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Total Return Review

Viewing the Markets from a Total Return Perspective

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All Commodity Indices Are Not Created Equal

Total returns on commodity indices, unlike those of broad stock indices, vary widely by virtue of their different composition. Over the past year, for example, the Dow Jones-AIG Commodity Index outperformed the Goldman Sachs Commodity Index by more than 18%.

The biggest factor affecting relative commodity index performance is their relative energy weight. As illustrated in the tables below, some indices give energy as much as a 67% weight, while others only give it a 33% weight.

The Dow Jones - AIG Commodity Index Weights (12/31/2006)		
Energy	Natural Gas	12.55%
33.00%	Crude Oil	12.72%
	Unleaded Gas (RBOB)	3.94%
	Heating Oil	3.79%
Agriculture	Wheat	4.72%
30.23%	Corn	5.63%
	Soybeans	7.75%
	Soybean Oil	2.85%
	Sugar	3.12%
	Cotton	3.15%
	Coffee	3.02%
Industrial Metals	Aluminum	6.80%
18.50%	Copper	6.19%
	Zinc	2.80%
	Nickel	2.72%
Livestock	Live Cattle	6.14%
9.15%	Lean Hogs	3.01%
Precious Metals	Gold	6.83%
9.11%	Silver	2.29%

Goldman Sachs Commodity Index Weights (12/31/2006)		
Energy	Crude Oil	33.23%
66.67%	Brent Crude Oil	13.66%
	Natural Gas	8.35%
	Heating Oil	5.46%
	Gas Oil	4.75%
	Unleaded Gas (RBOB)	1.22%
Agriculture	Corn	4.12%
14.06%	Wheat	3.26%
	Soybeans	1.96%
	Sugar	1.46%
	Kansas City Wheat	1.20%
	Cotton	0.99%
	Coffee	0.84%
	Cocoa	0.23%
Industrial Metals	Aluminum	3.87%
11.27%	Copper	3.76%
	Nickel	1.65%
	Zinc	1.52%
	Lead	0.46%
Livestock	Live Cattle	3.15%
5.42%	Lean Hogs	1.65%
	Feeder Cattle	0.62%
Precious Metals	Gold	2.27%
2.59%	Silver	0.32%

Reuters/Jefferies CRB Index Weights (12/31/2005)		
Energy	WTI Crude Oil	23%
39%	Heating Oil	5%
	Unleaded Gas	5%
	Natural Gas	6%
Agriculture	Corn	6%
34%	Soybeans	6%
	Sugar	5%
	Cotton	5%
	Cocoa	5%
	Coffee	5%
	Wheat	1%
	Orange Juice	1%
Industrial Metals	Aluminum	6%
13%	Copper	6%
	Nickel	1%
Livestock	Live Cattle	6%
7%	Lean Hogs	1%
Precious Metals	Gold	6%
7%	Silver	1%

S&P Commodity Index Weights (12/31/2006)		
Energy	WTI Crude Oil	11.41%
53.35%	Heating Oil	12.13%
	Unleaded Gas	12.16%
	Natural Gas	17.65%
Agriculture	Corn	4.48%
28.23%	Soybeans	3.84%
	Sugar	3.80%
	Cotton	3.22%
	Soybean Oil	2.98%
	Soybean Meal	2.57%
	Cocoa	2.79%
	Coffee	3.88%
	Wheat	5.15%
Industrial Metals	Copper	3.39%
3.39%	Live Cattle	4.87%
Livestock	Lean Hogs	2.04%
6.91%	Silver	3.67%
Precious Metals		

U. S. Fixed-Income Total Returns

	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Treasury Cash:	0.46%	1.33%	1.33%	5.22%	3.47%	2.67%	4.04%
3 Month	0.47%	1.35%	1.35%	5.24%	3.47%	2.65%	3.96%
6 Month	0.44%	1.36%	1.36%	5.32%	3.55%	2.82%	4.16%
Treasury Coupons:	-0.32%	1.36%	1.36%	5.58%	2.29%	5.28%	5.89%
2 Year	0.41%	1.45%	1.45%	4.88%	2.06%	3.27%	4.70%
5 Year	0.23%	1.77%	1.77%	5.59%	1.46%	4.59%	5.66%
10 Year	-0.34%	1.52%	1.52%	6.14%	2.01%	5.65%	6.18%
30 Year	-2.34%	0.34%	0.34%	5.48%	3.75%	7.37%	7.58%
Treasury Strips:	-1.98%	0.70%	0.70%	6.90%	5.29%	9.23%	9.84%
5 Year	0.25%	1.72%	1.72%	6.41%	1.97%	5.40%	6.62%
10 Year	-0.58%	1.70%	1.70%	7.68%	3.47%	8.21%	8.63%
15 Year	-1.81%	1.07%	1.07%	7.74%	4.75%	9.89%	9.90%
20 Year	-2.83%	0.27%	0.27%	7.73%	6.39%	10.83%	10.93%
25 Year	-3.83%	-0.32%	-0.32%	6.98%	6.67%	11.10%	11.47%
Broad Indices							
Salomon "BIG"	-0.03%	1.49%	1.49%	6.60%	3.14%	5.26%	6.40%
Lehman Aggregate	0.01%	1.51%	1.51%	6.59%	3.32%	5.36%	6.46%
Lehman Government/Credit	-0.16%	1.48%	1.48%	6.38%	2.91%	5.58%	6.51%
Government Indices							
Lehman Government	0.03%	1.46%	1.46%	5.96%	2.71%	5.08%	6.25%
Lehman Treasury	-0.04%	1.47%	1.47%	5.88%	2.60%	5.11%	6.21%
Lehman Agency	0.19%	1.42%	1.42%	6.05%	2.90%	5.02%	6.29%
Agency Benchmarks							
2 Year	0.41%	1.38%	1.38%	5.06%	2.56%	3.77%	N/A
5 Year	0.37%	1.67%	1.67%	6.45%	2.34%	5.32%	N/A
10 Year	-0.22%	1.24%	1.24%	6.83%	3.55%	7.05%	N/A
30 Year	-1.52%	0.19%	0.19%	6.37%	5.48%	9.03%	N/A
Other Indices							
Merrill Corporate	-0.49%	1.57%	1.57%	7.16%	3.33%	6.47%	6.91%
Lehman Mortgage	0.33%	1.59%	1.59%	6.96%	4.06%	4.96%	6.31%
Lehman Inflation Notes ("TIPS")	0.24%	2.51%	2.51%	5.29%	2.97%	7.40%	7.14%
Merrill High Yield	0.23%	2.72%	2.72%	11.61%	8.57%	10.08%	7.03%
Merrill Muncipal	-0.14%	0.85%	0.85%	5.54%	4.34%	6.28%	6.46%

Treasury Cash: Equal-weighted total-return avg. of the Treasury yield curve from 3 to 12 month maturities.

Treasury Coupons: Equal-weighted total-return avg. of the Treasury yield curve from 2 to 30 year maturities.

Treasury Strips: Equal-weighted total-return average of Treasury Strips from 1 year to 30 years.

Sources: Bloomberg, Ryan Labs, Lehman Brothers, Merrill Lynch, Salomon Smith Barney and Arbor Research & Trading

Total Return Comparisons: The "Bullet" versus "Barbells"

Portfolio Type*	As of 3/31/07					
	MTD	Diff.	QTD	Diff.	YTD	Diff.
Bullet (4.54 Duration)	0.25%		1.72%		1.72%	
5 yr and 10 yr	0.20%	-0.05%	1.76%	0.03%	1.76%	0.03%
5 yr and 30 yr	0.18%	-0.07%	1.74%	0.02%	1.74%	0.02%
2 yr and 10 yr	0.07%	-0.18%	1.48%	-0.24%	1.48%	-0.24%
2 yr and 30 yr	-0.13%	-0.38%	1.23%	-0.50%	1.23%	-0.50%
Cash and 10 yr	0.01%	-0.24%	1.44%	-0.28%	1.44%	-0.28%
Cash and 30 yr	-0.31%	-0.56%	1.07%	-0.66%	1.07%	-0.66%
Cash and 25 yr Strips	-0.31%	-0.56%	1.04%	-0.68%	1.04%	-0.68%

*This analysis compares the total return of the 5-Year Strip or the "bullet" to cash neutral, duration neutral barbells.

Its purpose is to quantify the effect of the yield curve on total return.

Sources: Bloomberg and Ryan Labs

World Fixed-Income Total Returns (in U.S. Dollars)

	in U.S. Dollars						
	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
J. P. Morgan Government Bond Indices							
Country							
Canada	1.31%	1.57%	1.57%	6.22%	9.83%	14.08%	8.79%
France	0.25%	0.98%	0.98%	11.72%	5.91%	14.51%	6.76%
Germany	0.30%	1.09%	1.09%	11.90%	5.92%	14.49%	6.54%
Italy	0.22%	1.13%	1.13%	12.20%	6.41%	14.86%	8.09%
Japan	0.43%	1.46%	1.46%	2.14%	-3.19%	3.42%	2.66%
United Kingdom	-1.11%	-0.28%	-0.28%	13.32%	6.41%	12.19%	8.76%
United States	-0.08%	1.48%	1.48%	6.01%	2.69%	5.32%	6.34%
Region							
Europe	0.07%	0.82%	0.82%	12.14%	6.11%	14.37%	7.34%
Global	0.17%	1.19%	1.19%	7.64%	2.66%	8.90%	5.87%
Global Non-United States	0.25%	1.10%	1.10%	8.15%	2.63%	10.13%	5.43%
J. P. Morgan Emerging Markets Bond Indices							
EMBI Plus	1.14%	2.51%	2.51%	11.35%	11.10%	14.36%	11.21%
Region							
Latin	1.44%	3.18%	3.18%	12.74%	12.46%	14.94%	10.17%
Non-Latin	0.73%	1.61%	1.61%	9.45%	9.15%	13.59%	13.16%

World Fixed-Income Total Returns (in Local Currency)

	in Local Currency						
	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
J. P. Morgan Government Bond Indices							
Country							
Canada	-0.32%	0.69%	0.69%	5.04%	5.16%	6.92%	6.85%
France	-0.52%	0.03%	0.03%	1.56%	3.12%	5.23%	5.35%
Germany	-0.47%	0.14%	0.14%	1.73%	3.14%	5.21%	5.19%
Italy	-0.55%	0.18%	0.18%	2.00%	3.61%	5.55%	6.62%
Japan	0.08%	0.54%	0.54%	2.22%	0.98%	1.06%	2.17%
United Kingdom	-1.19%	-0.50%	-0.50%	0.22%	4.13%	5.23%	6.84%
United States	-0.08%	1.48%	1.48%	6.01%	2.69%	5.32%	6.34%
Region							
Europe	-0.60%	0.04%	0.04%	1.55%	3.38%	5.36%	5.86%
Global	-0.27%	0.54%	0.54%	2.85%	2.58%	4.19%	5.16%
Global Non-United States	-0.33%	0.25%	0.25%	1.90%	2.53%	3.79%	4.67%

Sources: Bloomberg and J. P. Morgan & Co. Incorporated (<http://www.jpmorgan.com/>)

U. S. Equity Total Returns

	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Broad Market							
Dow Jones Industrials ²	0.84%	-0.32%	-0.32%	13.82%	8.47%	5.87%	8.62%
NASDAQ Composite ¹	0.29%	0.44%	0.44%	4.23%	7.44%	6.23%	6.86%
NASDAQ 100 ²	0.64%	1.01%	1.01%	4.54%	7.66%	4.39%	8.53%
NYSE Composite ²	1.45%	1.64%	1.64%	13.71%	14.29%	9.82%	10.13%
Russell 2000 ⁴	1.07%	1.94%	1.94%	5.96%	12.07%	11.00%	10.26%
S&P 500 (Capitalization Weighted) ³	1.12%	0.64%	0.64%	11.82%	10.05%	6.27%	8.20%
S&P 500 (Equal Weighted) ¹	0.82%	2.86%	2.86%	12.03%	13.34%	10.87%	12.27%
S&P 400 MidCap ³	1.34%	5.80%	5.80%	8.44%	13.35%	10.70%	14.28%
S&P 600 SmallCap ³	1.68%	3.21%	3.21%	5.29%	13.89%	11.69%	12.57%
Wilshire 5000 ¹	1.11%	1.40%	1.40%	11.35%	11.04%	7.71%	8.73%
Interest Rate Sensitive							
PSE Electric Utility Index ²	3.95%	9.14%	9.14%	33.49%	22.58%	13.71%	12.85%
KBW Bank Stock Index ²	-1.23%	-2.32%	-2.32%	10.76%	7.69%	8.25%	10.36%
S&P 500 Financial Index ²	-0.74%	-2.84%	-2.84%	12.18%	9.25%	8.13%	11.14%
Other Indices							
Morgan Stanley Consumer Index ²	1.42%	1.43%	1.43%	17.92%	10.45%	5.35%	9.22%
Morgan Stanley Cyclical Index ²	2.15%	7.40%	7.40%	19.57%	13.91%	12.53%	11.44%
S&P 500/Barra Growth ³	0.92%	-0.09%	-0.09%	8.10%	6.98%	3.46%	6.75%
S&P 500/Barra Value ³	1.29%	1.34%	1.34%	15.65%	13.20%	9.07%	9.23%
Gold/Silver Stock Index ²	-1.78%	-3.44%	-3.44%	-1.99%	10.60%	16.02%	4.46%

Sources: ¹ Wilshire Associates Incorporated (<http://www.wilshire.com>) and Ryan Labs Inc.

² Bloomberg L.P. and Ryan Labs Inc.

³ BARRA, Inc. (<http://www.barra.com>) and Standard & Poors (<http://www.spglobal.com>)

⁴ Frank Russell Company (<http://www.russell.com>)

Commodity Total Returns

	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Commodity Total Return Indices							
Reuters/CRB ¹	2.52%	1.81%	1.81%	-2.58%	5.64%	10.41%	2.87%
Goldman Sachs Commodity ²	3.18%	5.13%	5.13%	-9.41%	6.14%	12.82%	5.95%
Dow Jones-AIG Commodity	0.97%	4.59%	4.59%	9.39%	8.16%	14.46%	7.06%
Rogers International Commodities ³	2.12%	3.45%	3.45%	1.04%	10.40%	18.78%	10.20%
Brookshire International Raw Materials	1.63%	4.54%	4.54%	5.69%	14.46%	21.07%	N/A
S&P Commodity ⁴	1.92%	7.04%	7.04%	-4.86%	3.03%	11.34%	3.79%

Sources: ¹ Reuters/CRB (<http://www.crbindex.com/crbindex/>)

² Goldman Sachs (<http://www.gs.com/gsci/>)

³ Beeland Management Co., L.L.C.

⁴ Standard & Poor's (http://www.spglobal.com/indexmaincommodity_data.html)

World Equity Total Returns (in U.S. Dollars)

	in U.S. Dollars						
	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Morgan Stanley Capital International Indices							
Country							
Canada	2.79%	3.28%	3.28%	12.66%	23.43%	20.81%	13.94%
France	3.08%	2.83%	2.83%	22.98%	22.59%	15.56%	11.58%
Germany	4.38%	6.86%	6.86%	28.39%	25.40%	15.41%	9.24%
Italy	2.05%	0.89%	0.89%	24.41%	23.31%	18.89%	13.90%
Japan	-1.28%	3.56%	3.56%	3.09%	11.67%	14.08%	3.95%
United Kingdom	3.32%	3.02%	3.02%	24.30%	19.29%	14.17%	8.98%
United States	1.08%	1.03%	1.03%	11.86%	10.38%	6.30%	8.12%
Region							
World Index	1.87%	2.60%	2.60%	16.00%	15.18%	10.96%	8.32%
EAFE	2.60%	4.15%	4.15%	20.69%	20.31%	16.24%	8.67%
Emerging Markets (Free)	4.02%	2.35%	2.35%	21.03%	27.97%	24.84%	8.77%

World Equity Total Returns (in Local Currency)

	in Local Currency						
	As of 3/31/07			Annualized Ending 3/31/07			
	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Morgan Stanley Capital International Indices							
Country							
Canada	1.13%	2.39%	2.39%	11.41%	18.19%	13.23%	11.90%
France	2.29%	1.86%	1.86%	11.80%	19.37%	6.20%	10.11%
Germany	3.58%	5.86%	5.86%	16.72%	22.11%	6.06%	7.86%
Italy	1.27%	-0.06%	-0.06%	13.10%	20.06%	9.26%	12.35%
Japan	-1.62%	2.62%	2.62%	3.16%	16.48%	11.47%	3.46%
United Kingdom	3.23%	2.80%	2.80%	9.92%	16.73%	7.09%	7.06%
United States	1.08%	1.03%	1.03%	11.86%	10.38%	6.30%	8.12%
Region							
World Index	1.55%	2.21%	2.21%	11.77%	14.57%	7.90%	7.80%
EAFE	2.05%	3.41%	3.41%	11.69%	19.38%	9.24%	7.35%
Emerging Markets (Free)	3.30%	2.33%	2.33%	20.25%	24.69%	20.48%	12.13%

Sources: Bloomberg and Morgan Stanley Capital International (<http://www.msdata.com/>)

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