

Morningstar Weekly Market Report

U.S. Market Overview: June 30–July 07, 2006

Market Commentary

Record high oil prices and a weakening labor market renewed investor fears of slumping economic growth. The Morningstar US Market Index shed 0.55% for the week, though it's still in positive territory for the year with a gain of 2.75%.

Tightening monetary policy is having predictable effects on riskier stocks as both the Morningstar Small Cap and the Morningstar US Growth indexes gave up 6.2% and 6.7%, respectively, over the trailing three months. Conversely, the Morningstar Large Cap and Morningstar Value indexes are leading the cap and style categories with returns of -1.42% and 2.23%, respectively, over the same period.

The Morningstar Small Growth Index was the worst performer among the nine Morningstar style indexes for the third time in the last four weeks. The index dropped 3.08% this week and is down 10.2% for the trailing three months. Losses in several semiconductor stocks, such as Trident Microsystems and SiRF Technology Holdings, led the retreat.

The Morningstar Large Value Index was the only style index to post a positive return for the week, up 0.96%. The index, and top component, Altria Group, got a boost when a Florida Appellate court set aside a \$145 billion punitive damages ruling against tobacco firms on Thursday. Altria closed the week up 5.95%.

Morningstar Market Barometer (% Return)



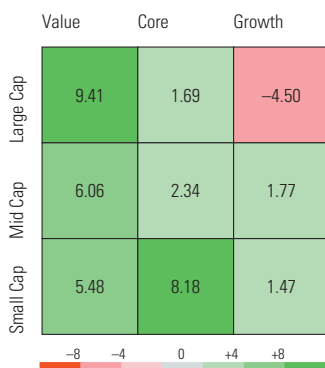
Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	-0.55	-2.32	2.75	8.43	11.41	3.99
Large Cap	-0.21	-1.42	2.36	7.57	9.13	1.95
Mid Cap	-1.30	-4.11	3.34	11.00	17.61	9.29
Small Cap	-2.09	-6.20	5.07	9.83	17.11	10.14
US Value	0.60	2.23	8.53	12.53	16.08	8.46
US Core	-0.61	-2.76	2.24	8.50	11.67	4.80
US Growth	-1.77	-6.68	-2.77	3.93	6.28	-2.16
Large Value	0.96	3.43	9.41	13.49	14.61	6.83
Large Core	-0.37	-1.93	1.69	7.89	9.60	2.53
Large Growth	-1.41	-6.22	-4.50	0.75	2.82	-4.49
Mid Value	-0.21	-0.42	6.06	10.08	20.07	12.34
Mid Core	-1.15	-4.75	2.34	9.30	16.82	11.04
Mid Growth	-2.54	-6.88	1.77	13.55	15.56	3.77
Small Value	-1.30	-3.78	5.48	8.49	18.67	14.82
Small Core	-1.85	-4.49	8.18	12.94	19.53	12.86
Small Growth	-3.08	-10.21	1.47	8.12	13.02	2.84

Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Large Value	0.96	
Exxon Mobil Corp.	2.43	0.25
Altria Group Inc.	5.95	0.25
Citigroup Inc.	1.72	0.11
Chevron Corp.	2.61	0.10
Bank of America Corp.	1.46	0.09
Worst Performing Index		
Small Growth	-3.08	
Openwave Systems Inc.	-34.66	-0.12
Trident Microsystems Inc.	-17.76	-0.06
Redback Networks Inc.	-16.30	-0.06
Atheros Communications Inc.	-16.64	-0.05
SiRF Technology Holdings Inc.	-8.10	-0.04

Year-to-Date



1-Year



3-Year

