



Merrill Lynch



**Gainesville General
Employees' Pension Fund**
September 30, 1998 Summary Report

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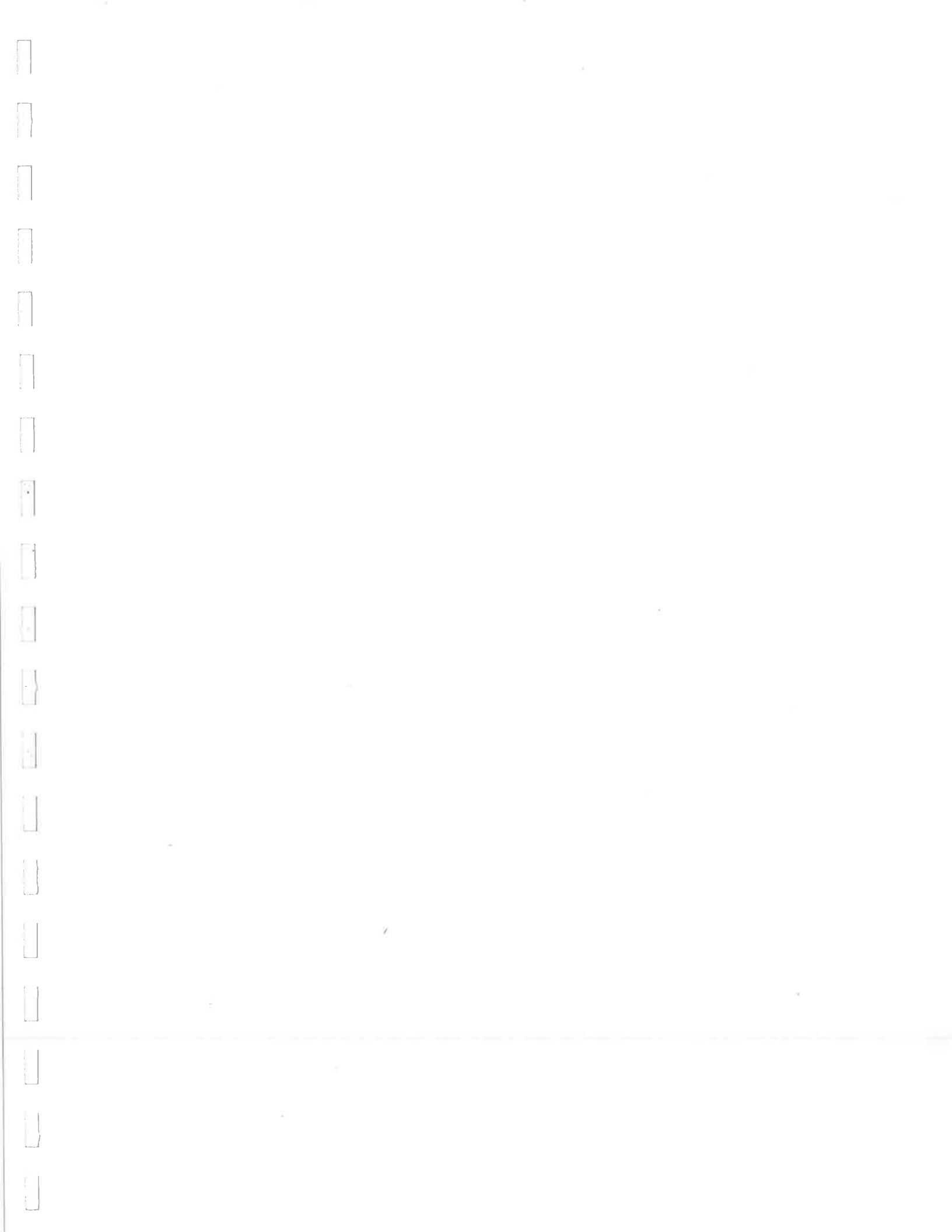
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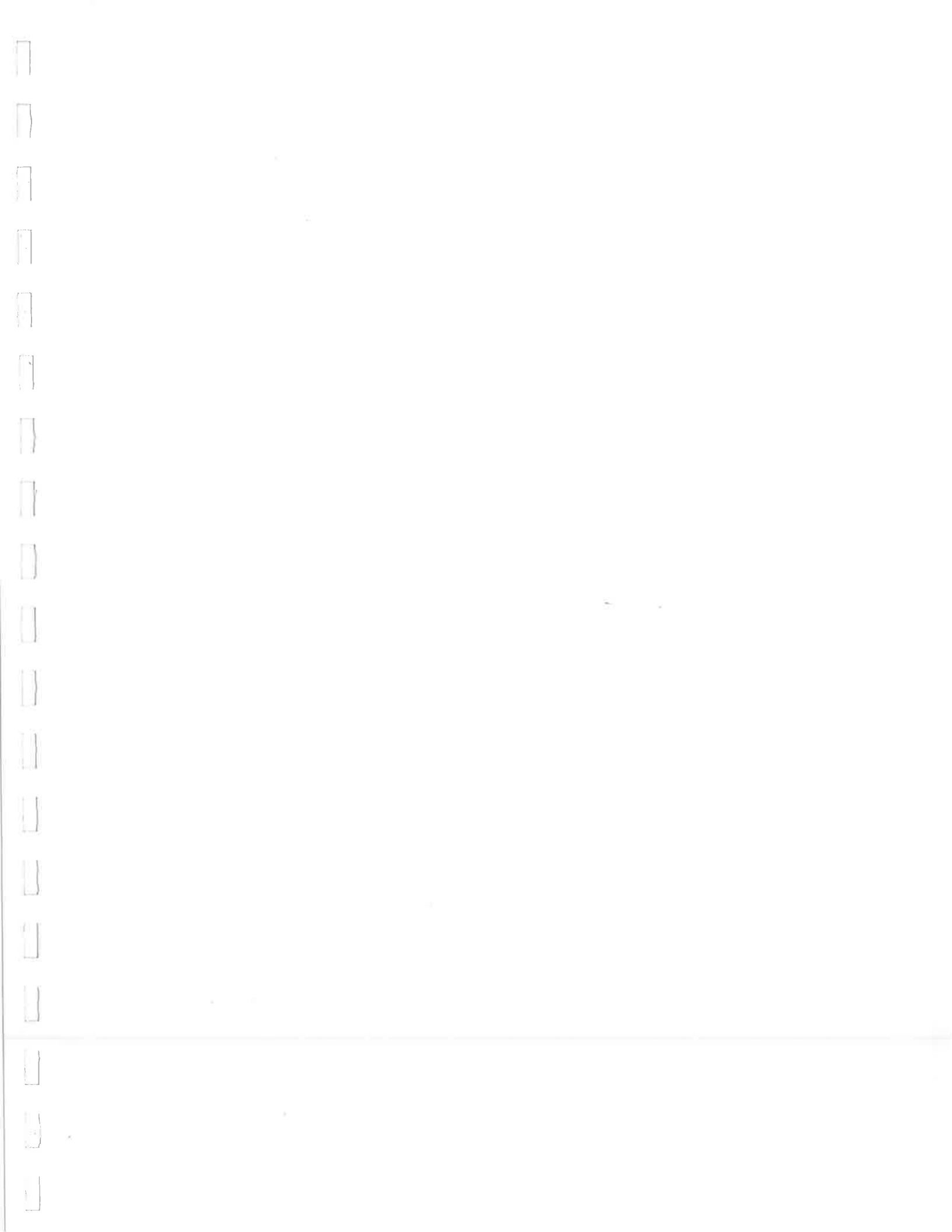
November 20, 1998

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Gainesville General Employees' Pension Fund

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Total Portfolio Summary

Gainesville General Employees' Pension Fund

QUARTER

- ◆ As of September 30, 1998, your fund had a total market value of \$117,150,930. For the quarter ended September 30th, the total fund earned -\$15,501,100 and paid out net distributions of \$4,300,000 for a net decrease in the value of the fund of \$19,801,100.
- ◆ On September 30th, your fund was 65.5% invested in equities, down from 69.6% at the end of last quarter. The balance of the fund was 32.3% in bonds and 2.1% in cash and equivalents. Your allocation to equities is much more aggressive than the median fund in our sample which had 49.2% of its total assets invested in equities.
- ◆ For the quarter ended September 30th, your total fund returned -11.3% ranking in the **Bottom 1%** of the sample. Investor sentiment deteriorated sharply during the September quarter, as even the largest, most sought after companies came under pressure. Pre-announcements of third quarter earnings were repeated on the downside. The multitude of corporate stumblings was compounded by spreading global fears, as Russia unexpectedly devalued the ruble and defaulted on its debt. After hitting a high point in mid-July, stocks began a sharp and broad decline. The S&P 500, a proxy for large caps declined -9.9%, while the Russell 2000 small stocks index fell -20.1%. In the growth and value styles, growth stocks produced better returns than value stocks in the large cap ranges. Value stocks performed better in the mid cap and small cap companies.
- ◆ The bond market continued to strengthen in the September quarter as yields dropped steadily. Much of the strength was focused in Treasury bonds which remained the sanctuary of choice for investors seeking safety and liquidity. The overall

bond market as proxied by the Merrill Lynch Domestic Master, returned 4.5%.

- ◆ Your fund vastly underperformed the 60/10/30 target index of -6.7% due to severe underperformance in the equity portfolio of -18.7% vs. -11.2% for the Russell 3000. This quarter, the DGI small cap portfolio again performed poorly relative to the small cap indexes and other equity portfolios. DGI's return of -25.0% compared unfavorably to the Russell 2000 of -20.1%, and plunged even more than the Russell 2000 Growth index of -22.4%. This downturn, coupled with the new contribution given to DGI at the beginning of the quarter, had a tremendous impact on your total portfolio return. Your large cap equity managers, STI and Pilgrim Baxter failed to cushion the decline, each down more than the S&P 500 of -9.9% earning -12.2% and -17.1% respectively. The Scudder international equity portfolio was down more than the EAFE of -14.2% with a -15.5% return.
- ◆ On the bond side, the broad Richmond portfolio returned 5.1%, while the intermediate Mississippi Valley portfolio posted 4.3%. Combined, your fixed income return of 4.8% beat the target 50/50 blend of benchmark bond indexes by 0.2%.



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Total Portfolio Summary

Gainesville General Employees' Pension Fund

ONE YEAR

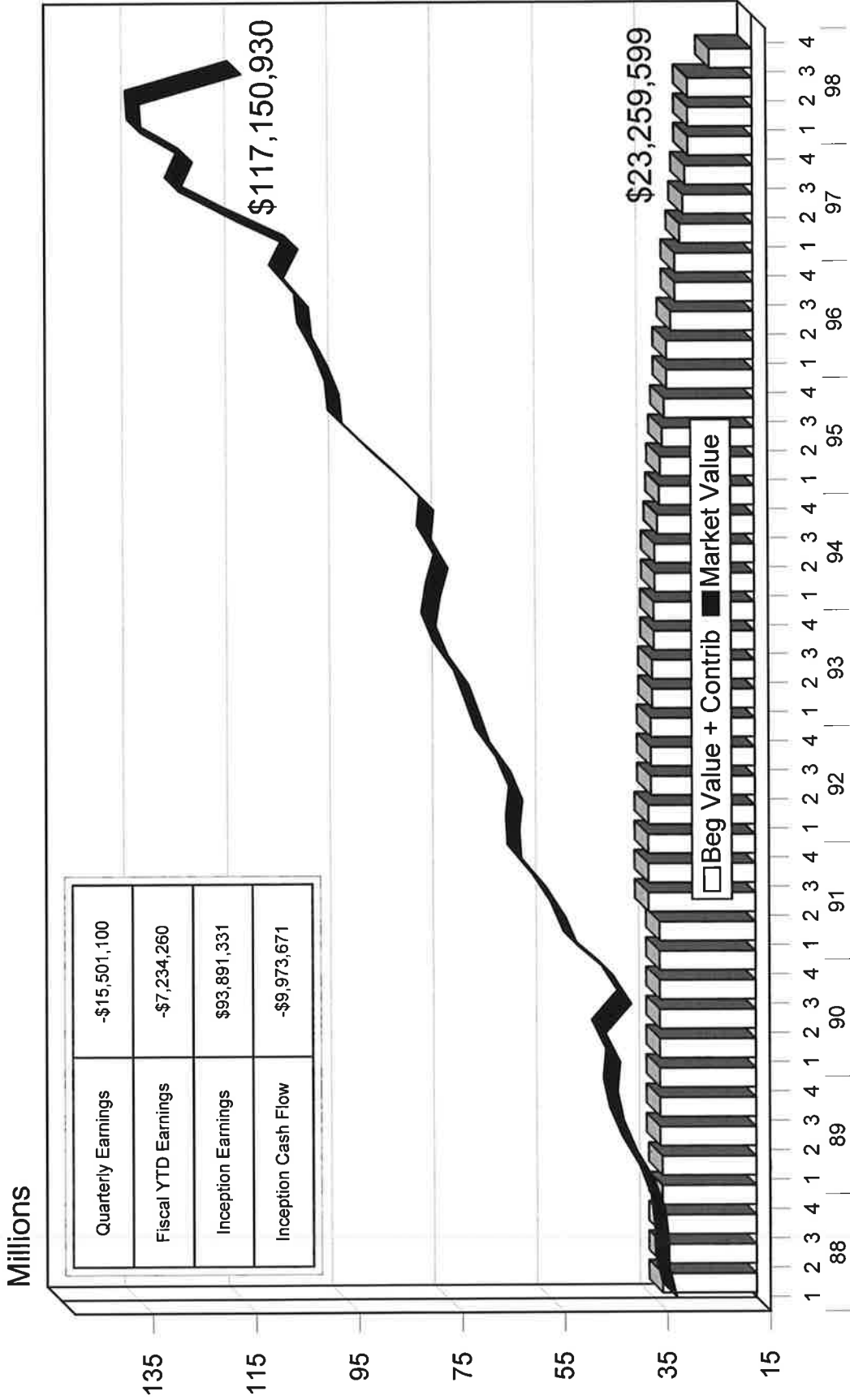
- ◆ For the year ended September 30th, your total return of -5.6% ranked in the **Bottom 4%**. The target index returned 6.1% over the period. Your variance from the target is primarily attributable to the sharp decline in the value of the DGI portfolio, coupled with the size of this portfolio in the overall manager structure. The Pilgrim Baxter portfolio also lost ground for the year. STI's large cap growth portfolio was successful with a 7.1% return for the year.
- ◆ The composite bond portfolio earned 12.4%, 0.8% in excess of the bond portfolio target.

LONG TERM

- ◆ Longer term your total portfolio shows the impact of the DGI portfolio. The three-year annualized return of 9.1% ranked poorly and trailed the target index by 7.1%. In this period, your equity portfolio lagged the Russell 3000 by a wide margin.
- ◆ Over the four and five year periods, your investment performance now ranks below average due to the significant underperformance in the last year. Your annualized return of 12.4% over the last six years underperformed the target index of 14.3%, but ranked in the **Top 39%**. While, your six-year equity performance is weak, your aggressive allocation to stocks allowed the total portfolio to achieve an above average return.

Total Portfolio Growth vs. Net Contributions

Gainesville General Employees' Pension Fund

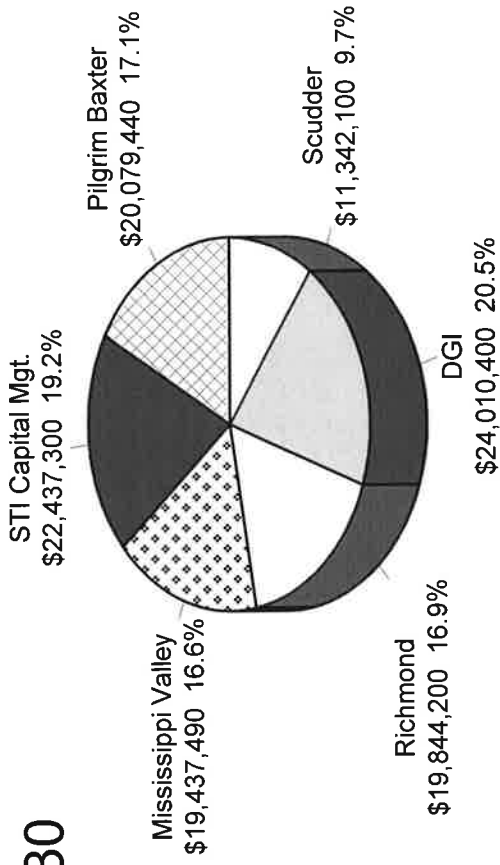
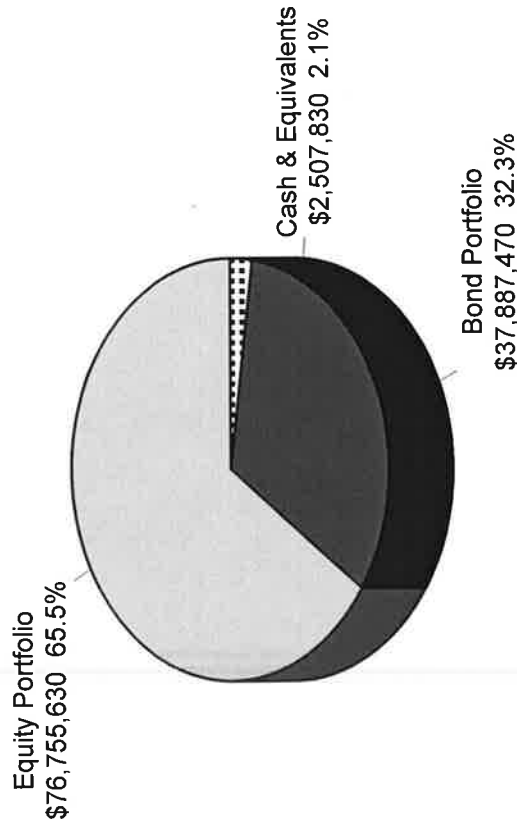


Asset Allocation / Manager Allocation

Gainesville General Employees' Pension Fund

Total Market Value
\$117,150,930

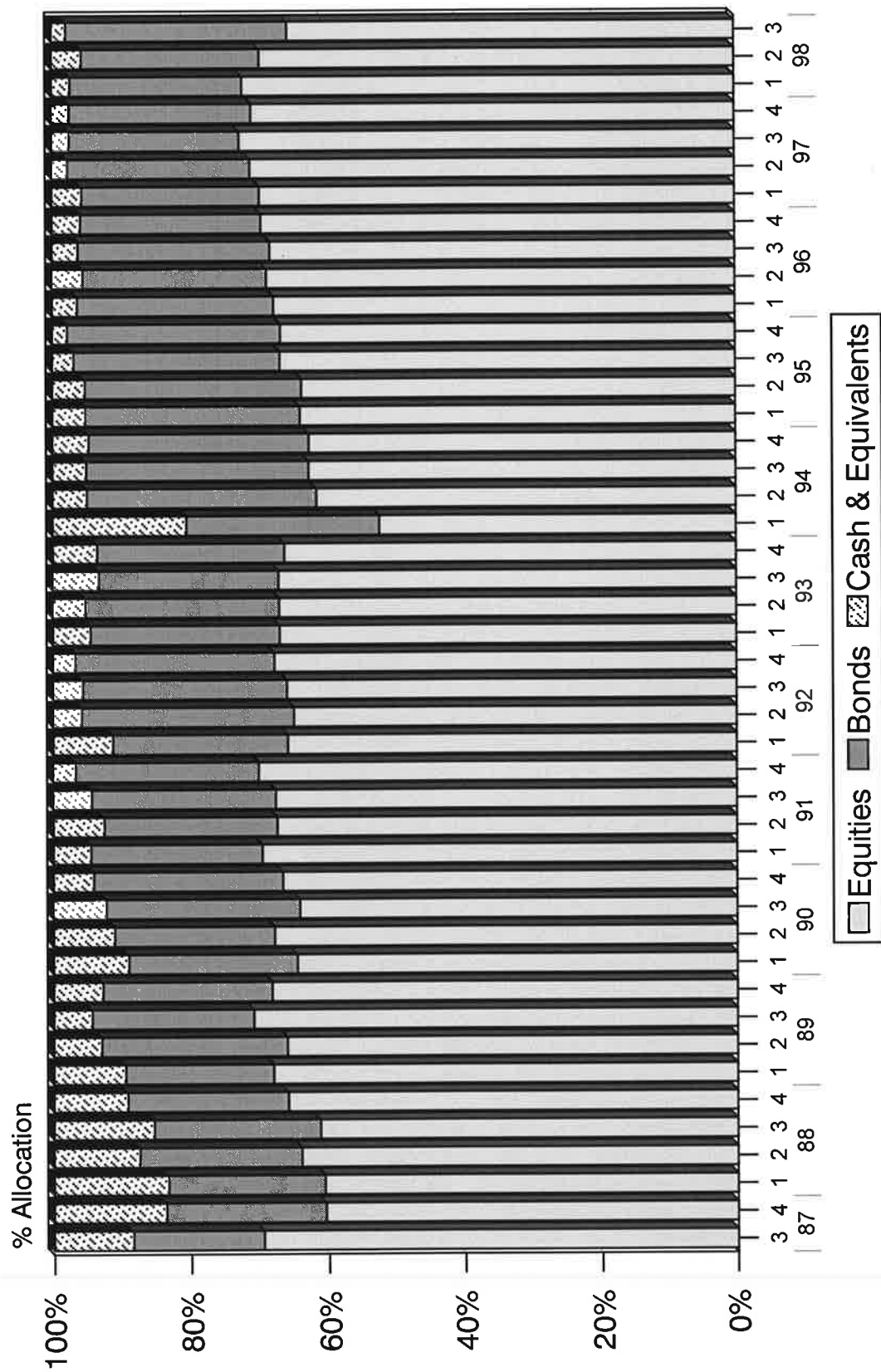
Operating Account = \$1,456,367



as of September 30, 1998

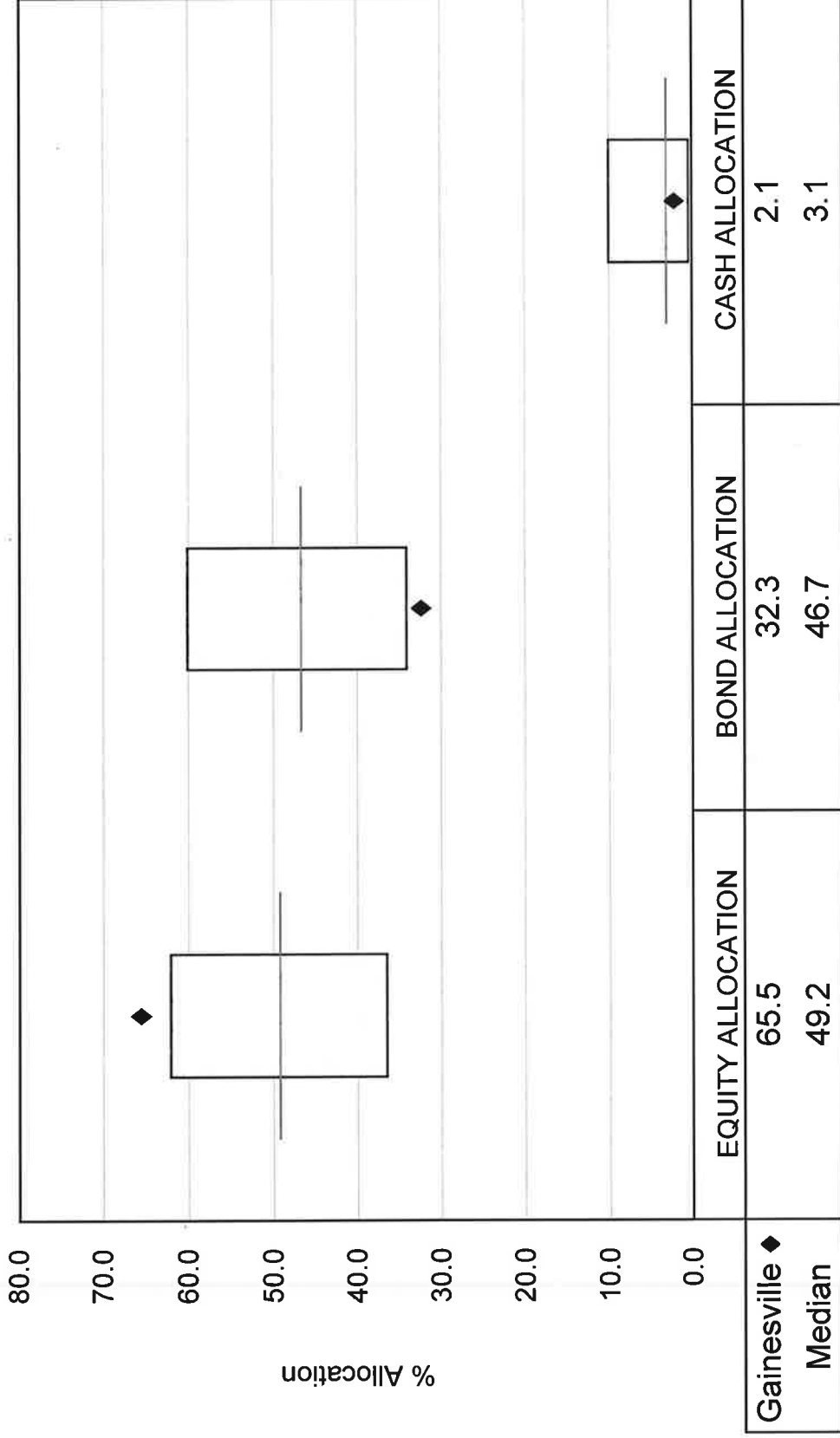
Asset Allocation History

Gainesville General Employees' Pension Fund



Asset Allocation Comparison

Gainesville General Employees' Pension Fund



Quarter Ended September 30, 1998

Performance Summary

Gainesville General Employees' Pension Fund

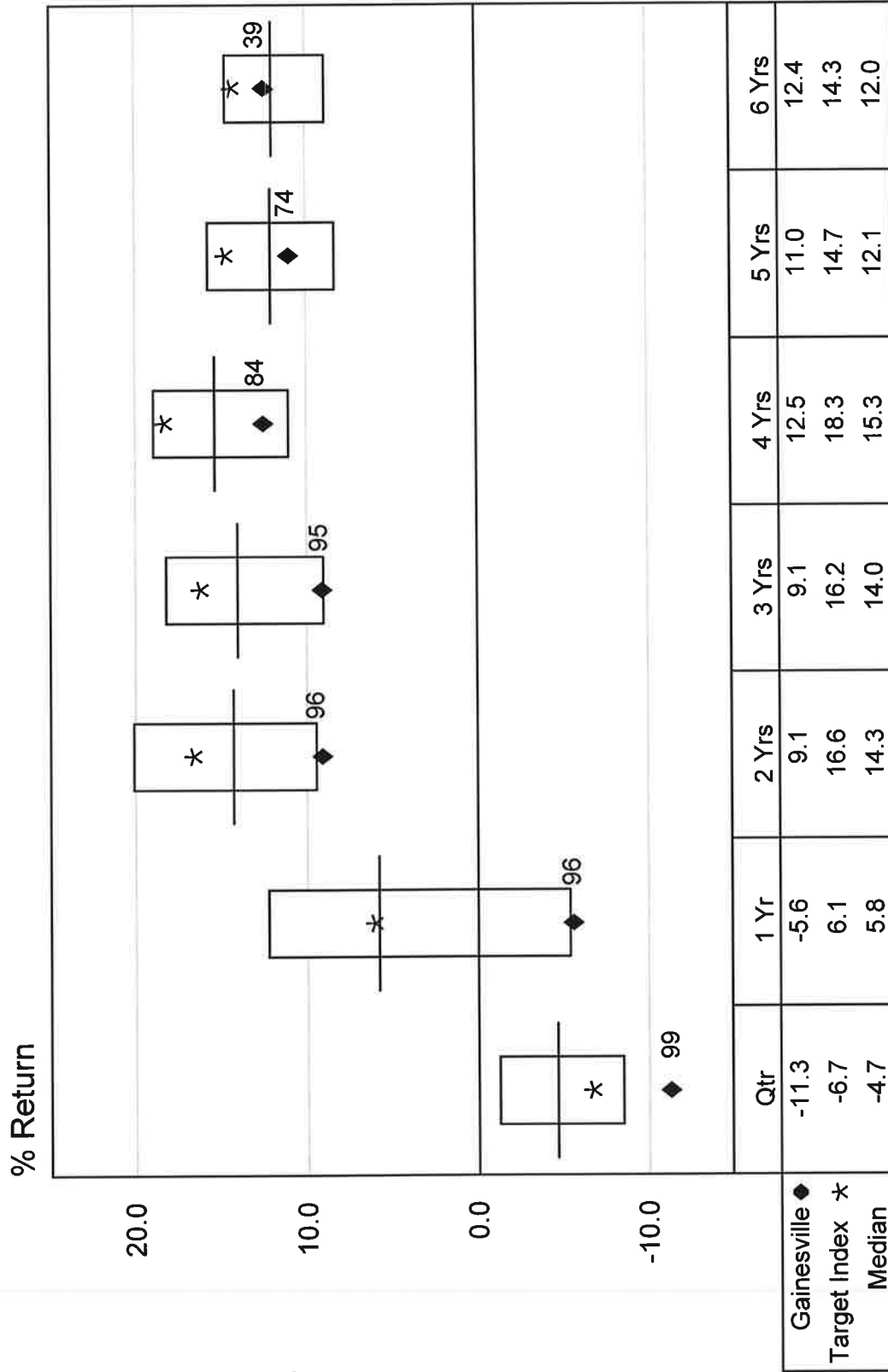
Periods Ended September 30, 1998

	Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years
Total Fund	-11.3% (99)	-5.6% (96)	9.1% (96)	9.1% (95)	12.5% (84)	11.0% (74)	12.4% (39)
Target Index*	-6.7% (82)	6.1% (49)	16.6% (27)	16.2% (18)	18.3% (9)	14.7% (9)	14.3% (7)
Profile Index **	-7.6% (88)	3.2% (69)	14.1% (58)	13.6% (56)	15.3% (50)	12.6% (40)	13.5% (16)
Equity Portfolio	-18.7% (85)	-13.7% (85)	7.6% (87)	8.8% (92)	13.5% (92)	12.4% (91)	14.4% (78)
S&P 500	-9.9% (22)	9.0% (20)	23.8% (17)	22.6% (20)	24.3% (22)	19.9% (19)	18.7% (20)
Russell 2000	-20.1% (91)	-19.0% (92)	3.9% (91)	6.9% (94)	10.8% (96)	9.1% (96)	12.8% (94)
Russell 3000	-11.2% (34)	4.6% (31)	20.4% (31)	20.0% (31)	22.2% (33)	18.0% (30)	17.8% (32)
EAFE	-14.2%	-8.1%	1.7%	4.1%	4.5%	5.6%	8.9%
Bond Portfolio	4.8% (43)	12.4% (39)	10.7% (45)	8.7% (39)	9.7% (49)	7.4% (25)	7.9% (30)
50/50 Bond Target	4.6% (51)	11.6% (52)	10.3% (56)	8.4% (54)	9.5% (57)	6.9% (57)	7.4% (57)
ML Govt/Corp	4.8% (42)	12.8% (33)	11.2% (34)	8.9% (30)	10.2% (31)	7.2% (35)	7.9% (28)
ML 1 to 10 G/C	4.4% (58)	10.4% (72)	9.3% (79)	7.9% (72)	8.8% (77)	6.6% (74)	6.9% (83)
T-Bills	1.3% (98)	5.4% (98)	5.3% (99)	5.3% (99)	5.4% (99)	5.1% (99)	4.8% (99)

*Target Index = Currently 60.0% Russell 3000+ 10% EAFE + 30.0% Merrill Lynch Govt/Corp Bond Index
 ** Profile Index = 20% Russell 2000 + 36% S&P 500 + 10% EAFE + 17% ML Govt/Corp + 17% ML 1 to 10 Govt/Corp

Distribution of Balanced Portfolio Returns

Gainesville General Employees' Pension Fund



periods ended September 30, 1998

Investment Manager Review

Gainesville General Employees' Pension Fund

Periods Ended September 30, 1998

	Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years
Total Fund	-11.3%	(99) -5.6%	(96) 9.1%	(96) 9.1%	(95) 12.5%	(84) 11.0%	(74) 12.4%
DGI	-25.0%	(97) -32.9%	(99) -5.1%	(99) -2.9%	(99) 7.3%	(94) 8.3%	(84) 13.2%
Russell 2000	-20.1%	(90) -19.0%	(89) 3.9%	(86) 6.9%	(86) 10.8%	(85) 9.1%	(90) 12.8%
Russell 2000 Growth	-22.4%	(94) -24.8%	(95) -3.7%	(96) 1.5%	(99) 7.6%	(94) 6.2%	(99) 9.7%
STI Capital Mgt.	-12.2%	(42) 7.1%	(22) 20.6%	(26) 20.9%	(20) 20.7%	(32) 17.6%	(27) 16.1%
S&P/BARRA Growth	-7.2%	(7) 18.2%	(1) 29.3%	(3) 26.8%	(2) 28.0%	(2) 23.5%	(1) 19.9%
Pilgrim Baxter	-17.1%	(78) -7.3%	(67) 12.5%	(62) 13.2%	(69) 16.1%	(67) 13.2%	(77) 13.8%
S&P/BARRA Value	-12.9%	(48) -0.2%	(43) 17.9%	(37) 18.1%	(38) 20.4%	(33) 16.2%	(42) 17.2%
Scudder	-15.5%	(47) -10.8%	(43) 4.5%	(31) 7.5%	(27) 8.1%	(24) 5.6%	(49) 8.9%
EAFE	-14.2%	(35) -8.1%	(33) 1.7%	(43) 4.1%	(45) 4.5%	(43) 5.6%	(49) 8.9%
Mississippi Valley	4.3%	(44) 10.6%	(49) 9.3%	(60) 7.8%	(67) 8.5%	(73) 6.6%	(75) 6.9%
ML 1 to 10	4.4%	(37) 10.4%	(52) 9.3%	(59) 7.9%	(62) 8.8%	(65) 6.6%	(75) 6.9%
Richmond	5.1%	(16) 14.1%	(5) 11.9%	(7) 9.6%	(12) 10.6%	(11) 7.9%	(11) 8.6%
ML Govt/Corp	4.8%	(22) 12.8%	(13) 11.2%	(18) 8.9%	(22) 10.2%	(15) 7.2%	(27) 7.9%

Total Fund is ranked against a sample of other balanced funds.

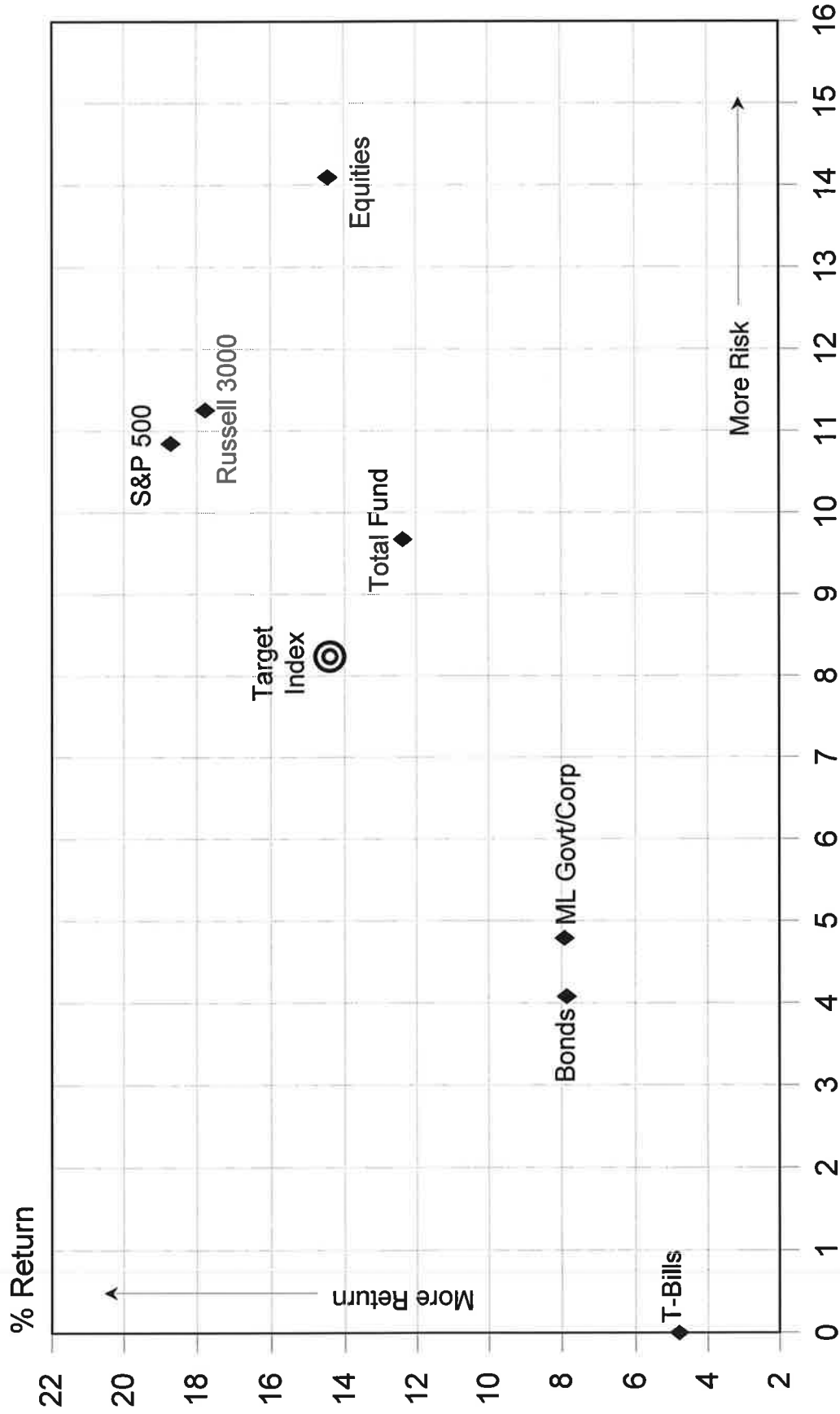
DGI, STI, Newbolds and equity indexes are ranked against a sample of other equity and cash portfolios.

Richmond, Mississippi Valley and bond indexes are ranked against a sample of other bond and cash portfolios.

Scudder is ranked against a sample of other international equity mutual funds.

Total Portfolio Risk / Return Analysis

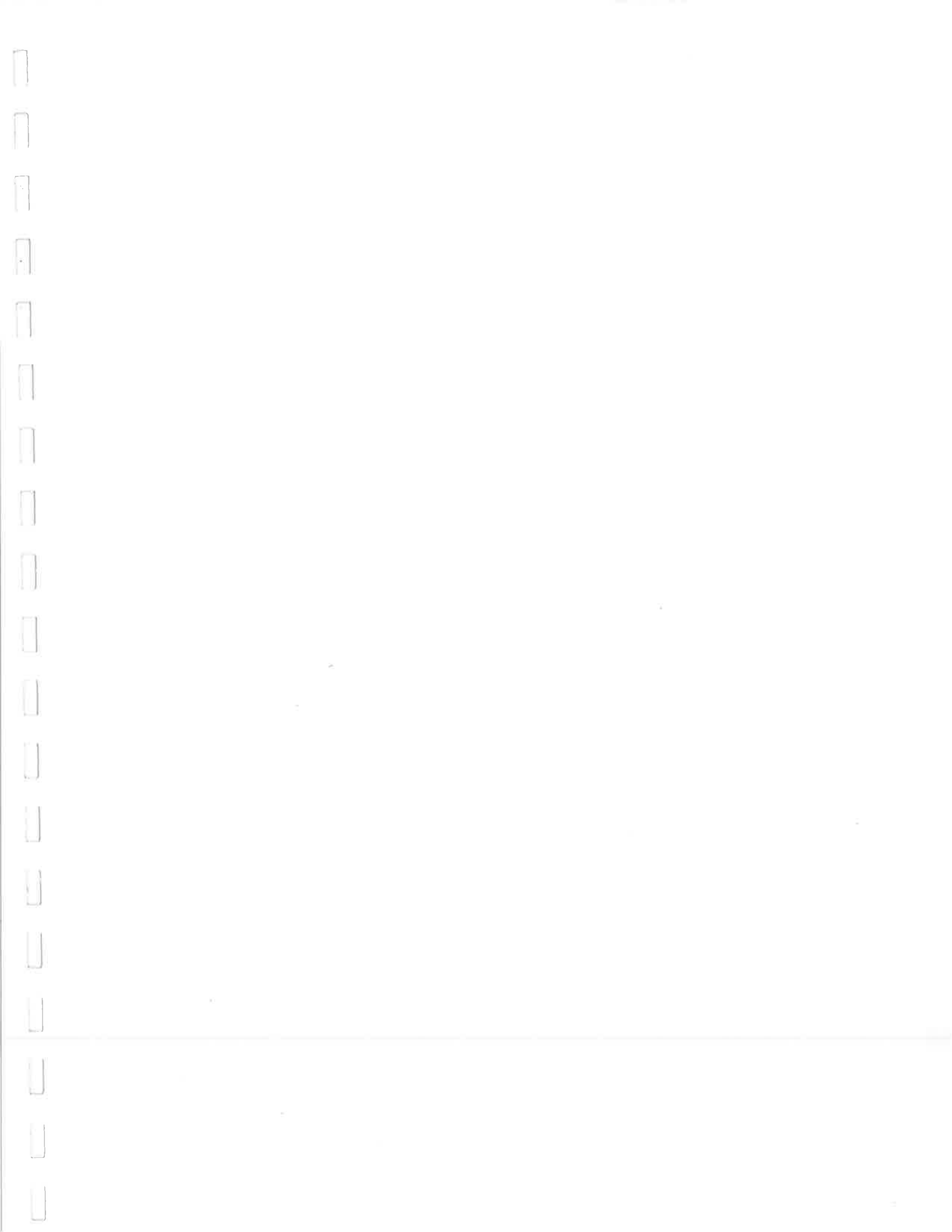
Gainesville General Employees' Pension Fund



Risk (Standard Deviation)

6.00 years ended September 30, 1998





Equity Portfolio Summary

Gainesville General Employees' Pension Fund

QUARTER

- ◆ As of September 30th, assets under the management of the equity managers totaled 66.5% of the total portfolio. Your equity portfolio consisted of the STI Corporate Equity Fund, a large capitalization growth portfolio, Pilgrim Baxter, a large cap value portfolio, DGI, a small cap aggressive growth portfolio and the Scudder international equity portfolio. Despite the precipitous decline in the value of the DGI portfolio, this remains your largest equity portfolio. At the beginning of the quarter, funds were taken from the STI and Pilgrim Baxter portfolios, a portion of which was given to DGI in July.
- ◆ For the quarter, your equity portfolio in total produced a -18.7% return (excluding cash), significantly underperforming the Russell 3000 of -11.2%.
- ◆ STI returned -12.2% for the quarter, down more than the S&P 500. STI was hard hit in many of their consumer cyclical stocks, including a variety of retailers and stocks like Sherwin Williams and Mattel. Big cap stocks in the consumer staples sector such as Gillette, Coke and Proctor & Gamble were also scaled back. Healthcare and technology held up well in the STI portfolio.
- ◆ Pilgrim Baxter earned -17.1% for the quarter, lagging the S&P 500, and the S&P/BARRA Value index of -12.9%. Baxter's heavy allocation to financial stocks (35.0% of the equity portfolio at the beginning of the quarter) was scaled back to 25.0% due to heavy losses in many major banks, brokers and insurance companies. Pilgrim Baxter's consumer cyclical stocks were also off sharply.

- ◆ DGI experienced another disappointing quarter, earning -25.0% on their total portfolio as compared to -20.1% for the Russell 2000 and -22.4% for the Russell 2000 Growth index. DGI's big bet in technology (40.4% of the total at the beginning of the quarter) earned poor returns, but other sectors were down even more. While DGI's average market cap increased slightly, the allocation to the < \$250 million increased.

- ◆ Scudder earned -15.5% for the quarter, as compared to -14.2% for the EAFE index.

ONE YEAR

- ◆ For the year ended September 30th, your equity portfolio return of -13.7% vastly underperformed the S&P 500 return of 9.0%, and the Russell 3000 of 4.6%. Your return ranked in the **85th percentile** of our sample of other equity portfolios. DGI's return of -32.9% underperformed the Russell 2000 of -19.0%. STI was your best performing manager in the last year with a 7.1% return, while Pilgrim Baxter returned -7.3%. The Scudder portfolio trailed the EAFE by a 2.7% margin, but ranked above average relative to other international equity portfolios.

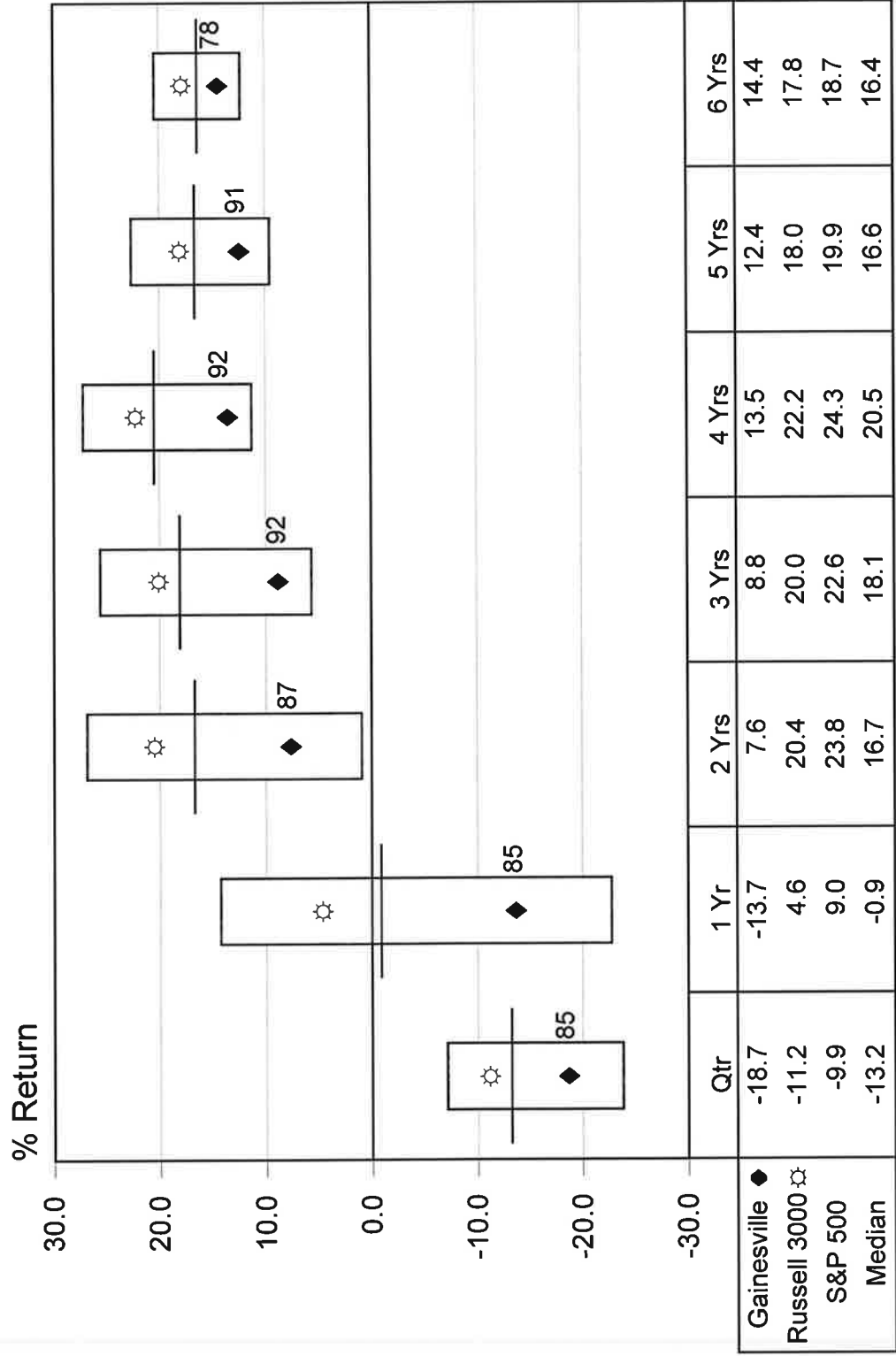
LONG TERM

- ◆ Over the three-year period your equity return of 8.8% per year ranked in the **Bottom 8%** and trailed the Russell 3000 of 20.0%. The international portfolio return of 7.5% and the DGI portfolio return of -2.9% prevented the total equity portfolio from earning a more competitive return.

- ◆ Over the five-year period, your annualized equity return of 12.4% lagged the Russell 3000 by a 5.6% margin and ranked in the **Bottom 9%**.

Distribution of Equity Portfolio Returns

Gainesville General Employees' Pension Fund

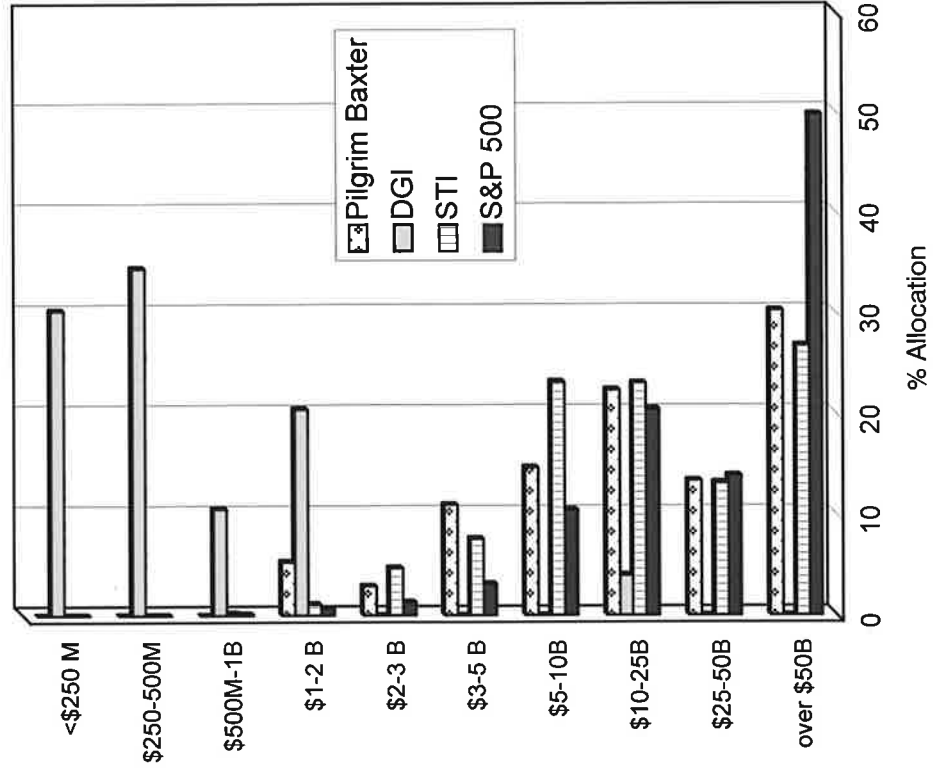


periods ended September 30, 1998

Equity Portfolio Characteristics

Gainesville General Employees' Pension Fund

Distribution by Market Capitalization

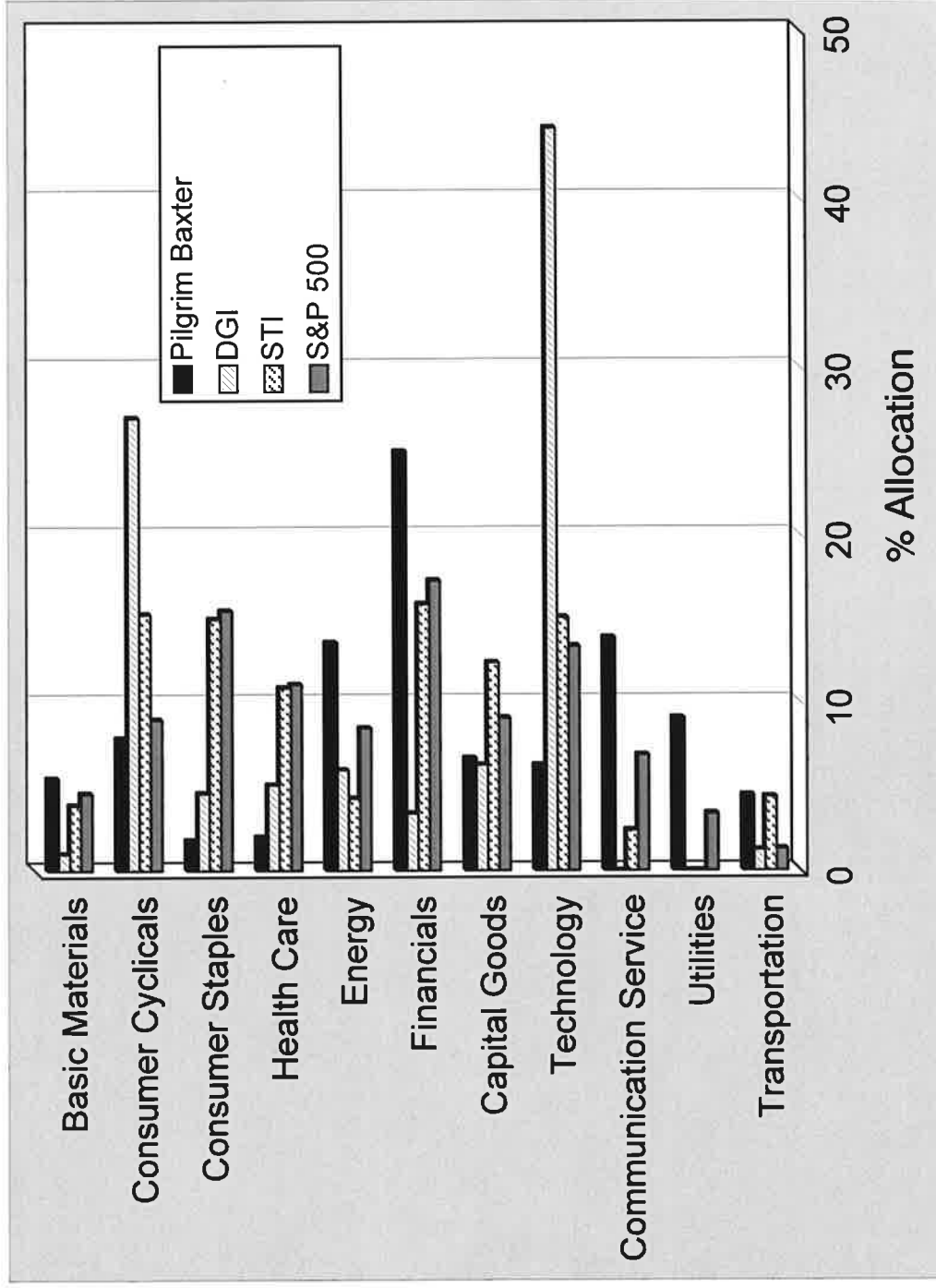


	Pilgrim Baxter	DGI	STI Capital	S&P 500
Dividend Yield	2.4%	0.2%	1.2%	1.6%
Price/Earnings Ratio	17.1	27.8	33.7	31.6
Price/Book Ratio	3.3	3.5	6.0	7.3
Beta	0.97	1.32	1.06	1.00
Average Mkt Cap (\$M)	\$35,625	\$1,287	\$47,399	\$68,211
Average Quality	B to B+	B- to B	B to B+	B+ to A-
# of Issues	66	60	158	500

as of September 30, 1998

Equity Portfolio Diversification

Gainesville General Employees' Pension Fund



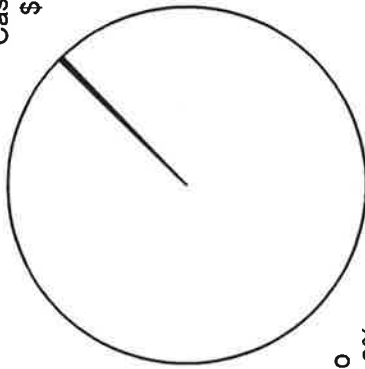
as of September 30, 1998

Pilgrim Baxter & Associates

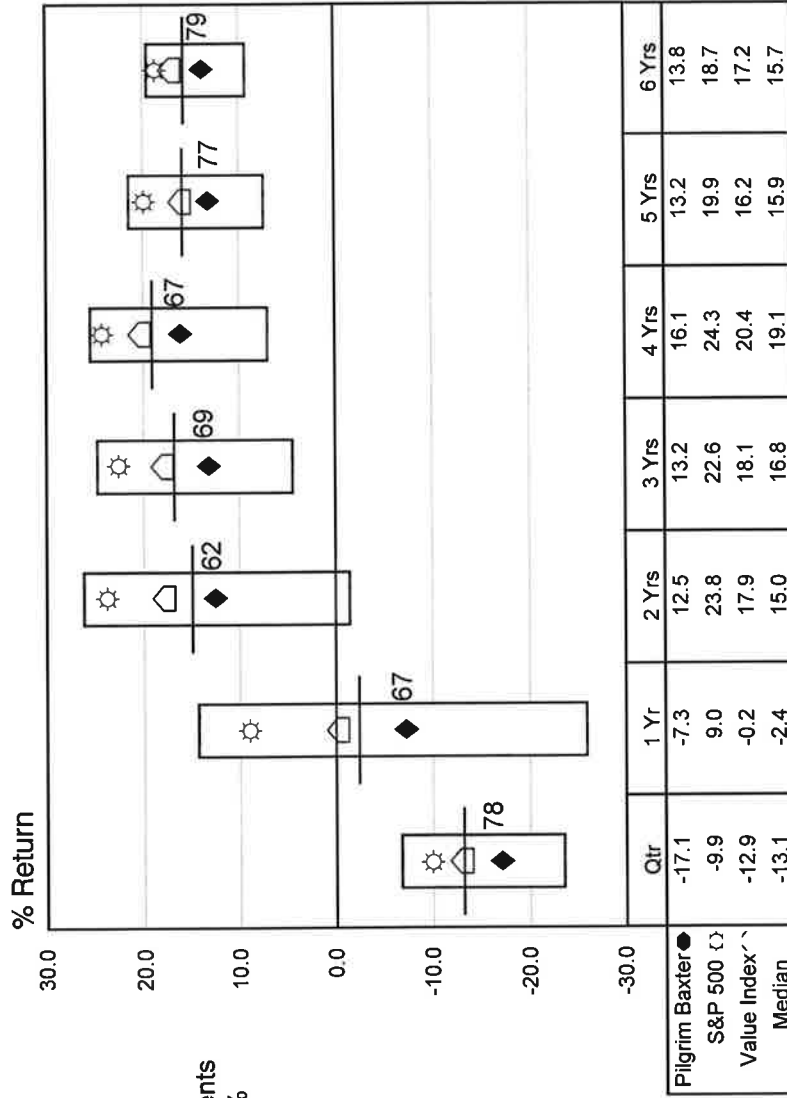
Gainesville General Employees' Pension Fund

Total Market Value
\$20,079,440

Cash & Equivalents
\$89,810 0.4%



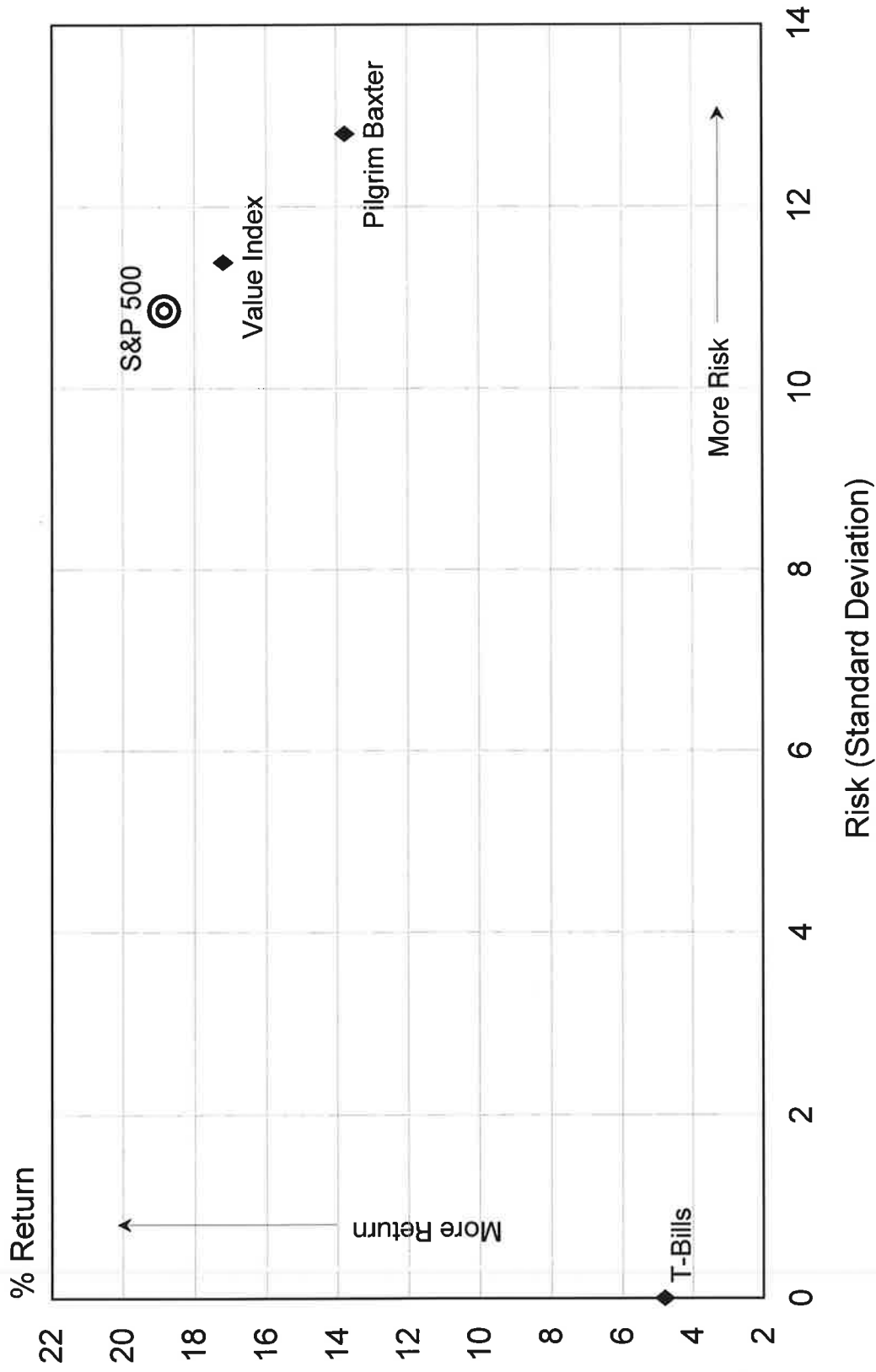
Equity Portfolio
\$19,989,630 99.6%



as of September 30, 1998

Pilgrim Baxter Risk / Return Analysis

Gainesville General Employees' Pension Fund



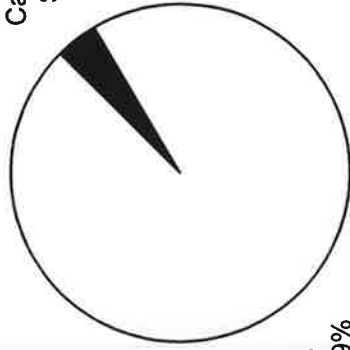
6.00 years ended September 30, 1998

Disciplined Growth Investors (DGI)

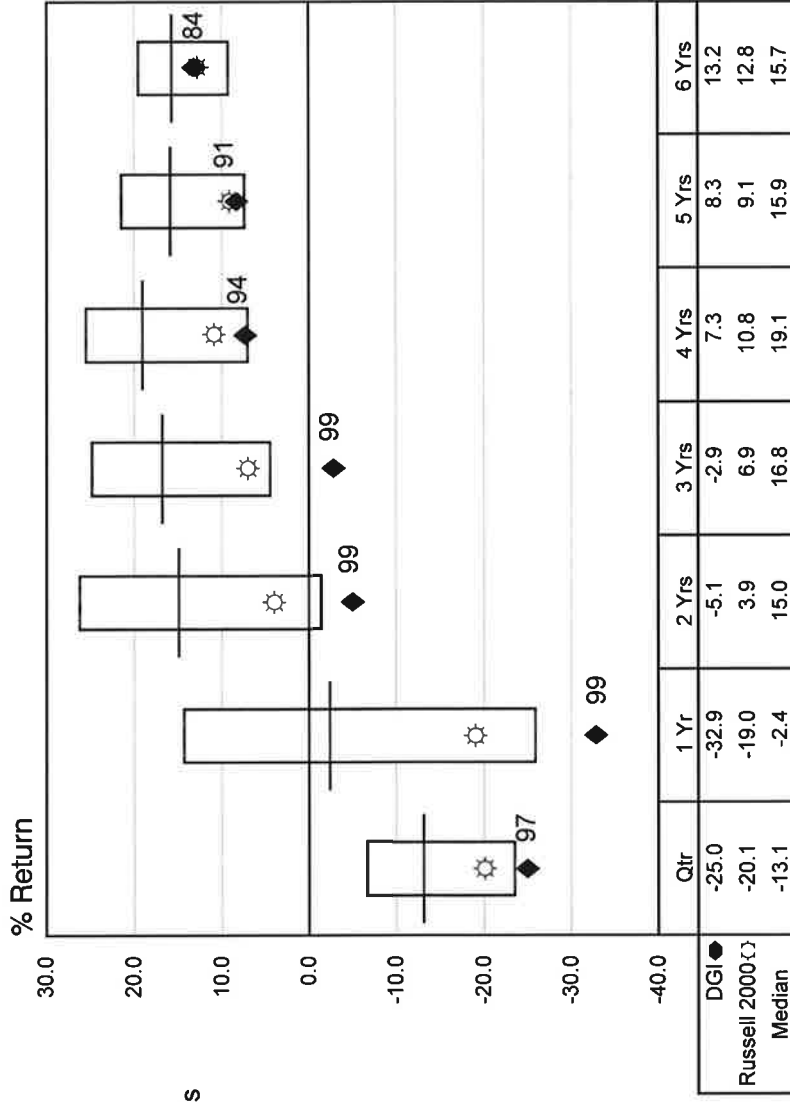
Gainesville General Employees' Pension Fund

Total Market Value
\$24,010,400

Cash & Equivalents
\$994,600 4.1%



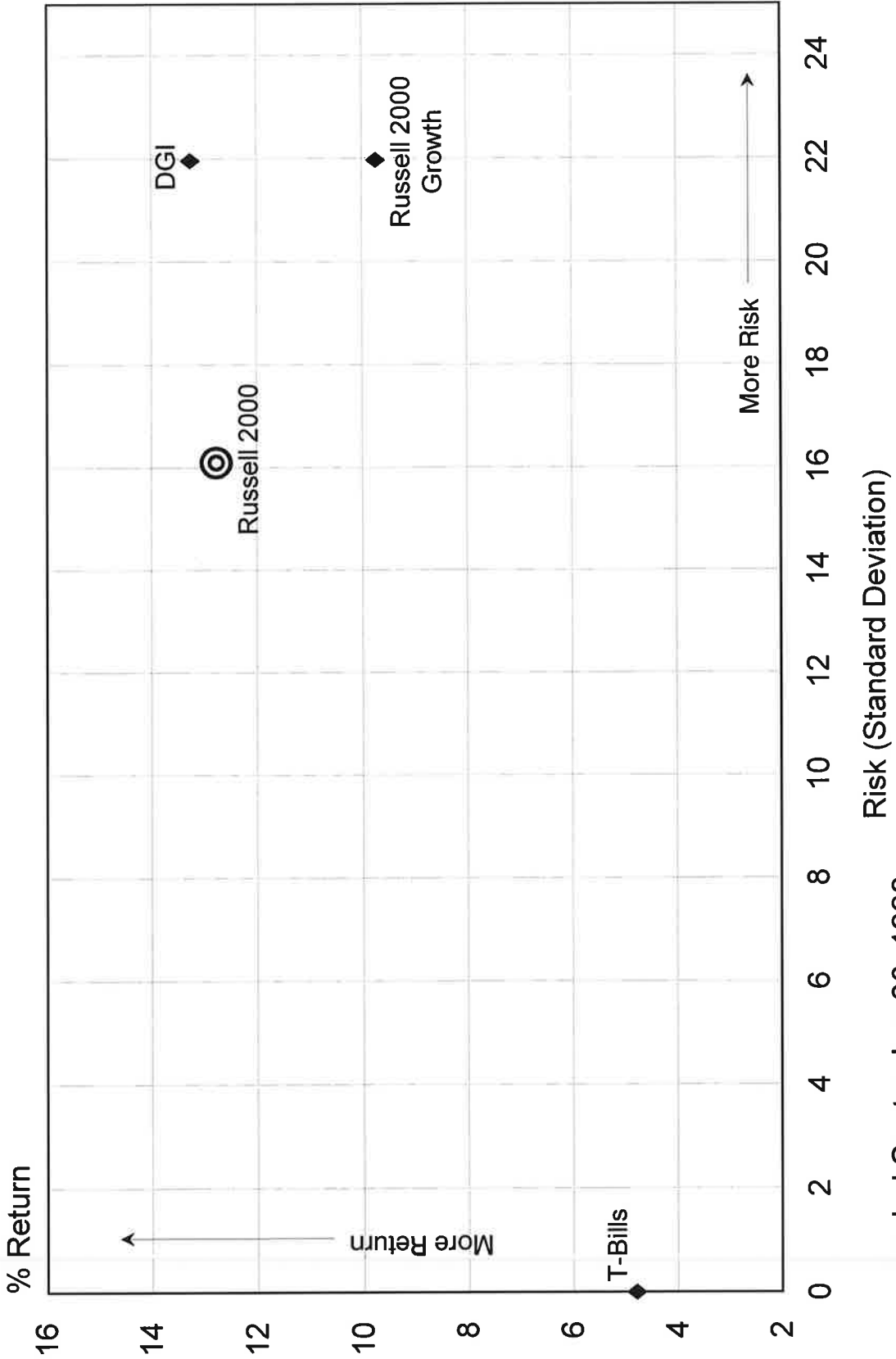
Equity Portfolio
\$23,015,800 95.9%



as of September 30, 1998

DGI Risk / Return Analysis

Gainesville General Employees' Pension Fund



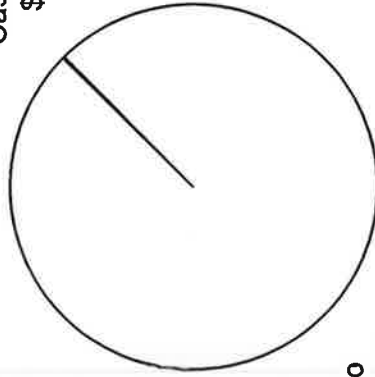
6.00 years ended September 30, 1998

STI Capital Management

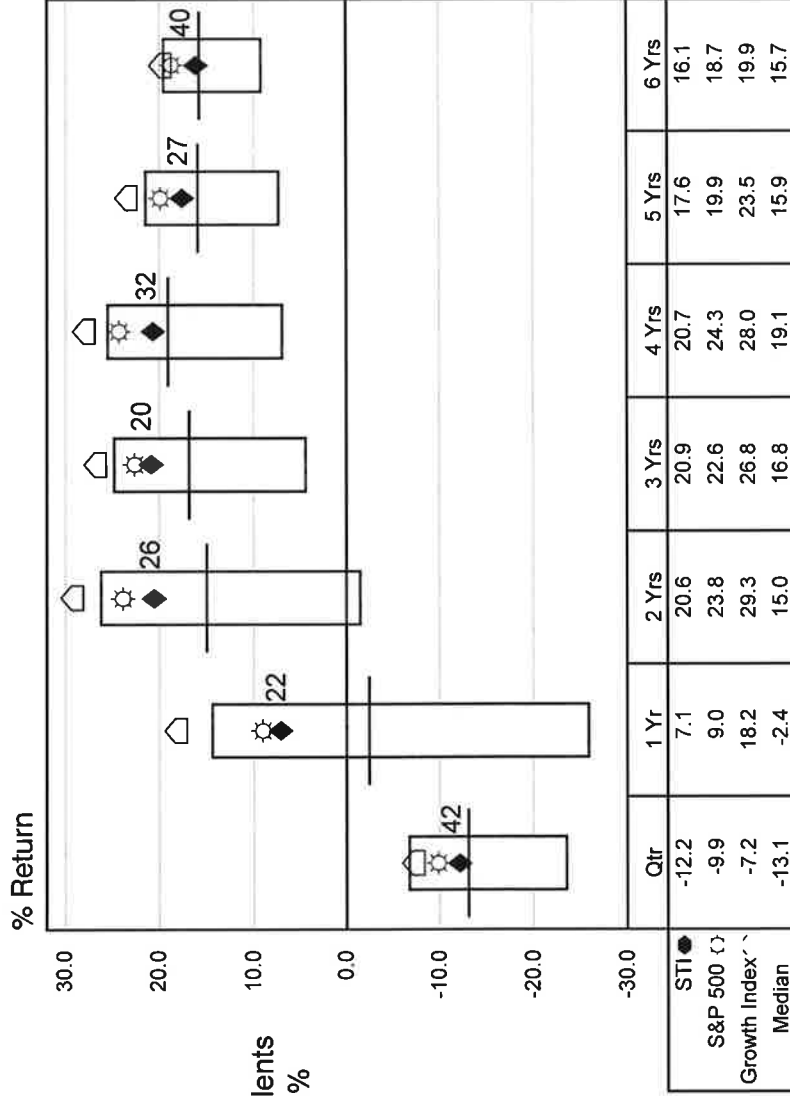
Gainesville General Employees' Pension Fund

Total Market Value
\$22,437,300

Cash & Equivalents
\$29,200 0.1%



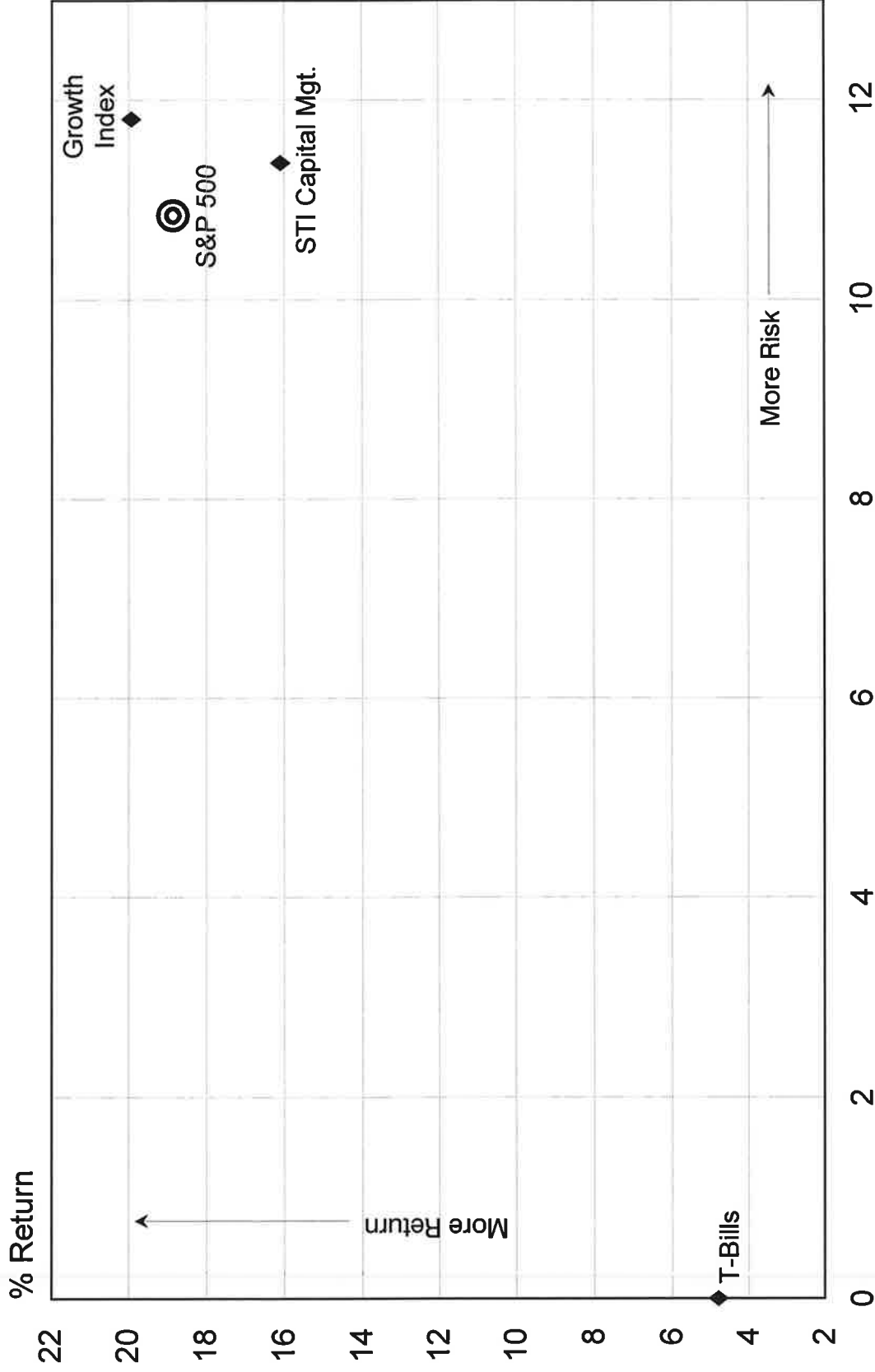
Equity Portfolio
\$22,408,100 99.9%



as of September 30, 1998

STI Capital Management Risk / Return Analysis

Gainesville General Employees' Pension Fund

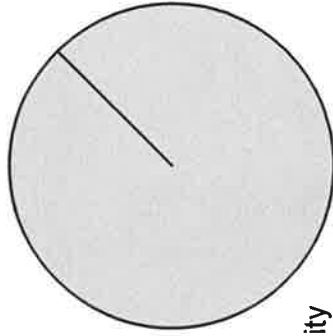


6.00 years ended September 30, 1998 Risk (Standard Deviation)

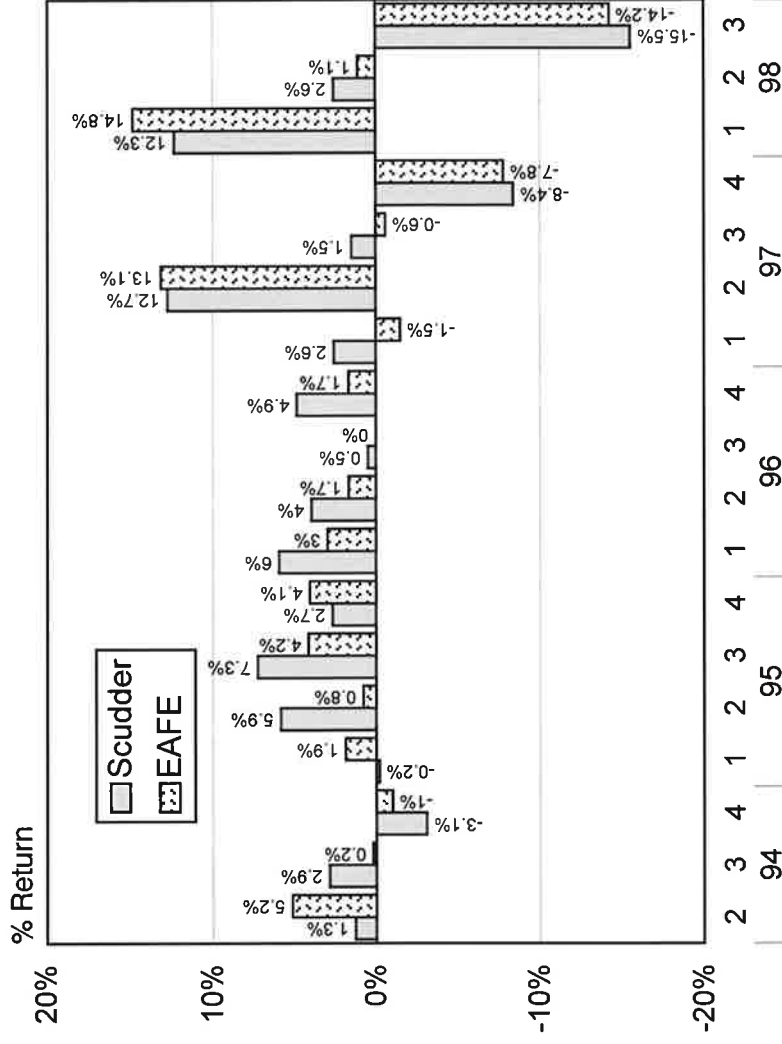
Scudder Stevens & Clark--International Equity Portfolio

Gainesville General Employees' Pension Fund

Total Market Value
\$11,342,100



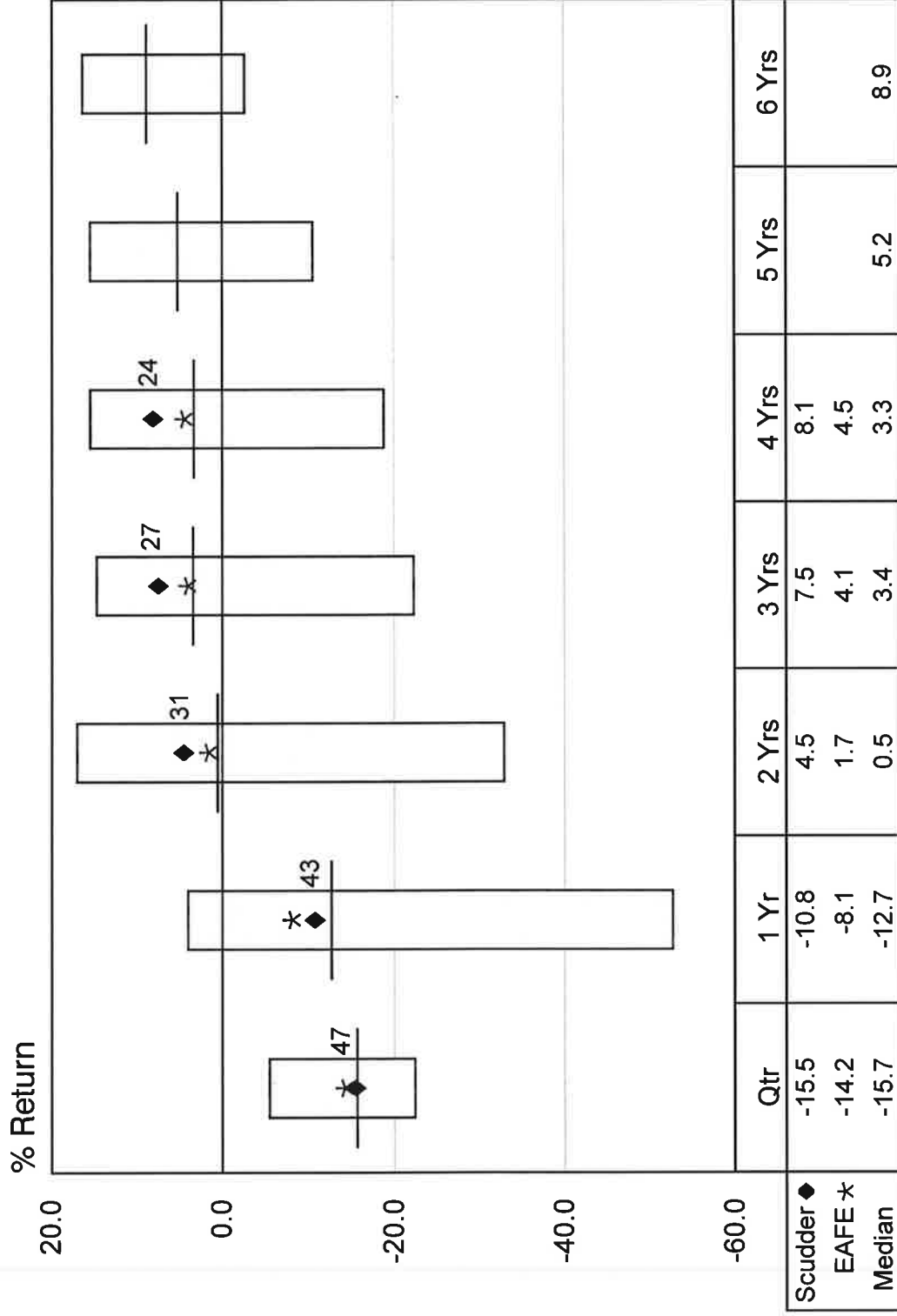
International Equity
\$11,342,100 100.0%



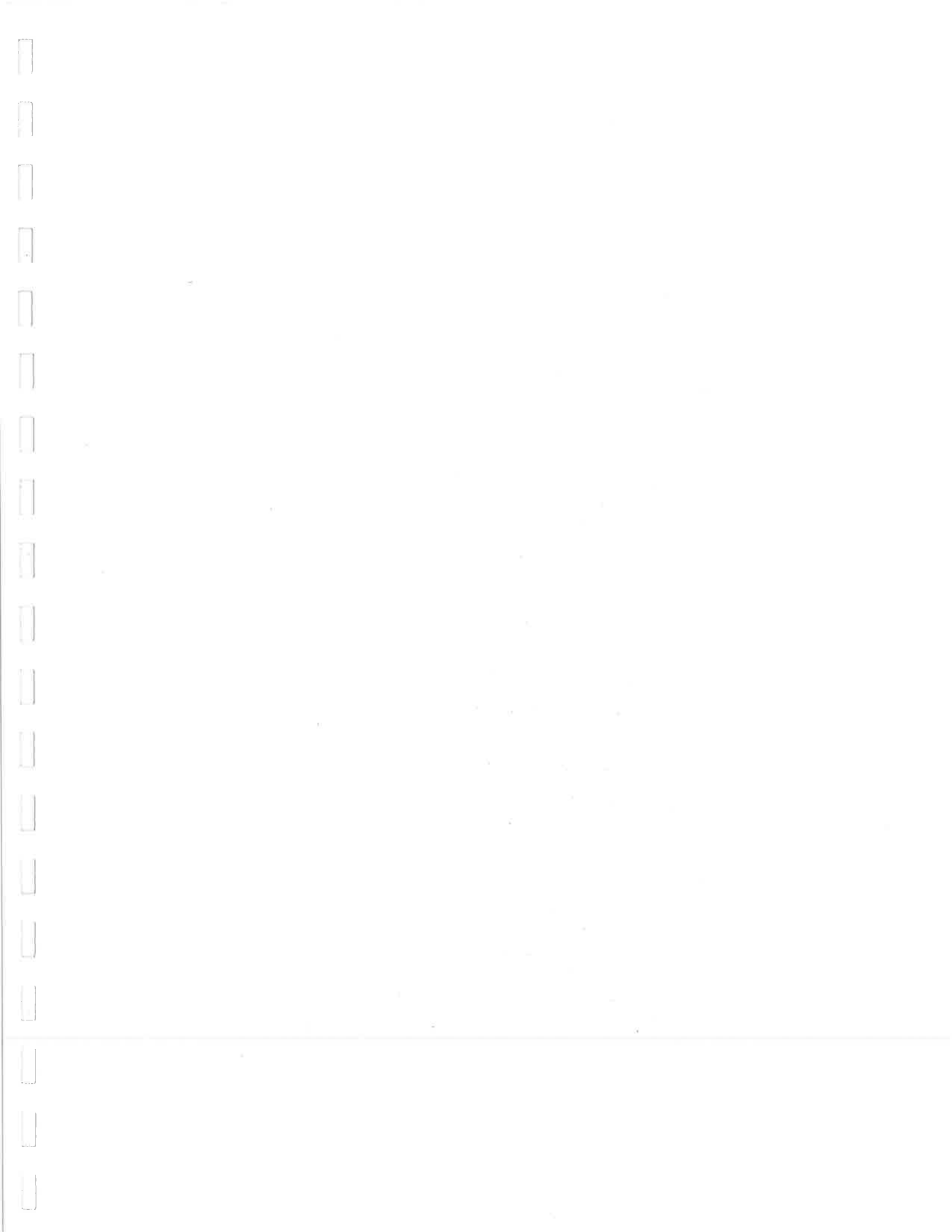
as of September 30, 1998

Distribution of International Equity Mutual Fund Returns

Gainesville General Employees' Pension Fund



periods ended September 30, 1998



Fixed Income Portfolio Summary

Gainesville General Employees' Pension Fund

QUARTER

- ◆ For the quarter ended September 30th, your fixed income portfolio returned 4.8%, up more than the 50/50 blend of benchmark indexes. The Richmond portfolio returned 5.1%, exceeding the ML Government/Corporate benchmark of 4.8%. The Mississippi Valley portfolio earned 4.3% and narrowly missed the 1 to 10 benchmark.

ONE YEAR

- ◆ For the year ended September 30th, the bond portfolio earned 12.4%. Your return was 0.8% in excess of the 50/50 blend of bond benchmark indexes. Your bond portfolio ranks above average--in the **Top 39%**. In the last year Richmond has returned 14.1% (5th percentile) and Mississippi Valley has earned 10.6% (49th percentile).

LONG TERM

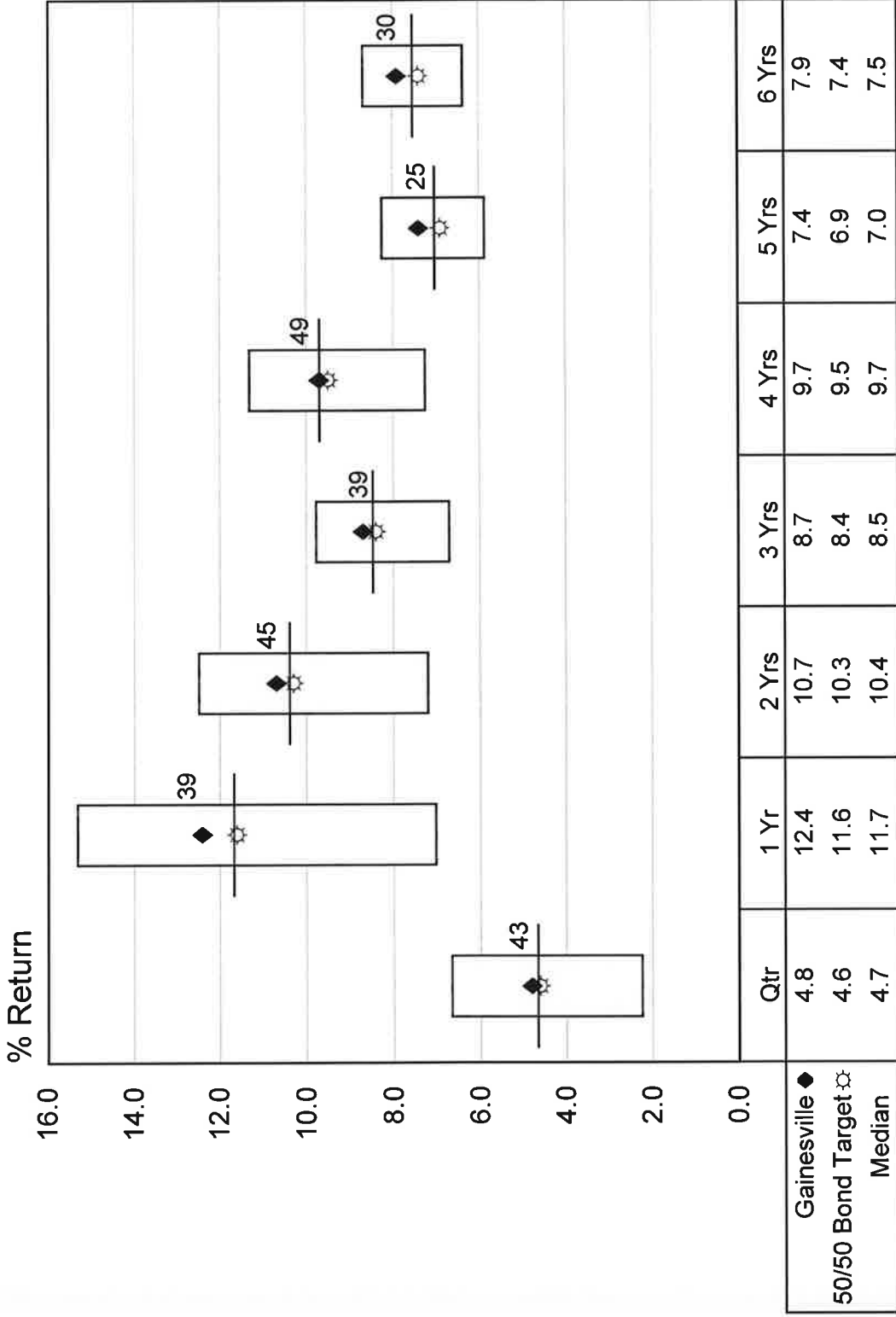
- ◆ In the last three years, the bond portfolio has earned strong returns, in excess of the benchmark index and ranked above average. Over the four to six year period your bond performance is also strong and exceeded the benchmark.



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Distribution of Fixed Income Portfolio Returns

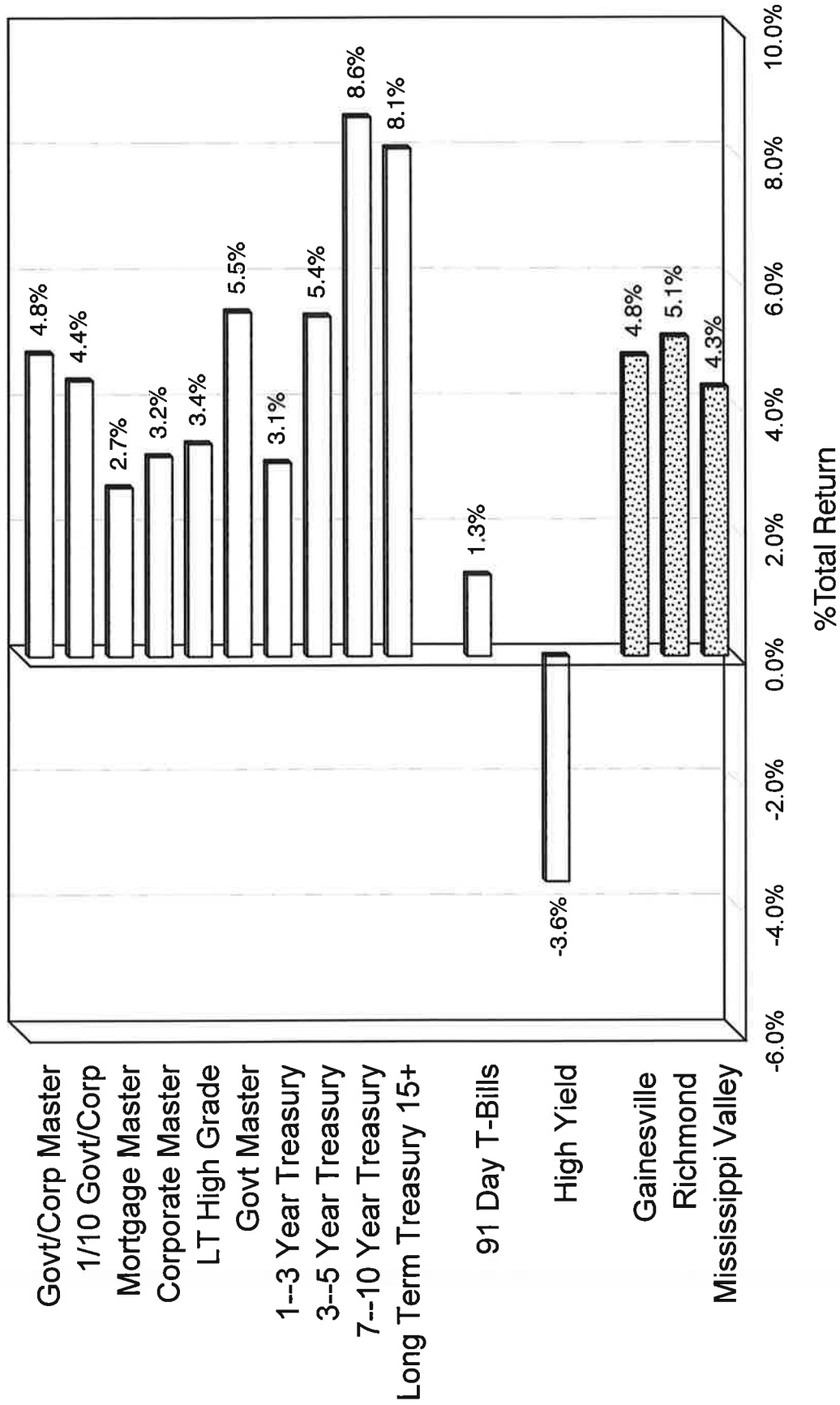
Gainesville General Employees' Pension Fund



periods ended September 30, 1998

Fixed Income Sector Performance

Gainesville General Employees' Pension Fund

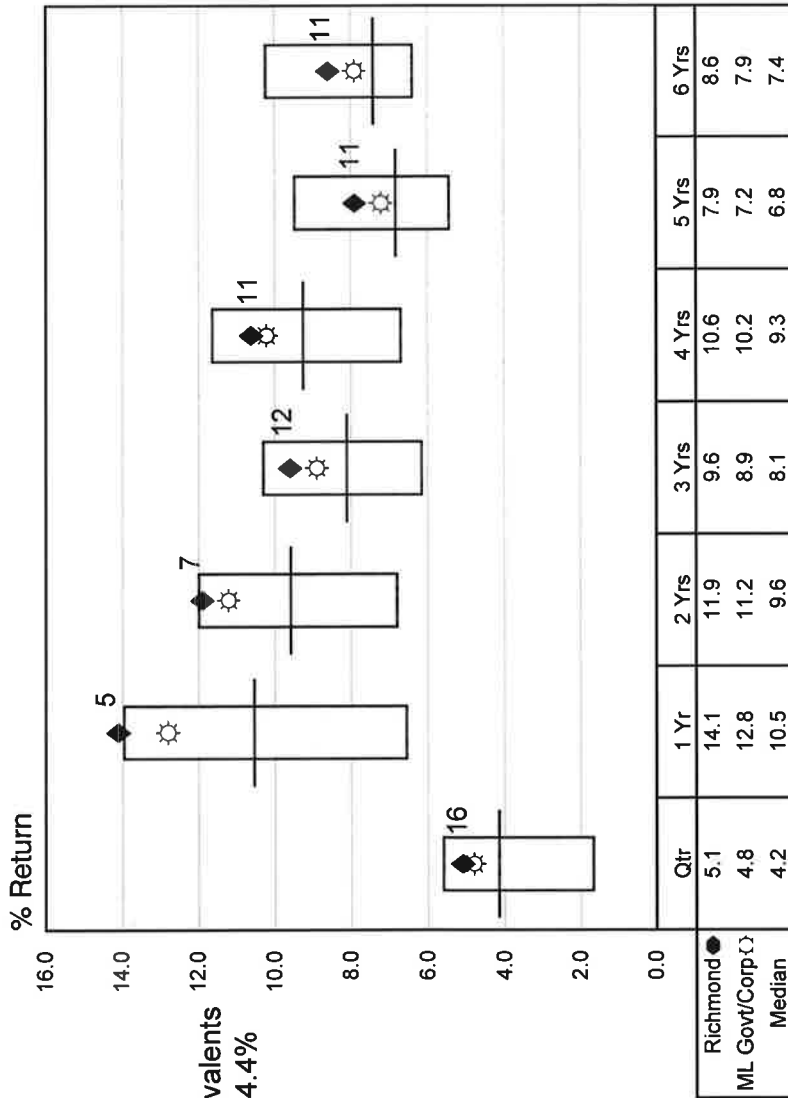
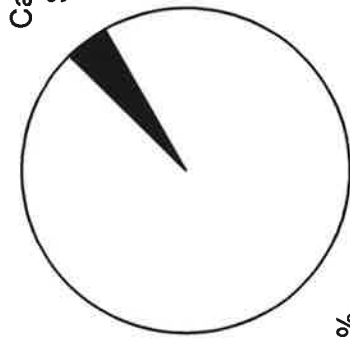


Quarter Ended September 30, 1998

Richmond Capital Management

Gainesville General Employees' Pension Fund

Total Market Value
\$19,844,200



as of September 30, 1998

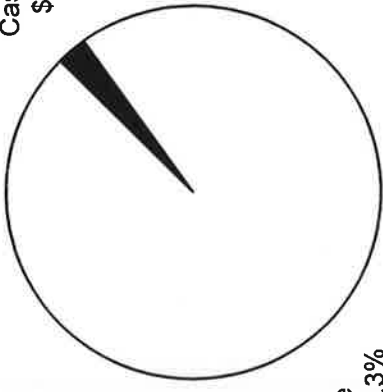


Mississippi Valley

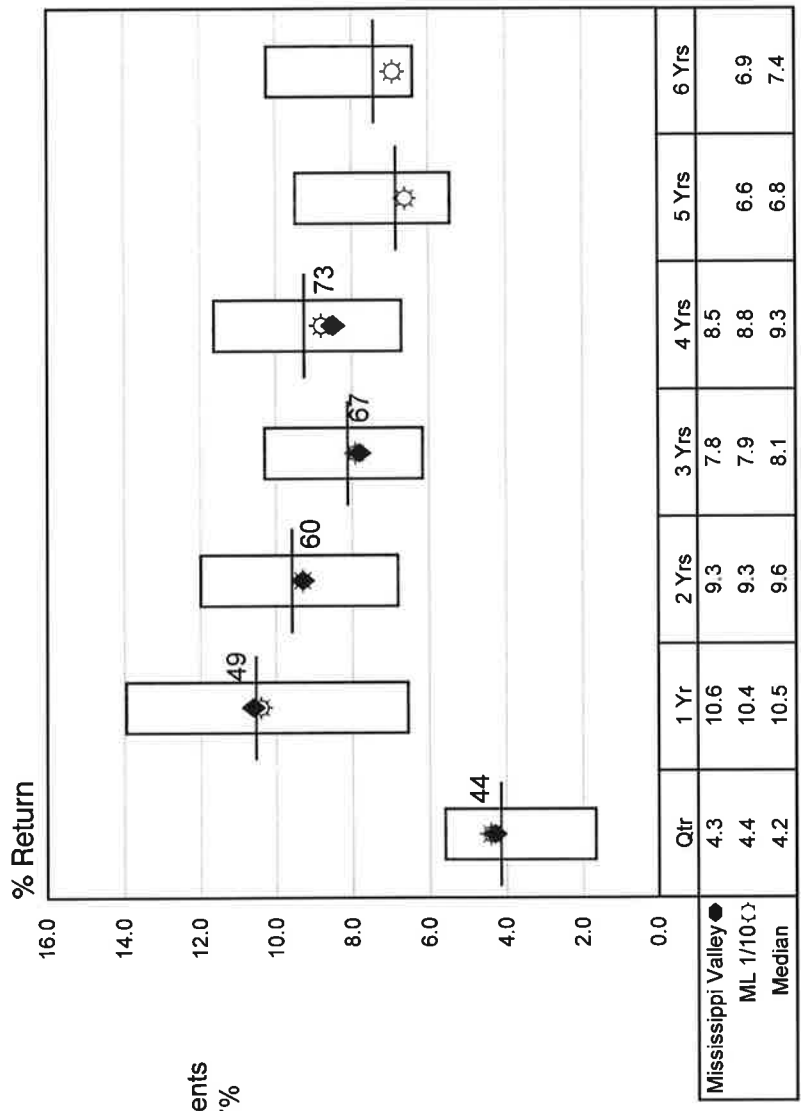
Gainesville General Employees' Pension Fund

Total Market Value
\$19,437,490

Cash & Equivalents
\$522,520 2.7%



Fixed Income
\$18,914,970 97.3%



as of September 30, 1998







Florida Municipal Clients

Rank	Periods ended 9/30/98		Asset Allocation		International	Rank last qtr
	QUARTER	1 YEAR	CURRENT	TARGET		
1	-2.1%	13.2%	55/43/2	40/60		4
2	-2.8%	11.9%	56/43/1	50/50		5
3	-0.1%	10.7%	29/69/1	30/70		63
4	-2.6%	10.5%	57/38/4	50/50		9
5	-3.6%	10.5%	61/39/0	50/50		6
6	-3.7%	10.4%	63/34/3	60/40		1
7	-2.7%	10.2%	59/39/2	60/40		7
8	-2.6%	9.9%	45/54/0	50/50		40
9	-2.8%	9.8%	48/52/0	50/50		38
10	-3.1%	9.8%	55/43/2	50/50		11
11	-5.2%	9.5%	56/43/1	60/40		2
12	-2.7%	9.4%	57/41/2	50/50		17
13	-3.2%	9.1%	49/51/0	50/50		44
14	-4.6%	9.1%	56/39/5	65/35	♦	3
15	-2.7%	9.0%	56/41/3	50/50		31
16	-4.1%	9.0%	58/42/0	60/40		18
17	-4.8%	8.9%	53/46/1	55/45		8
18	-4.3%	8.7%	57/42/1	60/40		25
19	-4.3%	8.6%	54/46/0	60/40		28
20	-4.5%	8.6%	57/43/0	50/50		21
21	-4.7%	8.6%	56/40/1/2	50/50		20
22	-4.6%	8.5%	57/42/0	50/50		19
23	-4.7%	8.4%	58/42/0	60/40		47
24	-4.4%	8.3%	52/48/0	50/50		36
25	-4.0%	8.2%	57/39/4	60/40		10
26	-4.5%	8.2%	54/45/0	50/50		22
27	-3.1%	8.1%	56/42/2	50/50		30
28	-2.4%	8.0%	41/56/3	40/60		51
29	-5.3%	7.9%	62/38/0	50/50		15
30	-5.0%	7.8%	60/39/1	50/50		16
31	-5.0%	7.8%	60/39/1	50/50		23
32	-5.3%	7.8%	60/39/1	50/50		14
33	-5.3%	7.7%	61/39/0	50/50		16
34	-5.8%	7.7%	65/35/0	60/40		12
35	-3.3%	7.5%	45/55/0	45/55		41
36	-5.0%	7.5%	58/42/0	50/50	♦	24
37	-4.4%	7.4%	51/49/0	55/45		49
38	-2.8%	7.1%	42/29/28	40/60		53
39	-4.5%	6.9%	53/46/1	60/40	♦	57
40	-4.7%	6.6%	54/45/1	45/55		42
41	-5.5%	6.6%	58/42/0	60/40	♦	32
42	-5.1%	6.4%	64/35/1	65/30/5		34
43	-4.7%	5.8%	53/44/3	45/55		29
44	-4.7%	5.7%	56/41/3	55/45		54
45	-4.7%	5.6%	57/43/1	55/45		55
46	-5.6%	5.6%	59/38/3	60/40		43
47	-3.9%	5.5%	54/44/2	50/50		59
48	-5.6%	5.3%	58/41/1	55/45		35
49	-5.1%	5.2%	56/43/1	55/45		56
50	-4.3%	4.8%	61/20/19	50/50		61
51	-5.5%	4.8%	58/41/1	60/40	♦	58
52	-3.2%	4.7%	39/55/6	50/50		64
53	-7.1%	4.7%	65/32/3	65/30/5		26
54	-6.5%	4.4%	61/39/0	60/40	♦	48
55	-6.9%	4.1%	58/39/2	65/35	♦	39
56	-6.4%	2.9%	54/35/11	60/40		50
57	-7.9%	2.6%	65/35/0	65/35	♦	37
58	-5.5%	2.4%	49/46/3	65/35	♦	65
59	-7.9%	1.9%	57/37/6	60/40		52
60	-8.8%	-1.7%	59/38/4	65/35		60
Gainesville General	-11.3%	-5.6%	66/32/2	70/30	♦	62
62	-4.8%	NA	55/43/5	50/50		NA
63	NA	NA		60/35/5		45
64	NA	NA		55/45		33
65	NA	NA		30/65/5		46
66	NA	NA		50/50		13

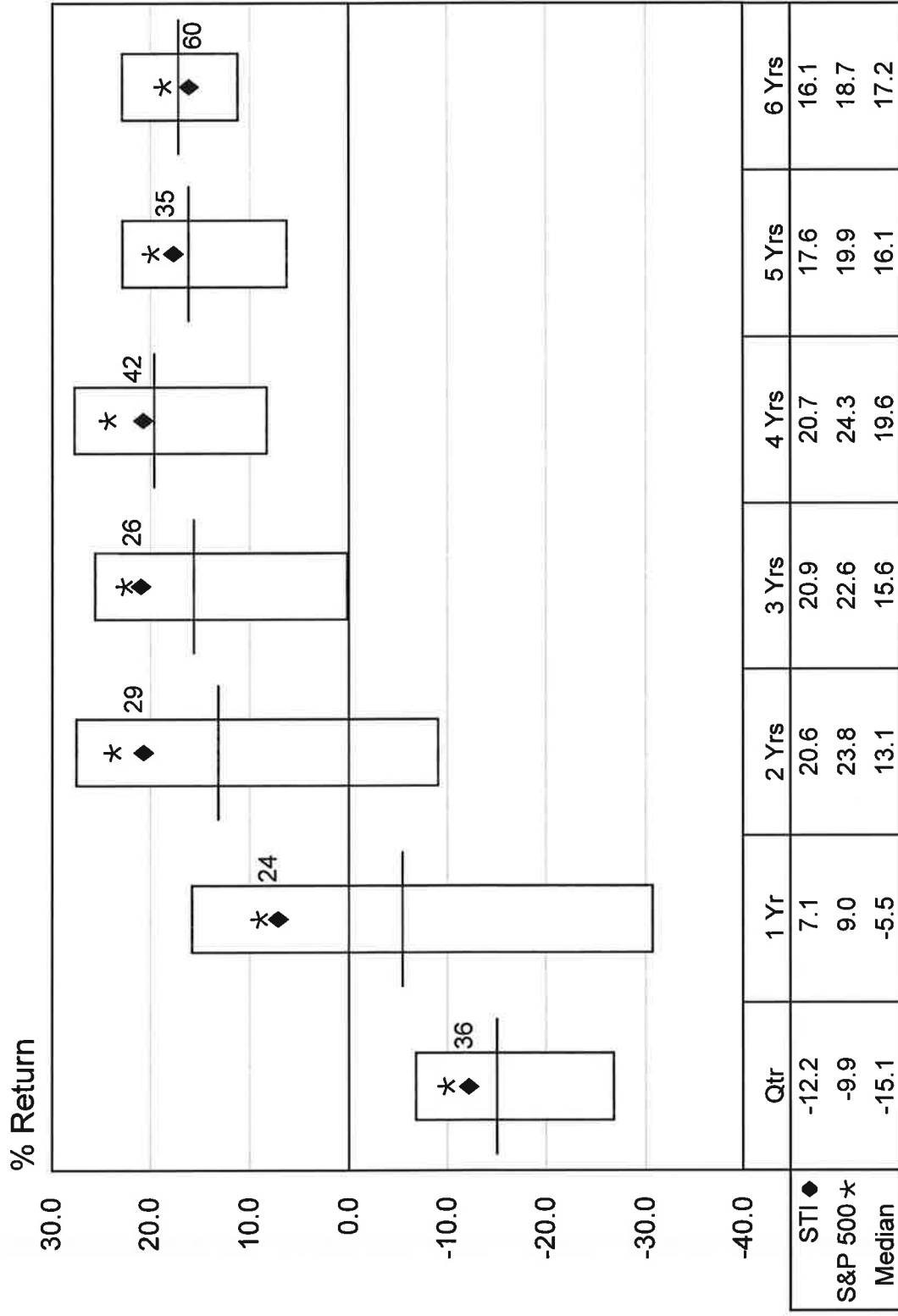
Asset allocations are listed as follows: Stocks/Bonds/Cash/Real Estate

05-Nov-98



Distribution of Growth Equity Portfolio Returns--STI

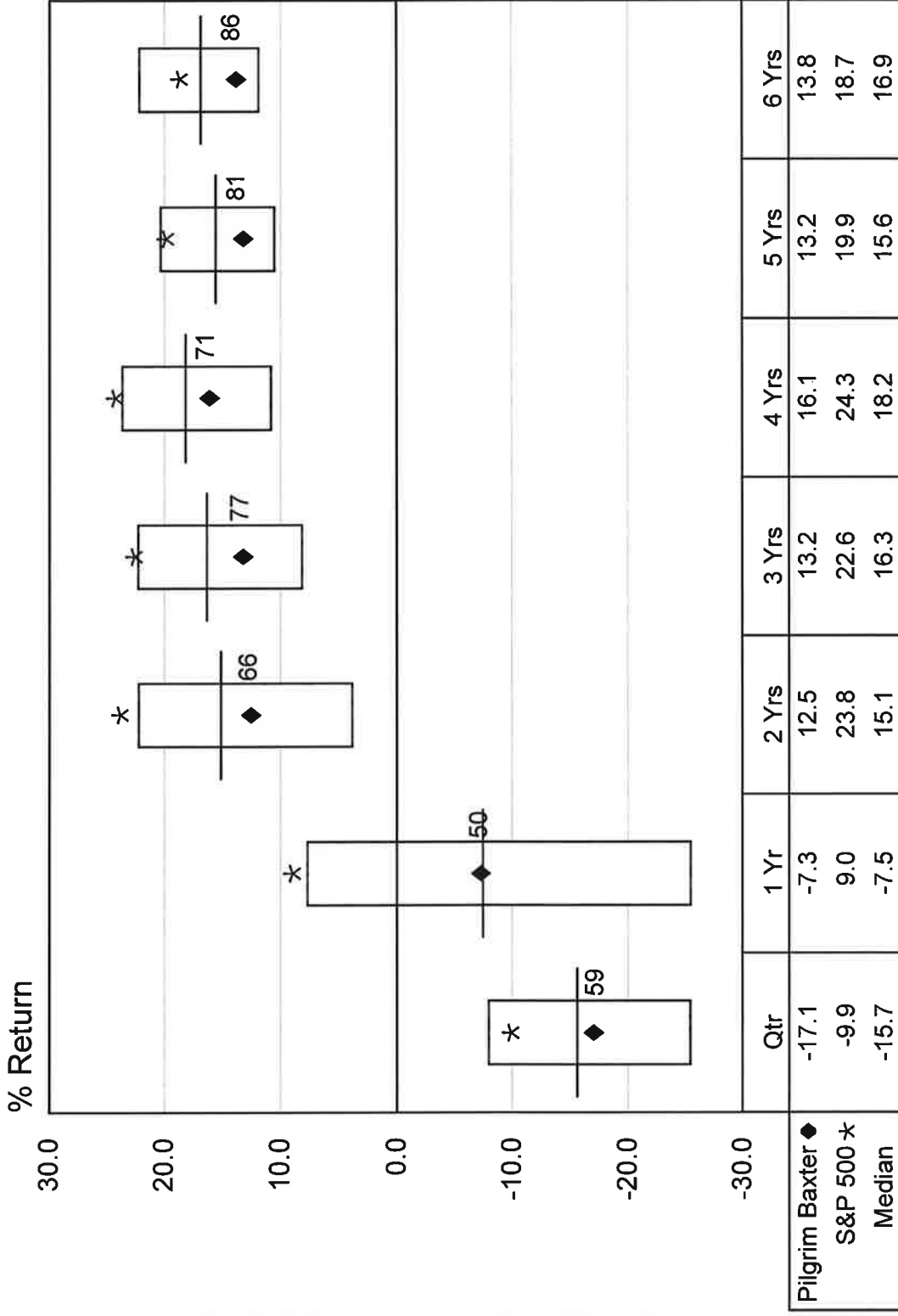
Gainesville General Employees' Pension Fund



periods ended September 30, 1998

Distribution of Value Equity Portfolio Returns--Pilgrim Baxter

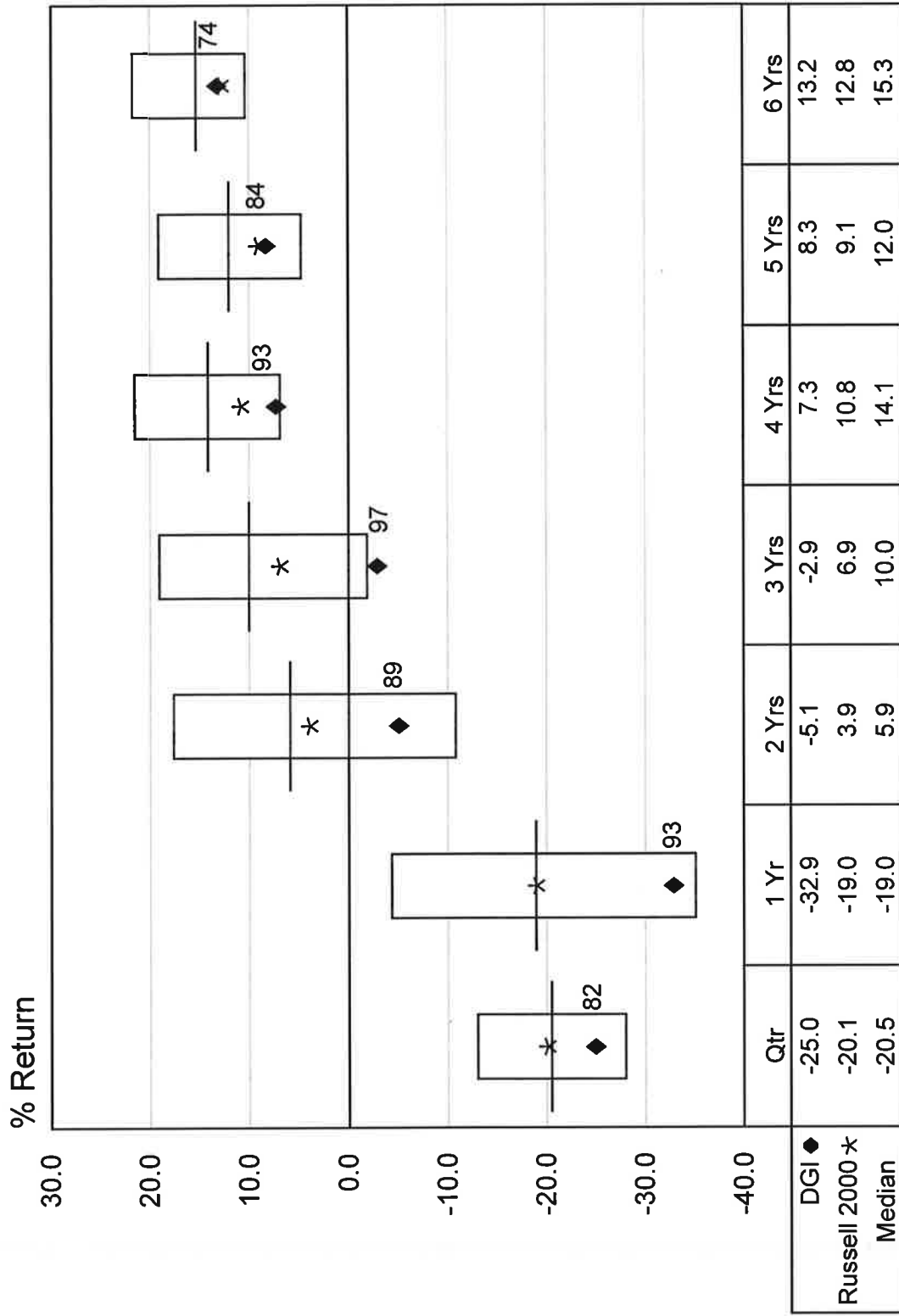
Gainesville General Employees' Pension Fund



periods ended September 30, 1998

Distribution of Small Cap Growth Equity Portfolio Returns--DGI

Gainesville General Employees' Pension Fund



periods ended September 30, 1998



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U.S. Market Overview

In the quarter ended September 1998, the stock market suffered the steepest decline since 1990. In contrast, bonds rose in value. With respect to stocks, the broad-based Wilshire 5000 index fell -12.0%, while the Merrill Lynch Domestic Bond Master index returned +4.2%. The Merrill Lynch Capital Markets Index (CMI), which combines these two markets, declined -7.0%. Stock markets around the world joined in the broad retreat, with the MSCI EAFE index falling -14.2%.

Equity Commentary

Investor sentiment deteriorated sharply during the September quarter, as even the largest, most sought after companies came under pressure. Pre-announcements of third quarter earnings were repeatedly on the downside, and the multitude of corporate stumblings was compounded by spreading global fears, as Russia unexpectedly devalued its ruble and defaulted on its debt. After hitting a high point in mid-July, stocks began a sharp and broad decline. August was the worst month of the quarter, producing the biggest single month loss since 1987: The Wilshire 5000 index came down -15.6%, while the Russell 2000 index (a proxy for small cap stocks) dropped -19.4% — compared to the month of October 1987 when the Wilshire index declined -22.8% and the Russell 2000 index fell -30.8%.

The rally that followed August's steep decline was unconvincing and short-lived, with the Wilshire 5000 index ending the quarter with a negative -12.0% — the worst single quarter performance since the -15.2% decline during the bear market of 1990. The S&P 500 index, a proxy for large caps, did not fall as much, but still declined -9.9%; while the Russell 2500 index, which excludes the largest 500 stocks and can serve as a proxy for "stocks in general", was down -19.1%. The midcap stocks tell the same story, with the Russell Midcap index down -14.8% for the quarter, while the Russell 2000 index fell -20.1%.

The best performing groups in the September quarter were the communication services and electric utility stocks. Also coming through with positive returns were the pharmaceutical companies, retailers, tobacco and gold mining stocks. In general, the most favorable returns were concentrated in the stocks of four sectors: Communications, electric utilities, health care, and the *large* technology stocks. In contrast, the important consumer staples and financial groups were particularly hard hit in this quarter, as were consumer cyclical, capital goods, and basic materials stocks.

Technology stocks presented a mixed picture, with the larger companies showing small gains or modest losses while the small technology stocks closed with sharp declines. Thus the Russell 1000 large technology index returned -1.2% for the quarter while the Russell 2000 small tech index returned -20.5%. The divergence is much wider for *year-to-date* performance, with the Russell 1000 technology index returning +26.7% versus a negative -20.5% for the Russell 2000 technology.

In the growth/value styles, *growth* stocks produced better returns than value stocks in the *large cap* ranges. Thus the large cap Russell growth index returned -9.1% for the quarter versus a lower -11.6% for the large cap value index. In contrast, *value* stocks performed better for both the midcap and the small cap companies: The Russell Midcap growth index returned -16.7% while the corresponding value index returned a higher -13.7%. Small caps followed the same pattern, with the Russell small cap growth index returning -22.4% while the Russell small cap value index showed a better -17.9.

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