



4TH QUARTER 2007

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S&P Sector Performance (YTD 12/31)

Consumer Discretionary	-14.32%
Consumer Staples	11.60%
Energy	32.38%
Financials	-20.84%
Health Care	5.39%
Industrials	9.83%
Information Technology	15.54%
Materials	19.98%
Telecom Services	8.45%
Utilities	15.81%

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

Points of Interest:

- During 2007 the Dow Jones experienced 69 days in which the index moved at least 100 points.
- The first triple digit move in the Dow Jones was in October 1987.
- The largest one-day percentage loss in the Dow Jones was 10/19/87 - 22.61%. This is equivalent to a 2,774 point drop from today's level.
- The largest one-day percentage gain in the Dow Jones happened during the Great Depression. The Industrials Average rose 15.34% on 3/15/33. This would equal a 1,882 point gain from the 1/23/08 close.

AN UNCERTAIN BEGINNING TO 2008

It was hard to find much positive news about financial markets in the last half of 2007. Despite the negatives, however, most equity and fixed income market indexes posted positive returns for the year. The primary exception was the small cap area which ended a four year run of strong performance. On the upside, international investments continued to lead the way. The year, which started out strong and ended weak, will be remembered mainly for the increase in market volatility. In short, risk became important again. A severe housing downturn led to a meltdown in the sub-prime mortgage market. Financial institutions were forced to re-price risk in various esoteric investment vehicles that they held both on and off their balance sheets. The ensuing write-downs triggered a need for capital, and markets responded daily to the headlines. Lost in this is the fact that most industry sectors, excluding financials and consumer discretionary, posted strong returns for the year. But given the news, it did not feel that way. As we begin

Capital Markets	YTD	QTD	2006	5YR
S&P 500 (1,468)	5.49%	-3.33%	15.79%	12.83%
S&P500 / Citi Growth	9.13%	-1.28%	11.01%	10.74%
S&P500 / Citi Value	1.99%	-5.37%	20.80%	14.97%
S&P 400 (858)	7.98%	-2.73%	10.32%	16.20%
Dow Jones Industrials (13,265)	8.89%	-3.91%	19.05%	12.24%
NASDAQ (2,652)	9.81%	-1.82%	9.52%	14.71%
MSCI EAFE (Foreign)	11.17%	-1.75%	26.34%	21.59%
LB Interm Govt/ Credit	7.39%	2.91%	4.08%	4.06%
3 Month Treasury Bill	4.77%	0.92%	5.07%	3.12%

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

the new year, the common perception has not changed. Talk of undisclosed financial problems and of a looming consumer-led recession dominates the news cycle. While there are plenty of concerns, it is also possible that we may be underestimating the strength of the U.S. economy and the power of the Federal Reserve. It is an election year (typically

good for the market), the Fed continues to reduce rates, and there are few signs of inventory imbalances or wage inflation. Barring a significant change in tax policy or a geo-political crisis, it may turn out that recession fears are overblown. In either case, having the proper asset allocation, good diversification and a long term view is the correct approach in these volatile times.

YEAR END REPORTS

For clients of MMPW, you will be receiving your year end reports along with this newsletter. From a tax information standpoint, you and / or your accountant may rely on these reports along with the year end report provided by the custodian of your account. Please

note that some information contained in the reports may be subject to change as we receive final 2007 notices from securities held in your account. You will be promptly notified if we are made aware of any such changes. Also, clients with accounts that contain individual

common stocks will notice a change in our Portfolio Appraisal report. The individual holdings are now classified by economic sector. We hope this will provide a better method of viewing the diversification of stock investments across the different areas of the economy.