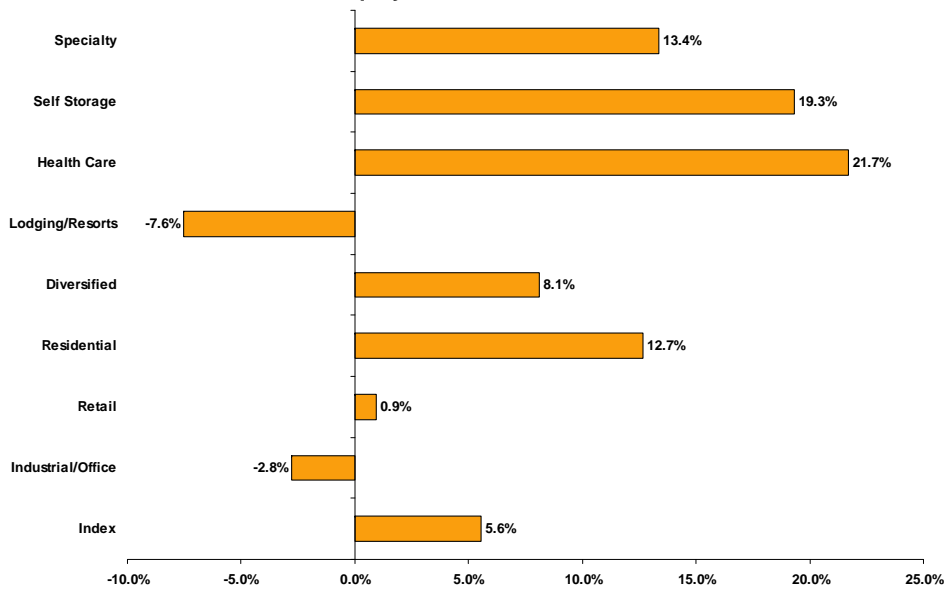


Sources: Lehman Brothers and JP Morgan



Third Quarter 2008 – Real Estate

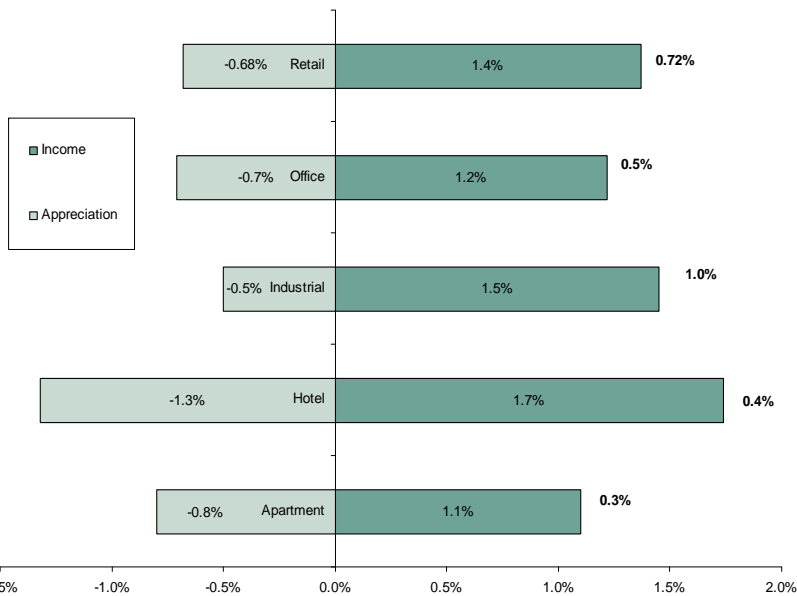
NAREIT Equity REIT Index Sector Returns



Source: NAREIT

- U.S. REITs gained 5.6% in the third quarter, outperforming the broad equity markets due to strength in the apartment and healthcare sectors. These sectors benefited from weakness in residential housing and are considered more defensive sectors.
- Industrial REITs and Lodging/Resorts, the worst performing REIT sectors, declined by 15.4% and 7.6%, respectively during the quarter due to slower economic growth and lower hotel occupancies resulting from decreased business travel.
- International real estate securities declined 20% primarily due to expectations for slower global economic growth. Currency also detracted from returns for U.S. investors as strength in the U.S. dollar versus other developed market currencies led to declines in international REITs.
- Private real estate sector returns were marginally positive in all categories in the second quarter. The income component offset declines in property values and property transactions slowed significantly in the first half of 2008.

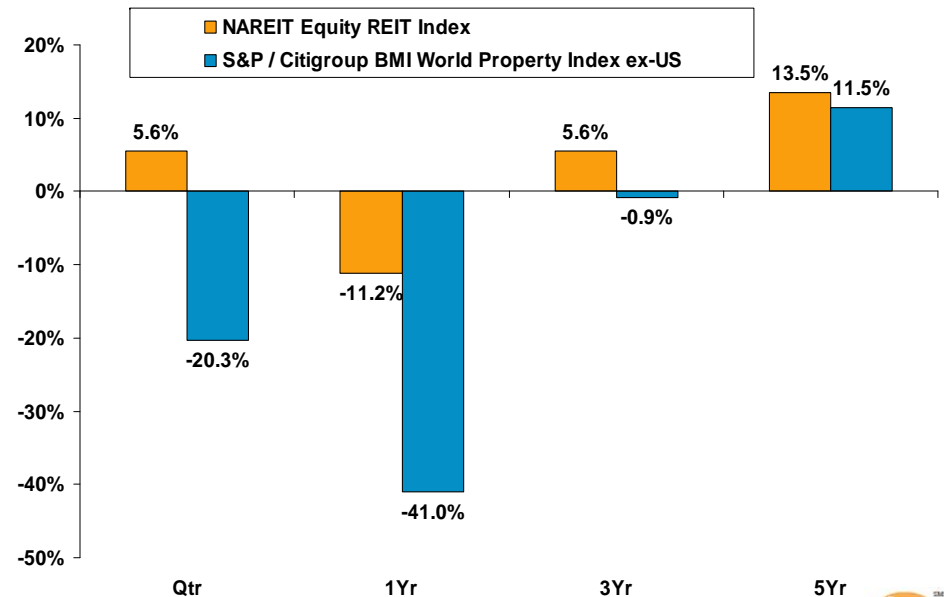
NCREIF National Property Index: Sector Returns



Source: NCREIF

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Public Real Estate - U.S. vs. International



Sources: NAREIT, Standard & Poor's, and Citigroup



Third Quarter 2008 – Hedge Funds

Performance Summary (% Return)

<u>Strategy</u>	<u>QTD</u>	<u>YTD</u>	<u>1 Year*</u>	<u>3 Year*</u>	<u>5 Year*</u>	<u>10 Year*</u>
HFRI Fund Weighted Composite Index	-8.1%	-9.4%	-8.4%	4.7%	7.2%	9.4%
HFRI Fund of Funds Composite Index	-8.8%	-11.0%	-9.3%	3.4%	5.2%	6.7%
HFRI Equity Hedge (Total) Index	-12.0%	-15.3%	-14.8%	2.3%	5.8%	9.7%
HFRI Emerging Markets (Total) Index	-16.1%	-21.9%	-18.9%	8.2%	13.8%	15.0%
HFRI Event-Driven (Total) Index	-6.9%	-9.7%	-10.2%	3.9%	7.8%	10.1%
HFRI ED: Distressed/Restructuring Index	-6.6%	-9.1%	-9.6%	3.9%	8.7%	10.3%
HFRI Relative Value (Total) Index	-5.9%	-7.2%	-5.1%	5.0%	5.5%	7.8%
HFRI RV: Multi-Strategy Index	-9.0%	-11.3%	-11.5%	-0.2%	3.1%	5.3%
HFRI ED: Merger Arbitrage Index	-3.1%	-4.0%	-3.9%	6.0%	5.7%	7.4%
HFRI EH: Equity Market Neutral Index	-6.0%	-3.7%	-2.6%	3.2%	4.0%	5.4%
HFRI Macro (Total) Index	-3.0%	3.3%	6.8%	8.2%	7.9%	9.1%

Source: HedgeFund Research

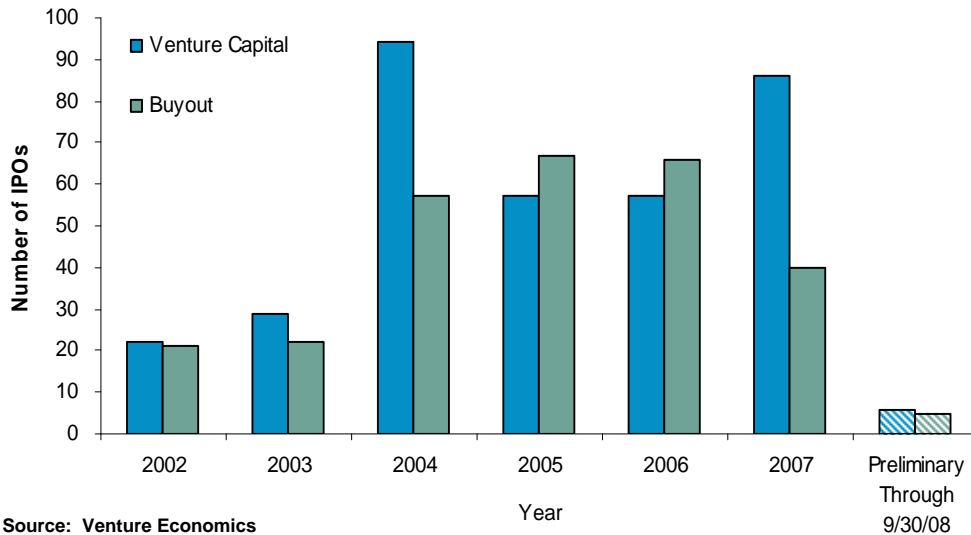
*Annualized

- The third quarter of 2008 proved challenging for hedged funds as the broad indices of the HFRI Fund Weighted and HFRI Fund of Funds Composites declined 8.1% and 8.8% respectively. Although most strategies fell less than the stock indexes, few hedge funds outperformed the bond market.
- The short sale ban imposed in the U.S. and U.K. created challenges for several hedge fund strategies that use short selling to produce alpha or to hedge equity exposure. Strategies impacted the most include convertible bond arbitrage (inability to hedge common stock), statistical arbitrage, and managed futures (complicated trading models requiring modification).
- The HFRI Macro (Total) Index provided the best performance among the sub-strategies during the quarter declining only 3.0%. The ability of these managers to tactically allocate capital over several asset classes was beneficial. In addition, the HFRI Macro (Total) was the only HFRI sub-strategy that posted a positive return (3.3%) year-to-date.
- Global deleveraging and risk reduction continued during the third quarter, placing downward pressure on several areas of the market, including high yield bonds and bank loans. High yield bond spreads widened to levels not seen since 2002 and bank loans values traded at historic lows. The HFRI Event Driven (Total) and HFRI ED: Distressed/Restructuring indices were down 6.9% and 6.6%, respectively, during the quarter.
- Hedge fund managers continued to decrease net exposures to their respective markets during the third quarter. The impetus for the decline is anticipation of upcoming investor redemptions, a general trepidation of near term market conditions, and a reserve of capital for investment opportunities.
- Redemptions for the end of the fourth quarter are a major concern for the industry as managers are maintaining reserves in anticipation of these requests.



Third Quarter 2008 – Private Equity

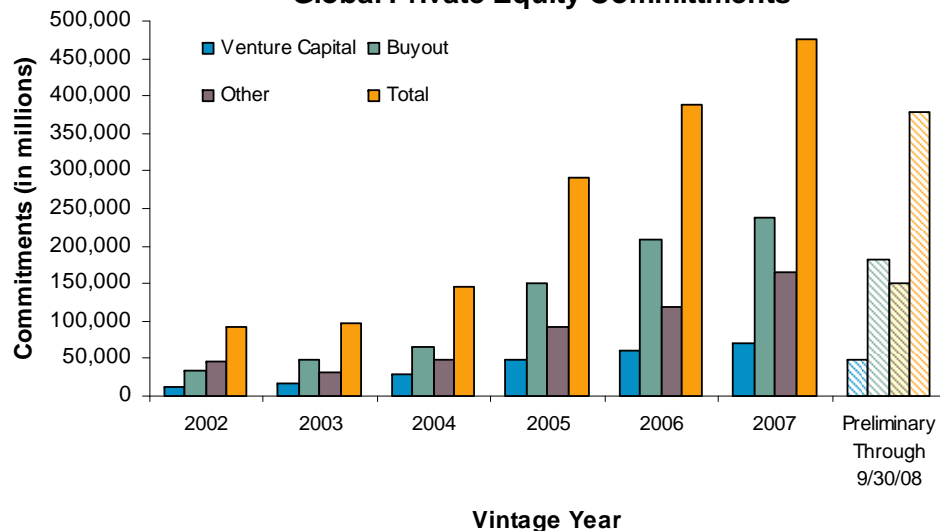
Global Private Equity IPOs



- Private equity performance is reported on a quarter-lag basis and performance for June 30, 2008, is not yet published.
- The exit market remained dismal and this year is on pace to be one of the worst IPO markets for venture-backed companies. A single venture-backed company went public in the 3rd quarter, which brings the annual total to 6 IPOs. For comparison, in 2001, the year after the technology bubble burst, 41 venture-backed companies went public.
- Acquisition activity continued at a slow rate as only 60 venture-backed companies were acquired in the third quarter of 2008, the lowest quarterly level since 1999.
- Preliminary data showed the investment pace of buyout funds continued to slow, down 10.2% or \$2.3 billion during the third quarter of 2008, contrasted to the same timeframe in 2007.
- The focus of new commitments to private equity shifted from buyout funds to distressed funds in 2008. Commitments to distressed funds increased nearly 28% to \$33 billion while buyout funds fell 18%.

Source: Venture Economics

Global Private Equity Commitments



Source: Venture Economics

Venture Economics Data		
As of 3/31/08		
	Venture	Buyout
1 Year	13.3%	10.8%
3 Years	9.5%	13.0%
5 Years	9.1%	15.6%
10 Years	17.2%	8.4%
20 Years	16.8%	11.9%

Source: Venture Economics



Third Quarter 2008 - Disclosures

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