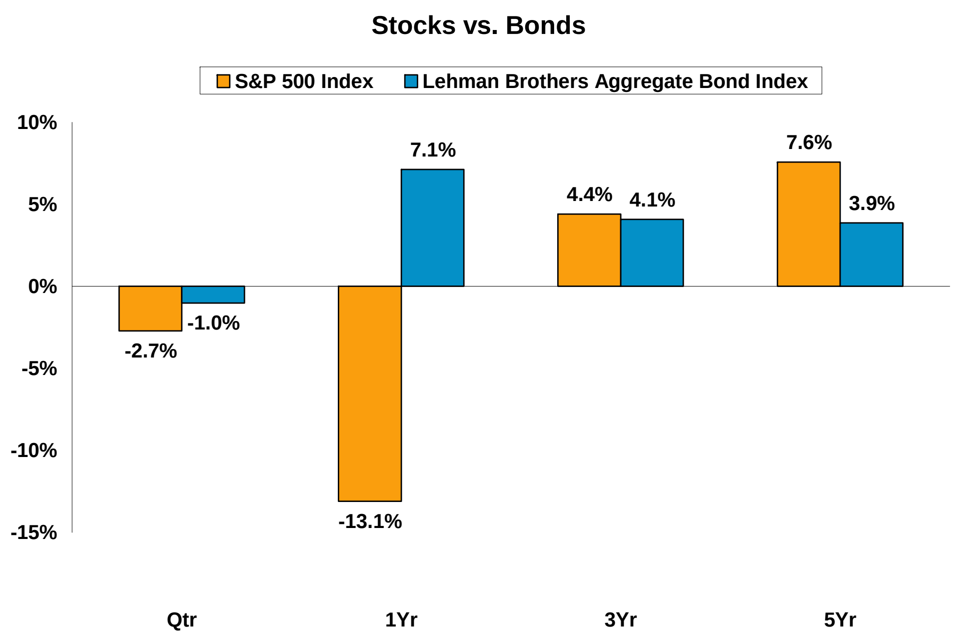
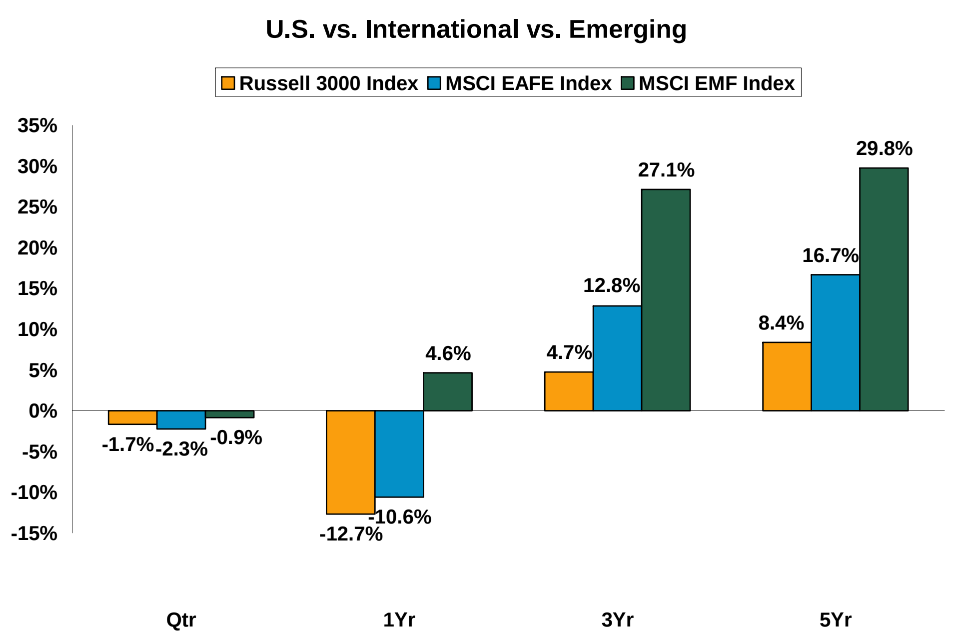
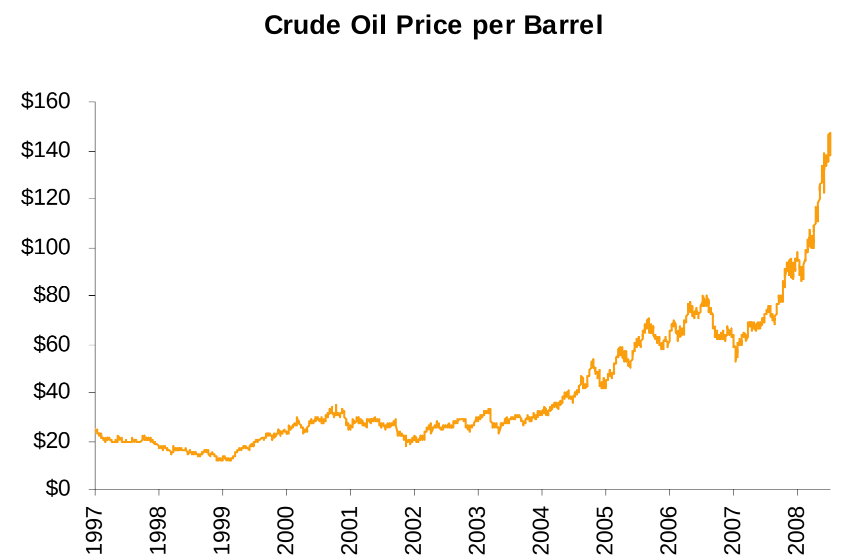
Second Quarter 2008 - Market Overview

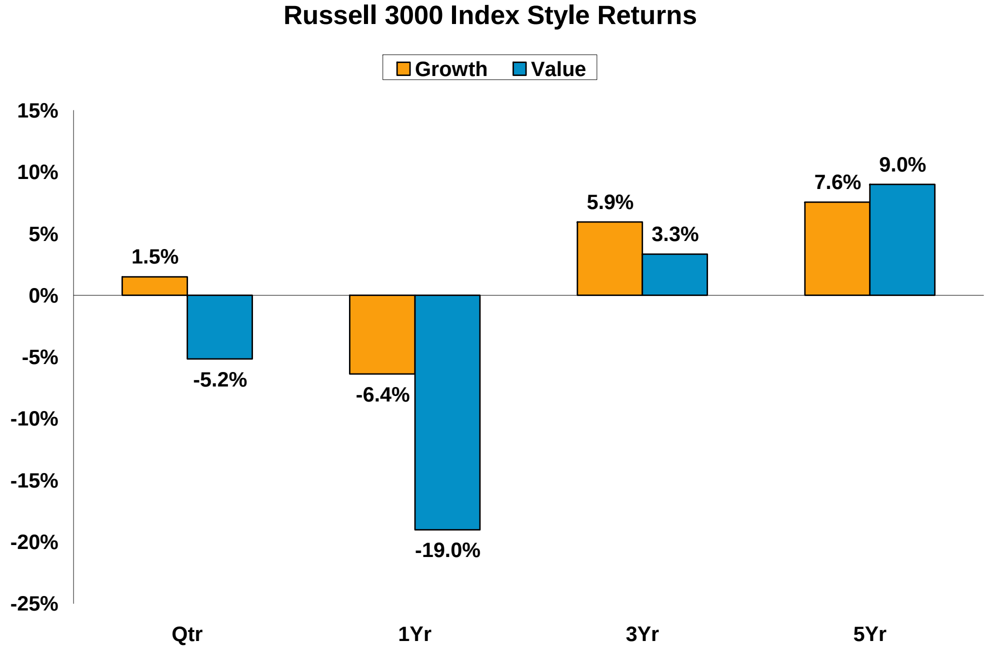




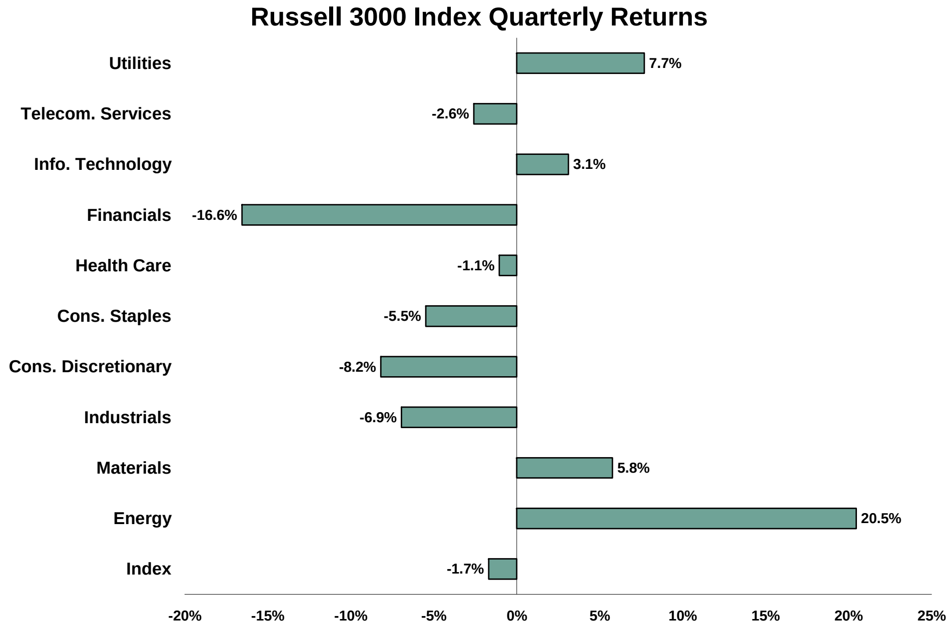
- Crude oil's rapid jump from $100 to a record $140 per barrel weighed on returns throughout the financial markets.
- Financial stocks suffered the most substantial negative returns amid asset write-downs, continuing credit markets concerns, and lowered expectations for economic growth.
- Energy stocks were the global market leaders as crude oil futures climbed; materials stocks also benefited from rising commodity prices.
- International developed stock prices generally fell amid inflationary concerns led by worldwide food and energy prices; Japan posted positive returns due to limited credit crisis exposure and the declining yen's benefits to exporters.
- Emerging market returns were varied, as resource rich Russia and Latin America posted positive returns while emerging Asia posted negative returns due to concerns of inflation.
- U.S. Treasuries posted negative returns as interest rates rose along the yield curve.

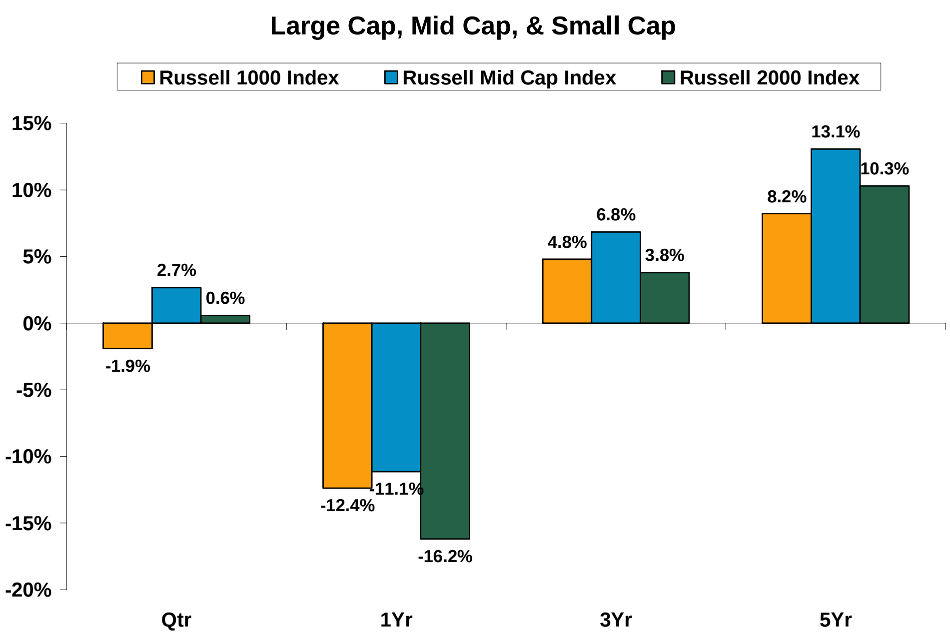


Second Quarter 2008 – Domestic Equity

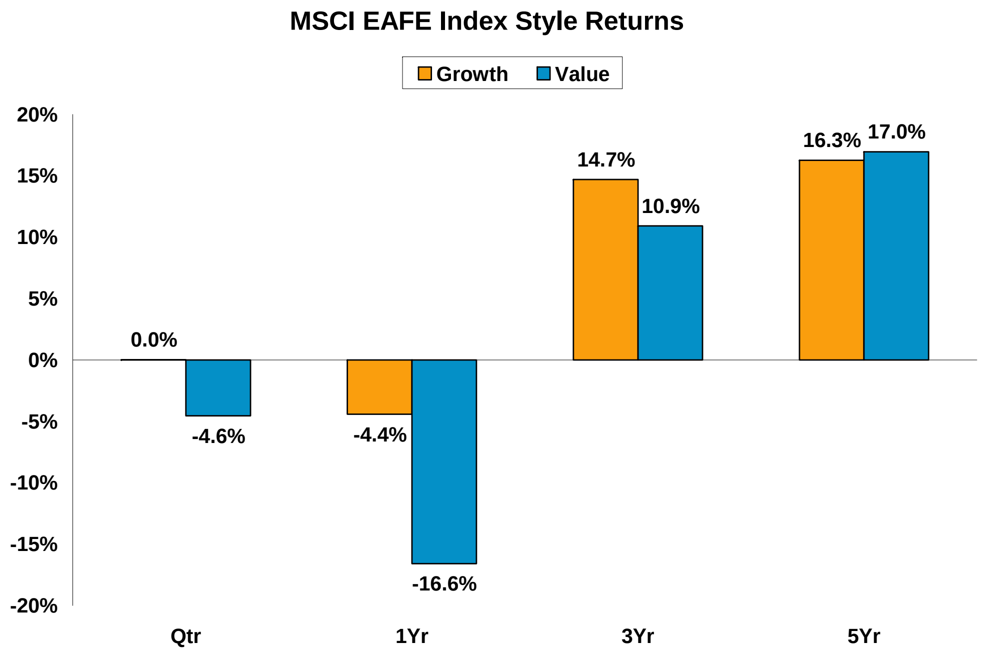


- The S&P 500 Index declined 2.7% and the Russell 3000 Index fell 1.7%, while the NASDAQ posted a modest gain of 0.6% due to the relative strength of technology stocks.
- Large cap stocks accounted for the negative return in the Russell 3000 Index, as mid and small cap stocks generated positive returns. Value stocks underperformed growth stocks, as measured by the Russell 3000 Value and Growth Indices, by nearly 7% points, due to the significant decline in the financials sector.
- Financials, down 16.6%, was the worst performing sector in the Russell 3000 Index, as the negative impact of the credit crisis and the U.S. economic slowdown continued.
- The energy sector returned 20.6% and was the best performing sector in the Russell 3000 Index, due to the record high prices of oil and gas.
- Although many sectors posted negative returns in the second quarter, utilities stocks returned 7.7% due primarily to consistent dividend and earnings streams during a slowing U.S. economy.

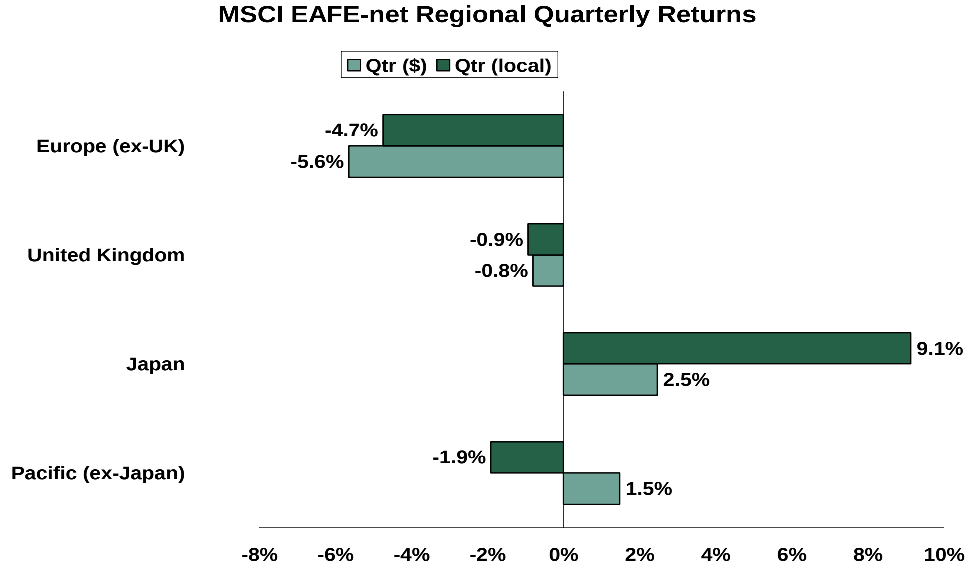


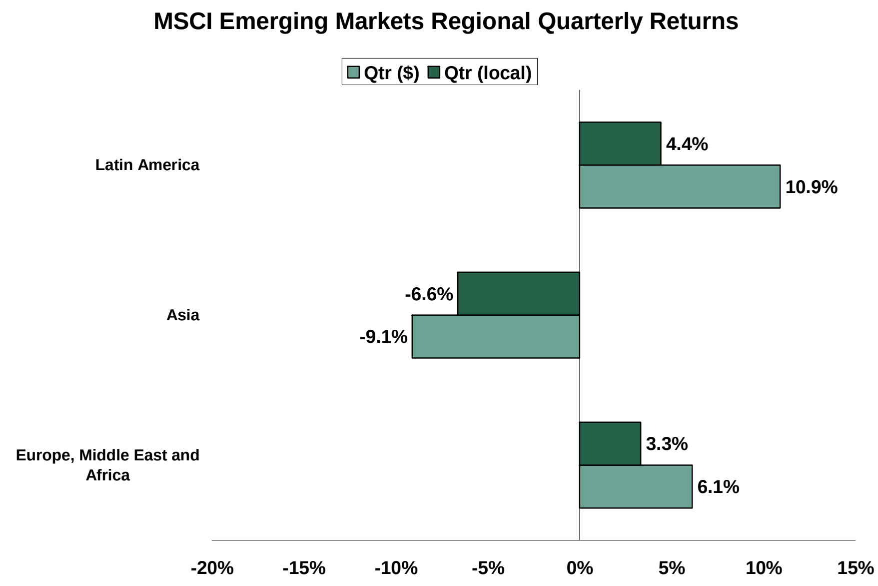


Second Quarter 2008 – International Equity

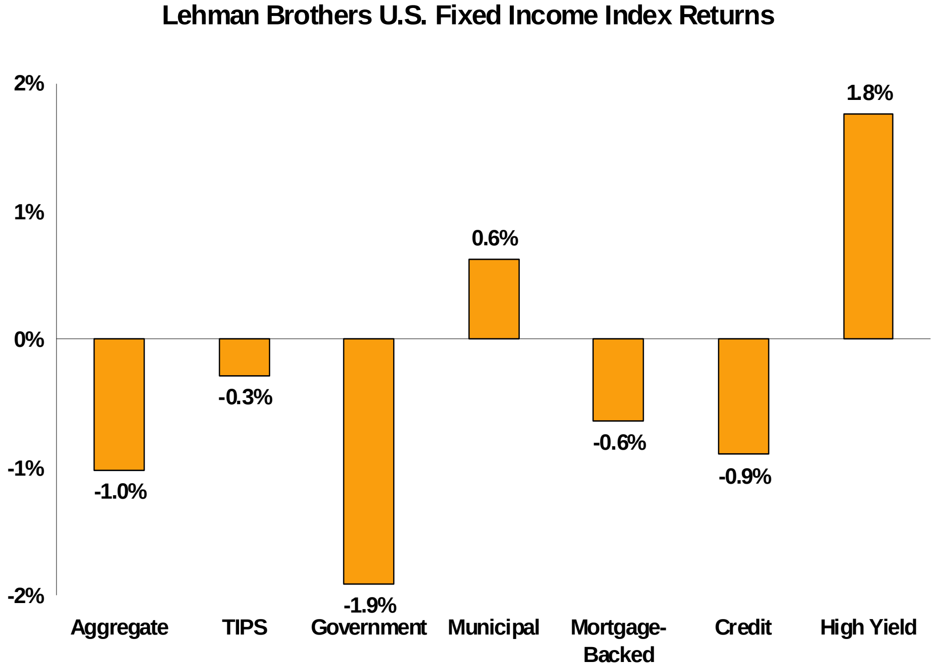


- International equities provided mixed returns, amid concerns of higher energy prices and global inflation that led central banks in over a dozen countries to raise interest rates.
- International growth stocks, flat for the quarter, outperformed value stocks, which declined 4.6%.
- Japanese stocks rose 9.1% in local currency terms but only 2.5% in U.S. dollars, as the yen declined against the U.S. dollar and other major currencies, which boosted the outlook for Japanese exporters.
- European equities posted negative returns due to concerns over declining corporate profits and the lingering credit crisis, which detracted from the economic outlook as the Bank of England and the European Central Bank signaled inflation concerns.
- Emerging markets declined 1.6% in local and 0.9% U.S. dollar terms, as energy rich Brazil and Russia provided positive U.S. dollar returns of 18.4% and 10.8%, respectively, while Indian stocks fell 19.7% in U.S. dollars amid double digit inflation and significant foreign investor liquidations.

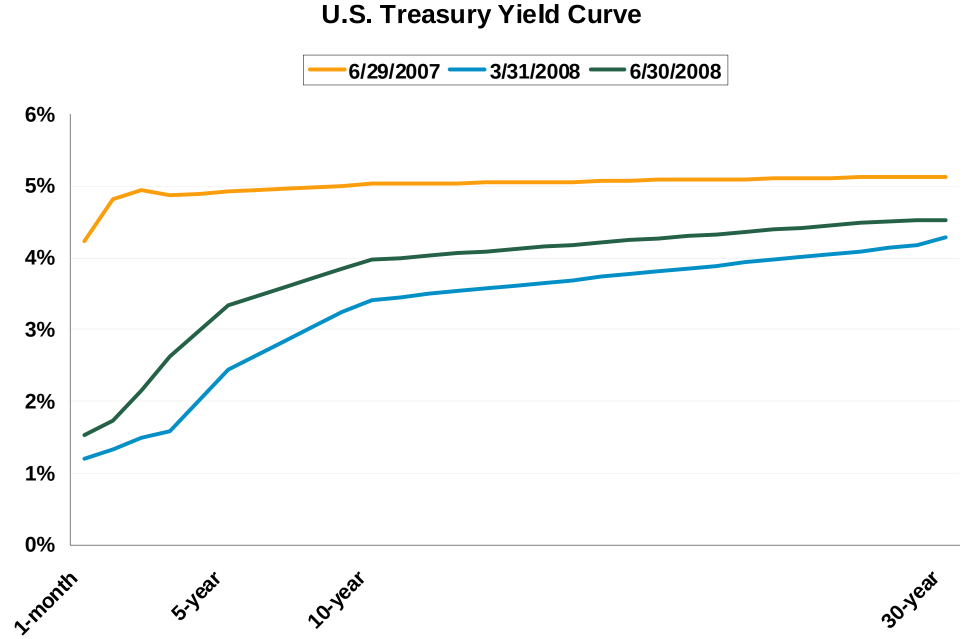


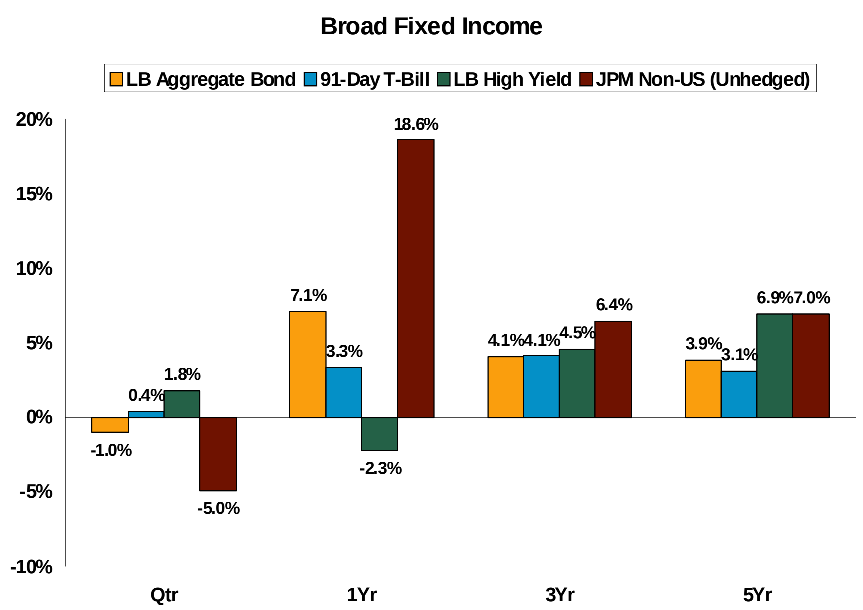


Second Quarter 2008 – Fixed Income

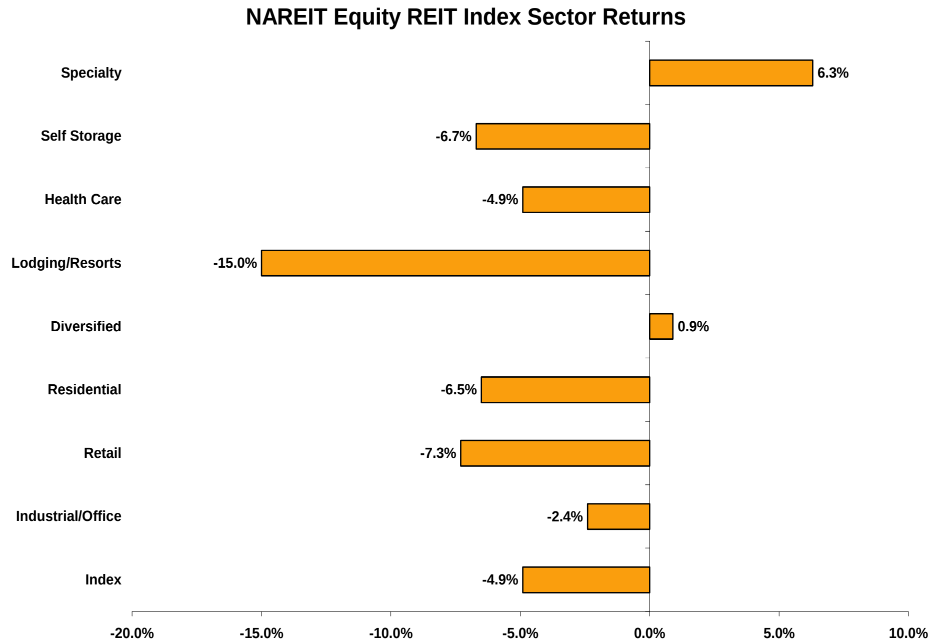


- The Lehman Brothers Aggregate Index (LBAG) declined 1% for the quarter as interest rates increased across the yield curve.
- Treasuries posted their largest quarterly loss in four years despite a gain of 0.6% in June; intermediate Treasuries outperformed long Treasuries by 15 basis points as shorter duration bonds are less impacted by rising rates.
- TIPS held up better than other Treasuries as investors' inflationary concerns supported the TIPS sector.
- Investment grade spread sectors fell less than the LBAG. Mortgage-backed securities and corporate bonds comprise approximately 65% of the LBAG, which offset the weakness in Treasuries.
- High yield bonds posted positive returns for the quarter, as spreads on high yield bonds had widened precipitously without meaningful defaults.
- Non-dollar denominated bonds declined 5%, as the strengthening U.S. dollar hurt their performance during the quarter.

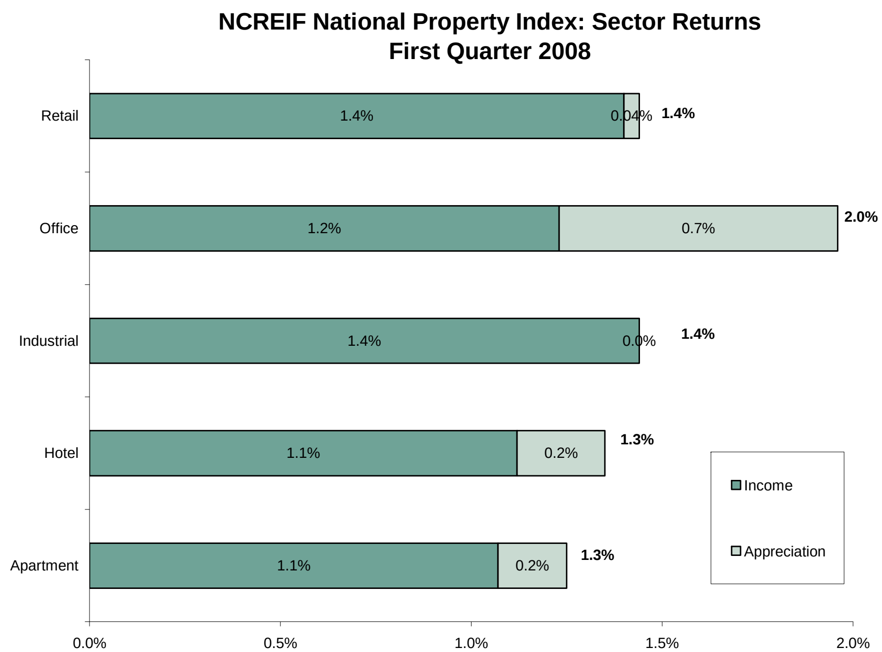


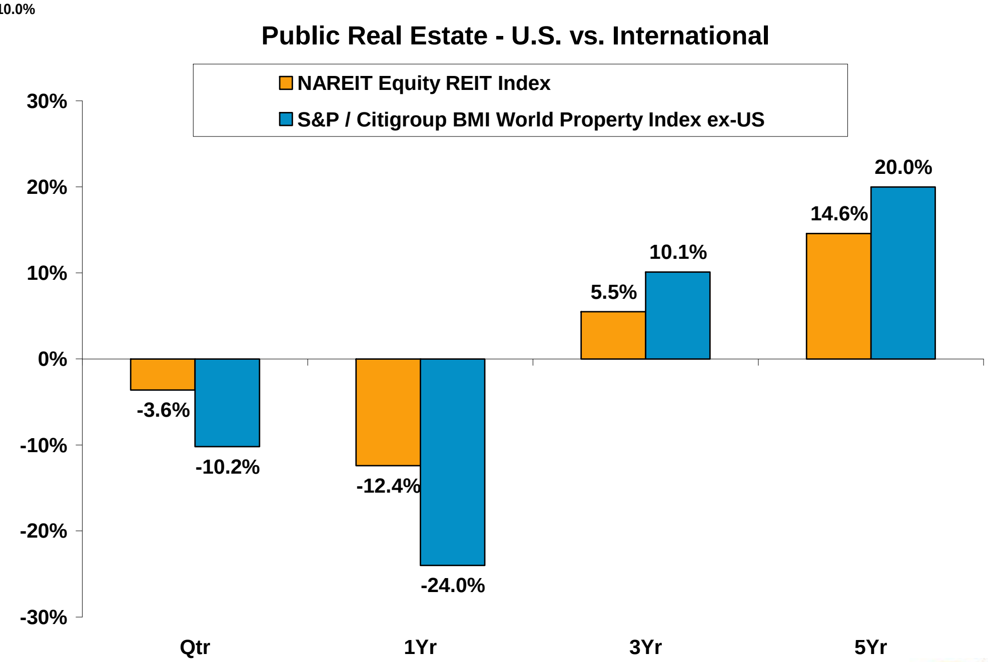


Second Quarter 2008 – Real Estate



- U.S. REITs declined by 4.9% in the second quarter, underperforming the broad equity markets due to declining commercial real estate values and turmoil in the financial sector, which resulted in decreased lending.
- Lodging/Resorts was the worst performing REIT sector, declining by 15%, due to lower hotel occupancies and decreased business travel. Conversely, specialty REITs (which consist primarily of timber REITs), outperformed due to their defensive qualities amid a slower economic growth environment.
- International real estate securities, down 10%, underperformed U.S. REITs primarily due to weakness in Europe, which declined by 16.2% amid economic weakness and the tighter credit markets. REITs in Asia also declined, but by a smaller margin of 7.2%.
- Private real estate sector returns were marginally positive in all categories in the first quarter. Property transactions slowed significantly in the first half of 2008 and pricing on real estate debt became dramatically more expensive and less available.





Second Quarter 2008 – Hedge Funds

Performance Summary (% Return)

Strategy	Qtr	YTD	1 Year	3 Year*	5 Year*	10 Year*
HFRI Fund Weighted Composite Index	2.8%	-0.7%	1.6%	9.8%	10.1%	9.4%
HFRI Fund of Funds Composite Index	2.1%	-2.3%	-0.1%	8.2%	7.7%	6.6%
HFRI Equity Hedge (Total) Index	2.9%	-3.3%	-1.1%	9.1%	9.8%	10.6%
HFRI Emerging Markets (Total) Index	0.5%	-6.7%	1.6%	18.5%	20.3%	13.7%
HFRI ED: Distressed/Restructuring Index	2.4%	-1.6%	-3.5%	8.2%	11.6%	9.8%
HFRI Event-Driven (Total) Index	1.7%	-1.9%	-3.5%	8.3%	10.6%	9.8%
HFRI ED: Merger Arbitrage Index	1.6%	-0.2%	0.5%	8.3%	7.0%	7.3%
HFRI RV: Multi-Strategy Index	1.4%	-2.5%	-3.3%	3.8%	5.4%	5.8%
HFRI Relative Value (Total) Index	2.2%	-1.2%	1.0%	8.4%	7.1%	7.8%
HFRI EH: Equity Market Neutral Index	3.3%	3.1%	3.6%	6.3%	5.5%	6.0%
HFRI Macro (Total) Index	2.9%	7.1%	12.8%	10.8%	9.7%	9.0%

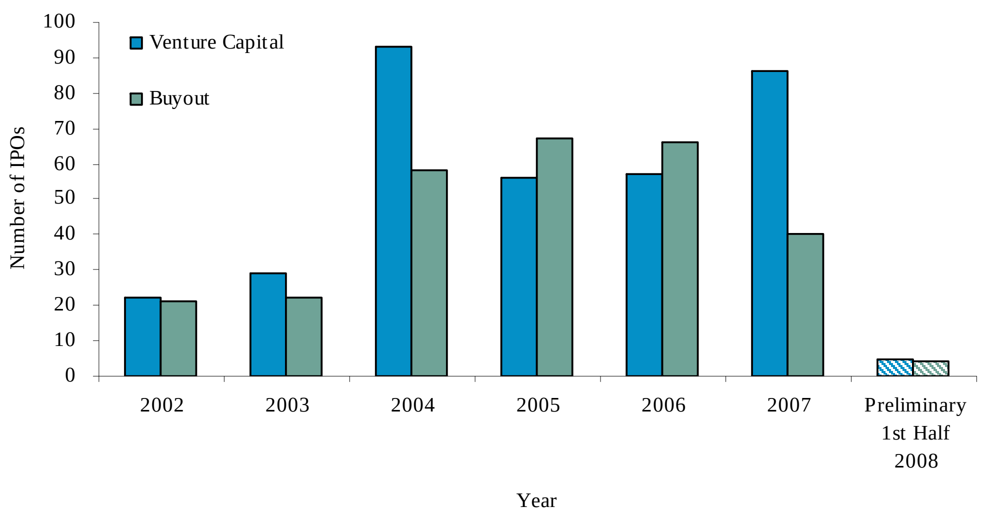
Source: HedgeFund Research

**Annualized*

- Although the stock and bond markets performed poorly, all core hedge strategies posted positive returns in the second quarter.
- The HFRI Fund Weighted and HFRI Fund of Funds Composites were up 2.8% and 2.1%, respectively for the quarter. This compared favorably with the broad indices of the S&P 500, MSCI AC World, and Lehman Aggregate which realized performance of -2.7%, -2.4%, and -1.0%.
- Performance reversed in the second quarter as all but one core strategy posted negative returns in the first quarter.
- Dispersion was wide among directional managers with equity exposure. Those that were long energy names benefited from rising commodity costs, while those in financials struggled with sustained write-downs and tightening liquidity.
- Net exposure to equity and credit was reduced by many managers and was a function of both a decrease in long exposures, as well as an opportunistic augmentation of short trades.
- Global Macro continued to show strong performance, and was the best performing strategy year-to-date, up 7.1%, and for the last twelve months, up 12.8%. Global Macro and other trading strategies, such as managed futures, benefited from volatility and rising commodity prices.
- Emerging Markets, with a 0.5% return, were the laggards of the core strategies. The global economic slowdown, rising energy costs, and prospects of a tightening Fed policy all contributed to bear markets in China and India.
- Distressed managers, up 2.4% for the second quarter, benefited from a widening opportunity set in mortgages and corporate credit and an improving demand for credit relative to the liquidity crisis.

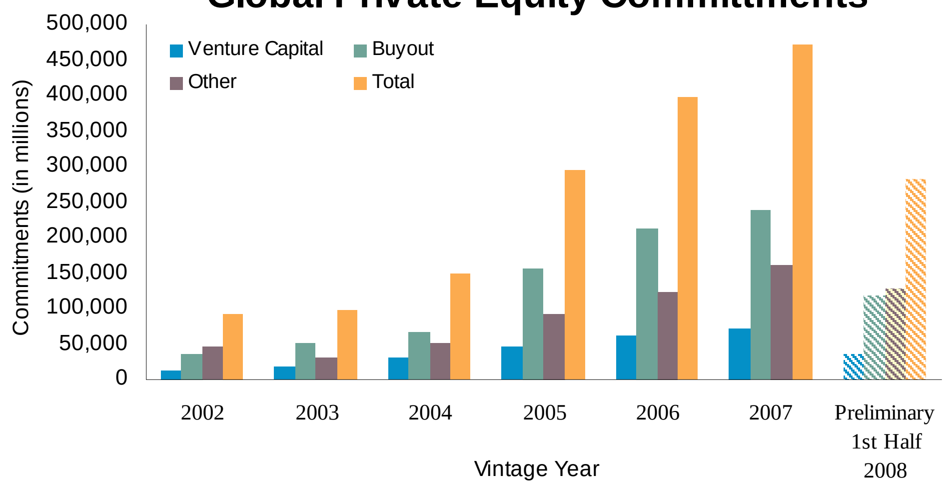
Second Quarter 2008 – Private Equity

Global Private Equity IPOs



- Private equity performance is reported on a quarter-lag basis and performance through March 31 has not yet been published.
- The exit market for venture-backed companies was bleak in the first three months and turned worse through June. The second quarter did not have a single venture-backed company complete an IPO after five venture-backed companies went public in the first quarter.
- Acquisition activity also remained minimal as 55 venture-backed companies were acquired in the second quarter of 2008, the lowest quarterly level since 1999.
- Preliminary information shows the investment pace of buyout funds slowed 20.6% during the first half of 2008, down $8.4 billion compared to the same timeframe in 2007.
- Although there was a slowdown in the number of new platform investments, especially at the large end of the buyout spectrum, sponsors were busy identifying and executing smaller follow-on acquisitions for current portfolio investments.

Global Private Equity Committments



Venture Economics Data
As of 12/30/07

	Venture	Buyout
1 Year	19.5%	20.8%
3 Years	9.4%	13.0%
5 Years	8.5%	15.1%
10 Years	18.3%	8.3%
20 Years	16.7%	12.8%

Second Quarter 2008 - Disclosures

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