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SENIOR CONSULTANT
The Voice of the Investment Management Consultant

Market Intelligence

by Capital Market Consultants, LLC

This summary includes monthly performance & risk data for all major assets classes as well as select charts with particular relevance.

For January, the equity markets were strong across the board, although the energy sector resumed its dominance. Performance of the new S&P/Citi Style Indices are also charted and discussed; the insights are surprising. On the economic front, an unexpectedly strong January Retail Sales report has many re-thinking 2006 GDP growth and the next moves by the Federal Reserve.

Table 1: Capital Market Performance - Domestic Equity as of 1/31/06

Capitalization

S&P 500/Citigroup Value	Return	Risk	S&P 500 TR	Return	Risk	S&P 500/Citigroup Growth	Return	Risk
Last Month	2.98%		Last Month	2.65%		Last Month	2.32%	
YTD	2.98%		YTD	2.65%		YTD	2.32%	
1 Year	14.09%	7.76%	1 Year	10.38%	7.54%	1 Year	6.69%	7.51%
3 Year	19.95%	9.67%	3 Year	16.42%	8.92%	3 Year	13.01%	8.57%
5 Year	4.97%	13.50%	5 Year	0.37%	14.91%	5 Year	-4.52%	17.69%
Russell 1000 Value	Return	Risk	Russell 1000	Return	Risk	Russell 1000 Growth	Return	Risk
Last Month	3.88%		Last Month	2.80%		Last Month	1.76%	
YTD	3.88%		YTD	2.80%		YTD	1.76%	
1 Year	13.22%	7.58%	1 Year	12.07%	7.70%	1 Year	10.81%	8.78%
3 Year	19.96%	9.42%	3 Year	17.45%	9.04%	3 Year	14.83%	9.45%
5 Year	6.00%	13.42%	5 Year	0.98%	14.99%	5 Year	-4.53%	18.43%
Russell Midcap Value	Return	Risk	Russell Midcap	Return	Risk	Russell Midcap Growth	Return	Risk
Last Month	4.34%		Last Month	5.14%		Last Month	5.99%	
YTD	4.34%		YTD	5.14%		YTD	5.99%	
1 Year	20.33%	9.54%	1 Year	21.45%	10.60%	1 Year	22.08%	12.17%
3 Year	27.33%	10.80%	3 Year	26.73%	11.30%	3 Year	25.52%	12.48%
5 Year	13.25%	13.84%	5 Year	9.20%	16.04%	5 Year	1.43%	22.81%
Russell 2000 Value	Return	Risk	Russell 2000	Return	Risk	Russell 2000 Growth	Return	Risk
Last Month	8.27%		Last Month	8.97%		Last Month	9.65%	
YTD	8.27%		YTD	8.97%		YTD	9.65%	
1 Year	17.93%	14.59%	1 Year	18.89%	15.85%	1 Year	19.59%	17.34%
3 Year	27.70%	14.48%	3 Year	26.86%	15.60%	3 Year	25.85%	17.14%
5 Year	14.74%	16.88%	5 Year	8.99%	19.39%	5 Year	2.58%	23.48%

Style

Table 2: Capital Market Performance - Other Benchmarks as of 1/31/06

	Dow Jones	Return	Risk	Nasdaq Composite	Return	Risk	DJ Commodity Index	Return	Risk
Domestic	Last Month	1.37%		Last Month	4.56%		Last Month	1.47%	
	YTD	1.37%		YTD	4.56%		YTD	1.47%	
	1 Year	3.57%	8.29%	1 Year	11.80%	13.29%	1 Year	18.29%	15.24%
	3 Year	10.49%	9.29%	3 Year	20.41%	14.50%	3 Year	13.54%	13.76%
	5 Year	-0.04%	15.06%	5 Year	-3.62%	26.31%	5 Year	9.29%	13.66%
	MSCI World Index	Return	Risk	MSCI EAFE Index	Return	Risk	MSCI Emerging Markets Free	Return	Risk
Int'l	Last Month	4.94%		Last Month	6.15%		Last Month	11.23%	
	YTD	4.94%		YTD	6.15%		YTD	11.23%	
	1 Year	19.37%	10.91%	1 Year	23.28%	10.60%	1 Year	49.16%	21.15%
	3 Year	23.33%	11.22%	3 Year	28.49%	11.23%	3 Year	43.55%	17.21%
	5 Year	3.89%	15.58%	5 Year	6.21%	15.56%	5 Year	18.89%	20.83%
	ML 3 Month t-bill	Return	Risk	LB US Aggregate Bond Index	Return	Risk	LB US Gov./Credit Intermediate	Return	Risk
Fixed	Last Month	0.31%		Last Month	0.01%		Last Month	-0.02%	
	YTD	0.31%		YTD	0.01%		YTD	-0.02%	
	1 Year	3.22%	0.17%	1 Year	1.80%	3.11%	1 Year	1.36%	2.64%
	3 Year	1.92%	0.30%	3 Year	3.59%	4.12%	3 Year	2.96%	3.69%
	5 Year	2.27%	0.36%	5 Year	5.53%	3.97%	5 Year	5.14%	3.61%
	LB High Yield Index	Return	Risk	NAREIT Equity	Return	Risk	HFRI Fund of Funds	Return	Risk
Other	Last Month	1.60%		Last Month	-0.20%		Last Month	1.92%	
	YTD	1.60%		YTD	12.13%		YTD	7.48%	
	1 Year	4.52%	5.22%	1 Year	12.13%	15.58%	1 Year	7.48%	4.19%
	3 Year	13.13%	5.48%	3 Year	26.47%	15.38%	3 Year	8.63%	3.38%
	5 Year	7.64%	8.28%	5 Year	19.06%	14.03%	5 Year	5.89%	3.28%

HFRI Fund of Funds Index updated through 12/31/05

Table 1 & 2

Market participants had reason to celebrate after a solid start to the year in January, making up for the lack of a Santa Claus rally to end 2005. The markets were led by, once again, energy stocks and small caps. The broad market as measured by the S&P 500 returned 2.65% for the month. Many analysts have been predicting a capitalization leadership switch (including CMC) from small caps to large caps this year, ending the long-time reign of small & mid cap companies. That crossover does not appear to be materializing quite yet, but there still is a long way to go in '06. As was the case throughout most of 2005, almost all of the return in the market is attributable to energy stocks. Regarding style, value continues to outperform growth across all cap ranges. REIT's were flat. Fixed income indices were also generally unchanged, although high yield bonds posted nice gains. International markets continue to outperform domestic—emerging markets in particular. Finally, hedge funds had a good month.

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ENERGY SECTOR RESUMES ITS DOMINANCE IN JANUARY

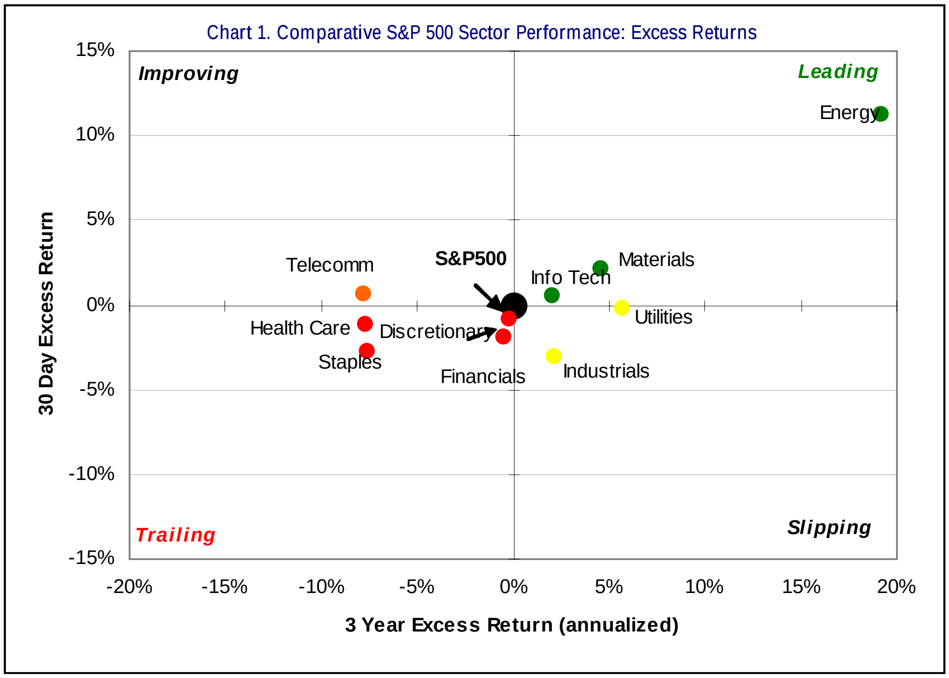

Chart 1. Comparative S&P 500 Sector Performance: Excess Returns

Chart 1
This chart compares individual S&P economic sector performance vs. the S&P 500 index as a whole to show sector performance rotation over time. Short-term (vertical) and long-term (horizontal) excess performance is compared. Sector performance during January was dominated by Energy. Materials took a distant second. All was not quiet outside of Energy, however. Technology and Telecomm stocks posted sizable returns during the month. Utilities, Discretionary, and Health Care were also respectable while Industrials sold off modestly during the month.

"PURE" DOMINATES NEW S&P/CITI INDICES

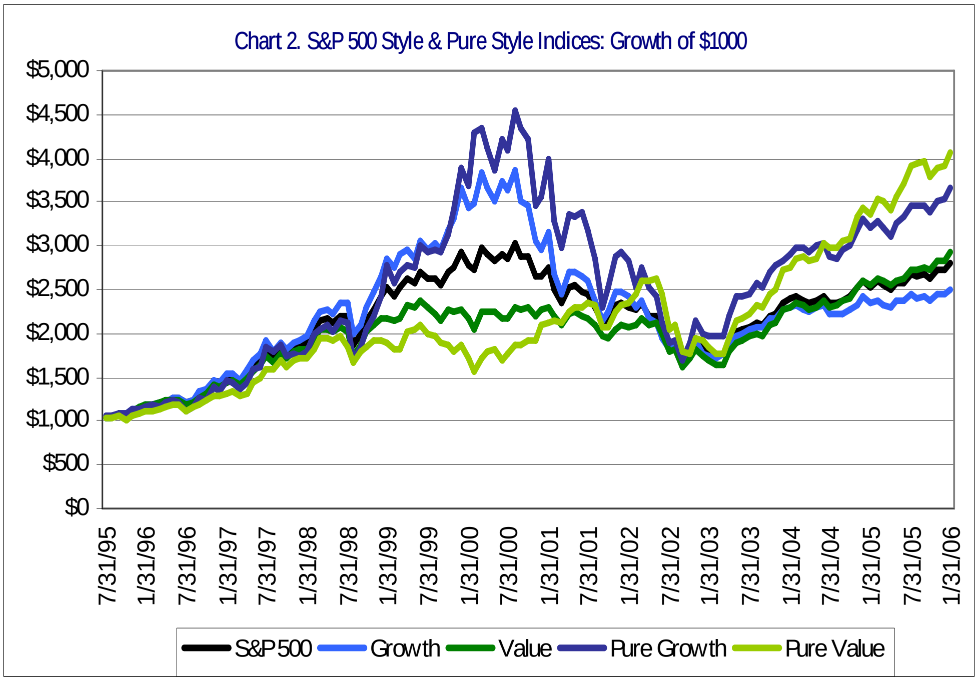

Chart 2. S&P 500 Style & Pure Style Indices: Growth of $1000

Chart 2
This chart graphs the growth of investments in the new S&P/Citi style indices. An examination of the S&P/Citi Index data since inception is insightful. The market run-up in the late 1990's is prominently growth led. Also, note how the value index was flat and the pure value index declined late in the decade. The recovery since 2003 is where this gets really interesting. Note how the pure growth and pure value indices outperformed. Also, the only index to lag the S&P 500 is the growth index. We cannot say with certainty what has caused this phenomenon given limited transparency into the indices; S&P will make more data available over time. We can infer from this information that the stocks in the middle, or "core stocks", have significantly lagged the growth and value outliers that constitute the pure indices for over three years running.

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S&P/CITI GROWTH INDEX LAGS THE REST

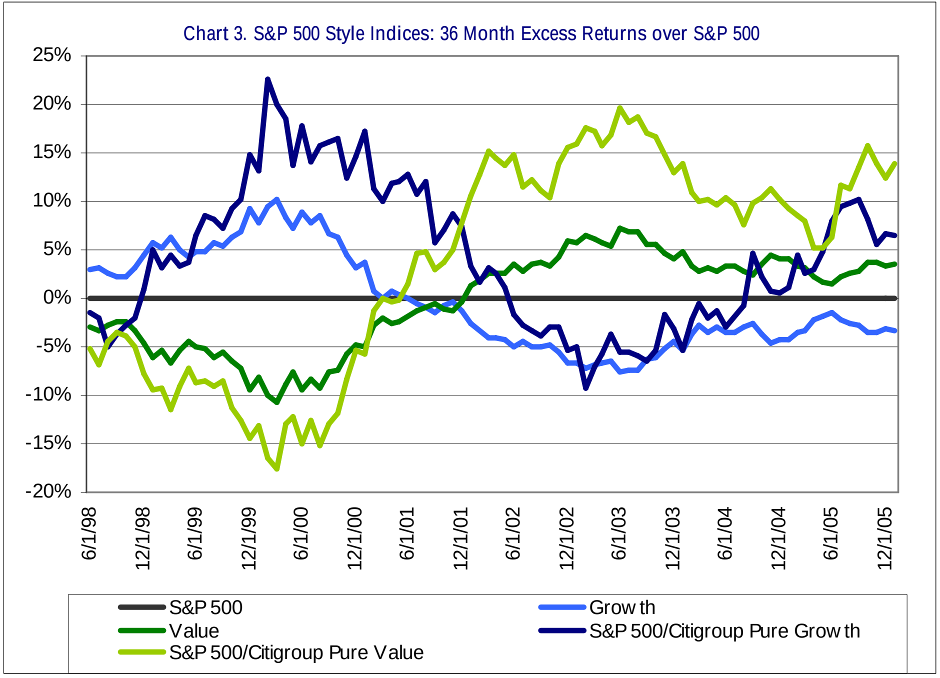

Chart 3
This chart graphs the rolling 3-year return of the S&P/Citi style indices. Note how Pure Value emerged as leader from laggard in 2001. The Value Index reversed as well, but less significantly. Most interesting is the behavior of the Growth and Pure Growth Indices. Pure Growth is racing ahead, matched only by the Pure Value Index. Growth - uniquely - has lagged the S&P 500 Index since December 2001.

RETAIL SALES SUGGEST CONSUMER KEEPS ON SPENDING

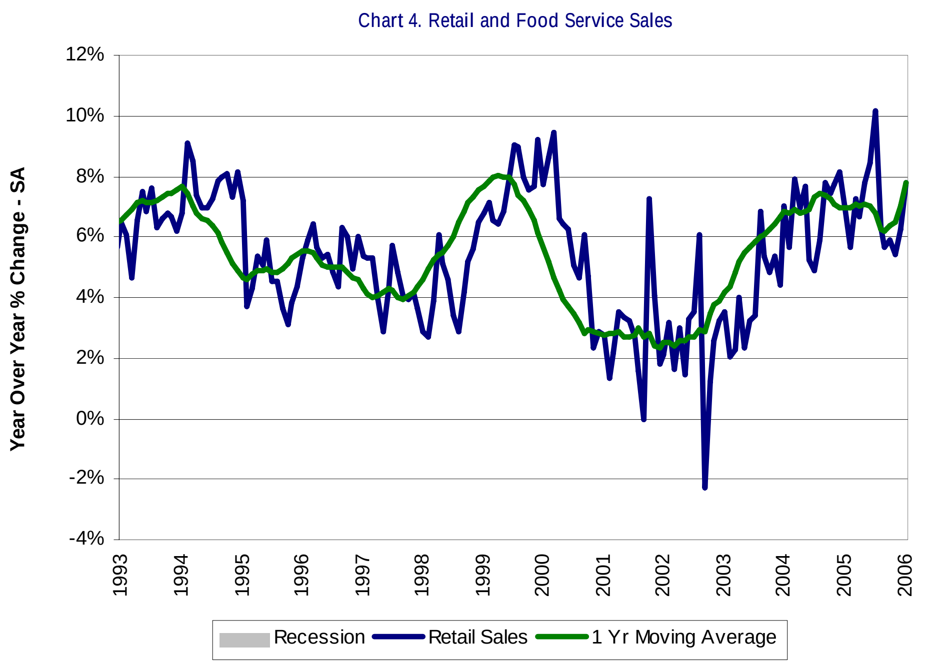

Chart 4
This chart graphs retail sales growth through January on a year-over-year basis. Retail sales in the month of January surged 2.3 percent, the largest one-month gain since May 2004. The number was more than double the consensus forecast and is attributable to an exceptionally warm month coupled with resilient consumer spending. The increase indicates that the consumer still has some spending urge left, and will likely lead to upward revisions of Q1 GDP forecasts. Strong growth may also keep the Fed focused on inflation, leading Bernanke to nudge rates higher as necessary.

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