Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,307)	1.68%	11.02%	19.81%	8.41%	3.15%
S&P 500 (1,438)	2.28%	16.10%	22.68%	2.12%	2.01%
NASDAQ 100 (2,825)	1.92%	25.02%	28.50%	3.69%	8.46%
S&P 500 Growth	1.92%	16.75%	22.44%	4.70%	4.63%
S&P 500 Value	2.71%	15.31%	22.96%	-0.48%	-0.71%
S&P MidCap 400 Growth	3.43%	16.18%	17.10%	-0.95%	6.52%
S&P MidCap 400 Value	3.42%	15.02%	20.99%	-2.40%	3.44%
S&P SmallCap 600 Growth	3.20%	15.19%	22.29%	3.67%	5.30%
S&P SmallCap 600 Value	3.88%	15.57%	25.54%	-1.34%	3.43%
MSCI EAFE	2.90%	10.02%	8.21%	-12.14%	-4.02%
MSCI World (ex US)	2.85%	9.43%	5.07%	-13.71%	-2.88%
MSCI World	2.62%	12.87%	14.47%	-5.54%	-1.02%
MSCI Emerging Markets	2.36%	8.10%	-1.40%	-18.42%	0.06%

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 9/7/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	2.84%	20.96%	29.35%	6.24%	7.30%
Consumer Staples	0.68%	11.81%	19.85%	14.03%	9.14%
Energy	2.68%	6.85%	11.52%	4.72%	2.21%
Financials	3.65%	21.87%	23.97%	-17.07%	-11.77%
Health Care	1.92%	15.48%	21.74%	12.77%	5.09%
Industrials	1.90%	11.41%	21.35%	-0.59%	0.71%
Information Technology	2.14%	22.87%	30.81%	2.43%	6.01%
Materials	3.60%	11.72%	9.66%	-9.68%	1.77%
Telecom Services	1.83%	23.23%	33.92%	6.33%	3.71%
Utilities	0.77%	3.85%	14.05%	20.02%	2.98%

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 9/7/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.20%	1.53%	2.26%	6.57%	5.24%
GNMA 30 Year	-0.07%	2.56%	3.61%	7.97%	6.65%
U.S. Aggregate	-0.27%	3.58%	4.89%	7.84%	6.38%
U.S. Corporate High Yield	0.77%	11.43%	14.79%	4.98%	9.67%
U.S. Corporate Investment Grade	-0.34%	7.54%	8.95%	8.15%	7.81%
Municipal Bond: Long Bond (22+)	-0.11%	9.15%	12.89%	14.88%	6.03%
Global Aggregate	0.56%	4.14%	2.58%	5.64%	6.25%

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 9/7/12.

Key Rates

As of 9/7/12

Fed Funds	0.00-0.25%	5-yr CD	1.36%
LIBOR (1-month)	0.23%	2-yr T-Note	0.25%
CPI - Headline	1.40%	5-yr T-Note	0.64%
CPI - Core	2.10%	10-yr T-Note	1.66%
Money Market Accts.	0.49%	30-yr T-Bond	2.82%
Money Market Funds	0.02%	30-yr Mortgage	3.51%
6-mo CD	0.47%	Prime Rate	3.25%
1-yr CD	0.72%	Bond Buyer 40	4.22%

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

Market Indicators

As of 9/7/12

TED Spread	30 bps
Investment Grade Spread (A2)	208 bps
ML High Yield Master II Index Spread	574 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 8/29/12

	Current Week		Previous	
Domestic Equity	-$3.707	Billion	-$4.475	Billion
Foreign Equity	-$724	Million	-$1.403	Billion
Taxable Bond	$5.557	Billion	$5.914	Billion
Municipal Bond	$993	Million	$921	Million

Change in Money Market Fund Assets for the Week Ended 9/5/12

	Current Week		Previous	
Retail	-$0.71	Billion	-$0.85	Billion
Institutional	-$0.16	Billion	-$1.70	Billion

Source: Investment Company Institute

Factoids for the week of September 3rd – 7th

Monday, September 3, 2012
Labor Day Holiday, Markets Closed.

Tuesday, September 4, 2012
In August, the dividend-payers (402) in the S&P 500 (equal weight) posted a total return of 2.57%, vs. 5.85% for the non-payers (98), according to Standard & Poor's. Year-to-date through August, the payers were up 10.37%, vs. a gain of 12.70% for the non-payers. For the 12-month period ended August, payers were up 14.70%, vs. a gain of 10.01% for the non-payers. The number of dividend increases y-t-d totaled 239, up from 226 a year ago. Six dividends were cut, up from four a year ago. Twelve companies initiated a dividend, down from 17 a year ago.

Wednesday, September 5, 2012
The volume of U.S. leveraged buyout (LBO) deals announced between 6/1/12 and 8/30/12 was the highest since 2007, according to the S&P Capital IQ Global Markets Intelligence group. Dollar volume totaled $44.3 billion (226 deals). Volume for the same period in the five prior years was as follows: $26.4 billion/239 deals (2011); $22.0 billion/272 deals (2010); $3.1 billion/220 deals (2009); $16.3 billion/319 (2008); and $91.6 billion/401 deals (2007). On a valuation basis, a typical LBO announced since 6/1/12 carried a multiple of 8.32xEBITDA, while the average multiple for the same period in 2007 was 15.11x, more than 80% higher.

Thursday, September 6, 2012
The seasonality trade in technology stocks – basically calls for buying them heading into Q4 and sell them coming out of Q1 – has been documented by such resources as the **Stock Trader's Almanac**. The key part of the explanation as to why they perform best in these two quarters is linked to IT budgets. The theory goes that companies allocate capital to their IT departments at the start of each calendar year. Naturally, some of the money is spent in Q1, but what isn't spent during the year gets spent in Q4 (use it or lose it). FactSet Research studied the performance of semiconductor stocks going back 20 years and found that chip stocks tended to rise 11% in the first four months of the year, declined by 4% over the next five months, and then posted a 7% gain over the final three months, according to Tom Lydon at ETF Trends. The October through April stretch generated an average return of 18%.

Friday, September 7, 2012
Individuals own approximately 70% of outstanding municipal bonds either directly or through mutual funds, according to Businessweek.com. The municipal bond market is valued at around $3.7 trillion. So far in 2012, investors have taken a liking to high-yield municipal debt. U.S. municipal high-yield funds have reported inflows totaling $5.9 billion, compared to $33.0 billion in outflows over the same period in 2011. High-yield municipals are speculative-grade ("junk") in nature, so they carry additional credit risk. From 1970-2011, the default rate for municipal bonds with a "junk" rating from Moody's that had been trading for at least a decade was 7.94%, well above the 0.08% default rate for investment grade municipal bonds.