

DEAN CHASE GLOBAL VALUE, LLC

Fourth Quarter 2007

www.dcglobalvalue.com



DEAN CHASE
GLOBAL VALUE

INTERNATIONAL EQUITY PRODUCT

A Closer Look at Dean Chase Global Value, LLC

Dean Chase Global Value, LLC is an investment advisory firm, rooted in the traditions of the Graham & Dodd discipline, founded to manage assets for employee benefit plans, public entities, endowments, foundations, Taft-Hartley and high net worth individuals via separate accounts, pooled trusts and sub-advisory vehicles.

Portfolio Manager: Al Polit, CFA

Product Overview

Dean Chase utilizes an absolute value, Graham & Dodd, bottom-up stock selection process to the international markets. The universe includes foreign stocks with a market capitalization over US \$1 billion. The portfolio tends to purchase unloved and out of favor companies that are temporarily mispriced by the marketplace, yet have absolute determinable value. Dean Chase believes that the temporary disparity that exists between the price of a stock and the true worth of the business will close over time creating a profit for the investor. Strict buy and sell disciplines are adhered to by applying a margin of safety.

The portfolio characteristics tend to exhibit stocks with low price-earnings, low price-book, and low price-cash flow valuation ratios. High dividend yields are simply a by-product of the investment process. Dean Chase has a bias for companies with conservative capital structures. Turnover tends to be low and holding periods are typically three to five years.

For More Information:

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Top Three Country Weightings

Japan	29.26%
United Kingdom	23.49%
France	15.77%

Top Three Industry Weightings

Diversified Telecom. Services	21.05%
Pharmaceuticals	13.06%
Media	10.11%

Top Three Sector Weightings

Telecommunication Services	24.04%
Information Technology	21.41%
Consumer Discretionary	16.86%

Market Capitalization Weightings

Large-Cap (>\$5bn)	77.97%
Mid-Cap (\$1-5bn)	19.95%

Portfolio Characteristics

* Ending December 31, 2007

	Dean Chase Portfolio
Price/Earnings Ratio	13.71x
Price/Book Ratio	1.53x
Price/Cash Flow Ratio	6.22x
Dividend Yield	2.66%
Market Cap (mm) (weighted)	\$40,836
Market Cap (mm) (average)	\$28,065

Regional Weightings

Europe	55.06%
Asia/Pacific/Latin America	36.27%
North America	7.19%
Developed Markets	91.51%
Emerging Markets	7.01%

Emerging Manager Status

Studies have shown that smaller managers such as Dean Chase have more flexibility in portfolio management and trading implementation relative to larger investment management organizations.

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The MSCI EAFE Index is an unmanaged index consisting of securities listed on exchanges in European, Australasian and Far Eastern markets and includes dividends net of foreign withholding taxes and distributions, but does not reflect fees, brokerage commissions or other expenses of investing.

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The Dean Chase investment process utilizes a strict fundamental, bottom-up, absolute-value approach to stock selection and any reference in this commentary to investments in certain sectors, industries, countries, and the like, is solely a by-product of that discipline. Additional information on the performance results of our products is available upon request.

PORTFOLIO SUMMARY

The markets continue to punish companies lacking short-term earnings regardless of their long-term fundamentals and attractive valuations. Fear is dominating this market creating tremendous investment opportunities for patient and disciplined investors like Dean Chase. To quote Benjamin Graham, "...the investor who permits himself to be stampeded or unduly worried by unjustified market declines in his holdings is perversely transforming his basic advantage into a basic disadvantage. That man would be better off if his stocks had no market quotation at all, for he would then be spared the mental anguish caused by other persons' mistakes of judgment." The prevailing anxiety in this market would lead Graham to conclude once again that "...we have made practically no progress at all, and that is in human nature." Our portfolio companies are generally those undergoing corporate restructurings or where management has not delivered on turnaround promises thus making them unpopular investment choices in this environment. Yet, based strictly on internal estimates of intrinsic value, we feel we are well positioned to generate substantial long-term capital appreciation.

During the quarter, we sold select positions having reached our estimates of intrinsic value across various industries including food products, leisure equipment & products, and textiles, apparel & luxury goods, and re-invested the proceeds in companies offering significant capital appreciation potential in the media and insurance industries, as well as the information technology sector. The information technology sector now represents 21% of the representative portfolio versus a weighting of only 6% in the MSCI EAFE Index (EAFE) providing some insight into where we believe a meaningful part of our long-term alpha-generation is expected to come from. We are very comfortable with our companies in the communications equipment and semiconductors and semiconductor equipment industries, currently under extreme market pressures because of the markets fixation over delayed carrier spending, overcapacity, and fears of an economic slowdown. Our well-documented zero exposure to energy and very minimal allocation to the industrials, materials, and utilities sectors on valuation concerns generated unfavorable relative results as combined they comprise approximately 35% of EAFE and were all strong performers for 2007. Canada, which is excluded from EAFE, had a negative impact on performance mainly due to the markets continued impatience with our restructuring stories, adverse currency effects, and select company-specific events. However, Japan, on a U.S. dollar basis, was performance enhancing largely because of a stronger yen stemming from increased risk aversion and a reversal of the carry trade. As our investment style tends to be contrarian, it should come as no surprise that Japan, being one of the worst performing developed markets for 2007, continues to be our largest country weight at 29% versus 21% for EAFE. Select holdings in the telecommunication services sector performed exceptionally well this quarter as some positions experienced stronger than expected operating results. The portfolios had a positive relative benefit from the continued strength in emerging markets, specifically our interests in South Korea.

MARKET RECAP

The critical and central focus missing from today's market is in determining what a company can reasonably earn. Based on our findings, it would be fair to say that the deeper the value portfolio for a particular money manager, the worse his 2007 performance. Put another way, the cheaper the portfolio, the more negative the performance. Under current market conditions, true deep-value managers, such as Dean Chase, should have underperformed the main indices by a wide margin this year, and any manager claiming to utilize Benjamin's Graham approach and having outperformed, in our opinion, has likely engaged in style drift. Being benchmark-unaware, we are thus more likely to experience temporary periods of significant under- and over-performance. In order to beat the averages and generate superior performance, investment policies are bound to be unpopular over the short-term. And, being a low turnover portfolio, performance results need to be judged over long periods of time, not quarter-quarter or year-year. Our style of investing is time-tested and, in our opinion, is a superior way to build wealth over the long-term.

We continue to feel very strongly that in certain sectors, such as energy, industrials, materials, and utilities, value opportunities are lacking, and in some cases are non-existent. Using history as a guide and assessing the long-run profitability of companies via our bottom-up approach to investing has prevented us from having any meaningful weights to those sectors. The markets desire to buy what continues to work and sell what hasn't, such as select names in information technology, makes the potential reward for manag-

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ers like Dean Chase that much more attractive.

The wide performance spreads between value vs. growth, large-cap vs. mid/small-caps, and developed vs. emerging markets were evident once again this quarter ending the year much wider. In support, the MSCI EAFE Growth Index outperformed the MSCI EAFE Value Index by 302 basis points this quarter and an astonishing 1,049 basis points for the entire year. For the quarter, the MSCI EAFE Mid-Cap and Small-Cap indices underperformed the Large-Cap index by 437 and 402 basis points, respectively. And, within the Mid, Small, and Large-Cap indices, there is quantifiable evidence that growth well out-distanced value. Developing equity markets also performed exceptionally well surpassing most developed markets.

The U.S. dollar, despite its safe haven status, continued its steady decline against most developed and emerging market currencies during the quarter aided by expectations that the Fed will continue to cut interest rates and speculation that the Gulf states may de-peg their currencies. The European euro, British pound, and Japanese yen appreciated 10.9%, 1.7%, and 6.7%, respectively, against the greenback for the calendar year. Increased risk aversion and de-leveraging pushed the yen 2.9% higher to ¥112.35 for the quarter, and, since the New Year, the yen has continued to gain strength. Demand for their vast natural resources pushed the Canadian, Australian, Norwegian, and Brazilian currencies higher for the year relative to the greenback by 17.9%, 11.4%, 14.7%, and 20.0%, respectively.

In local currency terms, the best performing developed and developing equity markets for 2007 were Hong Kong and Peru advancing 41.6% and 90.4%, respectively. If the U.S. currency is factored, Finland topped the developed market list. Ireland was the worst developed equity market for 2007 losing 20.1% given its heavy index weighting to financials. Surprisingly, most emerging equity markets continued their strong runs in the fourth quarter with the BRIC's alone advancing 9.4% in dollar terms, and some overly-optimistic economists arguing that their economies have decoupled from developed markets and can continue to grow despite a slowdown in developed regions. For the year and in U.S. dollars, the MSCI EAFE, MSCI ACWI x-USA, and MSCI EM indices gained 11.2%, 16.7%, and 39.4%, respectively.

NORTH AMERICA

Tighter lending conditions instigated by problem loans in U.S. sub-prime housing continue to create havoc in the mortgage markets as borrowers face increased difficulties accessing credit increasing the number of foreclosures and worsening the housing glut pushing home prices down even further. Holders of mortgage-related debt, including commercial/investment banks and the two government-sponsored entities Freddie Mac and Fannie Mae, have been forced to mark-to-market their paper using currently depressed market prices under pressure from their accountants leading to massive accounting losses raising fears of bank insolvency. To make matters worse, the specialist insurers that provide guarantees to lenders and investors are also stressed being pressured by the rating agencies as they diversified away from their boring business models insuring municipal bonds and dove into the world of complex structured finance credit involving mortgage-related instruments raising fears that the sizable extent of potential losses on such guarantees could leave them with insufficient claims-paying capital. Desperate to shore up their balance sheets to minimize fears and/or meet regulatory capital, many financial institutions raised expensive capital during the quarter.

The interbank lending markets continued to show some stress during the quarter with banks reluctant to lend to one another over a combination of counterparty risks and/or desire to hoard cash to strengthen their own balance sheets. Interestingly, high-grade corporate paper now has a higher risk premium relative to Treasuries than before the credit crisis began, but absolute yields overall are lower thanks to the interest rate cuts by the Fed. The same, however, cannot be said for speculative-grade corporate paper with yields trading much higher. Evidence of tight conditions are creeping up in consumer credit, and student and car loans – all showing increased delinquencies. The flight to safety has forced massive money into money market funds and pushed short-term Treasury yields to levels which barely provide real positive rates of return.

At the time of this writing, the unemployment rate jumped to 5.0%, much more than expected, as manufacturing, retailing, and construction companies continued to shed jobs fueling recessionary fears and pushing equity prices down considerably since the New Year. Bond yields also dropped upon expectations the Fed will be forced to cut rates at the end of January.

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EUROPE

The European Central Bank (ECB), clearly frustrated with the stresses of the interbank lending markets, made the unprecedented move of pledging to offer unlimited liquidity below current market rates at its main policy rate of 4% for two week terms to ease the tensions around year-end funding demands. Despite the economic slowdown, evidence of rising inflation due to persistently high food and energy prices and already low rates makes it unlikely the ECB will loosen monetary policy. The newly imposed minimum wage of 9.80 euros per hour for Germany's postal workers and likelihood that the same will be implemented nationally is sure to create fresh inflation concerns at the ECB. And, in what will only work against the French consumer over the long-run as companies become less willing to operate in such a hostile environment, French President Sarkozy has tried to minimize the impact of higher prices in France using populist emerging market tactics calling on large retailers to drop prices and lift employment wages.

In addition to providing support to the interbank lending markets, the Bank of England (BOE) also lowered rates during the quarter by 25 basis points to 5.5% citing fresh evidence that economic growth is slowing. The latest benign consumer price inflation data and weak U.K. housing market also suggests that the BOE may be willing to loosen monetary policy further in early 2008. This pushed the pound lower 2.3% against the U.S. dollar for the quarter, and has depreciated another 2% since the New Year.

ASIA

The Bank of Japan (BOJ) basic premise that a tighter labor market will lead to increased wage demands forcing domestic consumption and consumer prices higher has been put into doubt with the rise in the Japanese unemployment rate thus tying the BOJ's hands in raising rates anytime soon. Inflation, while turning positive, is mostly due to higher oil prices. The yen strength has also placed renewed pressures on Japanese exporters. Housing starts are also down significantly as new government regulations lengthen the approval process.

The Chinese government continues to implement measures to slow its growing economy, including raising the reserve requirement at banks to 14.5%, tightening monetary policy, and toughening environmental regulations. But, pressure to revalue the currency is increasingly coming from within as estimates are that two-thirds of China's currency reserves sit in U.S. dollars, and with U.S. short-term rates at 4.25% versus China's deposit rates at 4.14%, the sterilization process whereby the central bank buys dollars flowing into the country in return for Chinese-denominated bills could become a loss maker should spreads tighten further or go negative.

In Russia, price controls were temporarily implemented on basic goods like dairy, milk, eggs, and bread through the end of the year ahead of parliamentary elections to boost Putin's popularity.