

## STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
DOW JONES 30 (8579)	-0.58%	-33.49%	-33.16%	8.88%	-1.24%
S&P 500 (888)	0.94%	-38.15%	-37.45%	5.49%	-2.13%
NASDAQ 100 (1217)	0.88%	-41.31%	-39.75%	19.24%	-2.70%
S&P 500/Citigroup Growth	0.72%	-36.06%	-35.18%	9.25%	-2.69%
S&P 500/Citigroup Value	1.20%	-40.37%	-39.86%	2.03%	-1.63%
S&P MidCap 400/Citigroup Growth	3.06%	-39.35%	-38.46%	13.55%	-0.87%
S&P MidCap 400/Citigroup Value	3.26%	-36.61%	-35.71%	2.84%	0.16%
S&P SmallCap600/Citigroup Growth	3.24%	-34.78%	-33.94%	5.66%	0.59%
S&P SmallCap600/Citigroup Value	4.55%	-31.83%	-30.75%	-5.19%	0.60%
MSCI EAFE	3.92%	-43.67%	-41.76%	13.04%	2.67%
MSCI World (ex US)	3.80%	-43.95%	-41.98%	13.04%	2.89%
MSCI World	2.45%	-41.29%	-39.89%	9.69%	0.28%
MSCI Emerging Markets	5.51%	-52.27%	-50.22%	39.23%	8.67%

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 12/19/08.

## WEEKLY FUND FLOWS

	Week of 12/17	Previous
<b>Equity Funds</b>	<b>\$8.4 B</b>	<b>\$5.8 B</b>
Including ETF activity, Domestic funds reported net inflows of \$10.278 B and Non-domestic funds reported net inflows of -\$1.835 B.		
<b>Bond Funds</b>	<b>-\$1.1 B</b>	<b>\$416 M</b>
<b>Municipal Bond Funds</b>	<b>-\$993 M</b>	<b>-\$1.053 B</b>
<b>Money Markets</b>	<b>-\$2.246 B</b>	<b>\$31.764 B</b>

Source: **AMG Data Services**

## S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
Consumer Discretionary	2.30%	-33.86%	-33.72%	-13.21%	-5.90%
Consumer Staples	1.55%	-17.21%	-17.25%	14.36%	4.28%
Energy	-4.57%	-37.58%	-35.24%	34.41%	13.06%
Financials	2.77%	-56.10%	-55.79%	-18.52%	-12.42%
Health Care	4.30%	-24.17%	-24.53%	7.32%	-0.70%
Industrials	2.32%	-41.54%	-40.60%	12.04%	-1.90%
Information Technology	-0.36%	-43.08%	-42.27%	16.30%	-5.25%
Materials	-0.05%	-45.62%	-43.96%	22.53%	-0.70%
Telecom Services	0.97%	-31.66%	-30.14%	11.88%	4.29%
Utilities	-0.35%	-30.74%	-31.07%	19.38%	8.22%

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 12/19/08.

## BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
U.S. Treasury: Intermediate	0.93%	11.74%	12.02%	8.83%	5.42%
GNMA 30 Year	0.65%	7.61%	7.93%	6.97%	5.35%
U.S. Aggregate	1.69%	5.09%	5.49%	6.97%	4.57%
U.S. Corporate High Yield	3.28%	-31.32%	-31.28%	1.88%	-2.18%
U.S. Corporate Investment Grade	3.47%	-5.81%	-5.36%	4.56%	1.87%
Municipal Bond: Long Bond (22+)	5.69%	-16.58%	-16.53%	0.46%	0.36%
Global Aggregate	3.23%	4.92%	6.06%	9.48%	5.22%

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 12/19/08.

## KEY RATES

As of 12/19

Fed Funds	0.25%	5-YR CD	3.37%
LIBOR (1-month)	0.88%	2-YR Note	0.73%
CPI - Headline	1.10%	5-YR Note	1.35%
CPI - Core	2.00%	10-YR T-Bond	2.12%
Money Market Accts.	2.22%	30-YR T-Bond	2.55%
Money Market Funds	1.01%	30-YR Mortgage	5.29%
6-mo. CD	2.41%	Prime Rate	3.25%
1-YR CD	2.86%	Bond Buyer 40	6.06%

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

## MARKET INDICATORS

As of 12/19

TED Spread: 146 bps	Investment Grade Spread (A2): 606 bps	ML High Yield Master II Index Spread: 2029 bps
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Sources: **Bloomberg and Merrill Lynch via Bloomberg**

## FACTOIDS FOR THE WEEK OF DECEMBER 15<sup>TH</sup> - DECEMBER 19<sup>TH</sup>

### Monday, December 15, 2008

Merrill Lynch estimates that the U.S. defense budget will be cut by \$30 billion in fiscal 2010, from \$512 billion in 2009, according to SmartMoney.com. President Bush has already signed the fiscal 2009 defense budget. Despite the potential dip in funding, investors should not necessarily shy away from the aerospace and defense sector since it has historically outperformed the S&P 500 by an average of 2.6% under Democrats, vs. 0.5% under Republicans, according to Merrill Lynch investment strategist Jose Rasco.

### Tuesday, December 16, 2008

So far in 2008, 43 IPOs were priced in the U.S., down 83.5% from this point last year (261), according to data from Renaissance Capital's IPOHome.com. Total volume was \$28.0 billion. At this pace, total volume for the year will not even reach \$30 billion (Visa's IPO raised \$17.86 billion), well below last year's take of \$59.7 billion. The average return for the IPOs launched this year is -38%. The number of IPOs priced worldwide is off 77.9% (116 vs. 524 in 2007).

### Wednesday, December 17, 2008

Americans drove 100 billion fewer miles (y-o-y) between November 2007 and October 2008, according to the U.S. Department of Transportation. The average price of a gallon of regular unleaded gas is currently \$1.67 nationwide, down from \$2.76 a year ago, according to GasBuddy.com. The drop in the price of gas will likely add more than \$200 billion to households' spendable income, according to Bill Witte, co-director of the Center for Econometric Model Research at Indiana University. Goldman Sachs predicts the price of crude oil will fall to \$30 per barrel over the next three months. Back in May 2008, Goldman Sachs warned that oil could surge to \$200 per barrel over the next two years.

### Thursday, December 18, 2008

The average yield spread for BBB corporate bonds now stands at 642 basis points, well above the historical average of 188 basis points (1962-2008), according to SeekingAlpha.com. In 2008, the flight to quality by investors has driven down the yield on the 10-yr. T-Bond by 184 basis points to 2.19% (12/17). The yield fell to 2.0711% at one point during yesterday's trading, its lowest mark since the Fed began tracking the rate in 1954. Overall, Treasury bonds have returned 13.7% this year – the most since their 17.3% gain in 1995, according to Merrill Lynch.

### Friday, December 19, 2008

The U.S. Dollar index declined 2.2% on Wednesday marking its biggest 6-day decline ever, according to Bespoke Investment Group. The 8.07% drop in the dollar topped the previous record of -7.48% set on September 26, 1985. The drop was obviously inspired by the Federal Reserve's announcement on Tuesday that it was reducing the federal funds target rate from 1.00% to between 0 and 0.25%. The weakness in the dollar helped push the Reuters/Jefferies CRB Index higher by 4.4% over that 6-day span, but the price of a barrel of crude oil declined by 4.8%.