



2ND QUARTER 2006

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S&P Sector Performance (YTD 6/30)

Consumer Discretionary	1.94%
Consumer Staples	3.31%
Energy	12.78%
Financials	1.81%
Health Care	-4.57%
Industrials	6.02%
Information Technology	-6.17%
Materials	5.70%
Telecom Services	11.78%
Utilities	2.59%

Source: Standard & Poor's. Returns are price change only

Special points of interest:

- The median forecast of 51 economists surveyed by Bloomberg is that annual growth in the economy slowed to 2.8% after a 5.6% level in the first quarter. The Fed may welcome this news as evidence that inflationary pressures are lessening.
- The S&P 500 has posted 16 consecutive quarters of earnings growth, according to Standard & Poor's. The market will be closely watching earnings reports to see if this trend continues.
- The strongest performing sectors of the market this year have been the energy and telecom sectors. Industrial stocks also remain strong.

FED WATCH IS THE 2ND QUARTER STORY

The second quarter of 2006 saw the U.S. capital markets focus on the words and actions of new Fed Chairman Ben Bernanke and the Open Market Committee. Market participants closely watched for indications of the Fed's plan for continued rate increases. Those hoping for a hawkish stance against inflation were not disappointed as the Fed extended to seventeen its number of consecutive short term rate increases. This unusually long string of tightening moves (in quarter point increments) now dates back some 24 months, to June of 2004. As of this writing, it is about an even bet as to whether the streak will reach eighteen.

While the Fed watch captured the headlines, a number of other factors also influenced the increasing level of market volatility during the quarter. Some of these included a slowing level of economic activity (not surprising following the hurricane influenced rebound of the first quarter), indications of softness in the housing market, continued increases in

Capital Markets	YTD	QTD	2005	5YR
S&P 500 (1270)	2.71%	-1.44%	4.91%	2.49%
S&P500 / Citi Growth	-0.94%	-3.46%	1.14%	-1.76%
S&P500 / Citi Value	6.52%	0.61%	8.71%	6.68%
S&P 400 (765)	4.24%	-3.15%	12.56%	9.29%
Dow Jones Industrials (11150)	5.23%	0.94%	1.72%	3.44%
NASDAQ (2172)	-1.51%	-7.17%	1.37%	0.11%
MSCI EAFE (Foreign)	10.16%	0.70%	13.54%	10.02%
LB Interm Govt/ Credit	-0.17%	0.21%	1.58%	4.62%
3 Month Treasury Bill	2.40%	1.24%	3.34%	2.25%

Source: Morningstar Principia. Returns are total returns. The 5yr return is annualized

energy cost, interest rate increases by foreign governments, and the ever present geopolitical concerns. Any one of which may have caused an increased perception of risk in our economy. And as earlier mentioned, this in turn manifested itself in the form of market volatility.

We anticipate these conditions

to continue throughout the Summer and into the Fall. Second quarter profit reports will be watched closely and the market will evaluate the strength of corporate liquidity and earnings against these perceived risks. Times such as these serve to strengthen our belief in wide diversification and a long term approach to investing.

CLIENTS TO BEGIN RECEIVING QUARTERLY PURCHASE AND SALE NOTIFICATION

Effective July, 2006, our clients will begin receiving confirmation of all trades initiated in their portfolios in the form of a *quarterly* Purchase and Sale Report. This summary will be included along with their usual quarterly reports in lieu of the trade confirmation

letters that were previously sent each time a trade was initiated in an account. Clients will continue to receive confirmations from their individual custodians as these trades occur.

This change in our firm's reporting is an effort to reduce

the duplicate nature of trade confirmations being received from both MMPW and the custodian. Furthermore, it will allow clients to review purchases and sales in their account along with a current portfolio summary that will reflect those trades.