

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,137)	-0.48%	-1.63%	25.54%	22.68%	1.87%
S&P 500 (1,089)	0.22%	-1.50%	24.47%	26.47%	0.18%
NASDAQ 100 (1,852)	1.67%	-0.11%	32.91%	54.63%	4.19%
S&P 500 Growth	0.30%	-3.42%	22.30%	31.58%	0.79%
S&P 500 Value	0.13%	0.46%	26.73%	21.17%	-0.52%
S&P MidCap 400 Growth	1.59%	5.97%	36.39%	41.23%	4.60%
S&P MidCap 400 Value	1.89%	5.18%	39.27%	33.77%	3.63%
S&P SmallCap 600 Growth	1.25%	5.97%	36.60%	28.34%	3.23%
S&P SmallCap 600 Value	0.97%	7.43%	38.59%	22.86%	2.76%
MSCI EAFE	1.01%	-12.16%	7.34%	31.78%	1.27%
MSCI World (ex US)	1.67%	-10.06%	11.84%	41.45%	3.88%
MSCI World	0.69%	-6.60%	15.79%	29.99%	0.82%
MSCI Emerging Markets	3.54%	-6.45%	24.18%	78.51%	13.33%

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 05/28/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	2.02%	9.00%	44.23%	41.33%	0.99%
Consumer Staples	-1.07%	-0.44%	19.45%	14.89%	5.06%
Energy	-0.40%	-6.87%	7.65%	13.86%	5.80%
Financials	-0.52%	2.33%	28.01%	17.24%	-10.49%
Health Care	0.12%	-7.24%	16.11%	19.70%	0.15%
Industrials	0.36%	6.54%	37.47%	20.93%	0.42%
Information Technology	0.86%	-4.68%	31.53%	61.72%	2.88%
Materials	1.25%	-6.42%	21.62%	48.57%	4.03%
Telecom Services	-0.47%	-8.15%	7.78%	8.93%	1.35%
Utilities	0.37%	-6.55%	15.39%	11.91%	2.88%

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 05/28/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-0.24%	3.27%	4.52%	-1.41%	5.13%
GNMA 30 Year	-0.20%	3.98%	7.60%	5.37%	6.08%
U.S. Aggregate	-0.47%	3.71%	9.45%	5.93%	5.39%
U.S. Corporate High Yield	0.35%	3.23%	29.29%	58.21%	7.38%
U.S. Corporate Investment Grade	-1.17%	3.59%	18.50%	18.68%	5.09%
Municipal Bond: Long Bond (22+)	-0.16%	4.69%	13.64%	23.43%	3.90%
Global Aggregate	-0.95%	-1.70%	5.35%	6.93%	4.60%

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 05/28/10.

Key Rates

As of 05/28			
Fed Funds	0.00-0.25%	5-yr CD	2.82%
LIBOR (1-month)	0.35%	2-yr T-Note	0.75%
CPI - Headline	2.20%	5-yr T-Note	2.02%
CPI - Core	0.90%	10-yr T-Note	3.23%
Money Market Accts.	0.79%	30-yr T-Bond	4.09%
Money Market Funds	0.03%	30-yr Mortgage	4.92%
6-mo CD	0.86%	Prime Rate	3.25%
1-yr CD	1.37%	Bond Buyer 40	5.07%

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

Market Indicators

As of 05/28	
TED Spread	38 bps
Investment Grade Spread (A2)	210 bps
ML High Yield Master II Index Spread	698 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 05/19/10

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	-\$4.794 Billion	-\$8.617 Billion
Foreign Equity	-\$1.883 Billion	-\$3.714 Billion
Taxable Bond	-\$729 Million	-\$1.539 Billion
Municipal Bond	\$913 Million	\$550 Million

Change in Money Market Fund Assets

	Current Week	Previous
Retail	\$3.79 Billion	-\$0.93 Billion
Institutional	\$1.13 Billion	-\$32.63 Billion

Source: Investment Company Institute

Factoids for the week of May 24th – May 28th

Monday, May 24, 2010

In *Chief Executive's* annual survey of the best and worst states for conducting business, 651 CEOs throughout the U.S. put Texas at the top of the list for 2010. Texas ranked #1 in 2009 as well. The four states rounding out the top five were North Carolina, Tennessee, Virginia and Nevada. Criteria included taxation, regulation, workforce quality and living environment. Texas is the second-most populous state and the world's 12<sup>th</sup> largest economy. It is responsible for roughly 70% of all new U.S. job creation since 2008. California, which is the most populous state and the world's 8<sup>th</sup> largest economy, ranked last in the survey. The four states rounding out the bottom five were New York, Michigan, New Jersey and Massachusetts.

Tuesday, May 25, 2010

Strategic Insight reported that investors poured more than \$75 billion into alternative mutual funds and ETFs in the U.S. in 2009, up fivefold from the \$15 billion registered in 2008 and far more than the previous record of \$20 billion in 2007, according to SmartMoney.com. Alternative investments are generally considered to be not necessarily correlated to the broader market. They can track a particular asset, such as gold, or involve a strategy, such as a long/short fund. Loren Fox, senior research analyst at Strategic Insight, recommends committing 5-15% of one's investment portfolio to alternative opportunities. The 2009 *World Wealth Report*, a joint effort between Caggemini and Merrill Lynch, noted that high net worth investors intended to allocate 7% of their capital to alternative themes in 2010.

Wednesday, May 26, 2010

Gartner Inc. has increased its growth forecast for global PC shipments for 2010, according to *The Wall Street Journal*. PC shipments are now expected to rise 22% (up from 20% in March and 13% last December) to 376.6 million units. It is looking for close to 30% growth in the consumer market and 13% in the professional sector. Overall, Gartner expects spending on PCs to rise 12% in 2010. The rebound in tech spending is helping to fuel M&A activity. So far this year, there have been 1,281 deals announced in the tech and telecommunication sectors totaling \$71.3 billion, up 47% from this point last year, according to The 451 Group's M&A KnowledgeBase.

Thursday, May 27, 2010

The U.S. government released its forecast for the Atlantic hurricane season (6/1/10-11/30/10) and it calls for 14 to 23 named storms, according to *BusinessWeek*. Eight to 14 of them are expected to become hurricanes and three to seven are likely to become major systems with winds approaching 111 mph, according to the National Oceanic and Atmospheric Administration. In 2005, a record 28 storms occurred, including Hurricane Katrina. Total damages set a record at nearly \$130 billion. Last year was one of the least active in the past 12 years with only nine storms and no hurricanes.

Friday, May 28, 2010

Investors who are inclined to buy only those mutual funds that have been awarded a five-star rating from Morningstar Inc. might be interested to learn that this approach did not work well over the past decade with respect to equities. A study by Burns Advisory Group found that of the 248 stock funds that carried a five-star rating on December 31, 1999, just four had that rating ten years later, according to MarketWatch.com. In addition, the 218 domestic stock funds that began with five-stars typically lagged their category averages (peers) for the 10-year period ended December 31, 2009.