



SILVERCREST
ASSET MANAGEMENT GROUP

ECONOMIC & MARKET PERSPECTIVE

DECEMBER 2005

SUMMARY

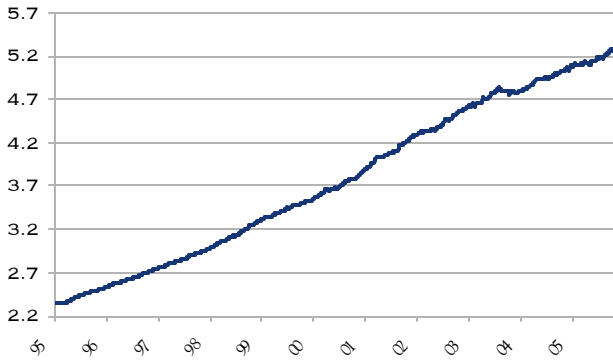
- Growth in consumer net worth and aggregated cash continue to support spending.
- Consumer and business confidence has rebounded as job growth accelerates.
- Partly due to strong productivity, inflation has not broken out despite increased commodity prices.
- Robust liquidity argues against interest rates rising to burdensome levels.
- Corporate profits continue to be strong.
- The stock market is well within its long-term trend of an 8-10% annual compounded returns.
- The S&P 500's P/E ratio is valued near its lowest point in more than ten years.
- Increased share repurchases, dividends, and acquisitions should provide support for the market.

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CONSUMER CASH SAVINGS
\$Trillions Weekly SA Nov 14: \$5.27



Source: Federal Reserve, Silvercrest

Consumers continue to add to cash savings, despite widespread perception that they are strapped.

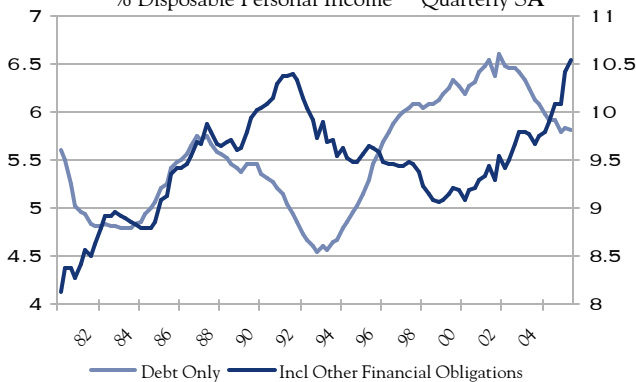
U.S. CONSUMER NET WORTH
\$Trillions Quarterly Q3 '05: \$50



Source: BEA, Dept. of Commerce, Silvercrest

Consumer net worth has doubled within the past ten years, which explains the willingness to spend.

HOUSEHOLD OBLIGATION RATIOS
% Disposable Personal Income Quarterly SA



Source: Federal Reserve, Silvercrest

As homeowners have added to mortgage debt, they have simultaneously reduced other debt obligations.

JOB GROWTH
3 Mo. MA Non-Farm Payroll Monthly Change

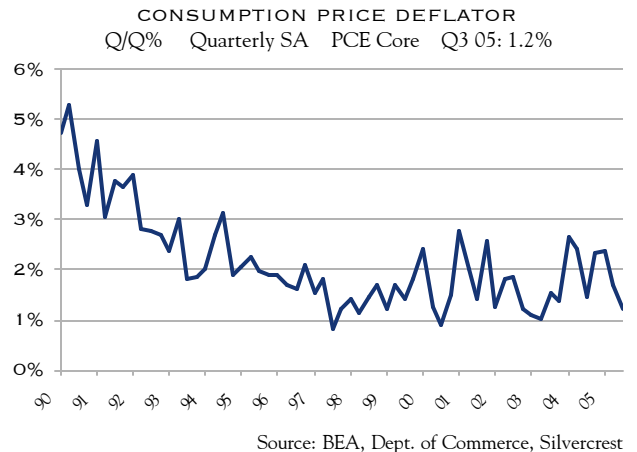
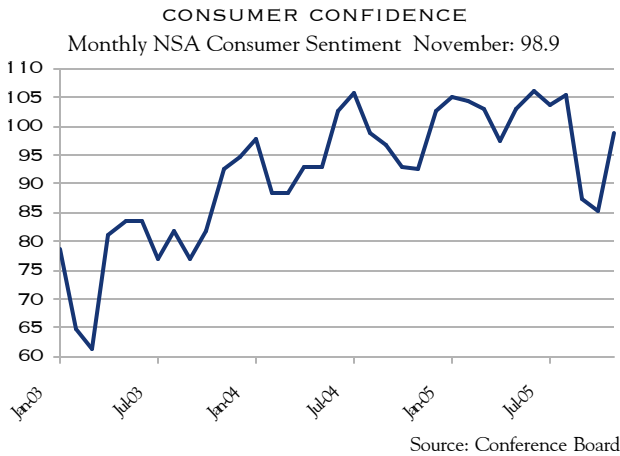


Source: BEA, Dept. of Commerce, Silvercrest

Job growth has been strong and explains, in part, the rebound in consumer confidence surveys. Monthly job creation is expected to average approx. 200,000 through 2006.

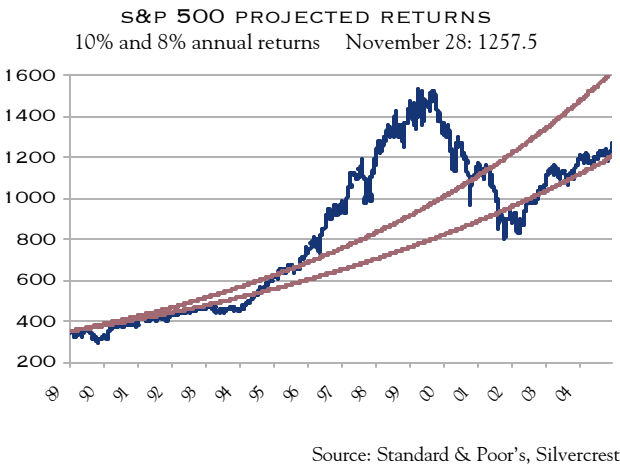


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After retreating early this year, consumer confidence has rebounded according to most recent surveys.

Despite the spike in oil prices and other commodities, inflation has not broken out. The Core Personal Consumption Price Deflator is the inflation index most relied upon by the Federal Reserve.



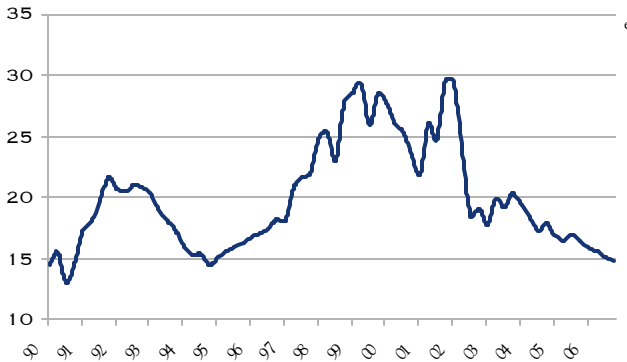
The market is well within its long-term trajectory of an 8%-10% annual return.

Corporate profits have nearly doubled since the last recession and have increased at a double-digit pace for nine straight quarters—only the third time this has happened in 55 years



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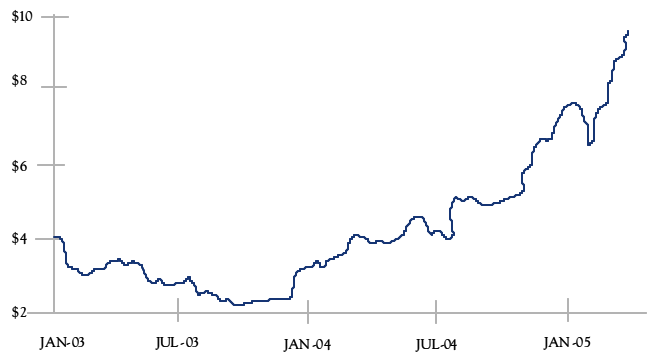
S&P 500 OPERATING P/E RATIO
Quarterly NTM Operating P/E Q3 05: 14.7



Source: Standard & Poor's, Silvercrest

The S&P 500's P/E ratio is valued near its lowest point in more than ten years, even without adjusting for today's lower interest rates.

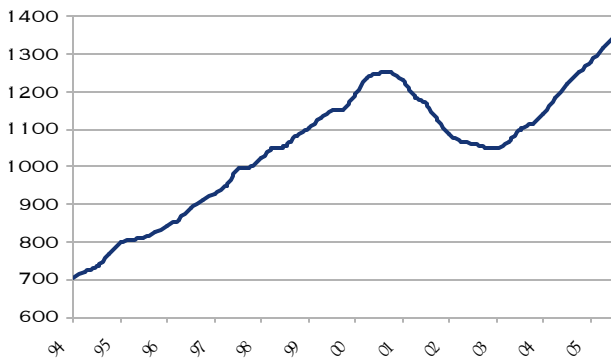
DOLLAR VALUE OF ANNOUNCED SHARE REPURCHASES
\$Billions 6-month moving avg.



Source: ISI

Companies are using their liquidity to repurchase shares, raise dividends and make acquisitions, each of which should provide support for the market.

CAPEX SPENDING
\$Billions Quarterly SAAR Q3 05: \$1349.3



Source: BEA, Dept of Commerce, Silvercrest

After lagging early in the current expansion, capital outlays are currently contributing significantly to economic growth.

PRODUCTIVITY
YoY% Quarterly SA Q3 05: 4.1%



Source: BEA, Dept of Commerce, Silvercrest

The U.S. productivity's relatively high rate keeps price pressures under control and supports continued economic growth.

