



SILVERCREST
ASSET MANAGEMENT GROUP

ECONOMIC & MARKET PERSPECTIVE

MAY 2005

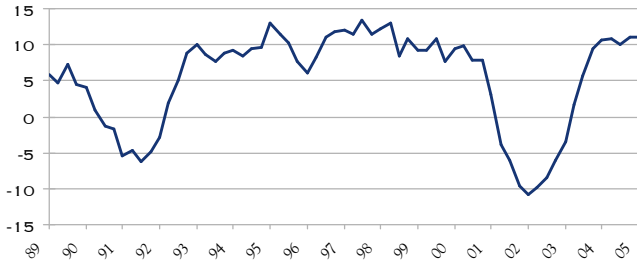
SUMMARY

- Capital outlays have rebounded and are now a key driver of the economy.
- Consumer spending is sustainable with accelerating real personal income and an increase in assets.
- Inflation remains within its normal range and the dollar has stabilized against the Euro.
- Rate of growth in government spending and total corporate debt have each decreased for two years.
- The stock market is well within its long-term trendline of 8-10% annual compounded appreciation.
- Given the market's relatively defensible valuation, we believe that its performance for all of 2005 may essentially mirror last year's action, when the key indices garnered returns in excess of 10% during the final quarter.



SILVERCREST ECONOMIC & MARKET PERSPECTIVE

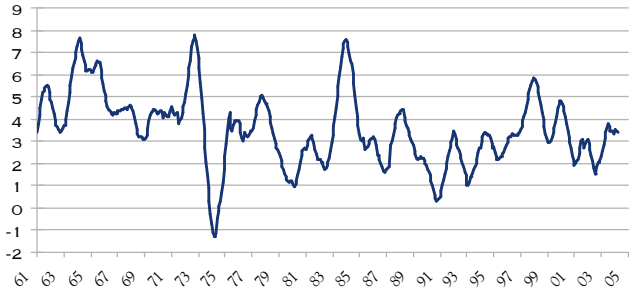
REAL CAPITAL SPENDING
%YoY Quarterly SA Q1 05: 11.1%



Source: BEA, Dept. of Commerce, Silvercrest

Capital spending has recently taken over as the most important driver of the U.S. economy, reversing the sharp decline sustained during the recession.

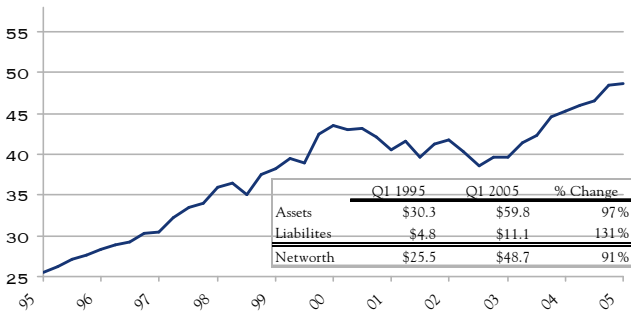
REAL PERSONAL INCOME
% YoY 12-month avg SAAR Q1 05: 3.4%



Source: BEA, Dept. of Commerce, Silvercrest

Recent acceleration in Real Personal Income explains, in part, the sustainability of consumer spending.

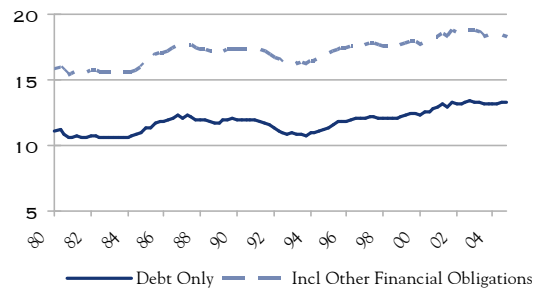
U.S. CONSUMER TOTAL ASSETS
\$Trillions Quarterly Q1 '05: \$48.7



Source: BEA, Dept. of Commerce, Silvercrest

Concerns related to consumer debt may be exaggerated given relatively strong balance sheets which reflect a substantial increase in net worth.

HOUSEHOLD DEBT SERVICE
% Disposable Personal Income (incl. mortgage) Quarterly SA Q4 04: 18.32%



Source: Federal Reserve, Silvercrest

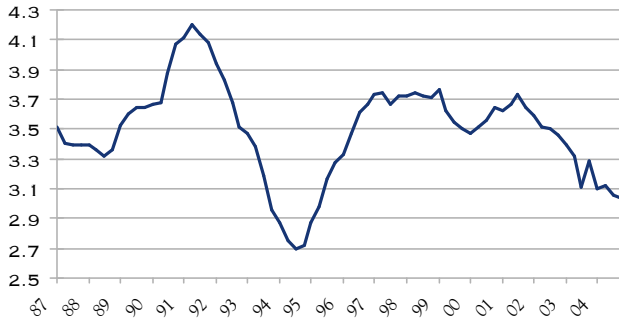
Household debt service as a percentage of disposable personal income remains near its historical range.



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CONSUMER DELINQUENCY RATES

% loans past due 30-days or more Quarterly, SA Q4 04: 3.03%

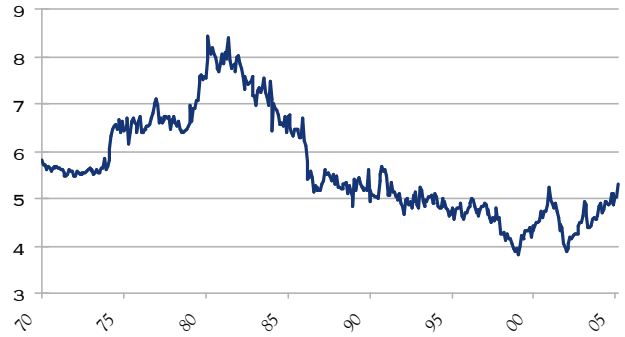


Source: Federal Reserve, Silvercrest

Consumer credit delinquency has declined due to solid employment, rising incomes and increases in asset values.

CONSUMER SPENDING ON ENERGY

% Personal Disposable Income Monthly Mar 05: 5.3%

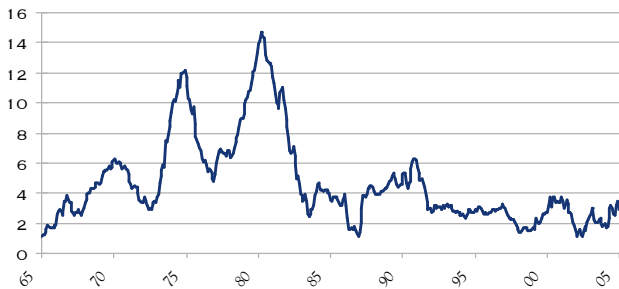


Source: BEA, Dept. of Commerce, Silvercrest

The portion of personal disposable income spent on energy is far from the peak experienced from 1975-1985.

U.S. CONSUMER PRICE INDEX

%YoY Monthly Mar 05: 3.1%

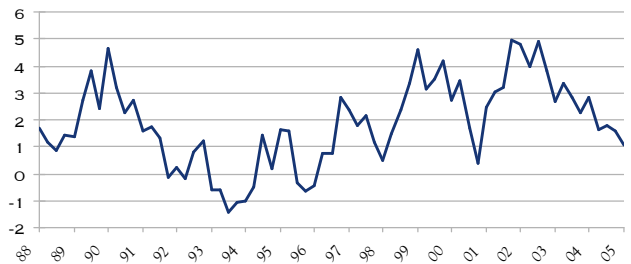


Source: BLS, Dept. of Labor, Silvercrest

Despite higher raw material costs, the Consumer Price Index is within the normal range of the past 15 years.

U.S. REAL GOVERNMENT SPENDING

%YoY Quarterly SAAR Q1 05: 1.1%



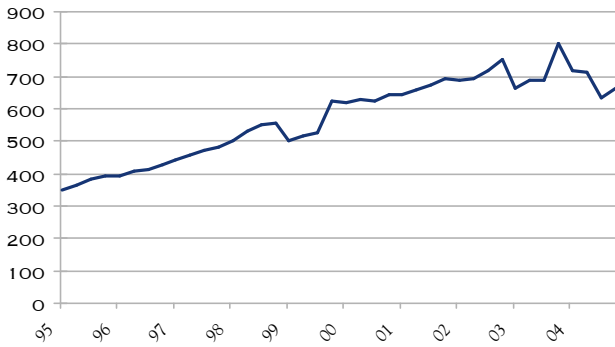
Source: BEA, Dept of Commerce, Silvercrest

The rate of growth in local and federal U.S. government spending has been declining for two years.



SILVERCREST ECONOMIC & MARKET PERSPECTIVE

S&P 500 TOTAL DEBT
1995 through 2004 Quarterly



Source: ISI

Total debt at the corporate level has declined for nearly two years. This is attributable to better financial management and strong free cash flows.

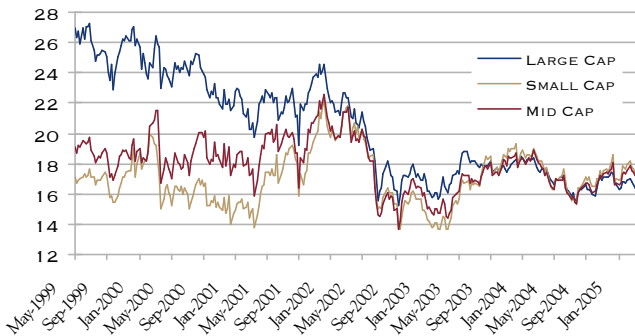
EURO/DOLLAR EXCHANGE RATE
April 2004 - May 2005 Daily May: 1.2845



Source: Pacific Exchange Rate Service, Silvercrest

The U.S. dollar is trading at about the same level as six months ago relative to the Euro. The same relationship exists with the Japanese Yen.

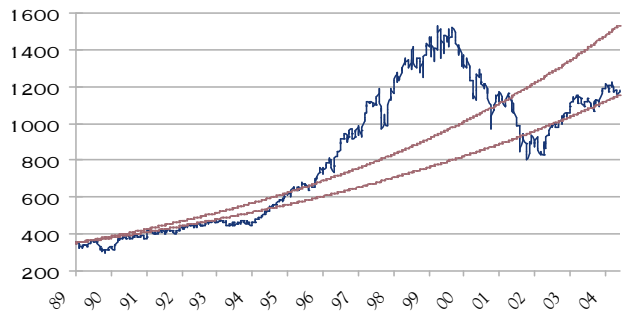
P/E RATIOS FOR CAPITALIZATIONS
S&P NTM P/E's May 1999 - May 2005 Weekly



Source: FactSet, Silvercrest

Over the past three years, the stock market has eliminated virtually all the valuation disparities among the various equity capitalization categories.

S&P 500 vs PROJECTED RETURNS
10% and 8% annual returns April: 1156.9



Source: Standard and Poors, Silvercrest

Unlike excessive valuation between 1995 and 2001, the stock market appears well within its long-term trendline of 8-10% compounded annual appreciation.

