

Morningstar Weekly Market Report

U.S. Market Overview: May 26–June 02, 2006

Market Commentary

Another dose of mixed economic data on inflation left markets confused about the fate of interest rates. The Morningstar US Market Index managed to add 0.83% for the week ending June 2, as volatility continues to hound investors. All nine Morningstar style indexes ended the week with modest gains. Mid-cap stocks outperformed their large- and small-cap peers, as the Morningstar Mid Cap Index posted a gain of 1.21%. Among the other Morningstar style indexes, the Value Index continued to maintain its dominance over its Core and Growth brethren with a 1.09% gain.

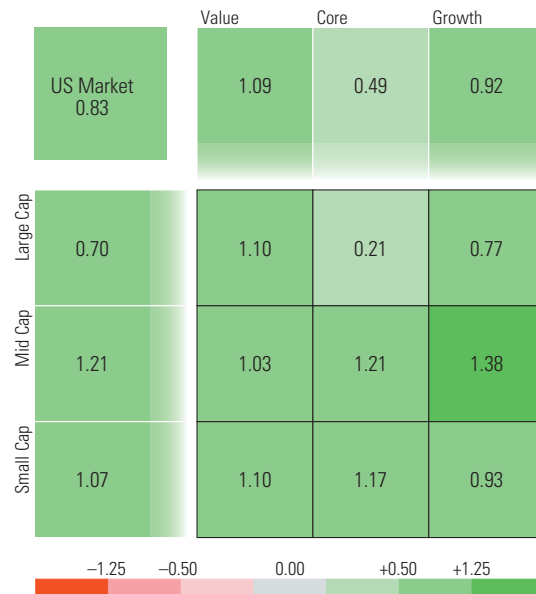
Biotech firm Celgene added another 6.08% on top of last week's 6% gain on news of FDA approval for Thalomid in cancer treatment. This helped turn the fortunes of the Morningstar Mid Growth Index from being the worst-performing index last week to being the best this week, with a gain of 1.38%. The Index would have fared even better if it were not for the disappointing performance of two technology companies—Novell and Advanced Micro Devices. Novell, the network and security software maker, dropped 20.08% on a weak forecast for the third quarter as the firm struggles to adapt to the open source era led by rival Red Hat. And Advanced Micro Devices shed 4.84% after a strategy call with analysts failed to dispel concerns about a price war with Intel.

The Morningstar Large Core Index gained a modest 0.21% to claim the position of worst-performing index. Ironically, Kinder Morgan's 19.77% jump on news of a buy-out was the second largest gain of any stock last week. But consumer stocks Coca-Cola and Proctor and Gamble and retail chains Wal-Mart and Home Depot all finished lower to hold the index back.

Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	0.83	0.40	4.69	10.86	13.63	3.22
Large Cap	0.70	0.44	3.74	8.22	11.17	1.02
Mid Cap	1.21	0.20	6.30	17.74	19.98	8.83
Small Cap	1.07	0.59	10.04	19.01	20.94	10.31
US Value	1.09	2.74	8.26	14.53	17.14	7.81
US Core	0.49	1.00	4.59	10.20	13.77	4.19
US Growth	0.92	-2.77	0.98	7.55	9.80	-3.22
Large Value	1.10	2.86	8.40	13.98	15.38	5.95
Large Core	0.21	1.37	3.68	7.87	11.57	1.68
Large Growth	0.77	-3.34	-1.37	2.16	6.19	-5.57
Mid Value	1.03	2.53	7.33	15.54	21.47	12.25
Mid Core	1.21	-0.73	5.06	15.04	18.97	11.14
Mid Growth	1.38	-1.02	6.61	22.62	19.09	2.54
Small Value	1.10	1.83	9.28	17.10	22.01	15.46
Small Core	1.17	2.41	12.56	21.46	22.92	13.21
Small Growth	0.93	-2.47	8.15	18.44	17.77	2.50

Morningstar Market Barometer (% Return)



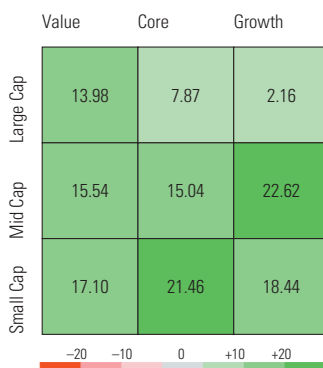
Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Mid Growth	1.38	
Celgene Corp.	6.08	0.09
Expeditors International of Washington Inc.	4.70	0.05
Weatherford International Ltd.	2.55	0.05
Patterson-UTI Energy Inc.	8.56	0.04
ENSCO International Inc.	5.60	0.04
Worst Performing Index		
Large Core	0.21	
General Electric Co.	0.96	0.10
Kinder Morgan Inc.	19.77	0.05
Wells Fargo & Co.	1.32	0.04
Aetna Inc.	5.62	0.04
Motorola Inc.	2.26	0.03

Year-to-Date



1-Year



3-Year

