

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
DOW JONES 30 (8281)	-3.66%	-5.48%	-31.61%	-31.92%	-2.51%
S&P 500 (850)	-4.50%	-5.79%	-36.58%	-36.99%	-3.83%
NASDAQ 100 (1198)	-2.03%	-1.11%	-35.66%	-41.57%	-4.65%
S&P 500/Citigroup Growth	-2.79%	-3.25%	-32.11%	-34.91%	-3.85%
S&P 500/Citigroup Value	-6.34%	-8.46%	-41.11%	-39.19%	-3.92%
S&P MidCap 400/Citigroup Growth	-2.73%	-3.51%	-33.85%	-37.58%	-1.92%
S&P MidCap 400/Citigroup Value	-2.39%	-4.34%	-31.56%	-34.78%	-1.01%
S&P SmallCap600/Citigroup Growth	-2.78%	-6.71%	-32.41%	-32.84%	-1.26%
S&P SmallCap600/Citigroup Value	-3.52%	-8.59%	-29.26%	-29.50%	-1.46%
MSCI EAFE	-7.56%	-7.93%	-42.47%	-43.07%	0.07%
MSCI World (ex US)	-7.24%	-7.55%	-42.30%	-43.26%	0.38%
MSCI World	-4.75%	-6.53%	-38.48%	-40.39%	-1.78%
MSCI Emerging Markets	-3.50%	-5.84%	-52.03%	-53.49%	5.14%

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 1/16/09.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
Consumer Discretionary	-4.11%	-3.82%	-30.45%	-33.49%	-7.05%
Consumer Staples	-0.49%	-3.67%	-16.09%	-15.44%	3.84%
Energy	-3.10%	-2.87%	-30.32%	-34.89%	12.82%
Financials	-16.46%	-22.75%	-62.97%	-55.23%	-17.27%
Health Care	-0.20%	-1.71%	-25.66%	-22.80%	-1.29%
Industrials	-6.62%	-6.67%	-39.10%	-39.92%	-3.70%
Information Technology	-3.19%	-1.37%	-36.78%	-43.14%	-7.47%
Materials	-3.34%	-0.73%	-42.22%	-45.64%	-0.88%
Telecom Services	-5.68%	-8.83%	-31.84%	-30.47%	0.82%
Utilities	-0.54%	-0.59%	-28.90%	-28.99%	8.11%

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 1/16/09.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
U.S. Treasury: Intermediate	0.21%	0.03%	9.47%	11.35%	5.20%
GNMA 30 Year	-0.30%	0.62%	7.04%	7.87%	5.41%
U.S. Aggregate	-0.01%	0.36%	4.09%	5.24%	4.48%
U.S. Corporate High Yield	-1.03%	5.50%	-20.58%	-26.16%	-0.23%
U.S. Corporate Investment Grade	0.60%	1.65%	-4.18%	-4.94%	2.12%
Municipal Bond: Long Bond (22+)	2.18%	6.61%	-10.92%	-14.68%	1.80%
Global Aggregate	-0.97%	-1.36%	1.19%	4.79%	4.64%

Source: **Barclays Capital**. Returns include reinvested interest. *The 5-yr. return is an average annual.*
One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 1/16/09.

KEY RATES

As of 1/16

Fed Funds	0.25%	5-YR CD	2.90%
LIBOR (1-month)	0.33%	2-YR T-Note	0.72%
CPI - Headline	0.10%	5-YR T-Note	1.47%
CPI - Core	1.80%	10-YR T-Note	2.32%
Money Market Accts.	1.89%	30-YR T-Bond	2.85%
Money Market Funds	0.73%	30-YR Mortgage	5.17%
6-mo. CD	1.99%	Prime Rate	3.25%
1-YR CD	2.39%	Bond Buyer 40	5.59%

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

MARKET INDICATORS

As of 1/16

TED Spread: 99 bps	Investment Grade Spread (A2): 536 bps	ML High Yield Master II Index Spread: 1661 bps
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Sources: **Bloomberg and Merrill Lynch via Bloomberg**

WEEKLY FUND FLOWS

	Week of 1/14	Previous
Equity Funds	-\$3.7 B	\$3 B
Including ETF activity, Domestic funds reported net outflows of -\$4.530 B and Non-domestic funds reported net inflows of \$877 M.		
Bond Funds	\$1.9 B	\$3.2 B
High Yield Corporate Bond funds report net inflows of \$373 M for the fourth consecutive week for the first time since 8/13/2008.		
Municipal Bond Funds	\$737 M	\$208 M
Money Markets	\$17.109 B	\$54.699 B

Source: **AMG Data Services**

FACTOIDS FOR THE WEEK OF JANUARY 12TH - JANUARY 16TH

Monday, January 12, 2009

The FTSE NAREIT Equity Index is down approximately 56% since it peaked in the first week of February 2007, well off the 35% plunge for the S&P 500. Its dividend yield closed Friday's session at 9.26%, according to Bloomberg. While enticing, it may be a bit too soon to buy REITs unless opting for a dollar-cost averaging approach. Demand for office space is correlated with the health of the labor market. U.S. employers shed 2.6 million jobs in 2008, the worst showing since 1945. Currently, there is about 100 million square feet of office space in the pipeline, according to REIT.com. The U.S. vacancy rate for office space stood at 11.7% in Q2'08, the highest since 2005, according to CoStar. One silver lining to the story is that REITs have not abused the use of leverage. As of Q2'08, REITs were only 44.84% leveraged with respect to total capitalization – just slightly higher than the 44.65% level reached in Q3'03, according to SNL Financial LP.

Tuesday, January 13, 2009

Nearly 700 hedge funds went out of business in the first nine months of 2008, up more than 70% from the same period in 2007, according to Hedge Fund Research. There are still some 10,000 funds in operation but thousands more could go away in 2009 if returns don't improve. Hedge funds have been marketed on the premise they can produce returns in any climate. The average hedge fund lost 18% of its value in 2008, the industry's worst showing on record. The only other negative year on record was an average loss of 1.45% in 2002. Hedge fund assets have declined from an all-time high of \$1.93 trillion in June to \$1.56 trillion.

Wednesday, January 14, 2009

Fund manager deal volume (M&A) in the global asset management industry declined from \$52.1 billion in 2007 to just \$16.1 billion in 2008, with only three transactions exceeding \$1 billion, according to Reuters. In 2007, there were 15 deals that exceeded \$1 billion. Activity, however, was the second-highest on record at 217 deals, down from 242 in 2007. Two-thirds of all deal activity was attributed to divestitures. One example would be the all-stock sale of Lehman Brothers' Neuberger Berman division to management. Investment bankers at Jefferies Putnam Lovell are forecasting a big jump in fund manager buyouts by private equity firms.

Thursday, January 15, 2009

The U.S. Energy Information Administration's (EIA) most recent Short-Term Energy Outlook noted that oil consumption fell 5.7% in 2008, according to SeekingAlpha.com. The EIA is forecasting a 2% drop in consumption in 2009 followed by a modest uptick of 0.8% in 2010. U.S. domestic production is expected to increase 300,000 bpd to 5.25 million bpd in 2009, the first increase since 1991. The price of a barrel of oil closed yesterday's session at \$37.28. Goldman Sachs is looking for oil to average \$45 per barrel in 2009, while Merrill Lynch is targeting \$50.

Friday, January 16, 2009

ETFs took in a net \$138 billion in the first eleven months of 2008, while long-term mutual funds reported net outflows totaling \$185 billion, according to Financial Research Corp. Total assets in U.S. ETFs, however, declined by over 20% to approximately \$482 billion due to the bear market in equities. There are roughly 800 ETFs listed in the U.S. The global ETF market is expected to grow to \$2 trillion by 2011, up from nearly \$800 billion today, according to Finance IQ.