

## STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
DOW JONES 30 (8451)	-18.09%	-34.96%	-38.37%	8.88%	-0.38%
S&P 500 (899)	-18.14%	-37.71%	-41.20%	5.49%	-0.98%
NASDAQ 100 (1270)	-13.66%	-38.88%	-41.37%	19.24%	-1.59%
S&P 500/Citigroup Growth	-17.70%	-36.90%	-39.12%	9.25%	-2.20%
S&P 500/Citigroup Value	-18.63%	-38.56%	-43.26%	2.03%	0.24%
S&P MidCap 400/Citigroup Growth	-17.10%	-36.68%	-39.56%	13.55%	0.60%
S&P MidCap 400/Citigroup Value	-16.75%	-33.68%	-38.73%	2.84%	2.78%
S&P SmallCap600/Citigroup Growth	-14.29%	-28.97%	-35.93%	5.66%	3.39%
S&P SmallCap600/Citigroup Value	-15.26%	-26.98%	-34.66%	-5.19%	3.48%
MSCI EAFE	-21.70%	-44.63%	-46.67%	11.76%	3.57%
MSCI World (ex US)	-21.80%	-44.52%	-46.52%	13.04%	3.94%
MSCI World	-20.02%	-41.35%	-43.98%	9.69%	1.39%
MSCI Emerging Markets	-20.18%	-51.58%	-52.36%	39.23%	10.06%

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 10/10/08.

## WEEKLY FUND FLOWS

	Week of 10/09	Previous
<b>Equity Funds</b>	<b>-\$2.4 B</b>	<b>\$9.1 B</b>
Including ETF activity, Domestic funds reporting net inflows of \$28.156 B and Non-domestic funds reporting net outflows of -\$30.526 B.		
<b>Bond Funds</b>	<b>\$7.0 B</b>	<b>-\$5.4 B</b>
<b>Municipal Bond Funds</b>	<b>\$5.195 B</b>	<b>-\$848 M</b>
<b>Money Markets</b>	<b>-\$44.350 B</b>	<b>\$4.396 B</b>
General MM funds report record net cash outflows of -\$429.920 B and Government MM funds report record net cash inflows of \$384.071 B, the largest reallocation and flight to quality in history.		

Source: **AMG Data Services**

## S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
Consumer Discretionary	-18.25%	-34.85%	-43.16%	-13.21%	-5.21%
Consumer Staples	-15.93%	-18.98%	-16.29%	14.36%	4.45%
Energy	-25.03%	-43.21%	-41.78%	34.41%	12.64%
Financials	-22.35%	-48.28%	-57.18%	-18.52%	-8.72%
Health Care	-18.38%	-29.85%	-31.49%	7.32%	-1.14%
Industrials	-11.47%	-37.23%	-40.87%	12.04%	1.43%
Information Technology	-14.31%	-39.12%	-41.03%	16.30%	-3.59%
Materials	-15.27%	-39.88%	-41.26%	22.53%	4.16%
Telecom Services	-18.50%	-43.13%	-46.11%	11.88%	1.90%
Utilities	-20.20%	-38.24%	-35.57%	19.38%	6.69%

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 10/10/08.

## BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
U.S. Treasury: Intermediate	-0.44%	5.20%	9.28%	8.83%	4.30%
GNMA 30 Year	-1.60%	2.30%	5.56%	6.97%	4.61%
U.S. Aggregate	-1.98%	-0.73%	2.30%	6.97%	3.72%
U.S. Corporate High Yield	-10.69%	-22.67%	-24.38%	1.88%	1.07%
U.S. Corporate Investment Grade	-4.17%	-12.16%	-10.72%	4.56%	0.93%
Municipal Bond: Long Bond (22+)	-8.24%	-16.81%	-16.52%	0.46%	1.09%
Global Aggregate	-1.34%	-1.80%	1.79%	9.48%	4.42%

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 10/10/08.

## KEY RATES

As of 10/10

Fed Funds	1.50%	5-YR CD	4.05%
LIBOR (1-month)	4.14%	2-YR Note	1.63%
CPI - Headline	5.40%	5-YR Note	2.75%
CPI - Core	2.50%	10-YR T-Bond	3.87%
Money Market Accts.	2.41%	30-YR T-Bond	4.13%
Money Market Funds	1.72%	30-YR Mortgage	5.74%
6-mo. CD	3.15%	Prime Rate	4.50%
1-YR CD	3.62%	Bond Buyer 40	6.54%

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

## FACTOIDS FOR THE WEEK OF OCTOBER 6<sup>TH</sup> - OCTOBER 10<sup>TH</sup>

### Monday, October 6, 2008

Approximately 7,000 publicly owned companies report dividend information to Standard & Poor's Dividend Record. In Q3'08, 346 companies increased their dividend distributions – a 21.2% decline from the 439 increases registered in Q3'07, according to S&P. Overall, dividend payments fell by \$22.5 billion. Financials accounted for nearly two-thirds of the dividend cuts and 93% of the drop in payments, according to Howard Silverblatt, Senior Index Analyst at S&P. Silverblatt noted that this was the worst September for stock dividends since the firm started keeping records in 1956.

### Tuesday, October 7, 2008

Barring a major rally before yearend, this will only be the third time since 1900 that the DJIA posted a negative return (excluding dividends) over the first nine years of a decade (currently at -13%), according to Bespoke Investment Group. The other two were 1910-1918 (-17%) and 1930-1938 (-38%).

### Wednesday, October 8, 2008

As many as 500 hedge funds could exit the business by the end of 2008, according to *Kiplinger*. It estimates another 1,000 will fall in 2009. There are approximately 10,200 hedge funds overseeing \$2 trillion. Tough sledding in the credit/derivatives markets and a temporary ban on the short selling of stocks has made it difficult for hedge fund managers to generate gains. The annual redemption season for hedge funds commenced at the end of September.

### Thursday, October 9, 2008

The global speculative-grade default rate stood at 2.8% in September, up from 2.7% in August, according to Moody's. The rate was 1.3% a year ago. Moody's is now forecasting the rate will rise to 7.9% by September 2009. The U.S. speculative-grade default rate stood at 3.4% in September, up from 3.3% in August. The rate was 1.2% a year ago. Moody's is now forecasting the rate will rise to 5.1% by the end of 2008. The historical average is approximately 5.0%. The default rate on senior loans rose from 3.27% in August to 3.47% as of the first week of October, according to Standard & Poor's LCD. The rate was 0.26% (record-low) at the end of 2007. The historical average is 2.97%.

### Friday, October 10, 2008

Yesterday's close marked the one-year anniversary of the peak in the S&P 500. Over the past 12 months, the S&P 500 declined by 40.6%. Since 1926, the average bear market has reflected a 33.5% decline in the S&P 500, according to Jim Stack, president of InvesTech Research. The average P/E ratio for the stocks in the S&P 500 based on 2009 earnings expectations is now estimated to be 11.9, according to Bespoke Investment Group. Currently, 48% of the stocks in the index have an estimated P/E of less than 10. Since 1926, the average P/E for the index has been around 15.