

Stock Index Performance

| Index | Week | YTD | 12-mo. | 2009 | 5-yr |
|------------------------------------|-------|--------|--------|--------|--------|
| Dow Jones Industrial Avg. (11,006) | 1.71% | 7.79% | 15.55% | 22.68% | 4.08% |
| S&P 500 (1,165) | 1.71% | 6.13% | 11.59% | 26.47% | 1.61% |
| NASDAQ 100 (2,027) | 1.54% | 9.55% | 18.82% | 54.63% | 6.03% |
| S&P 500 Growth | 1.60% | 5.62% | 12.71% | 31.58% | 2.76% |
| S&P 500 Value | 1.82% | 6.67% | 10.37% | 21.17% | 0.37% |
| S&P MidCap 400 Growth | 0.72% | 14.98% | 19.79% | 41.23% | 5.72% |
| S&P MidCap 400 Value | 1.17% | 10.89% | 16.66% | 33.77% | 3.74% |
| S&P SmallCap 600 Growth | 1.66% | 12.17% | 17.55% | 28.34% | 3.28% |
| S&P SmallCap 600 Value | 2.54% | 10.82% | 15.29% | 22.86% | 2.45% |
| MSCI EAFE | 2.74% | 4.29% | 5.56% | 31.78% | 3.03% |
| MSCI World (ex US) | 2.38% | 6.73% | 9.15% | 41.45% | 5.37% |
| MSCI World | 2.18% | 5.27% | 8.50% | 29.99% | 2.33% |
| MSCI Emerging Markets | 1.41% | 13.41% | 19.69% | 78.51% | 14.08% |

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 10/08/10.

S&P Sector Performance

| Index | Week | YTD | 12-mo. | 2009 | 5-yr |
|------------------------|--------|--------|--------|--------|---------|
| Consumer Discretionary | 2.66% | 16.49% | 25.54% | 41.33% | 3.16% |
| Consumer Staples | 0.80% | 8.70% | 12.35% | 14.89% | 7.21% |
| Energy | 2.79% | 3.27% | 5.14% | 13.86% | 4.99% |
| Financials | 1.27% | 2.85% | -1.69% | 17.24% | -10.48% |
| Health Care | 0.87% | 0.20% | 9.78% | 19.70% | 2.05% |
| Industrials | 2.88% | 16.77% | 23.28% | 20.93% | 2.67% |
| Information Technology | 1.53% | 1.37% | 11.86% | 61.72% | 4.18% |
| Materials | 3.28% | 7.31% | 13.30% | 48.57% | 7.74% |
| Telecom Services | -0.28% | 11.46% | 22.65% | 8.93% | 6.02% |
| Utilities | 0.76% | 5.80% | 14.28% | 11.91% | 3.60% |

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 10/08/10.

Bond Index Performance

| Index | Week | YTD | 12-mo. | 2009 | 5-yr |
|---------------------------------|-------|--------|--------|--------|-------|
| U.S. Treasury: Intermediate | 0.60% | 7.83% | 6.81% | -1.41% | 6.06% |
| GNMA 30 Year | 0.83% | 7.36% | 7.24% | 5.37% | 6.66% |
| U.S. Aggregate | 0.64% | 8.64% | 8.47% | 5.93% | 6.34% |
| U.S. Corporate High Yield | 1.04% | 12.95% | 19.55% | 58.21% | 8.69% |
| U.S. Corporate Investment Grade | 0.88% | 11.70% | 12.89% | 18.68% | 6.67% |
| Municipal Bond: Long Bond (22+) | 0.30% | 9.42% | 7.40% | 23.43% | 4.56% |
| Global Aggregate | 1.27% | 8.61% | 6.59% | 6.93% | 7.02% |

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 10/08/10.

Key Rates

| As of 10/08 | | | |
|---------------------|------------|----------------|-------|
| Fed Funds | 0.00-0.25% | 5-yr CD | 2.40% |
| LIBOR (1-month) | 0.26% | 2-yr T-Note | 0.34% |
| CPI - Headline | 1.10% | 5-yr T-Note | 1.09% |
| CPI - Core | 0.90% | 10-yr T-Note | 2.38% |
| Money Market Accts. | 0.69% | 30-yr T-Bond | 3.74% |
| Money Market Funds | 0.04% | 30-yr Mortgage | 4.30% |
| 6-mo CD | 0.77% | Prime Rate | 3.25% |
| 1-yr CD | 1.18% | Bond Buyer 40 | 4.86% |

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

Market Indicators

| As of 10/08 | |
|--------------------------------------|---------|
| TED Spread | 16 bps |
| Investment Grade Spread (A2) | 192 bps |
| ML High Yield Master II Index Spread | 614 bps |

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 09/29/10

Estimated Flows to Long-Term Mutual Funds

| | Current Week | Previous |
|-----------------|------------------|------------------|
| Domestic Equity | -\$4.150 Billion | -\$2.524 Billion |
| Foreign Equity | \$1.127 Billion | \$616 Million |
| Taxable Bond | \$4.806 Billion | \$6.295 Billion |
| Municipal Bond | \$615 Million | \$619 Million |

Change in Money Market Fund Assets

| | Current Week | Previous |
|---------------|-----------------|-----------------|
| Retail | -\$0.19 Billion | -\$5.03 Billion |
| Institutional | -\$0.31 Billion | \$6.86 Billion |

Source: Investment Company Institute

Factoids for the week of October 4th – 8th

Monday, October 4, 2010

In September, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of 6.77%, vs. 7.51% for the non-payers (132), according to Standard & Poor's. Year-to-date, the payers were up 6.11%, vs. a gain of 3.85% for the non-payers. For the 12-month period ended September, payers were up 13.90%, vs. a gain of 9.56% for the non-payers. The number of dividend increases year-to-date totaled 177, up from 108 increases a year ago. Two companies decreased their dividends, down from 62 a year ago. One company suspended its dividend, down from 10 a year ago.

Tuesday, October 5, 2010

Private capital flows to emerging markets are ramping up, according to MarketWatch.com. The Institute of International Finance is estimating flows totaling \$825 billion in 2010, up from \$581 billion in 2009. It expects investors to funnel roughly \$186 billion into emerging market equities – three times the annual average of \$62 billion from 2005 through 2009.

Wednesday, October 6, 2010

Merrill Lynch data revealed that convertible securities outperformed corporate bonds in September by 4.42 percentage points, the biggest gap since August 2000, according to Bloomberg. With the stock market in rally mode and high yield corporate bonds trading at or above par, convertibles are a logical choice for those investors who are getting sticker shock from bonds but see that stocks are still relatively cheap.

Thursday, October 7, 2010

Approximately 7,000 publicly owned companies report dividend information to Standard & Poor's Dividend Record. In Q3'10, 35 companies decreased their dividend distributions – a significant improvement from the 135 cuts in Q3'09, according to S&P. The number of companies that increased their dividend payouts totaled 299 – up from the 191 increases registered in Q3'09. Y-T-D, 117 companies have decreased their dividend payment, down from 730 at this point last year. Howard Silverblatt, Senior Index Analyst at S&P, reported a net increase in annual dividend rates of \$18.5 billion in the first nine months of 2010, compared to a \$45.7 billion decline in rates in the first nine months of 2009.

Friday, October 8, 2010

The price of gold bullion closed at a record-high of \$1,346.40 on October 6, up 22.8% from the end of 2009. Prior to the current bull market in gold, the all-time high was \$850 per ounce back in January 1980. Gold enthusiasts tout that its price can eventually rally to \$2,000 per ounce and above because today's inflation-adjusted price of that \$850 peak is around \$2,350. For those worried that a bubble is already forming, the \$7.4 billion that flowed into gold ETFs in the first seven months of this year pales in comparison to the \$22 billion that flowed into emerging market mutual funds, according to Financial Research Corporation.