

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
DOW JONES 30 (8600)	-4.73%	-1.89%	-30.50%	-31.92%	-1.52%
S&P 500 (890)	-4.39%	-1.35%	-35.28%	-36.99%	-2.63%
NASDAQ 100 (1223)	-3.21%	0.95%	-36.91%	-41.57%	-3.84%
S&P 500/Citigroup Growth	-3.80%	-0.48%	-32.72%	-34.91%	-2.99%
S&P 500/Citigroup Value	-5.01%	-2.27%	-37.96%	-39.19%	-2.34%
S&P MidCap 400/Citigroup Growth	-3.76%	-0.80%	-33.96%	-37.58%	-1.08%
S&P MidCap 400/Citigroup Value	-3.75%	-2.00%	-31.12%	-34.78%	-0.22%
S&P SmallCap600/Citigroup Growth	-5.70%	-4.04%	-31.71%	-32.84%	-0.28%
S&P SmallCap600/Citigroup Value	-6.10%	-5.25%	-27.80%	-29.50%	-0.38%
MSCI EAFE	-0.81%	1.46%	-40.32%	-43.07%	1.80%
MSCI World (ex US)	-0.70%	1.74%	-40.33%	-43.26%	2.11%
MSCI World	-2.44%	0.31%	-37.93%	-40.39%	-0.31%
MSCI Emerging Markets	-1.67%	0.76%	-52.45%	-53.49%	6.32%

Source: **Bloomberg**. Returns are total returns. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 1/9/09.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
Consumer Discretionary	-4.18%	0.30%	-28.47%	-33.49%	-6.13%
Consumer Staples	-4.86%	-3.19%	-18.19%	-15.44%	4.09%
Energy	-3.94%	0.23%	-33.09%	-34.89%	13.50%
Financials	-9.04%	-7.53%	-55.40%	-55.23%	-13.91%
Health Care	-3.64%	-1.52%	-26.41%	-22.80%	-1.13%
Industrials	-4.05%	-0.05%	-36.23%	-39.92%	-1.71%
Information Technology	-2.31%	1.87%	-37.06%	-43.14%	-6.30%
Materials	-1.14%	2.70%	-41.87%	-45.64%	-0.55%
Telecom Services	-6.06%	-3.35%	-29.29%	-30.47%	2.54%
Utilities	-2.28%	-0.06%	-31.11%	-28.99%	8.24%

Source: **Bloomberg**. Returns are total returns. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 1/9/09.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
U.S. Treasury: Intermediate	0.46%	-0.18%	9.76%	11.35%	5.19%
GNMA 30 Year	1.01%	0.93%	7.68%	7.87%	5.48%
U.S. Aggregate	0.90%	0.37%	4.45%	5.24%	4.54%
U.S. Corporate High Yield	5.93%	6.60%	-19.64%	-26.16%	0.09%
U.S. Corporate Investment Grade	1.89%	1.04%	-4.68%	-4.94%	2.10%
Municipal Bond: Long Bond (22+)	4.14%	4.33%	-12.39%	-14.68%	1.44%
Global Aggregate	-0.27%	-0.40%	3.11%	4.79%	4.59%

Source: **Lehman Bros**. Returns include reinvested interest. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 1/9/09.

KEY RATES

As of 1/9

Fed Funds	0.25%	5-YR CD	2.97%
LIBOR (1-month)	0.42%	2-YR Note	0.74%
CPI - Headline	1.10%	5-YR Note	1.50%
CPI - Core	2.00%	10-YR T-Bond	2.38%
Money Market Accts.	2.00%	30-YR T-Bond	3.04%
Money Market Funds	0.80%	30-YR Mortgage	5.11%
6-mo. CD	2.03%	Prime Rate	3.25%
1-YR CD	2.52%	Bond Buyer 40	5.77%

Sources: **Bankrate.com, iMoneyNet.com and Bloomberg**

MARKET INDICATORS

As of 1/9

TED Spread: 108 bps	Investment Grade Spread (A2): 538 bps	ML High Yield Master II Index Spread: 1652 bps
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Sources: **Bloomberg and Merrill Lynch via Bloomberg**.

WEEKLY FUND FLOWS

	Week of 12/30	Previous
Equity Funds	\$3 B	-\$2.9 B
Including ETF activity, Domestic funds reported net inflows of \$1.749 B and Non-domestic funds reported net inflows of \$1.299 B.		
Bond Funds	\$3.2 B	\$806 M
High Yield Corporate Bond funds report net inflows of \$882 M, the largest inflows to the sector since 9/3/03.		
Municipal Bond Funds	\$208 M	-\$396 M
Money Markets	\$54.699 B	\$18.121 B

Source: **AMG Data Services**

FACTOIDS FOR THE WEEK OF JANUARY 5TH - JANUARY 9TH

Monday, January 5, 2009

The Q4'08 edition of the *Investment Manager Outlook*, a survey of investment managers conducted by Russell Investment Group, says that money managers continue to be most bullish on U.S. Large-Cap Growth stocks over all other asset classes (including debt groups). Sixty-seven percent of those managers polled are bullish, up from 62% in Q3'08. Rounding out the top five are U.S. Mid-Cap Growth and U.S. Large-Cap Value (both at 61%), Corporate Bonds (60%) and U.S. Small-Cap Growth (56%). The bullish call on investment-grade corporate bonds is their strongest endorsement in the history of the survey. Managers are least bullish on Real Estate (9%). The top three sectors that managers are most bullish on are Health Care (66%), Technology (62%) and Financial Services (45%).

Tuesday, January 6, 2009

High yield bond spreads have narrowed for thirteen consecutive trading sessions, according to Bespoke Investment Group. It stands as the second longest streak of declines since tracking began in 1997. The longest was in April 2003. The current spread is 1,744 basis points over Treasuries (based on Merrill Lynch indices), down from a high of 2,182 basis points on December 15, 2008.

Wednesday, January 7, 2009

Wall Street's largest bond firms (17 primary government security dealers) are predicting that 10-yr. T-Bonds could lose 3.5% in 2009, the first loss since an 8.3% decline in 1999, according to Bloomberg. In 1999, the yield on the 10-yr. T-Bond rose from 4.65% to 6.44%. This was the year following the 1998 bailout of Long-Term Capital Management LP and the Russian default. Firms are anticipating record debt sales in 2009 to help finance the government's initiatives to stimulate the economy.

Thursday, January 8, 2009

Approximately 7,000 publicly owned companies report dividend information to Standard & Poor's Dividend Record. In Q4'08, 475 companies increased their dividend distributions – a 40% decline from the 792 increases registered in Q4'07, according to S&P. The number of companies that decreased their dividends totaled 288 – a 454% increase from the 52 decreases registered in Q4'07. It was the worst quarter for stock dividends since the firm started keeping records in 1956, according to Howard Silverblatt, Senior Index Analyst at S&P. With dividend cuts on the rise, Silverblatt urges investors to be diligent and monitor earnings and cash flow from current operations to ensure that the company still has the ability to pay.

Friday, January 9, 2009

Prescription drugs accounted for roughly 10% of health care spending in 2007, the same percentage as in 1960, according to a new report released by the Centers for Medicare and Medicaid Services. The other 90% of each dollar spent funnels to hospitals, doctors, nursing homes, various health services and administrative costs. Chronic diseases such as cancer, heart disease and diabetes result in seven out of 10 deaths in the U.S., and account for 75¢ out of every \$1 spent on health care, according to the Centers for Disease Control and Prevention. Drug companies are currently developing 277 medicines for heart disease and stroke, 750 medicines spanning several types of cancer and 95 medicines for diabetes, according to the Pharmaceutical Research and Manufacturers of America.