

Stock Index Performance

| Index                            | Week  | YTD    | 12-mo.  | 2008    | 5-yr   |
|----------------------------------|-------|--------|---------|---------|--------|
| DOW JONES 30 (8277)              | 0.21% | -4.19% | -31.98% | -31.92% | -1.19% |
| S&P 500 (887)                    | 0.53% | -0.68% | -34.39% | -36.99% | -2.12% |
| NASDAQ 100 (1363)                | 0.64% | 12.89% | -29.80% | -41.57% | -0.16% |
| S&P 500/Citigroup Growth         | 0.59% | 2.78%  | -30.87% | -34.91% | -1.92% |
| S&P 500/Citigroup Value          | 0.47% | -4.31% | -38.03% | -39.19% | -2.44% |
| S&P MidCap 400/Citigroup Growth  | 1.33% | 7.18%  | -34.25% | -37.58% | 0.97%  |
| S&P MidCap 400/Citigroup Value   | 0.75% | -0.65% | -35.86% | -34.78% | 0.53%  |
| S&P SmallCap600/Citigroup Growth | 0.15% | -3.07% | -33.42% | -32.84% | 0.17%  |
| S&P SmallCap600/Citigroup Value  | 0.20% | -7.15% | -32.93% | -29.50% | -0.61% |
| MSCI EAFE                        | 3.75% | 6.30%  | -38.78% | -43.07% | 3.02%  |
| MSCI World (ex US)               | 4.29% | 12.06% | -38.55% | -43.26% | 5.18%  |
| MSCI World                       | 2.34% | 3.63%  | -37.00% | -40.39% | 0.45%  |
| MSCI Emerging Markets            | 5.51% | 32.91% | -37.87% | -53.49% | 14.94% |

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 5/22/09.

S&P Sector Performance

| Index                  | Week   | YTD     | 12-mo.  | 2008    | 5-yr    |
|------------------------|--------|---------|---------|---------|---------|
| Consumer Discretionary | 1.11%  | 5.15%   | -28.63% | -33.49% | -4.68%  |
| Consumer Staples       | 2.12%  | -3.22%  | -15.71% | -15.44% | 2.89%   |
| Energy                 | 0.83%  | -2.24%  | -42.16% | -34.89% | 11.70%  |
| Financials             | 0.88%  | -6.47%  | -51.23% | -55.23% | -13.52% |
| Health Care            | -0.37% | -4.83%  | -18.39% | -22.80% | -1.81%  |
| Industrials            | -0.31% | -6.83%  | -42.35% | -39.92% | -2.69%  |
| Information Technology | 0.46%  | 14.17%  | -29.83% | -43.14% | -2.11%  |
| Materials              | 2.62%  | 16.00%  | -41.16% | -45.64% | 3.43%   |
| Telecom Services       | -3.18% | -8.42%  | -29.74% | -30.47% | 1.50%   |
| Utilities              | -0.38% | -10.14% | -34.89% | -28.99% | 6.47%   |

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 5/22/09.

Bond Index Performance

| Index                           | Week   | YTD    | 12-mo. | 2008    | 5-yr  |
|---------------------------------|--------|--------|--------|---------|-------|
| U.S. Treasury: Intermediate     | -0.79% | -1.92% | 6.85%  | 11.35%  | 5.15% |
| GNMA 30 Year                    | -0.28% | 2.73%  | 8.17%  | 7.87%   | 6.12% |
| U.S. Aggregate                  | -0.34% | 1.11%  | 4.62%  | 5.24%   | 5.10% |
| U.S. Corporate High Yield       | 2.12%  | 25.10% | -9.30% | -26.16% | 3.93% |
| U.S. Corporate Investment Grade | -0.13% | 3.60%  | -1.68% | -4.94%  | 3.15% |
| Municipal Bond: Long Bond (22+) | 1.10%  | 15.33% | -1.73% | -14.68% | 4.31% |
| Global Aggregate                | 1.11%  | 0.71%  | 0.91%  | 4.79%   | 5.67% |

Source: Barclays Capital. Returns are total returns. The 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 5/22/09.

Key Rates

As of 5/22

|                     |        |                |       |
|---------------------|--------|----------------|-------|
| Fed Funds           | 0.25%  | 5-YR CD        | 3.10% |
| LIBOR (1-month)     | 0.31%  | 2-YR T-Note    | 0.80% |
| CPI - Headline      | -0.70% | 5-YR T-Note    | 2.20% |
| CPI - Core          | 1.90%  | 10-YR T-Note   | 3.44% |
| Money Market Accts. | 1.33%  | 30-YR T-Bond   | 4.38% |
| Money Market Funds  | 0.19%  | 30-YR Mortgage | 5.00% |
| 6-mo. CD            | 1.65%  | Prime Rate     | 3.25% |
| 1-YR CD             | 2.21%  | Bond Buyer 40  | 5.22% |

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

Market Indicators

As of 5/22

|                                      |          |
|--------------------------------------|----------|
| TED Spread                           | 48 bps   |
| Investment Grade Spread (A2)         | 414 bps  |
| ML High Yield Master II Index Spread | 1218 bps |

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 5/13/09

Estimated Flows to Long-Term Mutual Funds

|                 | Current Week    | Previous         |
|-----------------|-----------------|------------------|
| Domestic Equity | \$4.767 Billion | \$9.849 Billion  |
| Foreign Equity  | \$1.849 Billion | -\$1.676 Billion |
| Taxable Bond    | \$6.872 Billion | \$2.096 Billion  |
| Municipal Bond  | \$1.787 Billion | \$1.731 Billion  |

Change in Money Market Fund Assets

|               | Current Week     | Previous         |
|---------------|------------------|------------------|
| Retail        | -\$2.03 Billion  | -\$13.47 Billion |
| Institutional | -\$14.62 Billion | \$15.80 Billion  |

Source: Investment Company Institute

Factoids for the week of May 18th - May 22nd

Monday, May 18, 2009

Earnings per share for the companies in the S&P 500 declined 23% for the 12-month period ended May 6, according to *BusinessWeek*. The following shows the percentage change in earnings per share for some major foreign indices over the same span: China's Shanghai Composite (-29%); Brazil's Bovespa (-37%); France's CAC 40 (-39%); Mexico's Bolsa (-40%); Germany's DAX (-56%); Britain's FTSE 100 (-59%); and Japan's Nikkei 225 (-78%).

Tuesday, May 19, 2009

In 2008, drug companies invested an estimated \$65.2 billion (worldwide) in R&D, according to the Pharmaceutical Research and Manufacturers of America. Only two out of 10 marketed drugs ever produce revenues that match or exceed R&D costs. Prescription drugs account for just 10¢ out of every dollar spent on health care, according to the Centers for Medicare and Medicaid Services. The two biggest components of spending are hospital care (31%) and physician/clinical care (21%).

Wednesday, May 20, 2009

From the peak (10/9/07) in the S&P 500 to its trough (3/9/09), the total market cap of the global equity markets declined from \$62.5 trillion to \$25.5 trillion, according to Bespoke Investment Group. Since the March 9<sup>th</sup> low, the total market cap has risen to just over \$35 trillion. The U.S. is the largest market in the world with a 30.64% share of the total market cap. Japan and China are the next largest markets at 8.70% and 7.64%, respectively. The BRIC countries (Brazil, Russia, India and China) now account for 13.53% of the total market cap, topping the combined 13.37% from the UK, France and Germany. Year-to-date, 62 out of the 83 major indices around the world are up.

Thursday, May 21, 2009

The Obama Administration recently upped its deficit projection for the current fiscal year ending in September from \$1.75 trillion to \$1.84 trillion, according to SmartMoney.com. It bumped up next year's from \$1.17 trillion to \$1.26 trillion. Last year's deficit totaled \$458 billion. As a result, total sales of government bonds with maturities of two years or longer are expected to reach \$2.1 trillion in 2009, up from \$880 billion in 2008, according to Barclays Capital. Net sales, which adjust for maturing debt, could hit \$1.55 trillion this year, up from \$332 last year.

Friday, May 22, 2009

From October 2007 (peak) through March 2009, the Moody's/REAL Commercial Property Price Index (CPPI) dropped 22.8%, according to REIT.com. The numbers just released for March revealed a 75% year-over-year decline in sales volume (347 properties totaling \$3.4 billion). The potential silver lining is that REIT stock prices tend to lead underlying property values by six months to a year, according to Brad Case, NAREIT vice president of research and industry information. Even though equity REITs are down 12.86% so far in 2009, they have posted a 47.4% gain since the March 9<sup>th</sup> bottom in the stock market. Recent secondary offerings in the REIT market have raised over \$7 billion. This will enable well-capitalized REITs to acquire distressed properties at bargain prices.