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Sent: Friday, January 19, 2007 9:13 AM
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Subject: WMS DUE DILIGENCE ALERT: SELECT LIST ADDITIONS, REMOVALS, & WATCH NOTICES
Attachments: Vanguard Strategic Equity - Sell.pdf; AF Smallcap World - Watch.pdf; AF Wash Mutual - Sell.pdf; Cullen High Div - Profile.pdf; Cullen Lg Value - Addition.pdf; RMK Sel Balanced - Sell.pdf; RMK Sel Mid Value - Sell.pdf; Touchstone Lg Val - Profile.pdf; Touchstone Lg Value - Addition.pdf; Seligman Small Value - Sell.pdf; Fayez Lg Growth - Sell.pdf; Federated Kaufmann - Sell.pdf; RMK Int Bond - Category Change.pdf
Importance: High

WMS DUE DILIGENCE ALERT: SELECT LIST ADDITIONS, REMOVALS, & WATCH NOTICES

Mutual Fund Additions:

Fund Name	Reason
Touchstone Large Value (TLCAX, TVCCX) experienced mgmt team; excess returns	Well-defined invmt process;
Cullen High Dividend Equity (CHDEX, CHCVX, CHDVX) protection; experienced mgmt team	Solid track record; downside

Mutual Fund on Watch:

Fund Name	Reason
Amer Funds Smallcap World (SMCWX, SCWCX, SCWFX) constraints; asset growth a concern	Style drift due to increased mkt cap

Mutual Fund Removals:

Fund Name	Reason
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Amer Funds Washington Mutual (AWSHX, WSHCX, WSHFX) Restrictive invmt policy inhibits stk selection/returns; asset growth

Replacement Options: Eaton Vance Large Value (EHSTX, ECSTX)

Vanguard Strategic Equity (VSEQX)
holdings; fund is re-opening to investors

Asset growth; increased number of

Replacement Options: RS Value (RSVAX)

RMK Select Midcap Value (RSEAX, RSECX)
record of invmt team; invmt process

Under-performance; unproved track

Replacement Options: Columbia Mid Cap Value (CMUAX, CMUCX) or First Amer Mid Cap Value (FASEX, FACSX)

RMK Select Balanced (FPALX, RMKBX)
benchmark and peers

Significant under-performance of

Replacement Options: Amer Funds Income Fd of Am (AMECX, IFACX, IFAFX) or Van Kampen Equ & Inc (ACEIX, ACERX)

Federated Kaufmann (KAUAX, KAUCX, KAUFX)
in number of holdings; decreased Alpha

Significant growth in assets; increase

Replacement Options: Janus Advisor Orion (JORAX, JORCX, JORFX)

Manager Removals:

Fund Name

Reason

Fayez Sarofim – Large Core/Growth
sell discipline; narrowly focused strategy

Prolonged under-performance; restricted

Replacement Options: Smith – Large Core Growth

Seligman – Small Cap Value
exposure to “value” sectors; raised market cap

Continued under-performance; lack of

Replacement Options: Schafer – Smid Value or Dana – Small Core/Value

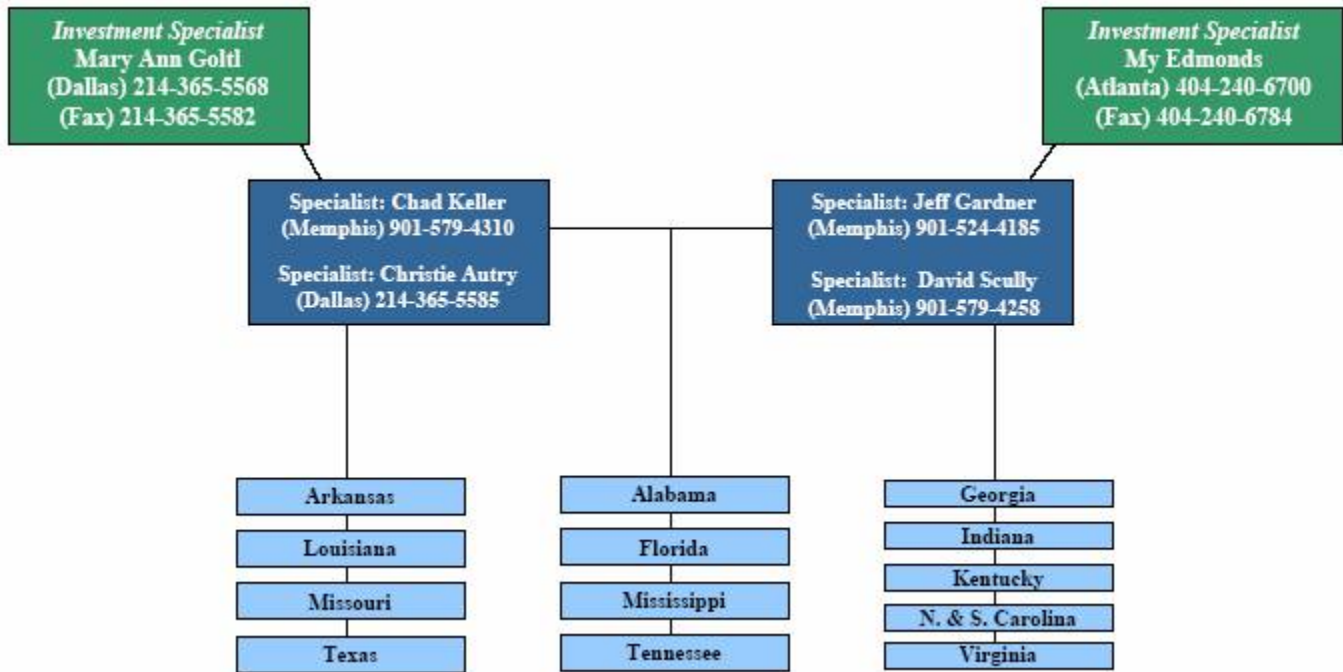
For Fayez and Seligman, both managers will terminate from the Preferred Managers program on **March 31, 2007**. Fayez has agreed to continue to manage current assets, if clients so wish. We are still waiting to hear if Seligman will offer the same arrangement.

Mutual Fund Re-classification:

The **Regions Morgan Keegan Select Intermediate Bond (MKIBX, RIBCX, RIBIX)** fund will be found on the **Select List** under **Non Traditional Mutual Funds**. The decision to move the fund from the **Fixed Income** section of the list to the Non-Traditional Funds section reflects the Investments Department’s view of the product’s appropriate use in the context of the diversified portfolio.

While the product purchases fixed income investments, the type of bonds, investment process, and the liquidity of the holdings has vast similarities to that of a Non-Traditional fixed income product. The risk return profile supports this as the fund offers investors half the volatility of the typical fixed income product, but that is at least partly due to the nature the liquidity of the fund’s holdings.

Attached to this e-mail are the complete reports prepared by the Traditional Investments Group. If you have any questions, please call your respective WMS Portfolio Specialist.



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