



February 27, 2007

US Market futures are pointing sharply lower this morning due to several short term issues and we want to let you know of recent events which may have short-term adverse impacts on the markets.

Chinese equity markets traded down approximately 9% yesterday. The markets traded down on speculation that the Chinese government will do more to slow the growth seen in the Chinese economy (China's GDP has been growing at approximately 10% for the past 2 years) in an effort to curtail potential inflationary pressures. The sell-off in China also impacted the other Asian markets, which sold off overnight, but not to the extent of China. For those investors with exposure to China directly as well as International markets overall, we do not believe we need to make adjustments at this time.

Additionally, it has been reported that there was a terrorist attack at a US Military base in Afghanistan, where Vice President Dick Cheney was visiting troops. He was unhurt. Also, former Federal Reserve Chairman Alan Greenspan, in a conference yesterday, suggested the probability of the US economy heading towards a recession is increasing. We have recently been working with each of our clients to increase their allocation to asset classes which have historically produced lower volatility, specifically fixed income. This has been done in an effort to help offset potential weakness in the equity markets due to an economic slowdown.

As a reminder, this news is short-term in nature and we do not know the extent or the duration to which the markets may sell off. We will continue to monitor the situation and may make suggestions for changes should they be required.

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