

Smith-Kettlewell Eye Research Institute Employees' Pension Plan

Summary Performance Information - Managed Portfolios and Individual Funds

Fourth Quarter 2006 Market Summary

Equities worldwide catapulted off the third quarter's advance with even stronger fourth quarter results to finish the year with double-digit returns. Overseas stocks were the biggest advancers, with U.S. equities not far behind. The S&P 500 rose 6.7% in the quarter to post a 15.8% return for the year. Value stocks continued to outperform in the fourth quarter and finished the year well ahead of their growth counterparts in both small and large cap. Fixed income saw smaller gains as the 10-year Treasury note ended the year with a 4.71% yield, up from 4.39% at the previous year-end and 4.63% at September 30. The benchmark Lehman Brothers Aggregate index gained 1.2% for the quarter and 4.3% for the year.

Aided by a decline in the dollar (10% against the Euro for the year), U.S. investors reaped big gains overseas in 2006. The MSCI EAFE index of developed countries climbed 10.4% in the fourth quarter, bringing 2006's advance to 26.3% (in US\$). Europe led the way in 2006, while Japan lagged with single digit returns. Emerging Markets soared 17.6% in the fourth quarter and 32.6% for the full year (as measured by the MSCI Emerging Markets Index). China, India and Russia were strong contributors.

International fixed income also provided solid returns this year. The benchmark Salomon Non-US World Government Bond Index (unhedged) rose 2.1% in the quarter and 7.0% for the full year.

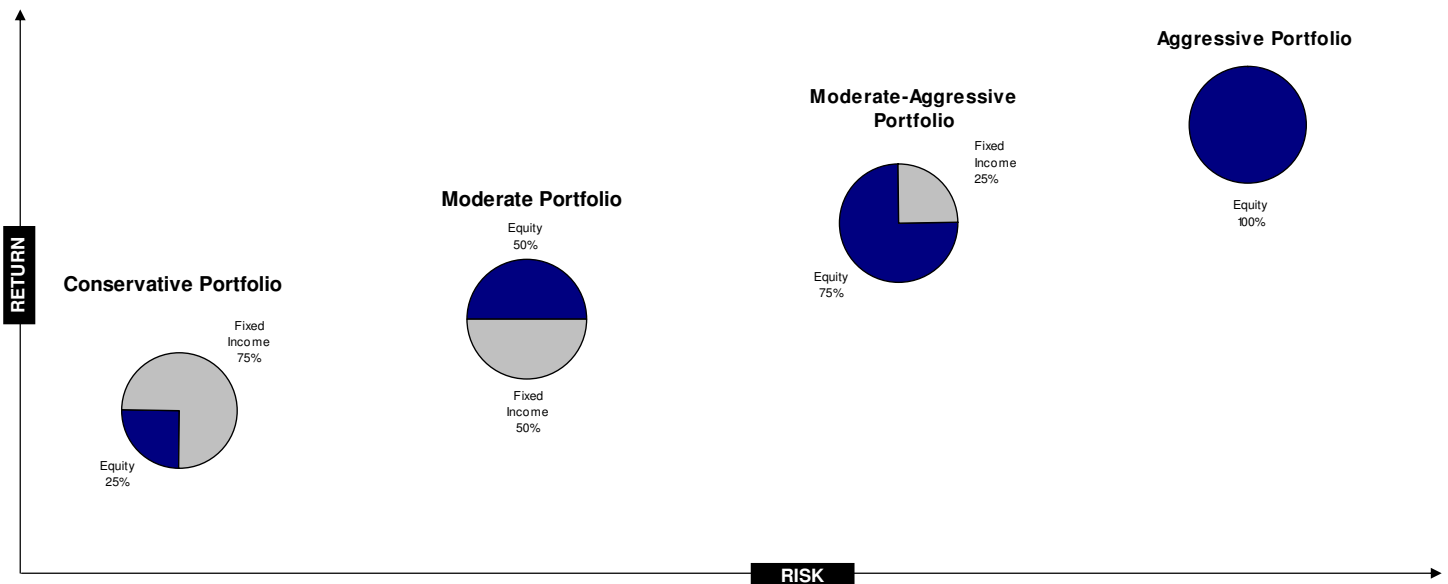
Emerging markets debt, as measured by the JP Morgan Emerging Markets Bond Plus Index, climbed 4.1% for the quarter and 10.5% for the year. High yield bonds finished out a strong year with an 11.9% gain for the CS First Boston High Yield Index, 4.5% of that in the fourth quarter.

2006 was another year in which broad diversification, beyond the standard offerings of large cap stocks and domestic investment-grade bonds, paid off for investors. Small cap, international and emerging markets equity, as well as high yield and international fixed income, were key components of an investment program that saw significant incremental upside from these asset classes.

Managed Portfolio Returns

MANAGED PORTFOLIOS	Periods Ending December 31, 2006				
	Last 3 Months	Last 12 Months	Last 3 Years (Annualized)	Last 5 Years (Annualized)	Last 10 Years (Annualized)
Conservative Portfolio	2.92	7.79	6.70	7.15	--
<i>Conservative Benchmark*</i>	3.16	8.37	6.52	6.95	7.07
Moderate Portfolio	4.84	11.48	9.65	9.05	--
<i>Moderate Benchmark*</i>	5.12	12.41	9.48	8.74	7.99
Moderate-Aggressive Portfolio	6.76	15.17	12.69	10.83	--
<i>Moderate-Aggressive Benchmark*</i>	7.12	16.59	12.51	10.40	8.65
Aggressive Portfolio	8.42	18.43	15.39	11.83	10.95
<i>Aggressive Benchmark*</i>	8.82	20.12	15.18	11.18	8.96

*The blended benchmarks shown above represent a blend of market indices appropriate to each asset class held within the portfolios, weighted proportionally to the asset allocation of the respective portfolios. See next page and the Portfolio Packet for indices, portfolio allocations, and important disclosures.



Individual Fund Returns

Periods Ending December 31, 2006

EQUITY	Ticker	Last 3 Months	Last 12 Months	Last 3 Years (Annualized)	Last 5 Years (Annualized)	Last 10 Years (Annualized)
Large/Mid Cap						
Vanguard 500 Admiral Shares*	VFIAX	6.68	15.75	10.39	6.15	8.36
Dodge & Cox Stock	DODGX	6.54	18.55	15.61	12.84	14.23
Harbor Capital Appreciation	HACAX	4.28	2.34	8.46	2.89	7.52
Ariel Appreciation	CAAPX	6.96	10.94	8.90	8.68	12.76
Westcore Midco Growth	WTMGX	7.61	12.16	9.70	8.87	8.60
S&P 500 Index		6.70	15.79	10.44	6.19	8.42
Russell Mid-Cap Index		7.67	15.26	16.00	12.88	12.14
Small Cap						
DFA US Small Cap Value	DFSVX	10.14	21.56	18.00	18.90	15.85
SEI Small Cap Growth	SSCGX	8.73	11.31	8.07	5.46	7.21
Russell 2000 Index		8.90	18.37	13.56	11.39	9.44
International						
Amer Beacon Int'l Equity Inst'l	AAIEX	9.61	26.29	20.24	16.21	10.31
American Funds EuroPac Gr R5	RERFX	8.73	22.17	21.18	15.46	11.36
MSCI EAFE Index		10.35	26.34	19.93	14.98	7.67
Emerging Markets						
SSgA Emerging Markets	SSEMXX	18.05	33.45	31.69	27.27	11.49
MSCI Emerging Markets Free Index		17.64	32.59	30.97	26.97	9.40
FIXED INCOME						
Core Fixed Income						
PIMCO Total Ret II Instl	PMBIX	0.93	3.90	3.40	4.98	6.43
Lehman Brothers Aggregate Bond Index		1.24	4.33	3.70	5.06	6.24
Stable Value						
Schwab Stable Value Fund - Retirement*	N/A	1.12	4.33	3.99	4.17	4.66
Ryan Labs 3yr GIC Index		1.01	3.77	3.47	4.19	5.25
High Yield Fixed Income						
PIMCO High Yield - Institutional	PHIYX	3.71	9.39	7.80	8.97	7.13
CS First Boston High Yield Index		4.45	11.91	8.61	11.06	7.08
International Fixed Income						
PIMCO Foreign Bond (Unhedged)*	PFUIX	1.90	6.65	2.72	9.86	4.46
Citigroup Non-US Government Bond Index		2.09	6.95	2.88	9.50	4.70
Emerging Markets Bond						
SEI Emerging Markets Debt	SITEX	5.41	12.42	13.62	16.91	--
JP Morgan Emerging Markets Bond Plus Index		4.11	10.49	11.37	15.25	11.02

Managed Portfolio Target Allocation Matrix

EQUITY	Conservative	Moderate	Moderate-Aggressive	Aggressive
Large/Mid Cap				
Vanguard 500 Admiral Shares*	7%	15%	21%	27%
Dodge & Cox Stock	4%	6%	9%	11%
Harbor Capital Appreciation	3%	4%	6%	7%
Ariel Appreciation	0%	1%	2%	3%
Westcore Midco Growth	0%	1%	2%	3%
Small Cap				
DFA US Small Cap Value	2%	4%	6%	8%
SEI Small Cap Growth	2%	4%	6%	8%
International				
Amer Beacon Int'l Equity Inst'l	3%	6%	9%	13%
American Funds EuroPac Gr R5	3%	6%	9%	13%
Emerging Markets				
SSgA Emerging Markets	1%	3%	5%	7%
FIXED INCOME				
Core Fixed Income				
PIMCO Total Ret II Instl	44%	27%	9%	0%
Stable Value				
Schwab Stable Value Fund - Retirement	22%	13%	4%	0%
High Yield Fixed Income				
PIMCO High Yield - Institutional	3%	4%	6%	0%
International Fixed Income				
PIMCO Foreign Bond (Unhedged)*	4%	4%	4%	0%
Emerging Markets Bond				
SEI Emerging Markets Debt	2%	2%	2%	0%
Portfolio Totals:	100%	100%	100%	100%
Weighted Average Expense Ratio:	0.52%	0.54%	0.57%	0.58%

PERFORMANCE DISCLOSURE: Returns data represents past performance and does not predict or guarantee future results. Returns presented are net of fund management and operating expenses. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Mutual Funds in this report that are noted with an asterisk (*) utilize returns for a proxy for some or all of the performance history. Please refer to the Important Disclosure Information set forth in the Portfolio Packet for further details.