

Financial Market Review and Outlook



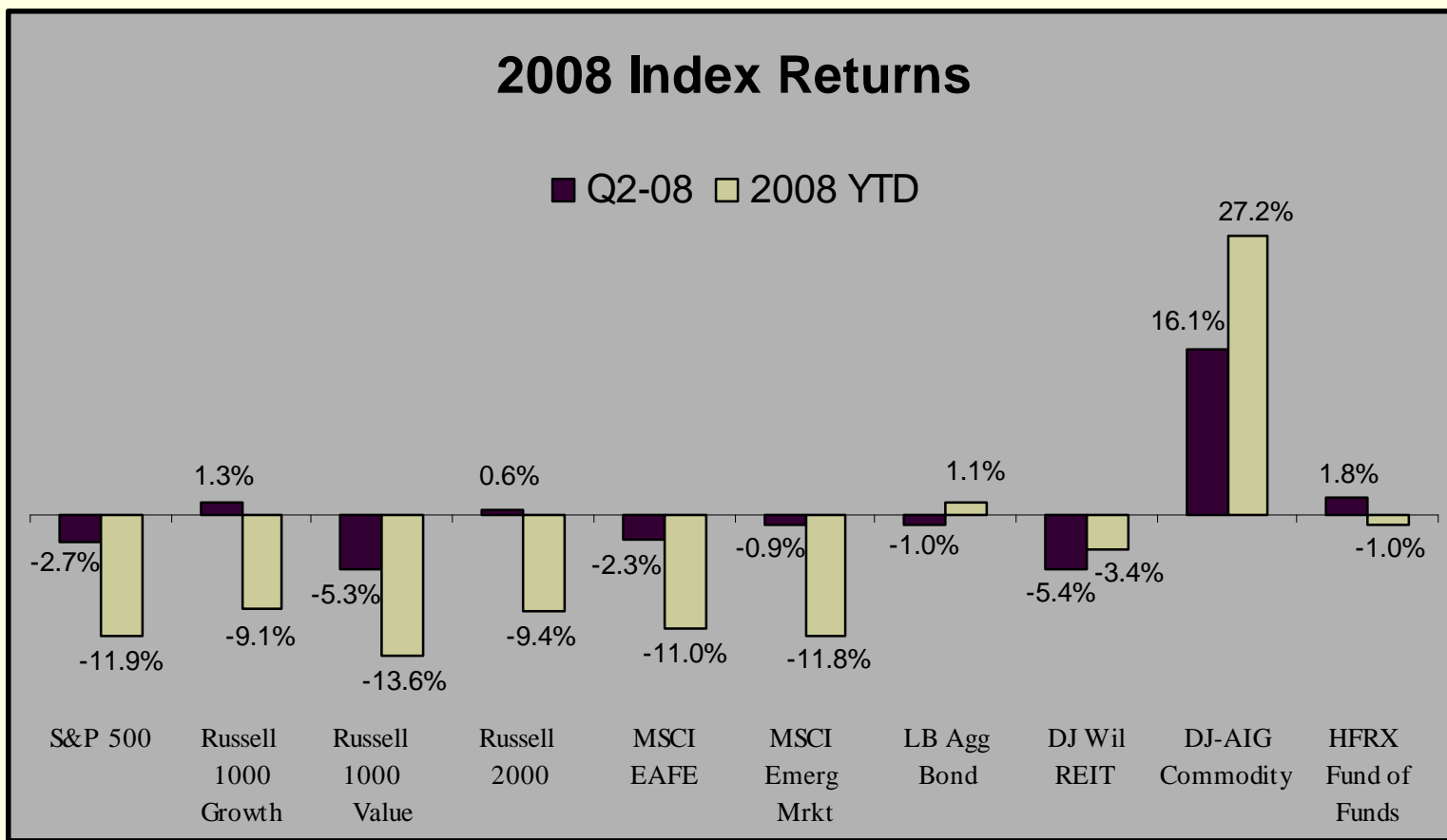
Oxford's Investment Strategy Group

June 30, 2008

Contents

- Index Data Page 3
- Historical Market Decline Analysis Page 4
- Market Outlook Page 5
- Tactical Asset Allocation Summary Page 9
- Market Review Page 12
- Asset Class Performance Charts Page 16

2008 Index Returns










Past performance is not indicative of future returns.

Market Decline Analysis

Down Market	Length In Months	Total Return S&P 500	Months to Break Even		First 12 Months After Down Market	Second 12 Months After Down Market
			From End Of Down Market	From Start Of Down Market		
Nov 48-May 49	7	(10.0)%	4	11	42.4%	23.8%
Jan 53-Aug 53	8	(8.7)	5	13	35.0	51.2
Aug 57-Dec 57	5	(15.0)	7	12	43.4	12.0
Jan 60-Oct 60	10	(8.4)	2	12	32.6	(14.9)
Jan 62-Jun 62	6	(22.3)	10	16	31.2	21.5
Feb 66-Sep 66	8	(15.6)	6	14	30.6	9.6
Dec 68-Jun 70	19	(29.3)	9	28	41.9	10.7
Jan 73-Sep 74	21	(42.5)	21	42	38.1	30.5
Jan 77-Feb 78	14	(14.1)	5	19	16.6	24.5
Dec 80-Jul 82	20	(16.9)	3	23	59.4	(2.9)
Sep 87-Nov 87	3	(29.5)	18	21	23.2	30.8
Jun 90-Oct 90	5	(14.7)	4	9	33.5	9.9
Jul 98-Aug 98	2	(15.4)	3	5	39.8	16.3
Aug 00-Sept 02	25	(44.7)	27	52	24.4	13.9
Average	10.9	(20.5)%	9	20	35.2%	16.9%

Source: Ibbotson Associates

Financial Market Weatherscape

Overall Economy		Mounting job losses, falling home prices, and low consumer confidence suggest U.S. is in or nearing a recession. Europe is in the same boat.
Inflation		Food and energy prices are crowding out other spending. Emerging markets consumers and low/middle income Americans feel the pinch.
Credit Environment		Credit spreads have stabilized, but dispersion among sectors is high. Worsening corporate profit environment suggests future defaults.
Earnings		Energy prices put pressure on earnings and consumer spending. Earning surprises are likely on the downside.
Equity Valuations		Stock valuations still appear attractive relative to bonds. Excessively optimistic earnings forecasts represent a risk.
Sentiment		Widespread pessimism frequently signals a buying opportunity. We are looking for capitulation, but not finding it yet.
Technical Factors		Market breadth remains weak. Forced selling looms as overextended players delever.

Source: Oxford Investment Strategy Group

Opinions, estimates, forecasts and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice.



Favorable



Unclear



Unfavorable

Investment Outlook

- Volatility will continue as credit markets unwind excesses. This will affect most asset classes.
- Earnings expectations for the second half of 2008 and 2009 are likely too optimistic. Look for continued downward adjustments as profit margins are squeezed.
- Inflation is poised to remain a concern as rising input costs (e.g. oil, grains) force companies to raise prices.
- The presidential campaign should continue to provide a headwind. However, some of the policies proposed (e.g. increased taxation of dividends) may be discounted already.
- Long-term investors will find bargains as valuations reach attractive levels (e.g. 5-year normalized P/E ratio for the S&P 500 has retreated below its historical median).

Investment Outlook

➤ Key investment themes:

- Consumer confidence has had its sharpest 12 month deterioration on record. Recent readings are near February 1992 lows.
- The deleveraging cycle is underway. Banks are now reducing lending, which will draw out the recovery cycle.
- Home sales and housing prices are still declining.
- Corporate earnings are facing pressure from rising input costs and reduced end demand.
- The lower U.S. dollar benefits exporters, but results in increased inflationary pressures on imported goods.
- Oil prices have increased dramatically (50% in the first half of 2008) threatening an already fragile domestic economy.
- Non-correlated investments (e.g. hedge funds) remain invaluable as part of a diversified portfolio in protecting wealth.

Investment Outlook

- Investors should continue to exercise patience while waiting for durable signs of a market bottom. We have not seen capitulation so far. Thus, **defense** remains the order of the day.
- Volatility should be embraced as an opportunity to rebalance portfolios where appropriate.
- Skill based managers should be relied upon to identify and capitalize on compelling opportunities (e.g. distressed debt via Savile Row Private Equity 2007-2008).
- Our tactical recommendations:
 - **Overweight:** domestic large-cap growth, non-dollar securities, and hedge funds;
 - **Underweight:** commodities, small-cap equities, domestic high yield fixed income and publicly traded REITS.
 - **Loss Harvesting:** potential tax losses should be used on an opportunistic basis.

Tactical Asset Allocation Summary

<p>Domestic Large Cap Equities</p>	<p>Overweight. Favor Growth Over Value.</p> <ul style="list-style-type: none"> • Large companies with strong balance sheets are best positioned to weather an economic slowdown. • Scarcity of growth opportunities suggests stocks with growing earnings should fetch a premium. • Valuations remain attractive on a relative basis. • S&P 500 companies generate a significant portion of their revenue and profits overseas, and benefit from a weaker dollar.
<p>Domestic Small Cap Equities</p>	<p>Underweight.</p> <ul style="list-style-type: none"> • Earnings of small-caps are more vulnerable to a domestic economic contraction. • Diminished access to credit markets limits growth opportunities.
<p>International Equities</p>	<p>Neutral Allocation.</p> <ul style="list-style-type: none"> • Developed markets—especially Europe—trade at a significant P/E discount to the US. Weakening growth in Europe and uncertainty about the future direction of the euro are risks. • Rebalance emerging markets positions to targets. Economies are positioned for further growth, but equity markets are dominated by exporters. Emerging markets currencies remain attractive.

Tactical Asset Allocation Summary

<p>Fixed Income</p>	<p>Neutral Allocation.</p> <ul style="list-style-type: none"> • Fixed income remains valuable for capital preservation, but low yields mitigate long-term total return expectations. Treasuries look expensive. • As spreads have widened, high yield is looking interesting, though it's still too early to invest. Spreads still haven't reached 2002 levels, and we've seen few defaults; things may get worse before they get better. • High grade credits and municipal bonds offer investors relative value. • Foreign currency denominated issues, particularly in emerging markets, remain attractive.
<p>Commodities / Natural Resources</p>	<p>Underweight. Reduce to Two-Thirds of Target Allocation.</p> <ul style="list-style-type: none"> • Asset class delivered strong returns in 2007 and year-to-date. • Oil, gold, and agricultural products have all recently risen sharply. • Fundamentals underlying commodity prices – historic underinvestment, emerging markets demand – remain strong, but speculative excess, especially from institutional investors, is also at work. • Potential regulatory action looms following congressional testimony. • Take profits and reduce allocation by approximately one-third.

Tactical Asset Allocation Summary

<p>Real Estate</p>	<p>Underweight REITs. Neutral on Private Real Estate.</p> <ul style="list-style-type: none"> • Public REITs have outperformed on a relative basis YTD, but the market doesn't yet seem to be pricing in likely higher vacancies. Dividend yield is beginning to offer an attractive spread over Treasuries. • Private real estate has held up better, but operators are now facing a more difficult "portfolio realization" environment. • Credit availability and tenant growth are near-term concerns.
<p>Hedge Funds</p>	<p>Overweight Allocation.</p> <ul style="list-style-type: none"> • Generally delivered strong relative returns during the first half of 2008. • Remain an attractive diversifier and portfolio hedge during uncertain times. • Recent failure of overleveraged players highlights importance of manager selection and diversification.
<p>Private Equity</p>	<p>Neutral Allocation.</p> <ul style="list-style-type: none"> • Opportunities still available for proven managers and those focusing on less efficient strategies. • Experienced, well-capitalized teams are likely to find opportunities in distressed assets. • Not an asset class that can be "timed." • Credit availability and portfolio realization a near-term concern.

Periodic Table of Investment Returns

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 YTD	Q2-2008
Large Cap Growth 38.71%	Small Cap Growth 43.09%	Real Estate 26.36%	Small Cap Value 14.03%	Core Fixed Income 10.27%	Small Cap Growth 48.54%	Real Estate 31.58%	International Stocks 13.54%	Real Estate 35.06%	Large Cap Growth 11.81%	Core Fixed Income 1.13%	Small Cap Growth 4.47%
Large Cap Core 28.58%	Large Cap Growth 33.16%	Small Cap Value 22.83%	Real Estate 13.93%	Real Estate 3.81%	Small Cap Value 46.03%	Small Cap Value 22.25%	Real Estate 12.16%	International Stocks 26.34%	International Stocks 11.17%	U.S. Hedge Funds -1.03%	U.S. Hedge Funds 1.81%
International Stocks 20.00%	U.S. Hedge Funds 31.29%	Core Fixed Income 11.63%	Core Fixed Income 8.44%	U.S. Hedge Funds -1.49%	International Stocks 38.59%	International Stocks 20.25%	U.S. Hedge Funds 9.26%	Small Cap Value 23.48%	Small Cap Growth 7.05%	Real Estate -3.36%	Large Cap Growth 1.25%
Large Cap Value 15.63%	International Stocks 26.96%	Large Cap Value 7.01%	U.S. Hedge Funds 4.62%	Small Cap Value -11.43%	Real Estate 37.14%	Large Cap Value 16.48%	Large Cap Value 7.04%	Large Cap Value 22.25%	Core Fixed Income 6.97%	Small Cap Growth -8.93%	Core Fixed Income -1.02%
Core Fixed Income 8.70%	Large Cap Core 21.04%	U.S. Hedge Funds 4.98%	Large Cap Value -5.59%	Large Cap Value -15.52%	Large Cap Value 30.03%	Small Cap Growth 14.31%	Large Cap Growth 5.26%	Large Cap Core 15.79%	Large Cap Core 5.49%	Large Cap Growth -9.06%	International Stocks -2.25%
U.S. Hedge Funds 2.62%	Large Cap Value 7.35%	Large Cap Core -9.10%	Small Cap Growth -9.23%	International Stocks -15.66%	Large Cap Growth 29.75%	Large Cap Core 10.87%	Large Cap Core 4.91%	Small Cap Growth 13.35%	U.S. Hedge Funds 4.20%	Small Cap Value -9.84%	Large Cap Core -2.73%
Small Cap Growth 1.23%	Core Fixed Income -0.82%	International Stocks -14.17%	Large Cap Core -11.88%	Large Cap Core -22.10%	Large Cap Core 28.68%	U.S. Hedge Funds 9.03%	Small Cap Value 4.70%	U.S. Hedge Funds 9.25%	Large Cap Value -0.17%	International Stocks -10.96%	Small Cap Value -3.55%
Small Cap Value -6.46%	Small Cap Value -1.48%	Large Cap Growth -22.42%	Large Cap Growth -20.42%	Large Cap Growth -27.89%	U.S. Hedge Funds 19.56%	Large Cap Growth 6.30%	Small Cap Growth 4.14%	Large Cap Growth 9.07%	Small Cap Value -9.78%	Large Cap Core -11.91%	Large Cap Value -5.31%
Real Estate -17.51%	Real Estate -4.62%	Small Cap Growth -22.43%	International Stocks -21.44%	Small Cap Growth -30.26%	Core Fixed Income 4.11%	Core Fixed Income 4.34%	Core Fixed Income 2.43%	Core Fixed Income 4.33%	Real Estate -17.55%	Large Cap Value -13.57%	Real Estate -5.39%

- Performance of Large Cap Core (large capitalization U.S. stocks) is measured using the S&P 500 Index
- Performance of Large Cap Growth (large cap U.S. stocks utilizing growth style investing) is measured using the Russell 1000 Growth Index
- Performance of Large Cap Value (large cap U.S. stocks utilizing value style investing) is measured using the Russell 1000 Value Index
- Performance of Small Cap Growth (small cap U.S. stocks utilizing growth style investing) is measured using the Russell 2000 Growth Index
- Performance of Small Cap Value (small cap U.S. stocks utilizing value style investing) is measured using the Russell 2000 Value Index
- Performance of International Stocks (non U.S. stocks) is measured by the MSCI EAFE Index--a Morgan Stanley Capital International Index of the developed stock markets of Europe, Australia, and the Far East
- Performance of Core Fixed Income (U.S. corporate and government bonds) is measured using the Lehman Brothers Aggregate Bond Index
- Performance of Real Estate (Real Estate Investment Trusts) is measured using the NAREIT Index
- Performance of U.S. Hedge Funds is measured using the HFR Fund Weighted Composite Index prior to 2006, beyond that date the performance of Hedge Funds is measured using the HFRX Global Hedge Fund Index.

Financial Market Review

- The second quarter of 2008 will be remembered for the parabolic moves upward in oil (up over 35% for the quarter and more than 50% YTD) and natural gas (up over 30% during the quarter and more than 70% YTD).
 - The price increases halted talk of additional easy monetary policy at the Federal Reserve. In fact, central banks from around the world adopted a tightening bias in order to combat inflationary pressures during the quarter.
 - Gasoline prices increased to over \$4 on average in the U.S. This slowed consumer spending on discretionary items and contributed to a decline in consumer confidence to recessionary levels.
 - Dow Chemical, one of the largest chemical companies in the world, increased prices by 20% effective in June followed by a 25% price increase effective in July. Andrew N. Liveris, Dow chairman and CEO, said the sweeping price increases are essential as Dow attempts to mitigate the extraordinary rise in energy and related raw material costs.
 - Rising input costs and declining consumer spending are shrinking profit margins. Second quarter profits are expected to fall over 10% year-over-year.

Financial Market Review

- Despite the increases in commodity prices, the market started off strong in the second quarter...
 - The S&P 500 rose by over 7% through May 31st.
 - Credit spreads began to normalize.
 - Small capitalization stocks outperformed large caps, signaling that risk taking had returned.
- ...however, the rebound proved to be a bear market rally that ended in June:
 - The Dow Jones Industrial Average (down 10.2%) posted its worst June performance since 1930.
 - The S&P 500 (down 8.6%) posted its worst monthly performance since September of 2002.
 - Declines in both benchmarks were led by the financial sector. As a group, the financials traded near their October 2002 lows.
 - Even with the turmoil, bond yields actually rose (leading to price declines) as inflationary pressures overshadowed the declining corporate profit environment.

Financial Market Review

- At the end of the quarter, only a few winners remained...
 - Energy stocks rose 17%. Material stocks including steel (+18%) and gold equities (+15%) increased as demand for infrastructure and a stagnant U.S. dollar provided a tailwind.
 - The Dow Jones–AIG Commodity Index increased 16% for the quarter bringing the YTD gain through June 30th to over 27%.
- ...while patient long-term investors continued to search for value:
 - A number of high quality closed investment strategies have opened up in recent months as managers see opportunity in the markets turmoil. Additionally, insider buying has increased, while insider selling has declined.
 - Despite these positive signs, the lack of breadth improvement (number of stocks advancing in rallies) and the ongoing deterioration on the job front (non-farm payrolls have declined for six months in a row) suggests that the equity market may be in for a continued struggle until positive catalysts and earnings clarity return.
 - Oxford continues to recommend a defensive stance, emphasizing periodic rebalancing and a focus on non-correlated investments such as hedge funds. The time will come to adopt a more offensive strategy, but we are not there yet! Overall, opportunities for patient long-term investors continue to improve as share prices come down.

Stocks Down Across Styles

Returns by Style – Domestic Equities

Q2 2008

	Value	Blend	Growth
Large	-5.3	-1.9	1.3
Mid	0.1	2.7	4.7
Small	-3.6	0.6	4.5

2008 YTD

	Value	Blend	Growth
Large	-13.6	-11.2	-9.1
Mid	-8.6	-7.6	-6.8
Small	-9.8	-9.4	-8.9

Since Market Low (October 2002)

	Value	Blend	Growth
Large	12.4	11.4	10.2
Mid	16.2	16.7	16.7
Small	13.7	14.5	15.2

Since Market Peak (March 2000)

	Value	Blend	Growth
Large	4.7	-0.1	-5.1
Mid	10.7	6.1	-2.0
Small	10.1	3.6	-2.7

Source: Russell Investment Group

Energy Remains a Bright Spot, While Financials Continue Their Decline

Domestic - Returns by Sector*

	Technology	Energy	Financials	Health Care	Industrials	Cons. Staples	Cons. Disc.	Utilities	Materials	Telecom	S&P 500 Index
S&P Weight	16.4%	16.2%	14.3%	11.9%	11.1%	10.8%	8.1%	4.0%	3.8%	3.3%	100%
Q2 2008	2.3	16.9	-19.0	-1.7	-10.6	-5.9	-8.1	7.1	3.9	-5.1	-2.7
YTD	-13.4	8.1	-30.9	-13.5	-14.6	-8.5	-13.9	-4.3	0.2	-18.9	-11.9
Forward P/E Ratio	14.3x	10.5x	8.7x	12.0x	12.2x	14.4x	12.7x	14.6x	13.6x	11.7x	11.8x

*Individual sector returns exclude dividends.

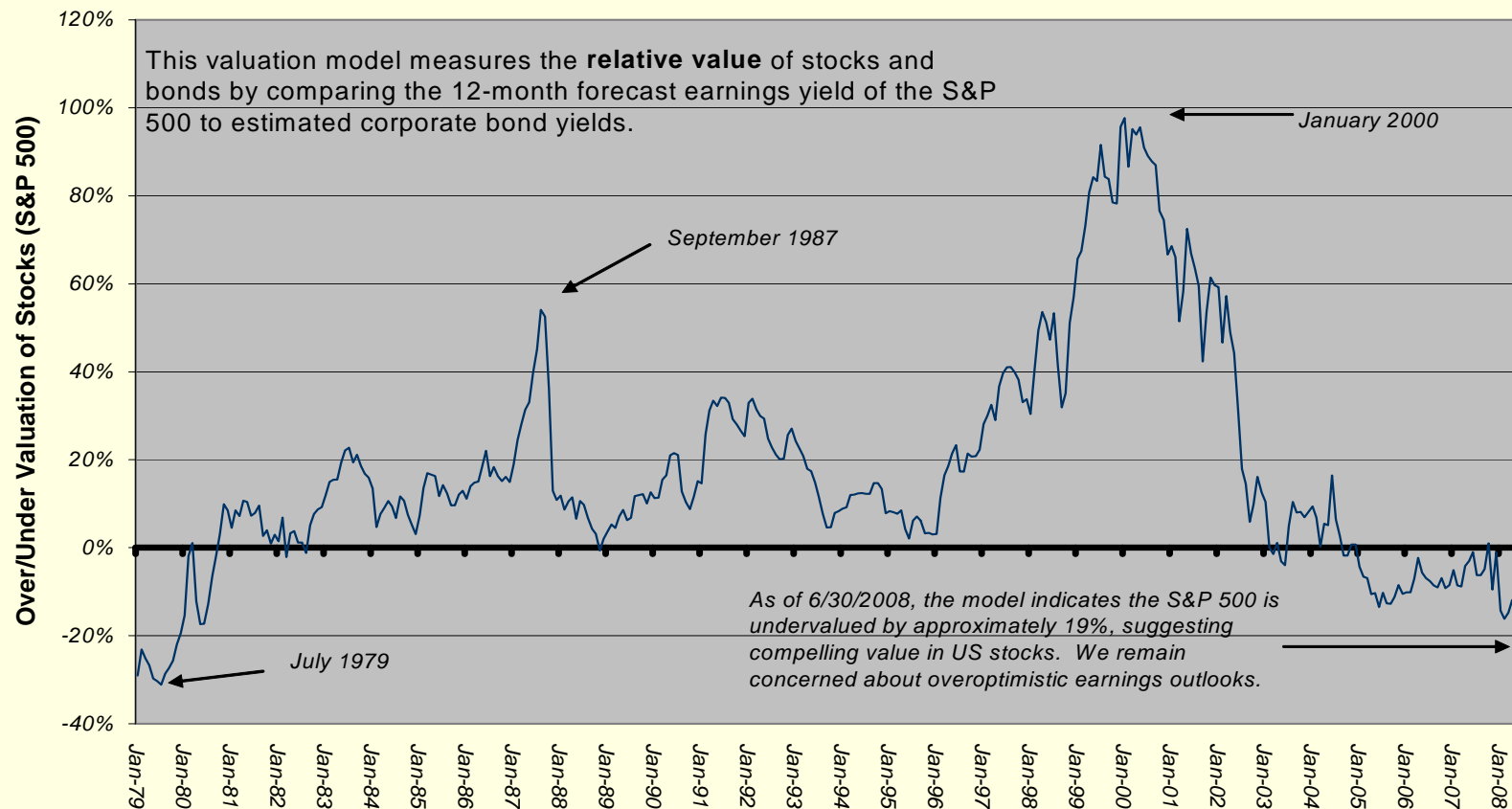
Past performance is not indicative of future returns.

Source: Standard & Poor's

Stocks Remain Undervalued Relative To Corporate Bonds



Timeline 1979-Present



Source: Data obtained from S&P, Thomson Financial, and Federal Reserve Bank of St. Louis.

International Stocks Declined Strongly; Signs of Life Showing in Japan



DEVELOPED MARKETS

Returns in US \$

<i>Country/Region</i>	<i>Q2 2008</i>	<i>YTD</i>	<i>1 year</i>	<i>3 year</i>	<i>5 year</i>	<i>10 year</i>
MSCI World ex-US	-1.2%	-9.8%	-8.8%	13.7%	17.3%	6.3%
United Kingdom	-0.8%	-11.2%	-13.2%	10.2%	14.6%	4.6%
Europe ex-UK	-5.6%	-13.0%	-10.4%	15.4%	18.6%	6.0%
Japan	2.5%	-5.5%	-12.0%	8.6%	13.0%	4.2%
Pacific ex-Japan	1.5%	-11.7%	-1.8%	18.2%	23.0%	14.0%
Canada	11.0%	4.2%	13.9%	24.3%	25.4%	14.0%
S&P 500 (United States)	-2.7%	-11.9%	-13.1%	4.4%	7.6%	2.9%

Past performance is not indicative of future returns.

Source: MSCI, Standard & Poor's

Emerging Markets Underperform, but Resource Producers Still Shine



EMERGING MARKETS

Returns in US \$

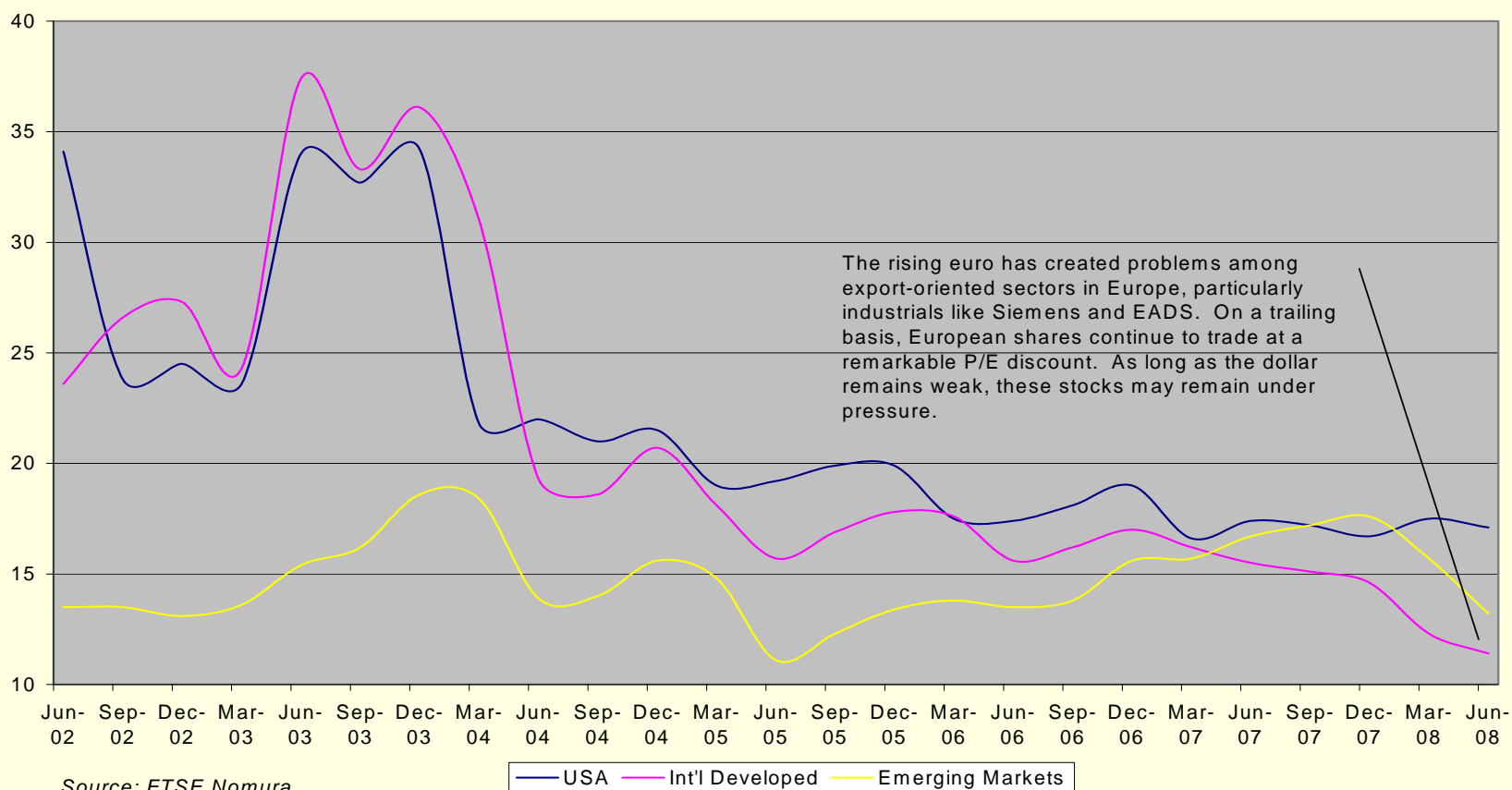
<i>Country/Region</i>	<i>Q2 2008</i>	<i>YTD</i>	<i>1 year</i>	<i>3 year</i>	<i>5 year</i>	<i>10 year</i>
MSCI Emerging Markets	-0.9%	-11.8%	4.6%	27.1%	29.8%	15.5%
Brazil	18.4%	12.4%	53.6%	59.8%	59.0%	23.6%
Korea	-7.6%	-19.7%	-12.7%	18.8%	23.4%	27.6%
Taiwan	-11.9%	-9.0%	8.9%	18.3%	22.8%	3.4%
Russia	10.8%	-2.0%	25.4%	43.3%	33.0%	27.5%
India	-19.7%	-41.4%	-13.1%	24.5%	33.3%	18.3%
China	-3.5%	-26.3%	0.7%	36.6%	34.1%	8.8%
South Africa	4.5%	-11.1%	-4.5%	20.6%	26.7%	14.9%
Mexico	-4.5%	0.3%	-6.0%	29.2%	32.3%	19.4%
MSCI World Index (All Developed Markets)	-1.7%	-10.6%	-10.7%	8.9%	12.0%	4.2%

Past performance is not indicative of future returns.

Source: MSCI

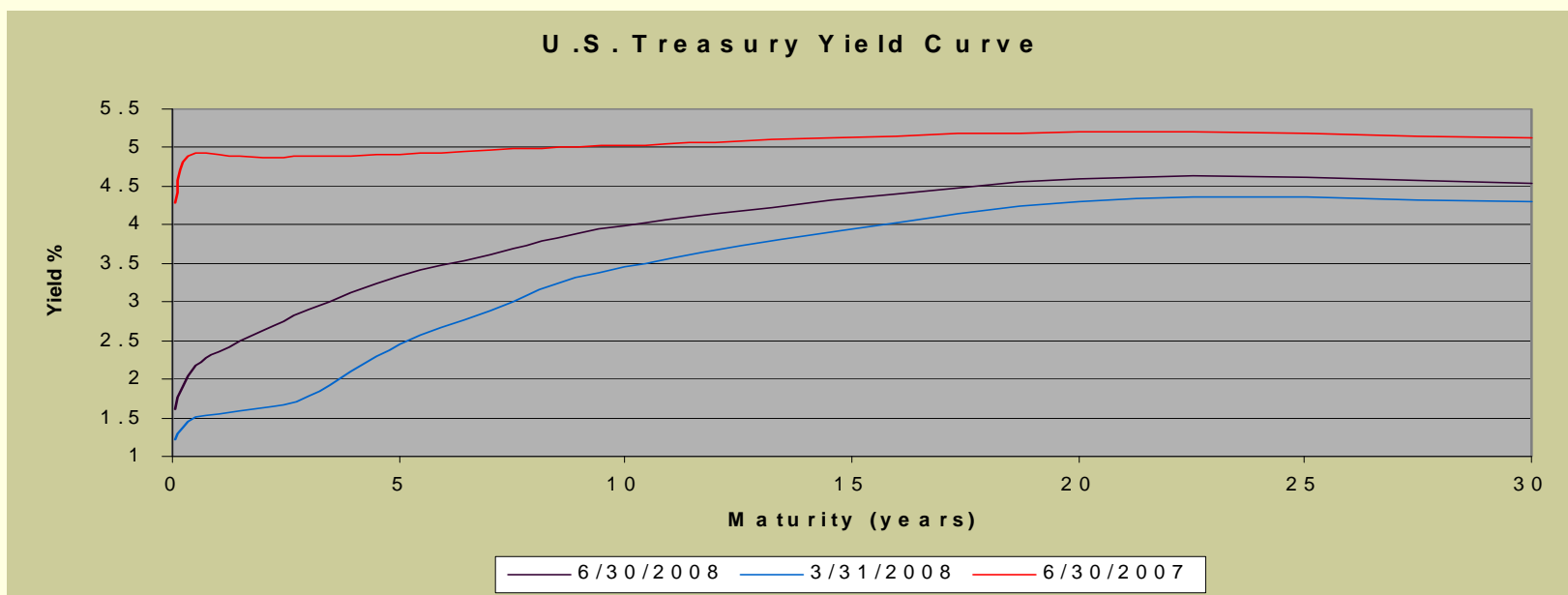
International P/E's Have Declined

World Markets - Trailing Price/Earnings Ratios



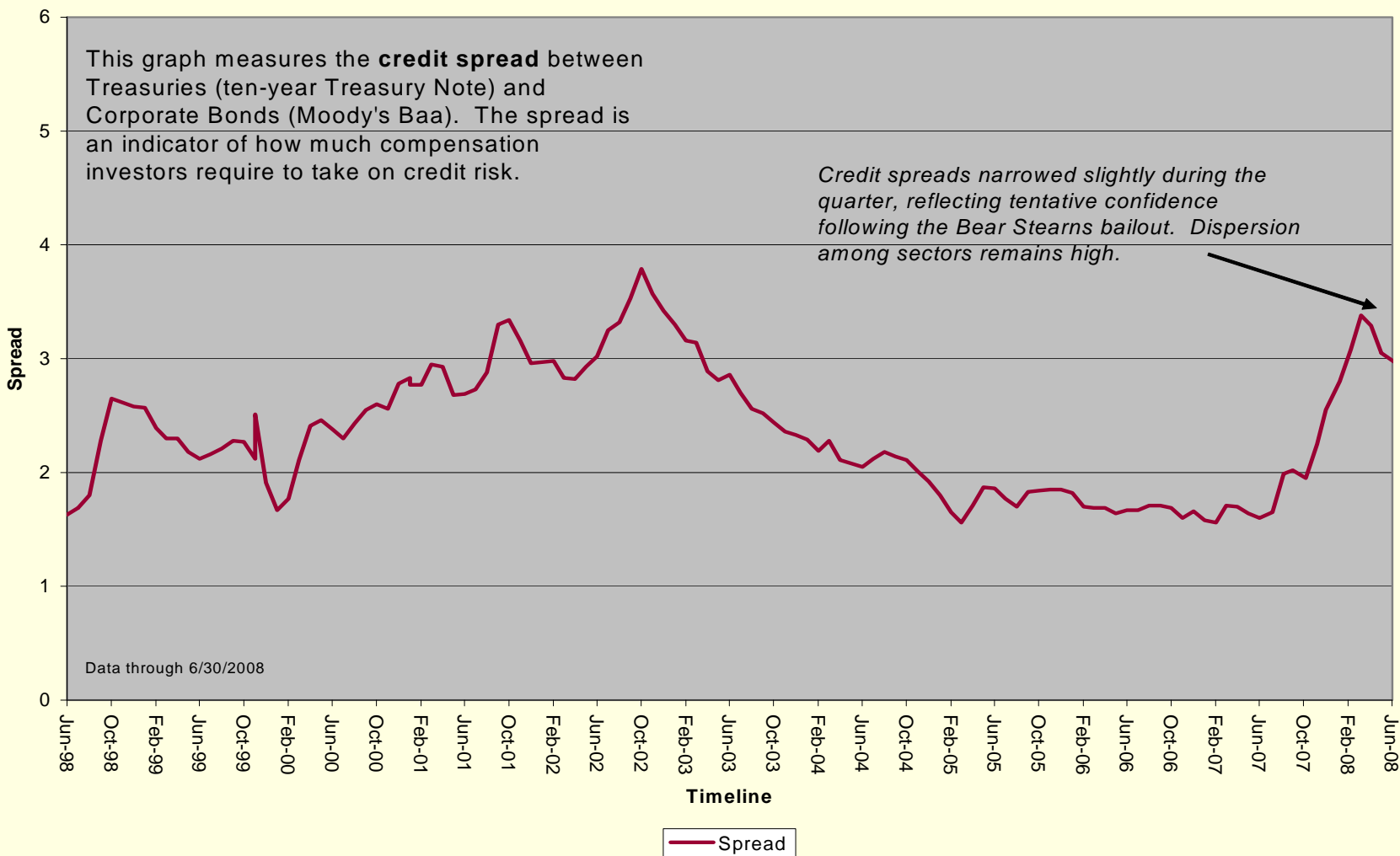
Even Bonds Suffered Losses

Benchmarks	Fixed Income Returns					
	Q2 2008	YTD	1 year	3 year	5 year	10 year
Lehman Brothers 1 - 3 Year US Govt/Credit	-0.6%	2.1%	6.7%	4.7%	3.4%	4.9%
Lehman US Aggregate	-1.0%	1.1%	7.1%	4.1%	3.9%	5.7%
Lehman Brothers Long US Govt/Credit	-1.5%	1.0%	7.2%	3.8%	3.6%	5.7%
Lehman TIPS	-0.3%	4.9%	15.1%	5.6%	6.0%	7.8%
Lehman 5 Year Municipal Bond	-0.8%	1.1%	5.7%	3.3%	2.9%	4.5%
Lehman Brothers High Yield	1.8%	-1.3%	-2.3%	4.5%	6.9%	4.9%
JPMorgan Non-US Govt Bond Global Unhedged	-5.0%	5.5%	18.6%	6.4%	7.0%	6.6%



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Credit Spreads Narrowed Slightly



Hedge Funds Continue to Show Benefit

Hedge Funds (as of 6/30/2008)	Q2 2008	YTD	2007	2006	2005
HFRX Global Hedge Fund Index	1.8%	-1.0%	4.2%	9.3%	2.7%
Convertible Arbitrage Index	-0.8%	-6.7%	-1.0%	9.6%	-5.7%
Distressed Securities Index	-1.1%	-3.4%	4.0%	9.6%	1.2%
Equity Hedge Index	3.7%	-1.2%	3.2%	9.2%	4.2%
Equity Market Neutral Index	2.3%	2.3%	3.1%	4.8%	0.2%
Event Driven Index	-0.8%	-4.0%	4.9%	10.3%	2.8%
Macro Index	4.4%	14.1%	3.2%	5.6%	6.7%
Merger Arbitrage Index	2.1%	2.4%	4.9%	10.7%	3.7%
Relative Value Arbitrage Index	0.0%	-8.0%	5.8%	10.7%	-1.0%
Real Estate (as of 3/31/2008)		Q1 2008	2007	2006	2005
NCREIF Property Index	n/a	1.6%	15.8%	16.6%	20.1%
Apartment	n/a	1.3%	11.4%	14.6%	21.2%
Industrial	n/a	1.4%	14.9%	17.0%	20.3%
Office	n/a	2.0%	20.5%	19.2%	19.5%
Retail	n/a	1.4%	13.5%	13.4%	20.0%
Private Equity (as of 12/31/2007)			2007	2006	2005
Cambridge U.S. Venture Capital Index	n/a	n/a	16.3%	17.6%	8.0%
Cambridge U.S. Private Equity Index (LBO)	n/a	n/a	20.5%	25.8%	27.6%

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Source: Hedge Fund Research; NCREIF; Cambridge Associates