

## STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
DOW JONES 30 (11628)	-0.20%	-10.80%	-9.88%	8.88%	6.88%
S&P 500 (1292)	-0.42%	-10.78%	-9.88%	5.49%	7.39%
NASDAQ 100 (1932)	-1.31%	-7.07%	0.22%	19.24%	8.60%
S&P 500/Citigroup Growth	0.25%	-7.91%	-3.73%	9.25%	6.50%
S&P 500/Citigroup Value	-1.19%	-13.86%	-15.90%	2.03%	8.20%
S&P MidCap 400/Citigroup Growth	-0.41%	-3.02%	0.65%	13.55%	10.61%
S&P MidCap 400/Citigroup Value	-1.23%	-5.15%	-7.41%	2.84%	11.90%
S&P SmallCap600/Citigroup Growth	-1.89%	-0.89%	-4.45%	5.66%	11.66%
S&P SmallCap600/Citigroup Value	-2.25%	-1.50%	-8.51%	-5.19%	10.93%
MSCI EAFE	-0.77%	-18.41%	-12.76%	11.76%	13.98%
MSCI World (ex US)	-0.30%	-17.40%	-11.37%	13.04%	14.62%
MSCI World	-0.35%	-14.10%	-10.29%	9.69%	10.85%
MSCI Emerging Markets	-1.57%	-21.98%	-3.81%	39.23%	23.28%

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 08/22/08.

## WEEKLY FUND FLOWS

	Week of 08/20	Previous
<b>Equity Funds</b>	<b>-\$1.2 B</b>	<b>\$3.9 B</b>
Including ETF activity, Domestic funds reporting net inflows of \$132 M and Non-domestic funds reporting net outflows of -\$1.293 B.		
<b>Bond Funds</b>	<b>-\$125 M</b>	<b>\$1.4 B</b>
<b>Municipal Bond Funds</b>	<b>\$338 M</b>	<b>\$237 M</b>
<b>Money Markets</b>	<b>\$2.443 B</b>	<b>\$9.862 B</b>
Assets now stand at a record \$3.5 T.		

Source: **AMG Data Services**

## S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
Consumer Discretionary	-1.87%	-6.12%	-14.91%	-13.21%	2.66%
Consumer Staples	-1.04%	0.22%	9.10%	14.36%	10.06%
Energy	5.19%	-6.21%	9.46%	34.41%	25.52%
Financials	-3.03%	-27.77%	-38.12%	-18.52%	-1.16%
Health Care	-1.01%	-4.49%	-0.75%	7.32%	5.62%
Industrials	-1.25%	-10.10%	-9.75%	12.04%	9.17%
Information Technology	-1.08%	-9.59%	-3.15%	16.30%	6.25%
Materials	1.36%	-4.84%	3.54%	22.53%	14.38%
Telecom Services	-0.99%	-20.05%	-20.18%	11.88%	8.67%
Utilities	2.14%	-9.63%	-0.93%	19.38%	16.73%

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 08/22/08.

## BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
U.S. Treasury: Intermediate	-0.01%	3.61%	8.20%	8.83%	4.27%
GNMA 30 Year	0.16%	2.29%	6.60%	6.97%	4.85%
U.S. Aggregate	0.07%	1.48%	5.76%	6.97%	4.54%
U.S. Corporate High Yield	-0.43%	-2.70%	-1.12%	1.88%	6.82%
U.S. Corporate Investment Grade	-0.33%	-1.17%	2.01%	4.56%	3.83%
Municipal Bond: Long Bond (22+)	-0.38%	-2.11%	2.29%	0.46%	4.92%
Global Aggregate	0.30%	1.73%	7.94%	9.48%	6.32%

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 08/22/08.

## KEY RATES

As of 08/22

Fed Funds	2.00%	5-YR CD	4.16%
LIBOR (1-month)	2.47%	2-YR Note	2.40%
CPI - Headline	5.60%	5-YR Note	3.13%
CPI - Core	2.50%	10-YR T-Bond	3.86%
Money Market Accts.	2.50%	30-YR T-Bond	4.46%
Money Market Funds	1.86%	30-YR Mortgage	6.33%
6-mo. CD	3.13%	Prime Rate	5.00%
1-YR CD	3.63%	Bond Buyer 40	5.30%

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

## FACTOIDS FOR THE WEEK OF AUGUST 18<sup>TH</sup> - AUGUST 22<sup>ND</sup>

### Monday, August 18, 2008

Standard & Poor's stated last Thursday that it is no longer reviewing its ratings on the insurance arms of MBIA and Ambac Financial for potential downgrade, though it maintained a negative outlook on both, according to *BusinessWeek*. Both were downgraded in June from AAA to AA. So far in August, only 8% of newly issued bonds carried insurance, compared to an average of 25% during the first half of 2008 and nearly 50% in prior years, according to Ying Chen Li, municipal strategist at JPMorgan Chase. The yield ratio of 5-year AAA munis to 5-year T-Notes has averaged 80% over the past 10 years, according to Li. That yield ratio is currently closer to 90%, which suggests tax-frees remain cheap compared to Treasuries.

### Tuesday, August 19, 2008

The Federal Reserve released its senior loan officer survey for Q2'08 and it confirmed that banks have tightened lending standards, particularly for consumer loans and commercial mortgages, according to J.P. Morgan Securities Inc. The survey, however, also reported a 9% increase in bank loans from June 30, 2007, through August 8, 2008. So while the intent is to curb lending, the data to date indicates otherwise. One theory suggests those banks willing to lend are courting new customers while other banks are cutting back. Plus, loan margins have risen making lending more profitable.

### Wednesday, August 20, 2008

Moody's reported that the U.S. speculative-grade default rate stood at 2.5% in July, up from 1.5% in July 2007, according to Bloomberg. It sees the default rate rising to as high as 6.3% by July 2009. The default rate on senior loans stood at 2.92% in July, up from 0.42% in July 2007 and just shy of its historical average of 3.00%, according to Standard & Poor's LCD.

### Thursday, August 21, 2008

U.S. broadband penetration in urban and suburban areas currently stands at 57% and 60%, respectively, while only 38% of rural households utilize high-speed connections, according to a report from the Communications Workers of America. On average, broadband connections cost about \$40 per month. The U.S. ranks 15th among industrialized countries in average Internet speed. Download speed (megabits per second) in Japan is 63.60 (similar cost as U.S.), compared to just 2.35 in the U.S. It takes approximately two minutes to download a movie in Japan, versus up to 2 hours in the U.S.

### Friday, August 22, 2008

The credit crunch has negatively impacted the return on equity (after-tax profit divided by total equity) being generated by banking institutions, according to the *International Herald Tribune*. In 2006, the top 10 banking returns on equity ranged from 23.9% to 35.5%, but the average return for all banks was 13.6%, according to the Boston Consulting Group. In 2007, the average fell to 13%, but it was bolstered by emerging markets institutions and a prosperous first half (subprime mortgage meltdown started in July). Over the past 12 months, U.S. banks and securities firms have eliminated 76,000 jobs and taken close to \$240 billion in losses and write-downs.