

Morningstar Weekly Market Report

U.S. Market Overview: September 01–September 08, 2006

Market Commentary

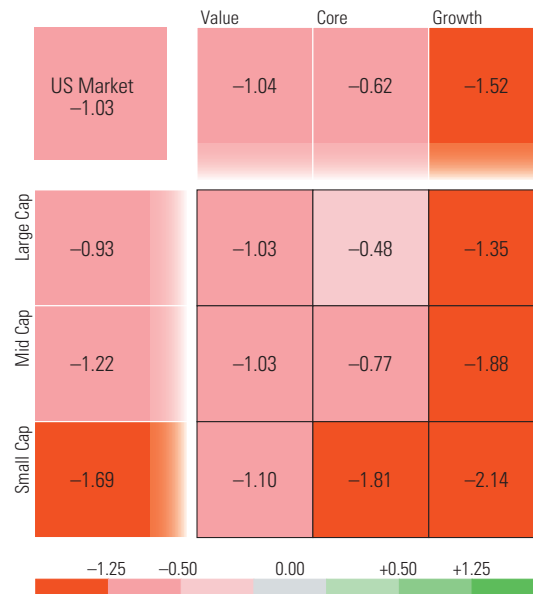
An improving geopolitical situation and rising inventories contributed to a slick decline in futures prices of oil to \$65 per barrel last week. However, an up tick in labor costs and hawkish comments from Fed officials pushed the markets nervously lower. Following an unusually strong 2.3% rise in the month of August, the Morningstar US Market Index finished the holiday-shortened week down 1.0%.

The Morningstar Market Barometer was red across the board as all nine Morningstar Style Indexes lost ground. The heaviest losses ran through small-cap and growth stocks, with the Morningstar Small Growth Index being the worst performer posting a 2.1% loss. The Morningstar Large Core Index managed to be the best performer with a loss of only 0.5%.

Morningstar Large Core Index constituent Johnson & Johnson dropped 1.8% after losing an appeals court patent infringement ruling. In another legal development, Procter & Gamble Co. lost a false advertising lawsuit against a key competitor of its osteoporosis drug Actonel, causing shares to decline 1.2%. Microsoft shares finished the week down about 1% after potential delays in European Union regulatory approval for the Vista operating system.

Adolor Corp., a small-cap growth biotechnology firm, finished the week with the largest loss of any stock in the Morningstar US Market Index, plunging 47%. Disappointing late-stage trial results that will delay the launch of the new gastrointestinal drug Entereg were to blame.

Morningstar Market Barometer (% Return)



Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	-1.03	3.15	5.14	7.41	10.92	6.40
Large Cap	-0.93	4.13	5.58	7.63	9.41	4.56
Mid Cap	-1.22	0.66	3.21	6.70	15.14	11.04
Small Cap	-1.69	-0.18	5.59	6.59	13.68	12.12
US Value	-1.04	6.35	12.56	14.07	16.73	10.23
US Core	-0.62	2.60	4.82	7.61	11.45	6.61
US Growth	-1.52	0.22	-2.29	0.17	4.36	1.76
Large Value	-1.03	7.87	14.39	15.95	16.18	8.91
Large Core	-0.48	2.87	4.80	7.73	10.08	4.51
Large Growth	-1.35	1.28	-3.04	-1.47	1.64	-0.36
Mid Value	-1.03	1.91	6.99	8.83	18.19	13.10
Mid Core	-0.77	2.23	3.40	6.08	14.80	12.24
Mid Growth	-1.88	-2.22	-0.62	5.07	12.07	7.00
Small Value	-1.10	1.59	7.64	7.59	16.67	15.37
Small Core	-1.81	0.70	8.99	10.39	16.42	14.14
Small Growth	-2.14	-2.82	0.18	1.81	8.04	6.58

Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Large Core	-0.48	
Johnson & Johnson	-1.75	-0.09
Procter & Gamble Co.	-1.24	-0.07
Microsoft Corp.	-0.93	-0.06
Sprint Nextel Corp.	-3.25	-0.04
Archer-Daniels-Midland Co.	-5.72	-0.04
Worst Performing Index		
Small Growth	-2.14	
Adolor Corp.	-47.22	-0.17
Martek Biosciences Corp.	-29.27	-0.09
Redback Networks Inc.	-23.65	-0.09
FormFactor Inc.	-11.55	-0.08
Finisar Corp.	-17.97	-0.05

Year-to-Date



1-Year



3-Year

