



Park Piedmont Advisors LLC

Registered Investment Advisor

VICTOR LEVINSON

NICK LEVINSON, CFP®

AUGUST 2006 COMMENTS

PLANNING FOR THE FUTURE OF PARK PIEDMONT ADVISORS:

As time passes, many of you have expressed an interest in how we are planning for the future continuity and growth of our business, and how this will benefit you. We therefore want you to know that we have a number of initiatives underway:

- Nick is now working jointly with Victor for a number of Victor's clients;
- We are actively looking to hire an additional investment professional to work with Victor's clients in the east, and a second person to work with Nick's clients in the west;
- Victor intends to continue working on a full time basis into the indefinite future; and
- We are interested in associating with currently practicing accountants who also have an interest in providing investment advice to their clients using the PPA methodology of setting an appropriate asset allocation and implementing with indexed investments. We have established three such associations to date. If you can refer an accountant who might be interested, please do so.

PRIVACY DOCUMENT:

We have enclosed our Privacy Policy, as required by the SEC. Also, if you are interested in seeing our ADV Disclosure document, please contact Lynette and she will send you one.

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Any recommendation contained in these Comments may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed.

COMMENTS: INDEX RESULTS for period ending AUGUST, 2006

<u>STOCKS</u>	<u>YEAR</u> <u>1999</u>	<u>YEAR</u> <u>2000</u>	<u>YEAR</u> <u>2001</u>	<u>YEAR</u> <u>2002</u>	<u>YEAR</u> <u>2003</u>	<u>YEAR</u> <u>2004</u>	<u>YEAR</u> <u>2005</u>	<u>YTD</u> <u>2006</u>	<u>CURR.</u> <u>MONTH</u>
Vanguard Total Stock Market Index Fund (1)	23.8%	(10.6%)	(11.0%)	(21.0%)	28.4%	12.5%	6.0%	5.5%	2.4%
Standard & Poors 500 Index (2)	19.6%	(10.1%)	(13.0%)	(23.4%)	26.4%	9.0%	3.0%	4.5%	2.2%
Vanguard S&P 500 Growth Index Fund (1)	28.8%	(22.2%)	(13.0%)	(23.7%)	25.9%	7.2%	5.1%	0.1%	2.9%
Vanguard S&P 500 Value Index Fund (1)	12.6%	6.1%	(12.0%)	(20.9%)	32.2%	15.3%	7.1%	11.0%	1.9%
Dow Jones Industrial Average Index (2)	25.2%	(6.2%)	(7.1%)	(16.8%)	25.3%	3.2%	(0.6)%	6.2%	1.8%
NASDAQ Composite Index (2)	85.6%	(39.3%)	(21.0%)	(31.5%)	50.0%	8.6%	1.4%	(1.0)%	4.2%
Vanguard Midcap US Index Fund (1)	25.0%	2.6%	(4.8%)	(16.3%)	34.1%	20.4%	13.9%	4.1%	2.1%
Vanguard Smallcap US Index Fund (1)	19.6%	(4.2%)	1.0%	(21.6%)	45.6%	19.9%	7.4%	5.7%	2.4%
Vanguard International Index Fund (EAFE) (1)	25.3%	(15.2%)	(22.6%)	(17.5%)	40.3%	20.8%	15.6%	13.6%	2.8%
Vanguard Emerging Markets Index Fund (1)	61.6%	(21.6%)	(2.9%)	(7.4%)	57.7%	26.1%	32.1%	9.5%	2.1%
Vanguard Real Estate Invest. Trust Fund (1)	(0.4%)	26.4%	12.4%	3.8%	35.7%	30.8%	11.9%	21.5%	4.3%
<u>BONDS</u>									
Vanguard Total Bond Market Index (1)	(0.8%)	11.3%	8.3%	8.2%	4.0%	4.2%	2.4%	2.0%	1.6%
Vanguard Interm. Tax-Exempt Index Fund (1)	(2.9%)	9.2%	5.0%	7.9%	4.4%	3.2%	2.4%	2.7%	1.5%
Vanguard Short-term Bond Index (1)	2.1%	8.9%	8.9%	6.1%	3.4%	1.7%	1.3%	2.4%	0.9%
Vanguard Short Tax-Exempt Index Fund (1)	2.6%	4.9%	4.8%	3.5%	1.6%	1.1%	1.8%	2.1%	0.5%
Vanguard High-Yield Bond Fund (1)	NA	NA	NA	1.7%	17.2%	8.5%	2.8%	3.3%	1.5%
Vanguard Inflation-Pro- -tected Bond Fund (1)	NA	NA	7.6%	16.6%	8.0%	8.3%	2.6%	1.6%	1.7%

1) Results for Vanguard funds include dividends and fund expenses but do not reflect PPA's advisory fee.
 2) Results for S&P 500, Dow Jones, and NASDAQ indexes do not reflect dividends or PPA's advisory fee.

%	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
		<u>1999</u>					<u>2000</u>					<u>2001</u>			
S&P 500	4.1	7.6	(7.7)	15.6	2.0	(3.0)	(1.3)	(7.8)	(12.1)	4.8	(13.8)	8.1			
NASDAQ	14.6	10.0	0.0	61.0	12.4	(14.8)	(7.2)	(29.6)	(25.5)	12.9	(26.7)	18.3			
BONDS	0.0	(0.5)	0.4	(0.7)	2.4	1.5	3.1	4.3	3.2	0.8	4.3	0.0			
Interm. Tax.															
		<u>2002</u>					<u>2003</u>					<u>2004</u>			
S&P 500	0.0	(13.8)	(14.1)	4.5	(1.8)	12.8	2.2	13.2	1.3	1.3	(2.4)	8.8			
NASDAQ	(5.5)	(19.5)	(13.5)	7.0	2.5	19.2	12.1	16.2	(0.5)	2.7	(7.5)	13.9			
BONDS	0.0	2.8	3.6	1.8	0.9	2.7	0.2	0.2	2.7	(2.6)	3.1	1.0			
Interm. Tax.															
		<u>2005</u>					<u>2006</u>					<u>2007</u>			
S&P 500	(2.6)	0.9	3.1	1.6	3.7	(1.9)									
NASDAQ	(8.1)	2.6	4.4	2.5	6.1	(7.6)									
BONDS	(0.5)	3.0	(0.7)	0.6	(0.7)	(0.2)									
Interm. Tax.															

AUGUST 2006 COMMENTS

STOCK index prices were uniformly higher in August. The S&P 500, the Dow Industrials, the NASDAQ, and the Total Stock Market (TSM), which includes Midcap and Smallcap stocks, were up 2.2%, 1.8%, 4.2%, and 2.4% respectively. Midcap and Smallcap gained, as did both International and Emerging Market indexes, between 2% and 3%. The REIT index continued its remarkable outperformance, up 4.3% for the month and 21.5% YTD. Largecap Value trailed Largecap Growth for the month, but continued its longer-term outperformance. See page 2 for figures for the month, YTD, and since 1999.

BOND returns (price change plus interest) had their second consecutive month of strong gains. The benchmark 10-year US Treasury yield closed at 4.74%, well below the previous month's close of 5.0%, and a full half point (50 basis points, or "bps") below the current 5.25% short-term overnight rate set by the Federal Reserve. The fact the Fed paused in its two plus year campaign of raising the short-term rates it controls was the apparent impetus for the decline in rates, and resulting rise in bond prices. However, 10-year yields are not likely to continue below short-term yields, since the normal relationship of 10-year yields to short-term yields (also known as the "yield curve") is positive 200 bps or more, and not negative 50bps. Therefore, we are likely to see either rising longer-term rates, or declining shorter-term rates, in the coming months, depending primarily on how the Fed views inflation and the state of the economy. YTD bond returns are now all positive for both short and intermediate maturities, and have essentially caught up with the returns from money markets, which have benefited most directly from increases in short-term interest rates. See page 2 for results for the month, YTD, and since 1999.

The stock market rally that began decisively in March 2003 has raised the S&P 500 approximately 68% from its October 2002 low, but is still 223 points from its all-time high of 1,527 (this is 15% from the all-time high, and 29% from the 2002 low). This result occurs because after a 50% price decline, prices must increase by 100% to reach their previous high levels. By contrast, the Dow Jones Industrials are a mere 3% below their all-time high, while the NASDAQ remains a stunning 57% below its all-time high. Although the longer-term results of these three averages are quite similar (see next paragraph and chart below), the differences in the magnitude of both the gains and declines since 1994 are strikingly large.

In order to keep the current recovery in perspective, we continue to show the chart below, which sets out the extent of the declines measured from the highs of Q1 2000. The chart also puts these declines in the context of results since the end of 1994 (also see the figures on page 10). Note that the three indexes have positive average annual returns ranging from 9.4% to 9.8% for the 11.67 year period from the end of 1994 through August 2006, very much in line with long-term stock returns going back to 1926. Further, as these returns converge more and more, the idea of "regression to the mean," described by Swensen as "one of the most powerful influences in the world of finance" (pg. 154), comes clearly into focus.

The long-term investor therefore has a very different view of the stock market's returns than those measuring returns from the highest levels.

	<u>S&P 500 (1)</u>		<u>DOW (1)</u>		<u>NASDAQ (1)</u>	
1st Qtr 2000 High	1,527		11,723		5,048	
Year End 2000	1,320	(13)%	10,785	(8)%	2,470	(51)%
September 21, 2001 Low	965	(37)%	8,235	(30)%	1,425	(72)%
Year End 2001	1,148	(25)%	10,020	(17)%	1,950	(61)%
October 9, 2002 Low	777	(49)%	7,286	(38)%	1,114	(78)%
Year End 2002	880	(42)%	8,342	(29)%	1,336	(73)%
Year End 2003	1,112	(27)%	10,454	(11)%	2,003	(60)%
Year End 2004	1,212	(21)%	10,783	(8)%	2,175	(57)%
Year End 2005	1,248	(18)%	10,718	(9)%	2,205	(56)%
Year 2006 thru August 31, 2006	1,304	(15)%	11,381	(3)%	2,184	(57)%

Context: Prior Five-Year Gains in Bull Market of 1995 - 1999

	<u>S&P 500 (1)</u>	<u>DOW (1)</u>	<u>NASDAQ (1)</u>
End 1994	459	3,834	752
End 1999	<u>1,470</u>	<u>11,500</u>	<u>4,070</u>
Gain	1,011	7,666	3,318
Avg. Ann. % Gain: '95-'99; 5 years	26.2%	24.6%	40.2%
August 2006	1,304	11,381	2,184
Gain	845	7,547	1,432
Avg. Ann. % Gain: '95-8/06; 11.67 yrs	9.4 %	9.8 %	9.6 %

1) Results for S&P 500, Dow Jones, and NASDAQ indexes do not reflect dividends or PPA's advisory fee.

I. UPDATE OF KEY ECONOMIC INDICATORS

The strength of the overall US and world economies is one of a number of factors likely to influence the future direction of both stock and bond prices. We, along with many market observers and academics who write about the markets, believe stock and bond prices already reflect consensus expectations of economic growth. Further, we believe that even if you could accurately predict any number of actual economic figures, the market's reaction to those figures is essentially unpredictable. In any event, an understanding of the direction of current economic trends may at times be useful as a context to help understand market conditions. This section of the Comments provides an update of key economic indicators.

- (1) Gross Domestic Product (GDP) is the broadest measure of goods and services produced in the US economy (GDP figures are inflation-adjusted, annualized growth rates). The GDP for Q2 was revised upward to 2.9% (Vanguard Economic Week in Review [VEWR], 8/28-9/1/06), higher than the initial 2.5%, which was described as "less than half the 5.6% expansion in the first three months of the year, ... as the housing market cooled and consumer spending pulled back, slowing the economy to a more sustainable rate of expansion" (NY Times [NYT], front page, 7/29/06).
- (2) Employment growth for August was 128,000, and June and July figures were revised slightly upward, "but the pace of job creation trailed the 146,000 average for the first half of the year" (Wall Street Journal [WSJ], 9/2-3/06). The same article quoted one economist that "the job market seems to have settled into a pace of slower but steady growth, suggesting that the Fed's decision to take no action [on 8/8/06] was prudent."
- (3) Interest Rates on longer-term bonds declined significantly in August, with the benchmark 10-year US Treasury interest rate, which is set by buyers and sellers in the bond market, closing at 4.74%, well below the recent high of 5.25% reached in June. The apparent catalyst for this continuing decline in rates was the Federal Reserve's decision not to raise interest rates at its August 8th meeting, the first time since June 2004 that the Fed did not raise rates _ of 1 %. An article analyzing the Fed's position (WSJ, 8/4/06, A2) stated that "Federal Reserve officials see the recent rise in underlying inflation as mostly a temporary response to rising energy prices, not an overheating economy... so that inflation ought to fall back over the next year and a half without the Fed having to engineer a jarring economic slowdown with sharply higher interest rates." The fact the yield curve is now sharply inverted, with overnight rates _ of 1% higher than the 10-year Treasury, is discussed in the BOND section on page 3 of these Comments.
- (4) Inflation, as measured by the Consumer Price Index (CPI) "core" rate, which excludes the volatile food and energy sectors, "eased in July for the first time in several months, increasing 0.2%, after four consecutive months of 0.3% increase," and is up 2.7% from a year earlier (WSJ 8/17/06, A2). With food and energy included, the monthly rate was up 0.4%, and the most recent twelve-month increase was 4.1%. The Producer Price Index (PPI) core rate fell 0.3%, "the first decrease since October;" with food and energy included, the monthly increase was a mere 0.1%, with the yearly increase at 4.2% (WSJ, 8/16/06, A2). (Note: The CPI measures prices of goods and services; the PPI, only goods).

(5) Sector Economic Activity Continued Mixed, But with Signs of a Slowdown

- (a) Durable goods orders (industrial and consumer) fell 2.5%, with the decline centered on the most volatile sectors (VEWR, 8/28-9/1/06).
 - (b) Industrial production rose, based on higher utility production, due to the nationwide heat wave. "Outside of this volatile component, other signals indicated a continuing slow-down in manufacturing production" (VEWR, 8/14-18/06).
 - (c) Retail Sales rose a surprising 1.4%, but most of the gain came from the volatile auto sector (VEWR, 8/7-11/06). (Retail sales are not adjusted for inflation, and include disparate categories such as gasoline sales, auto sales, and non-store retailers such as the Internet.)
 - (d) Housing sales for existing homes declined by 4.1% "as the downturn in the housing market deepened in July," and "sales of newly-built homes tumbled last month," declining 4.3% (WSJ, 8/24 and 8/25/06, A2 and A3). Based on the importance of housing to the general economy, we have devoted the next section (pages 7-9) to a detailed discussion of the housing market.
 - (e) Personal Income increased 0.5% in July, while personal spending grew 0.8%. The personal savings rate, which excludes gains in stock prices and housing, declined again (VEWR, 8/28-9/1/06).
- (6) Consumer Confidence, as measured by the Conference Board's Index, declined sharply from 107.0 to 99.6, "its lowest point since the period following Hurricane Katrina. The reading reflected consumers' increasing pessimism over both current and future business conditions" (VEWR, 8/28-9/1/06).
- (7) Corporate Profits for the second quarter of 2006 "rose 3.2% from the previous quarter, much slower than the 12.6% jump in the first quarter or the 10% jump in the fourth quarter of 2005. Nonetheless, profits in the second quarter were 20.5% higher than a year ago, and accounted for 12.2% of GDP, the highest level in 40 years" (WSJ, 8/31/06).

Overall, the economic news reported during August reflected a fair amount of data that pointed to the economic slowdown the Federal Reserve is looking for. Moderating GDP growth, continued slower-than-expected employment growth, and weakness in housing made up one side of the ledger, while the industrial sector, retail sales, and corporate profits were positives. Both stock and bond prices increased, based at least in part on a decline in market interest rates that accompanied the Fed's decision to stop its two year program of raising interest rates. How the prospect of slower growth plays out in the future price movements of stocks and bonds remains to be seen.

II. INVESTMENT RISK: HOUSING AND ITS IMPACT ON THE MARKETS

HOUSING is one of the main sectors of the U.S. economy, and for a number of years the housing market has been very strong. Rapidly rising housing prices have been the norm, and people had begun to believe that housing prices could only move in one direction: higher. In recent days, however, this assumption of ever-increasing housing prices has proven faulty, with potentially significant impacts on the liquid investment markets and the entire economy.

A WSJ editorial (8/30/06, pg. A10) written by Professors Karl Case and Robert Schiller (the latter is the author of "Irrational Exuberance," the book in which he correctly forecast the stock market crash of 2000-2002), states that "new home sales in July were 22% below July 2005... Existing home sales were down to 6.33 million in July from over 7 million at the end of 2005." In providing the reasons for this sudden change in the housing market, the authors write that "it can't be interest rates alone. The 30-year mortgage rate is up less than one per cent since this time last year, and is no higher than it was a few years ago when the boom was roaring along." The authors go on to discuss "the simple psychology of expectations that is part of any speculative boom. These expectations can turn suddenly when alert home buyers get the sense that something might be amiss... Buyers do not want to pay prices that are significantly higher than a year ago. Buyers are waiting and low-balling. Sellers want to get a price increase of the kind they've observed in the recent past. The result is that fewer agreements are reached, and sales fall."

The reasons this decline in the housing markets are important are also set out in the Case and Schiller editorial. "Ten years ago, household holdings of real estate were valued at just under \$8 trillion, about 40% as large as household financial wealth. At the end of 2005, real estate holdings were \$21.6 trillion, 56% as large as financial wealth. Just in the last five years, the total market value of residential real estate alone has increased by nearly \$10 trillion. New construction, initiated in response to high home prices, has reached unprecedented levels, and new houses are still hitting the market just as demand is dropping... All of this generated income for millions of brokers, builders, bankers, appliance dealers, and construction workers, and kept the economy growing at a strong clip... This incredible boom has been fueled in part by favorable demographics, low interest rates, a very liquid mortgage market with low down payments and borrower-friendly underwriting, a baby boomer generation with a special taste for housing, a substantial volume of foreign demand, and the overall poor performance of the stock market." The authors conclude by listing some of the negatives that could arise if the housing market decline continues: "slow sales, slow commissions, falling prices, rising defaults and foreclosures, serious trouble in financial markets, and a possible recession sooner than most expected." They describe these conditions as a "significant risk," but not a prediction of the future.

To emphasize the broad, general impact of the housing market, the subject was discussed at length in the Sunday NY Times "News of the Week in Review" section (8/27/06, front page), in an article titled "Time to Read Between All Those For-Sale Signs." The article quotes a Lehman Brothers analyst that "the fate of the housing market will influence whether the economy will merely slow over the next year, as the Federal reserve forecasts, or fall into a recession for the first time since early 2001, as "for sale" signs replace gas price signs as the most important indicator of potential trouble."

The authors write that “there seems to be three major paths that housing could follow over the next year: a soft landing, the start of a long slump, or a crash. A soft landing is the one predicted – and preferred – by most economists on Wall Street and the Fed. A long slump is what many past booms turned into. A crash is the outcome that a small group of analysts say is the only possible ending for the biggest housing boom of all... For a crash to happen, prices would have to decline significantly in some once-hot markets. So far, as sales have slowed, and the number of houses on the market has soared, many owners have chosen to sit tight. If they were instead to decide that selling later would be even worse than selling now, this could change quickly. The doomsayers’ strongest argument may be that too few families can afford the prices in some residential areas. In Las Vegas, Los Angeles, and Miami, prices have almost doubled since 2003, and have risen about 50% in New York and San Francisco.”

The article continues with the adverse consequences of a decline in housing prices, including “families in a financial bind unable to rescue themselves by refinancing their mortgage. Foreclosures would then rise, damaging banks and increasing the number of homes for sale. Even homeowners not in danger of losing their home – an overwhelming majority certainly – might respond to falling prices by cutting spending, particularly if they had been counting on their home’s value to serve as a retirement account. That could force job cuts in a wide range of industries. Already the housing slowdown has begun damaging the job market. Builders, mortgage lenders, and real estate agencies have stopped adding to payrolls. Defined broadly, the real estate sector has accounted for 44% of jobs created since 2000 and employs more than 1 in 10 American workers, according to Moody’s Economy.com.”

The article then discusses some history of periods with declining real estate prices. “Perhaps the biggest reason to be skeptical about a real estate crash is that the country has not really suffered through one before. Not since the Depression has the combined value of residential real estate fallen over the course of a full year. Homes seem to be much less vulnerable to crashes than other assets, because people rarely sell them in a panic. But earlier booms have been followed by modest price declines in some cities that turned into long periods in which increases trailed inflation. Examples: After peaking in much of California and the Northeast in the late 1980s, home values fell during the recession of 1990-91, and then drifted for years, often rising more slowly than the price of milk. **In inflation-adjusted terms, prices in the New York and Washington areas did not return to their late 1980s peak until 2002. In Boston it didn’t happen until 2000, and in San Francisco, 1999** (our emphasis).

The authors then discuss the impact of interest rates, which “have been falling for much of the last decade, helping push house prices higher by allowing buyers to afford bigger mortgages. Most economists...do not expect rates to return to the extremely low levels of a few years ago, making big swings in home prices, in either direction, unlikely.”

The Times article displays a chart of the History of Home Values, going back to 1890 (the chart was created by Professor Schiller, the co-author of the WSJ editorial discussed at the beginning of this section). According to the chart, over the 60 year period covering 1890-1950, housing prices, adjusted for inflation, remained the same; that is a home selling for \$10,000 in 1890 that sold in 1950 for approximately \$50,000, would not have increased at all in “real” terms, i.e. after adjusting for inflation (using a 3% annual figure for inflation).

Indeed, for much of the period, housing prices were well below the starting figure on an inflation-adjusted basis. Then from 1950 to 1995, inflation-adjusted prices went as high as 20% above the original starting figure, and spent much of the period at 10% above the original starting figure. But since 1995, prices have soared to their current levels of twice the original starting figure (that is 100% higher), also adjusted for inflation. These figures obviously support Schiller's point of view that this housing boom is unprecedented, at least going back to 1890. The article concludes that whether we are in for a pause or a big correction remains to be seen.

Another recent article (WSJ, 8/23/06, front page) focuses on the economic harm to homeowners and homebuilders, "caught off guard by the rapid deterioration of the housing market over the past twelve months. Some are being forced to cut prices far below what their homes could have fetched a year ago... and the economy as a whole, buoyed in recent years by the housing frenzy, could suffer." The article discussed the boom of the past five years as follows: "As Americans soured on the stock market after the tech bubble burst in 2000, they poured money into real estate, spurred by the lowest interest rates in four decades, and lower lending standards... Over the five years ending 12/31/05, average U.S. home prices jumped 58% (unadjusted for inflation). Then mortgage rates began rising, and last year, a surge of building finally overtook demand. Though economists had been predicting a slowdown for years, many homeowners and builders were surprised by how fast the market changed." The article quotes Robert Toll, CEO of luxury home builder Toll Brothers, that in his 40 years as a home builder, he has "never seen a slump unfold like the current one, because this time the slump has come even with favorable economic conditions... (including) low unemployment, job creation, stable stock market, and relatively low interest rates."

The article cites slight declines in prices in the previously fastest growing markets of Florida, San Diego, and Northern Virginia (Washington DC), and a nationwide median price increase of less than 1% for previously occupied homes from June 2005 to June 2006, the smallest year-over-year price increase since May 2005. A weaker housing market "will hurt the economy by eliminating jobs in construction and other housing-related fields, and by reducing the ability of consumers to finance spending by borrowing against their home equity." The quoted economist believes these impacts could "reduce economic growth by as much as 1% over the next year, slowing growth, but not creating a recession."

As for PPA's view on the housing situation, we see it as one of a number of factors that impact the economy, and in turn the prices of the liquid stock and bond assets in which we specialize. We note that just as housing prices are currently under pressure, the two year program of the Federal Reserve raising interest rates has at least temporarily been suspended, and the price of oil has declined modestly of late, to under \$70 per barrel. Lower interest rates and oil prices, if they continue, would be positives for economic growth and lower inflation, and would work to offset the negative effects of a decline in housing prices, potentially setting the stage for further economic advances. As always, we do not believe it is helpful to try to predict the unknown future. Instead, we seek to recognize, and be mindful of, the complex relationships among a large number of important economic indicators.

S&P 500 (1)

DOW JONES (1)

NASDAQ (1)

1) Results for S&P 500, Dow Jones, and NASDAQ indexes do not reflect dividends or PPA's advisory fee.

I. Figures From Period Starting 2000 (% Figures Are Cumulative Declines From 1/01/00)

Start of 2000	1,470		11,500		4,070	
End of 2000	1,320	(10.1)%	10,785	(6.2)%	2,470	(39.3)%
Sept. 21, 2001 <u>Low</u>	965	(34.3)%	8,235	(28.4)%	1,425	(65.0)%
End of 2001	1,148	(21.9)%	10,020	(12.9)%	1,950	(52.0)%
Oct. 9, 2002 <u>Low</u>	777	(47.1)%	7,286	(36.6)%	1,114	(72.6)%
End of 2002	880	(40.1)%	8,342	(27.5)%	1,336	(67.2)%
End of 2003	1,112	(24.3)%	10,454	(9.1)%	2,003	(50.8)%
End of 2004	1,212	(17.5)%	10,783	(6.2)%	2,175	(46.5)%
End of 2005	1,248	(15.1)%	10,718	(6.8)%	2,205	(45.8)%
Through August 31, 2006	1,304	(11.2)%	11,381	(1.0)%	2,184	(46.3)%

II. Figures From Period Starting 1995 (% Figures Are Gains From 1/01/95)

Start of 1995	459		3,834		752	
End of 1999	<u>1,470</u>		<u>11,500</u>		<u>4,070</u>	
5 Year Gain; Annualized %	1,011	26.1%	7,666	24.6%	3,318	40.2%
End of 2001	<u>1,148</u>		<u>10,020</u>		<u>1,950</u>	
7 Year Gain; Annualized %	689	14.0%	6,186	14.7%	1,198	14.6%
End of 2002	<u>880</u>		<u>8,342</u>		<u>1,336</u>	
8 Year Gain; Annualized %	421	8.5%	4,508	10.2%	584	7.5%
End of 2003	<u>1,112</u>		<u>10,454</u>		<u>2,003</u>	
9 Year Gain; Annualized %	653	10.3%	6,620	11.8%	1,251	11.5%
End of 2004	<u>1,212</u>		<u>10,783</u>		<u>2,175</u>	
10 Year Gain; Annualized %	753	10.2%	6,949	10.9%	1,423	11.2%
End of 2005	<u>1,248</u>		<u>10,718</u>		<u>2,205</u>	
11 Yr Gain; Annualized %	789	9.5%	6,884	9.8%	1,453	10.3%
Through August 31, 2006	<u>1,304</u>		<u>11,381</u>		<u>2,184</u>	
11.67 Yr Gain; Annualized %	845	9.4%	7,547	9.8%	1,432	9.6%



Victor Levinson



Nicholas Levinson