

August 28, 2007

As you are aware, the past few weeks have shown great turbulence in the markets. First, we experienced a period of euphoria surrounding the market hitting 14,000. With a string of new highs since the beginning of the year, and burgeoning signs of a strengthening economy, investors have been enjoying robust returns. These last two weeks, the market took a short but decidedly pronounced trip down, as if to remind us that the market travels in two directions: up AND down.

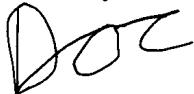
So what is to blame for this sudden turn-around in market direction? As always, it's never one thing. One factor that is receiving more and more attention by the day is the subprime mortgage market. A subprime mortgage is generally characterized as a loan to borrowers who have tarnished credit profiles. As defaults on these loans increase, and the credit rating and strong fundamentals deteriorate, there is a scramble to rid portfolios of these securities.

The end result of the subprime market decline is unknown at this time. We cannot predict the final effect it will have on lenders, corporations and the market. Direct exposure to subprime mortgages in SEI portfolios is minimal. This does not mean, however, that SEI's strategies will not experience the effects of the pricing dislocation in the market caused by the recent subprime upheaval. However, all of SEI's managers are working hard to take advantage of the opportunities presented by current market conditions. Some managers actually benefit from declining markets. Others benefit from increases in volatility. Some fixed income managers are taking advantage of the subprime fallout by increasing positions in the higher quality area of that market.

When the market experiences these drastic ups and downs, it is important to remember the significance of the investment philosophy we employ. While we continue to stay in tune with market trends and maintain our active approach to the markets, more importantly we seek to examine how the market is helping you to achieve your long-term goals. Likewise, you should be reflective of what you are trying to accomplish and remember that your investments are being managed in a way to help you achieve those goals.

If you have comments or wish to discuss this in further detail, please contact us.

Sincerely,



Daniel O. Corrigan



Mark D. Wickman